Test Series: August, 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) The Articles of Association of DJA Ltd. require the personal presence of 7 members to constitute quorum of General Meetings. The company has 965 members as on the date of meeting. The following persons were present in the extra-ordinary meeting to consider the appointment of Managing Director:

   (i) A, the representative of Governor of Uttar Pradesh.

   (ii) D, representing Y Ltd. and Z Ltd.

   (iii) E, F, G and H as proxies of shareholders.

   Can it be said that the quorum was present in the meeting? **(5 Marks)**

   (b) What is meant by 'Undue Influence'? Aakash applies to a banker for a loan at a time when there is stringency in the money market. The banker declines to make the loan except at an unusually high rate of interest. Aakash accepts the loan on these terms. Whether the contract is induced by undue influence? Decide? **(5 Marks)**

   (c) State the "Common Corporate Social responsibility" (CSR) policies for business organizations. **(5 Marks)**

   (d) What are the tips for improving inter-personal skills in a business organization. **(5 Marks)**

2. (a) (i) State with reasons whether following statements is correct or incorrect with respect to the Payment of Bonus Act, 1965.

   (1) "Employees can relinquish their right to receive minimum bonus by an agreement with employer".

   (2) An employee by his misconduct caused financial loss to the employer. As of consequences employer denied to pay employee the bonus to compensate the financial loss. **(4 Marks)**

   (b) Mr. Anant contracts with Mr. Brahma that, if he (Anant) practices as a surgeon within Calicut, he will pay Brahma Rs. 50,000. Anant starts practising as a surgeon in Calicut. Discuss the right available to Brahma with reference to the provisions of the Indian Contract Act, 1872. **(4 Marks)**

   (c) "To maintain social contract between society and business, the trusteeship relations are essential". Describe the role of business ethics in this reference. **(4 Marks)**

   (d) What are the advantages of formal communication? **(4 Marks)**

3. (a) (i) A is the holder of a bill of exchange made payable to the order of B, which contains the following endorsements in blank-

   First endorsement, "B".

   Second endorsement, "C".

   Third endorsement, "D".

   Fourth endorsement, "E".

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This bill, A puts in suit against E and strikes out, without the E consent, the endorsement by C & D. Examining the legal provisions of the endorser's liability under the Negotiable Instruments Act, 1881, discuss the liability of E. **(5 Marks)**

(ii) State with reasons whether the given statements is correct/incorrect.

1. A breaks open B's safe and gets B's cheque book. He then forges B's signature on a cheque and obtains money on it from B's banker and then disappears. The loss shall be borne by the B.

2. A promissory note was made without mentioning any time for payment. The holder added the words "on demand" on the face of the instrument. This amount to material alteration?

(3 Marks)

(b) State with reason whether 'environmental considerations play a key role in corporate strategy.'

(4 Marks)

(c) State the various factors that may lead to the development of the critical thinking? **(4 Marks)**

4. (a) (i) The object clause of the Memorandum of Vivek Industries Ltd., empowers it to carry on real-estate business and any other business that is allied to it. Due to a downward trend in real-estate business the management of the company has decided to take up the business of Food processing activity. The company wants to alter its Memorandum, so as to include the Food Processing Business in its objects clause. Examine whether the company can make such change as per the provisions of the Companies Act, 2013? **(4 Marks)**

(ii) Mr. John held certain partly paid up shares of VAM Ltd. company. The company asked him to pay the final call money on the shares. Due to some unavoidable circumstances he was unable to pay the amount of call money to the company. At a general meeting of the shareholders, the chairman disallowed him to cast his vote on the ground that the articles do not permit a shareholder to vote if he has not paid the calls on the shares held by him. John contested the decision of the Chairman. Referring to the provisions of the Companies Act, 2013 decide whether the contention of John is valid. **(4 Marks)**

(b) Explain the pragmatic reasons for maintaining ethical behaviour in marketing through marketing executives. **(4 Marks)**

(c) Suggest guidelines to handle communication ethics dilemmas. **(4 Marks)**

5. (a) (i) Sirhj, a shareholder, gives a notice for inspecting proxies, five days before the meeting is scheduled and approaches the company two days before the scheduled meeting for inspecting the same. What is the legal position relating to his actions (as per the provisions of the Companies Act, 2013)? **(4 Marks)**

(ii) Explain in the light of the provisions of the Companies Act, 2013, the circumstances under which a subsidiary company can become a member of its holding company **(4 Marks)**

(b) "The group as a whole always rules. The odd man out is always at a disadvantage". Explaining this, give the characteristics of the group personality? **(4 Marks)**

(c) Write a short note on 'Organization Values'. **(4 Marks)**

6. (a) What are the provisions of the Companies Act, 2013 relating to the appointment of 'Debenture Trustee' by a company? Whether the following can be appointed as 'Debenture Trustee':

(i) A shareholder who has no beneficial interest.

(ii) A creditor whom the company owes Rs.499 only.

(iii) A person who has given a guarantee for repayment of amount of debentures issued by the company? **(8 Marks)**

(b) Write note on Ecological ethics **(4 Marks)**

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(c) What do you understand by 'Group conflicts'? How shall these be managed effectively? Explain. **(4 Marks)**

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

(a) M, an employee in ABC Ltd (covered by the Employees' Provident Funds and Miscellaneous Provisions Act,1952) died in an accident. State to whom the amount standing in his account to be payable under the provisions of the Act. **(4 Marks)**

(b) Alpha Limited realised on 2nd May, 2018 that particulars of charge created on 12th March, 2018 in favour of a Bank were not filed with the Register of Companies for Registration, what procedure should the Company follow to get the charge registered with the Registrar of Companies? Would the procedure be different if the charge was created on 12th February, 2018 instead of 12th March, 2018? Explain with reference to the relevant provisions of the Companies Act, 2013. **(4 Marks)**

(c) Examining the law related to the nominations for gratuity as per the Payment of Gratuity Act, 1972, give the answers of the following-

1. Whether an employee can make nomination in favour of more than one family members.
2. What if, at the time of making nomination the employee has no family and he subsequently acquires a family. **(4 Marks)**

(d) What is the difference between 'Morals' and 'Ethics"? **(4 Marks)**

(e) Draft a press release by the manufacturing company with respect to establishing of new business location. **(4 Marks)**

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