Test Series: August, 2017

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) A company refuses to register transfer of shares made by Mr. Leo to Mr. Element. The company does not even send a notice of refusal to Mr. Leo or Mr. Element respectively within the prescribed period. Has the aggrieved party any right(s) against the company for such refusal? Advise as per the provisions of the Companies Act, 2013. (5 Marks)

(b) Red Shirt Textile enters into a contract with Retail Garments Show Room for supply of 1,000 pieces of Cotton Shirts at Rs. 300 per shirt to be supplied on or before 31st December, 2016. However, on 1st November, 2016 Red Shirt Textile informs Retail Garments Show Room that it is not willing to supply the goods as the price of cotton shirts in the meantime has gone upto Rs. 350 per shirt. Examine the rights of Retail Garments Show Room in this regard (5 Marks)

(c) What is Corporate Social Responsibility? Why it is needed in Indian Business environment? (5 Marks)

(d) Suggest guidelines to handle communication ethics dilemmas. (5 Marks)

2. (a) Mr. Aries joined as supervisor on monthly salary of Rs. 13,400 on 1. 02. 2016 and resigned from his job on 29. 02. 2016. The company declared a bonus of 20% to all eligible employees and paid it on time. Mr. Aries knowing the facts made a claim to HRD, which in turn rejected the claim. Examine the validity in the light of the provisions of the Payment of Bonus Act, 1965 (4 Marks)

(b) Mr. Krishna of Delhi engaged Mr. Shamsher as his agent to buy a house in West Extension area. Mr. Shamsher bought a house for Rs. 50 lakhs in the name of a nominee and then purchased it himself for Rs. 60 lakhs. He then sold the same house to Mr. Krishna for Rs. 62 lakhs. Mr. Krishna later comes to know the mischief of Mr. Shamsher and tries to recover the excess amount paid to Mr. Shamsher. Is he entitled to recover any amount from Mr. Shamsher? If so, how much? Explain. (4 Marks)

(c) What is meant by ‘Corporate Governance’? State the major ‘characteristics’ of good corporate governance. (4 Marks)

(d) Explain the significance of ‘active listening’ in inter-personal communication skills. (4 Marks)
3. (a) A draws a bill on B. B accepts the bill without any consideration. The bill is transferred to C without consideration. C transferred it to D for value. Decide-
   (i) Whether D can sue the prior parties of the bill, and
   (ii) Whether the prior parties other than D have any right of action inter se?
   Give your answer in reference to the Provisions of the Negotiable Instruments Act, 1881.
   (8 Marks)

(b) What problems may arise at work place when ethical behaviour is not adopted?
   (4 Marks)

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

4. (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 Amrit Ltd. 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) “CSR can mean different things to different people”, explain.
   (8 Marks)

5. (a) Ganesh Limited’s share capital is divided into different classes. Now, Ganesh Limited intends to vary the rights attached to a particular class of shares. Advice Ganesh Limited as to obtaining consent from the shareholders in relation to variation of rights.
   (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?
   (8 Marks)

6. (a) Ultra Builders Limited decides to pay 2.5 percent of the value of debentures as underwriting commission to the underwriters but the Articles of the company authorize only 2.0 percent underwriting commission on debentures. The company further decides to pay the underwriting commission in the form of flats. Examine the validity of the above arrangements under the provisions of the Companies Act, 2013.
   (8 Marks)

(b) What reasons force a marketing executive to adopt ethical practices in marketing? Explain.
   (4 Marks)
(c) Kirti Ltd. wants to hold its Annual General Meeting on 4th August, 2017 to discuss the matters relating to ordinary business. Draft a notice in brief for calling Annual General Meeting of its shareholders. (4 Marks)

7. Answer any Four of the following:

(a) Is the amount standing to the credit of a member of the Provident Fund attachable in the execution of decree or order of the Court? Examine the law, on this point, laid down in the Employees’ Provident Funds and Miscellaneous Provisions Act, 1952. (4 Marks)

(b) Mike Company Limited served a notice of general meeting upon its shareholders. The notice stated that the issue of sweat equity shares would be considered at such meeting. Mr. ‘A’, a shareholder of the Mike Company Limited complains that the issue of sweat equity shares was not specified fully in the notice. Is the notice issued by Mike Company Limited regarding issue of sweat equity shares valid according to the provisions of the Companies Act, 2013? Explain in detail. (4 Marks)

(c) Mr. John held certain partly paid up shares of 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)

(d) What is meant by ‘Environmental ethics’? How does its non-adoption lead to 3 Ps Viz., Polluter Pays and Principles? Explain. (4 Marks)

(e) Mr. Ninja has not received a dividend warrant of Rs. 1,700 for 170 shares of Cute Fabrics Ltd. Draft an indemnity bond, to be given to the company for seeing release of Dividend. (4 Marks)