

MEPL CLASSES

COMPANY LAW – ACCOUNTS OF COMPANIES

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(TIME ALLOWED - 90 MINUTES)

(MARKS ALLOTTED – 50 MARKS)

ATTEMPT ALL QUESTIONS. EACH QUESTION CARRIES 5 MARKS.

**Question 1.**

Ravi Limited has sent the following queries to you and has requested for a speedy resolution of the same. Advise:

- (i) The company maintained its books of account under Single Entry System of Accounting. Is it permitted under the provisions of the Companies Act, 2013?
- (ii) State the persons responsible for complying with the provisions regarding maintenance of Books of Account of a Company.
- (iii) Whether a Company can keep books of Account in electronic mode accessible only outside India?

**Question 2.**

Walker Chandiok & Co. LLP (WCCL) has received a letter from the NFRA which states that during the month of April 2024, NFRA shall perform an inspection to review the firm's adherence to statutory guidelines and other applicable standards. The firm is of the opinion that such an activity is an overreach on part of the NFRA and they are not entitled to conduct such inspection and quality review. Advise.

**Question 3.**

PQR Private Limited operates as a manufacturing company, generating a turnover of 150 crore and holds an outstanding loan of ₹ 75 crore from a public financial institution solely in the previous financial year (with a total loan availed of ₹ 110 crore, but ₹ 35 crore were repaid during the same year). The company's Board has delegated the authority to CEO to designate an internal auditor to conduct internal audit. However, the CEO believes that the company is not legally obligated to have an internal auditor. Analyse the accuracy of the CEO's perspective by referring to the provisions outlined in the Companies Act, 2013. What would be your response if the Board of Directors wanted to appoint the Secretary of the company Mr. A as an internal auditor ?

**Question 4.**

A Housing Finance Ltd. is a housing finance company having a paid-up share capital of ₹ 11 crore and a turnover of ₹ 145 crore during the financial year 2022-23. Explain with reference to the relevant provisions and rules, whether it is necessary for A Housing Finance Ltd. to file its financial statements in XBRL mode

**Question 5.**

The Government of Manipur and Meghalaya are jointly holding 58.61% of the paid-up Equity Share Capital of Hornbill Ltd. The Audited financial statements of Moon Ltd. for the financial year 2021-22 were placed at its Annual General Meeting held on 31st August, 2022. However, pending the comments of the Comptroller and Auditor General of India (CAG) on the said accounts the meeting was adjourned without adoption of the accounts.

Therefore, the company did not file its financial statements to the Registrar, Afterwards, on receipt of CAG comments on the accounts, the adjourned annual general meeting was held on 5th October, 2022 whereat the accounts were adopted. Thereafter, Hornbill Ltd. filed its financial statements relevant to the financial year 2021-22 with the Registrar of Companies on 25th October, 2022.

Examine, with reference to the applicable provisions of the Companies Act, 2013, whether, Hornbill Ltd. has complied with the statutory requirement regarding filing of accounts with the Registrar.

**Question 6.**

The aggregate value of the paid-up share capital of ABC Security Services, was ₹ 200 crore divided into 20 crore equity shares of ₹ 10/- each at the end of the Financial Year 2021-22 having its registered office at Mumbai. This company had been registered with an authorized share capital of ₹ 300 crore divided into 30 crore equity shares of ₹ 10/- each. The extract of Balance Sheet of the company as on 31st March, 2022 showed the following figures:

Particulars	Amount (₹ in crore)
Authorized share capital	300
Paid -up share capital	200
Free reserves created out of profits	200
Securities Premium account	80
Credit balance of Profit & Loss account	50
Reserves created out of revaluation of assets	25
Miscellaneous expenditure not written off	10

Turnover of the company during the Financial Year 2021-22 was ₹ 800 crore and the net profit calculated in accordance with section 198 of the Companies Act, 2013 with other adjustments as per CSR Rules was ₹ 4 crore only.

Praveen, Company Secretary of the company advised that the company attracts the provisions of section 135 of the Companies Act, 2013 and all the formalities have to be complied with accordingly.

Thereafter, on 30th April, 2022 a CSR committee was formed to comply with the provisions of Corporate Social Responsibility.

The Board of Directors of the company constituted of the following persons as its directors:

Mohan Singh	Managing Director
Rohit and Bhavana	Independent Directors
Venkatesh, Isha, Mohit and Muskaan	Directors

On the basis of above facts and by applying applicable provisions of Companies Act, 2013, answer the following:

(i) Is the contention of Praveen, Company Secretary of the company that the company attracts the provisions of section 135 of the Companies Act, 2013 and is required to form a CSR committee is correct? Support your answer with the applicable provision and the required calculation.

(ii) It was decided that Mohan Singh, Venkatesh, Isha and Bhavana will be the members of CSR committee. Is this decision correct in the light of provisions of the Act and Companies (Corporate Social Responsibility Policy) Rules, 2014?

### Question 7.

Yellow limited has prepared its financial statements for the year 2018-19. Mr. Prateek, the Managing director the company is declining to sign these financial statements on the grounds that it is only the duty of the Board of the directors to sign the financial statements as approved by the Board and he is not liable to sign the same. Now, Mr. Prateek has approached you advise him regarding his responsibility for signing the financial statement.

Advise Mr. Prateek regarding his responsibility for signing the financial statements as per the provisions of the Companies Act, 2013.

Mr. Prateek has also provided to you the following more information:

1. The Board as a policy does not authorise the chairperson of the company to sign the financial statements
2. The company has appointed Ms. Sunanina as its Company Secretary

#### Question 8.

The directors of Element Ltd. want to voluntarily revise the financial statements of the company. They have approached you to state to them the provisions of the Companies Act, 2013 regarding voluntary revision of financial statements.

#### Question 9.

The Income Tax Authorities in the current financial year 2022-23 observed, during the assessment proceedings, a need to re-open the accounts of Chetan Ltd. for the financial year 2011-12 and, therefore, filed an application before the National Company Law Tribunal (NCLT) to issue the order to Chetan Ltd. for re-opening of its accounts and recasting the financial statements for the financial year 2011-12. Examine the validity of the application filed by the Income Tax Authorities to NCLT.

#### Question 10.

Reels India Ltd. is a wholly owned subsidiary of Wheels India Ltd. The auditor of Wheels India Ltd. has intimated the Board of directors that the company will not be required to prepare consolidated financial statements if provisions of section 129, Companies Act, 2013 are complied with. As a company secretary give your comments in this regard.