Test Series: March, 2018

MOCK TEST PAPER – 1

INTERMEDIATE (IPC): GROUP – I

PAPER – 2: BUSINESS LAWS, ETHICS AND COMMUNICATION

*Question No.**1** is compulsory*

*Attempt any **five** questions from the remaining **six** questions*

Time Allowed – 3 Hours **Maximum Marks – 100**

1. (a) With a view to issue shares to the general public a prospectus containing some false information was issued by a company. Mr. X received copy of the prospectus from the company, but did not apply for allotment of any shares. The allotment of shares to the general public was completed by the company within the stipulated period. A few months later, Mr. X bought 2000 shares through the stock exchange at a higher price which later on fell sharply. X sold these shares at a heavy loss. Mr. X claims damages from the company for the loss suffered on the ground the prospectus issued by the company contained a false statement. Referring to the provisions of the Companies Act, 2013 examine whether X's claim for damages is justified. ***(5 Marks)***

   (b) Aman Chauhan, an old man, by a registered deed of gift, granted certain landed property to Anna, his daughter. By the terms of the deed, it was stipulated that an annuity of ₹ 20, 000 should be paid every year to Vijay, who was the brother of Aman Chauhan. On the same day, Anna made a promise to Vijay and executed in his favour an agreement to give effect to the stipulation. Anna failed to pay the stipulated sum. In an action against her by Vijay, she contended that since Vijay had not furnished any consideration, he has no right of action.

   Examining the provisions of the Indian Contract Act, 1872, decide, whether the contention of Anna is valid? ***(5 Marks)***

   (c) Explain the Deontological Approach as a source of ethical standard. ***(5 Marks)***

   (d) Explain the factors which are responsible for the growing importance of communication of an organization. ***(5 Marks)***

2. (a) Examine whether the Payment of Bonus Act, 1965 be applicable to the following cases:

   (i) Jagdish, who is working in a social welfare organization.

   (ii) Dinesh, an employee employed by an establishment engaged in an industry carried on by a department of the Central Government ***(4 Marks)***

   (b) As per the provisions of the Contract Act, 1872, examine whether the following agreements are valid or void?

   (i) R sells the goodwill of his shop to S for ` 50,00,000 and promises not to carry on such business forever and anywhere in India.

   (ii) Pihu has made an agreement with Shristhi, whereby there is a condition that they will not institute legal proceedings against each other without consent. ***(4 Marks)***

   (c) How does socially responsible corporate performance benefit in:

   (i) Increased Sales and Customer Loyalty

   (ii) Increased Ability to Attract and Retain Employees. ***(4 Marks)***

   (d) What are the factors that lead to grapevine communication? ***(4 Marks)***

3. (a) (i) Pawan, a major and Preet, a minor executed a promissory note in favour of Ramesh. Examine with reference to the provisions of the Negotiable Instruments Act, 1881, the validity of the promissory note and whether it is binding on Pawan and Preet. ***(4 Marks)***

(ii) Amit issues a cheque for ₹ 25,000/- in favour of Bunty. Amit has sufficient amount in his account with the Bank. The cheque was not presented within reasonable time to the Bank for payment and the Bank, in the meantime, became bankrupt. Decide under the provisions of the Negotiable Instruments Act, 1881, whether Bunty can recover the money from Amit?

(4 Marks)

(b) Describe the factors which influence the ethical behaviour at work in an organization. ***(4 Marks)***

(c) What are the tips for improving inter-personal skills in a business organization? ***(4 Marks)***

4. (a) N Ltd. has a paid up share-capital of 80 crores. M Ltd. holds a total of 50 crores of N Ltd. Now, N Ltd. is making huge profits and wants to expand its business and is aiming at investing in M Ltd. N Ltd. has approached you to analyse whether as per the provisions of the Companies Act, 2013, they can hold 1/10th of the share capital of M Ltd. ***(8 Marks)***

(b) "Water pollution is also a kind of resource depletion", explain. ***(4 Marks)***

(c) What is meant by "Negotiation"? Name the various steps which can be identified in the process of negotiation from start to the completion of the process. ***(4 Marks)***

5. (a) Infotech Ltd. was incorporated on 1.4.2016. No General Meeting of the company has been held till 30.4.2018. Discuss the provisions of the Companies Act, 2013 regarding the time limit for holding the first annual general meeting of the Company and the power of the Registrar to grant extension of time for the First Annual General Meeting. ***(4 Marks)***

(b) What are the objects of the "Central Consumer Protection Council" in relation to protection of rights of the consumers?

(c) "What do you understand by "ethical communication"? What are its elements. ***(4 Marks)***

6. (a) Examine the validity of the following decisions of the Board of Directors with reference of the provisions of the Companies Act, 2013.

(i) In an Annual General Meeting of a company having share capital, 80 members present in person or by proxy holding more than 1/10th of the total voting power, demanded for poll. The chairman of the meeting rejected the request on the ground that only the members present in person can demand for poll.

(ii) In an annual general meeting, during the process of poll, the members who earlier demanded for poll want to withdraw it. The chairman of the meeting rejected the request on the ground that once poll started, it cannot be withdrawn. ***(8 Marks)***

(b) Describe the safeguards which may be created by finance and accounting profession and legislation to eliminate or reduce the threats to an acceptable level to ensure an ethical environment in an organization. ***(4 Marks)***

(c) Draft a circular for employees insisting on punctuality. ***(4 Marks)***

7. Answer any **Four** of the following:

(a) Explain briefly the mode of recovery that may be followed by the recovery officer under the Employees' Provident Funds and Miscellaneous Provisions Act, 1952 for recovering the amount due from an employer. ***(4 Marks)***

(b) After receiving 80% of the minimum subscription as stated in the prospectus, a company allotted 100 equity shares in favour of Akash. The company deposited the said amount in the bank but withdrew 50% of the amount, before finalisation of the allotment, for the purchase of certain assets.

Akash refuses to accept the allotment of shares on the ground that the allotment is violative of the provisions of the Companies Act, 2013. Comment. ***(4 Marks)***

(c) Explain the provisions of the Companies Act, 2013 relating to the 'Service of Documents' on a company and the members of the company. ***(4 Marks)***

(d) Explain the concept of "Sexual harassment" in relation to work place. ***(4 Marks)***

(e) Draft a 'Power of Attorney' by an assesse, Mr. Tenzink authorizing a professional to appear before the Income Tax Authorities in respect of the pending taxation matter. ***(4 Marks)***