Test Series: October, 2018

MOCK TEST PAPER – 2

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) Give answer in the following cases as per the companies Act, 2013

   (i) X Ltd., holds 20 lacs shares in ABZ Ltd. In 2017, ABZ Ltd. controls the composition of the Board of directors of X Ltd. and transfers certain shares to it. State whether such transfer of shares by ABZ Ltd. to X Ltd. is valid.

   (ii) In continuous of above facts, Mr. R, is a member of the ABZ Ltd. He met an accident. Mr. N (son of Mr. R), is one of the director of the X Ltd. He was also appointed as nominee of shareholding of shares of Mr. R. Being a legal representative, Mr. N gets transferred the shares of Mr. R. State on the validity of the transfer of such shares to Mr. N of X Ltd.

   (5 Marks)

   (b) Mr. Ram was employed as financer in "Swaraj Ltd" on the surety of his good conduct, given by Mr. Janak, a good friend of the director of the company. Mr. Ram was kept on the salary of Rs. 45,000 per month. After 3 years, the company went into losses and so company decided for the cost cutting by retrenching of many employees and reducing the salaries of the employees. Mr. Ram was also proposed either to quit the job or continued with the lower salary of Rs. 35,000 per month. He accepted and continued with the job. After few months, it was reported by accounts department of the company that Mr. Ram manipulated with the funds of the company.

   State in the given situation, the legal positions of Mr. Janak in relation to the following:

   (i) Mr. Ram has manipulated the funds of the company since the time of his appointment.

   (ii) Mr. Ram has manipulated the funds of the company since from few months before when he accepted to continue the job on lower salary. ***(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) In 2017, a government educational institute, under the MHRD, promoted to provide higher education to the weaker section of the society on nominal fees, in addition to free tuitions, with the others, so as to compete with private sector establishment in the market. The income from institute sets is 21 percent of the gross income of the Institute. The employees of the Institute demanded for the Bonus. Decide, whether the demand of the employees is tenable under the provisions of the Payment of Bonus Act, 1965. Would your answer be different if the income from the service of institute sets is only 15 percent of the gross income of the Institute? ***(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 Rs. 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)***

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(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) Mr. Fraud, induced Mr. Bonafide, to draw a cheque payable to Mr. Payee or order, by fraud. Mr. Fraud obtained the cheque and forged Mr. Payee's endorsement and collected proceeds to the said cheque through his Bankers. Mr.Bonafide, wants to recover the amount from Payee's Bankers.

Advise as per the provisions of Negotiable Instruments Act, 1881, whether Mr. Bonafide, can recover the amount of the cheque from Payee's Bankers? ***(4 Marks)***

(ii) On a Bill of Exchange for Rs. 5 lakh, X's acceptance to the Bill is forged. 'A' takes the Bill from his customer for value and in good faith before the Bill becomes payable. State with reasons whether 'A' can be considered as a 'Holder in due course' and whether he (A) can receive the amount of the Bill from 'X'. ***(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) Mr. X, in association with his relative formed a company to promote education for the children of poor section. A licence was issued by the Central Government allowing the said company to be registered under section 8 of the Company. Government aids and lot of funds were contributed by public for the fulfilment of the benevolent object. However, on the compliant against the company, CG came to know about the manipulation of the funds in the company and so order to revoke the licence of the company. Further, directed for the amalgamation with another company registered under this section with an object to save girl child.

Examine the legal position as to the order passed by the Central government in the given situation in the light of the Companies Act, 2013. ***(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) (i) 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)***

(ii) A directs B to sell his estate. Infact B buys the estate for himself in the name of C. State in the give situation, whether, A can repudiate such a sale made by the B on discovering that B has bought the estate for himself as per the Indian Contract Act, 1872. ***(4 Marks)***

(b) What are the objects of the "Central Consumer Protection Council" in relation to protection of rights of the consumers? ***(4 Marks)***

(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.

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(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) Mr. Sukhi after serving PQR Ltd. retired from the service on 31st March, 2017. He had a sum of Rs. 10 lakh in his Provident Fund Account. It has become due for payment to Sukhi on 30th April, 2017 but PQR Ltd. made the payment of the said amount in 2018. Mr. Sukhi, claimed for the payment of interest on due amount at the rate of 18 percent per-annum for one year. Decide, on the legality of claim by Mr. Sukhi under the Employees' Provident Funds and Miscellaneous Provisions Act, 1952. ***(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. T authorizing a professional to appear before the Income Tax Authorities in respect of the pending taxation matter. ***(4 Marks)***

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