

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) M Ltd., contracts with Shanti Traders to make and deliver certain machinery to them by 30th June, 2015 for Rs. 11.50 lakhs. Due to labour strike, M Ltd. could not manufacture and deliver the machinery to Shanti Traders. Later, Shanti Traders procured the machinery from another manufacturer for Rs. 12.75 lakhs. Shanti Traders was also prevented from performing a contract which it had made with Zenith Traders at the time of their contract with M Ltd. and were compelled to pay compensation for breach of contract. Advise Shanti Traders the amount of compensation which it can claim from M Ltd., referring to the legal provisions of the Indian Contract Act, 1872. (5 Marks)
- (b) Some of the creditors of Glow Ltd. have complained that the company was formed by the promoters only to defraud the creditors and circumvent the compliance of legal provisions of the Companies Act, 2013. In this context they seek your advice as to the meaning of corporate veil and when the promoters can be made personally liable for the debts of the company. (5 Marks)
- (c) What is meant by 'Corporate Governance'? State the major 'characteristics' of good corporate governance. (5 Marks)
- (d) Explain the concept of "Negotiation". What are its techniques? (5 Marks)
2. (a) (i) State 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 Mark)
 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. (2 Marks)
- (ii) When an employee becomes disabled due to any accident or disease and is unable to do the same work and re-employed on the reduced wages, how the gratuity of such employee shall be, computed under the provisions of the Payment of Gratuity Act, 1972? (4 Marks)

- (b) Explain the pragmatic reasons for maintaining ethical behaviour in marketing through marketing executives. *(4 Marks)*
- (c) Explain clearly the different types of grapevine chains in an informal communication. *(4 Marks)*
3. (a) (i) What are the essential elements of a "Promissory note" under the Negotiable Instruments Act, 1881? Whether the following notes may be considered as valid Promissory notes:
- (1) "I promise to pay Rs. 5,000 or 7,000 to Mr. Ram."
 (2) I promise to pay to Mohan Rs. 500, if he secures 60% marks in the examination.
 (3) I promise to pay Rs. 3,000 to Ravi after 15 days of the death of A. *(5 Marks)*
- (ii) Bharat executed a promissory note in favour of Bhushan for Rs. 5 crores. The said amount was payable three days after sight. Bhushan, on maturity, presented the promissory note on 1st January, 2008 to Bharat. Bharat made the payments on 4th January, 2008. Bhushan wants to recover interest for one day from Bharat. Advise Bharat, in the light of provisions of the Negotiable Instruments Act, 1881, whether he is liable to pay the interest for one day? *(3 Marks)*
- (b) State in brief the guidelines for managing ethics and to prevent the need for whistle-blowing in the work place. *(4 Marks)*
- (c) What are the tips for improving inter-personal skills in a business organization? *(4 Marks)*
4. (a) State the procedure for shifting of registered office of the company from one State to another State under the provisions of the Companies Act, 2013. *(8 Marks)*
- (b) Self interest threats may occur as a result of financial or other interests of finance and accounting professional. Give three examples each of such threats when the accounting professional is working as-
- (i) An auditor or consultant
 (ii) An employee in a company. *(4 Marks)*
- (c) What principles you would keep in mind in oral communication? *(4 Marks)*
5. (a) What is meant by 'Undue Influence'? Mr. Raj applies to a banker for a loan at a time where there is stringency in the money market. The banker declines to make the loan except at an unusually high rate of interest. Mr. Raj accepts the loan on these terms. Whether the contract is induced by undue influence? Decide. *(8 Marks)*

- (b) State whether the following statement is correct/incorrect with reasons:
- 1 A company is a person same as its members'
 - 2 A non-profit organization cannot be registered as a company under the Companies Act, 2013. (2 x 2 = 4 Marks)
- (c) Draft a notice for calling the Board of Directors meeting of NM Limited where Ms. Rajni is co-opted as an Additional Director and also to consider buy-back of company's equity shares to an extent of 10% of issued share capital. (4 Marks)
6. (a) (i) Sapphire Ltd. has not given dividend to its preference shareholders.
In this regard state the rights of preference shareholders and non-cumulative Preference Shareholders on dividend. (4 Marks)
- (ii) Annual General Meeting of MRF Limited is convened on 28th December, 2014. Mr. Jai, who is a member of the company, approaches the company on 28th December, 2014 and demands inspection of proxies lodged with the company. Explain the legal position as stated under the Companies Act, 2013 in this regard. (4 Marks)
- (b) Write a note on ecological ethics. (4 Marks)
- (c) Draft a 'Power of Attorney' by an assessee authorising a Chartered Accountant to appear before Income-tax officer in respect of the pending taxation matter. (4 Marks)
7. Answer any **FOUR** of the following:
- (a) What are the orders that can be passed by Employees' Provident Funds Appellate Tribunal on appeals against the orders passed by the Central Government or authorized officers? (4 Marks)
 - (b) Mention any five acts for which a special resolution is required under the Companies Act, 2013. (4 Marks)
 - (c) What do you mean by Proxy? Explain the provisions relating appointment of Proxy under the Companies Act, 2013. (4 Marks)
 - (d) Explain the extent to which it is possible to observe ethical behaviour in marketing. (4 Marks)
 - (e) Suggest guidelines to handle communication ethics dilemmas. (4 Marks)