7019 8 Model Answers of Set :- B

PAGE NO.: 1

DATE / /

[Q-1] A] [8]

1> Outside
2> Country
3> existing shareholders
4> abridged
5> Promoters
6> 29
7> Select group
8> 50
9> subscription clause
10> void

[Q-1] B] [7]

1> D - Promoters contract with third person
2> C - commission on the shares sold
3> E - is a fundamental documents
4> A - Royal british bank vs. Turquand
5> B - Movable Property of the company
6> H - Shares are issued at a discount
7> F - The Securities Premium Account
8> G - introduced by 2013 Act
9> J - Minimum Paid up capital 1 Lac.
10> I - Maximum 15 director.

[Q-2] The company is a legal person district from its members.

a) - Protection of Revenue
- Prevention of fraud
- Determination of charcter of a company
- Where the company is a sham
- legal obligations
- Protecting Public Policy etc ----

b) According to companies Act, 2013,

Company means a company incorporated under this Act or under any previous company Law.

- Registration
  - Separate legal entity
  - Perpetual Succession
  - Separate Property
  - Transferable shares
  - Capacity to sue and be sued
  - limited liability
  - common seal
  - Capacity to contract in its own name.

OR

(P) Transfer :-

A company shall not register a transfer of securities of the company, or the interest of a member in the company in the case of company having no share capital - - - - etc.

Transmission :-

Transmission by operation of law in case of death insolvency

(q) Types of New companies :-

- Royal charter or Chartered company
- Statutory co.
- Registered co.
  - co. limited by shares
  - co. limited by guarantee
  - unlimited co.

Public limited co.	Private limited co.

[Q-3]

a)

Private co.	Public co.
Members :- Mini. :- Two, Max. :- 200	Min. :- 7, Max:- unlimited
capital :- 1 lakh.	5 lakh
Name :- Pvt. Ltd	. Ltd
Director: Two director	15 director
-Invitation: Restriction	Easily
Prospectus :- cannot invite	It must file a Prospectus with the registrar
Remuneration :- No restriction	Total Amount of remuneration F.Y. is not exceed 11%

(b) Advantages of Private co. :-

- Minimum numbers of members
- " Paid up capital
- Right to Alter article
- No requirements of minimum subscription
- Issue of Sweat equity shares need not comply with SEBI
- No Need for NOC
- - - - etc.

Dis-Advantages :-

- Restriction on transfer of shares
- cannot invite public subscribe
- cannot make public offer
- Issue of GDR not allowed
- No access to public deposit.

OR

(b) 2(69)

- who has been named in Prospectus
- who has control over the affairs of company
- Accordance with whose Advice given to director

* Duties & liabilities :-

- He stands in a fiduciary position towards company.

- Duty of Promoters as regards prospectus

- liability to third parties etc..

(9)

- Incorporation of company
- Memorandum & Article of the company
- A declaration in prescribed form
- An Affidavit from each subscribers.
- Address for correspondence
- Particular of name of each subscribers.
- DIN
- Issue of certificate of incorporation
- CIN.

(4) Share capital

- Equity share capital
  - With uniform voting rights
  - With differential voting rights
- Preference Share capital

[Q-5]

Prospectus :-

2(70) - Any documents described OR issued as a Prospectus and includes ;

- Prospectus to be in writing
- Public invitation
- Public issue
- How many Persons constitute Public ?

OR

[Q-5]

a) IDR :-

- Any instruments in the form of a depository receipts created by a depository in india and authorised by a company incorporated outside india

b) Share Certificate :-

- Sec. 46
- A certificate, issued under the common seal of the company specifying the shares held by any person.
- A duplicate certificate
- Particulars to be entered
- Record of the depository.
- Prima facie.

c) Nomination

- Every holder of Securities
- Joint holders may together nominate any person
- The nominee shall, on the death of the holder of securities
- Where the nominee is a minor, it shall be lawful for the holder of the securities.

d) Private Placement :-

- Mutual Fund, venture capital, Foreign venture capital
- Foreign institutional investor
- Public financial institutional
- a Scheduled commercial bank
- Multilateral & Bilateral development financial institution

- A State industrial development corporation
- IRDA
- P.F - 25 cr rupees
- Pension fund - 25 cr
- National investment fund set up by resolution
- Insurance Fund managed by Army, navy or air force of union of india.

(e) Article of Association :-

2(5)

- Article of a company shall contain regulations.
- The article may contain provision for specified provision
- Table F, G, H, I & J

- Members to the company
- company to the members
- Member inter se
- company to the outsider

PAGE NO.:
DATE / /

[Q-4]

a) MOA :-

- Fundamental documents
- External affairs
- For outsiders.

Six clauses:-
- Name
- Registered office
- Object
- liability
- capital
- subscription etc.

b) ultra = beyond
vires = power
Act outside of the memorandum

Ashbury Railway carriage and Iron co. Ltd vs. Riche

consequences :-
- Injunction
- Personal liability of director
- Breach of warranty of Authority

- ultra vires acquired property
- " " contract
- " " tort.

OR

(b) "Protects company against the outsider"
  - constructive notice
  etc. - - -

- (c) "Protect outsider against the company"

Royal british bank vs. Turquand

- Knowledge of irregularity
- Suspicion of "
- Forgery
- Knowledge of Article
- Act outside the apparent Authority.