

THE INSTITUTE OF CORPORATE SECRETARIES OF PAKISTAN

C.I.S. EXAMINATION – JANUARY, 2011

Secretarial Practice and Audit

Time Allowed: 3 hours
Note: Attempt all questions

Maximum Marks: 100

- | Q.No. | Secretarial Practice | Marks |
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| 1. | (a) A directors of a company tendered his resignation. Can the Board refuse the resignation? (b) As a company secretary how would you complete the procedure to fill up the casual vacancy following the resignation of a director? (c) When would the term of office of the director appointed against casual vacancy complete, if the incoming director is appointed on November 25, 2010 while the outgoing director was elected on May 25, 2008. | 20 |
| 2. | JA Sugar Mills Limited, an unlisted public company, has seven directors who are all members of the company. One of the directors, Mr. Nooruddin, plans to sell his shares in the company.

You are required to explain whether the following are correct: <ul style="list-style-type: none">• He will cease to be the director of the company on the date he sells all the shares;• The company may appoint another person in his place for the next three years;• The company may continue to run the business with six directors till the next annual general meeting. | 12 |
| 3. | Khan (Pvt) Limited has eight shareholders each of whom is a director of the company. Their shareholding is as under: <ul style="list-style-type: none"><input type="checkbox"/> A & B hold 25% shares each.<input type="checkbox"/> C, D, E & F hold 10% shares each.<input type="checkbox"/> G & H hold 5% shares each.
A, B, C, D and E are not satisfied with the performance of the CEO of the company and want to remove him before the expiry of his term of office. A board meeting was called for this purpose. It was attended by the aggrieved directors only, who passed a resolution for removal of the CEO.

In the light of the relevant provisions of the Companies Ordinance, 1984, you are required to: <ul style="list-style-type: none">(i) Explain whether the CEO can be removed in the manner as described above?(ii) Propose any other way to remove the CEO if F, G & H do not want to remove him. | 12 |
| 4. | Write short notes on "Bar on appointment of managing agents, sole purchase, sale agent etc". | 16 |
| 5. | What do you understand by the doctrine of "ultra vires" in relation to a company? What are the implications of an ultra vires act done by a company? | 10 |

Audit

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| 6. (a) | Mr. Azhar, the sole proprietor of Azhar & Co. Chartered Accountants, was appointed as the auditor of XYZ Limited, an unlisted public company, for the financial year ending June 30, 2009. Mr. Azhar married Miss. Ismat, a director of XYZ Limited, on February 23, 2009. The company secretary of XYZ Limited wants to know whether the marriage would have any impact on the status of Mr. Azhar as the auditor of the company.

Discuss the situation with reference to the relevant provisions of the Companies Ordinance, 1984. | 6 |
| (b) | Discuss the provisions of the Companies Ordinance, 1984 related to the attendance of the auditors in the general meeting of the company. | 9 |
| 7. | On March 15, 2006, Karom Textile Limited received a notice from a shareholder of the company nominating another firm of Chartered Accountants as auditors in place of the existing auditors at the annual general meeting to be held on March 31, 2006. Explain the conditions required to be fulfilled by a member of the company while making such nomination under the Companies Ordinance, 1984. Also describe the company's responsibilities on receiving such notice, towards other members and the existing auditors of the company. | 15 |