

MOCK TEST PAPER 1
INTERMEDIATE (IPC): GROUP – I
PAPER – 2: BUSINESS LAWS, ETHICS AND COMMUNICATION

Division A is compulsory

In Division B, Question No.1 is compulsory

*Attempt any **Four** questions out of the remaining **Five** questions*

Time Allowed – 3 Hours

Maximum Marks – 100

Division A (30 Marks)

1. Ramola Textiles is a listed public company with the share capital of ten crores. The share value of the share is ₹ 100/share. The company has maintained the following registers:

- (a) Register of Members indicating separately for each class of equity and preference shares held by each member residing in or outside India
- (b) Register of Debenture-holder

The company has a registered office in Ahmedabad (Gujarat) and its Corporate office is situated in Mumbai. Around 17% of members who are equity share holders and 10% of the members who are preferential shareholders resides in Jaipur (Rajasthan). So out of these members 9% equity share holders and 5% preferential share holder made an application addressed to the company to shift its register of members to its liaison office in Jaipur. The company refused the request of the members by quoting that the register can only be maintained at registered office of the company.

Mr. Raheem, a shareholder of the company, wants to sell all his shares in the company and wants to settle abroad. Mr. Raheem sold his equity shares to Mr. Ram on 7th May 2021. After completing all the formalities of transfer of shares Mr. Raheem left India on 10th May 2021. After three days span Mr. Ram figured out that his name was still not registered in company Register of Members (ROM). The Annual General Meeting was scheduled to be held on 25th May 2021. So, Mr. Ram wrote an e-mail to the company regarding addition of his name in ROM. But finally, after no response from the company, Mr. Ram approached the Tribunal to get his name registered in ROM. The Tribunal passed the order on 20th May 2021 to enter Mr. Ram's name in register of members of the company.

In the Annual General Meeting (AGM) the company declared to pay 10% dividend to all its shareholders out of the profits which it earned in previous financial year. Mr. Krish, a member of the company is holding 1000 equity shares in the company. Two years back Mr. Krish jointly bought fully paid 1000 equity shares of the company, with Mr. Azim, who is also a member of the company holding 1000 equity shares. Mr. Krish needs to pay final call of ₹ 20 per share.

After the Annual General Meeting a report on the meeting including the confirmation to the effect that the meeting was convened, held and conducted as per the provisions of the Act and the rules made thereunder is required to be filed. A copy of the report was filed with the Registrar in Form No. MGT-15 with prescribed fees.

Multiple Choice Questions [3 MCQs of 2 Marks each: Total 6 Marks]

- (i) The Tribunal passed an order dated 20.05.2021. Latest by what date should the entry of Mr. Ram's name be made in the register of members?
 - (a) 25.05.2021
 - (b) 27.05.2021

- (c) 30.05.2021
 - (d) 31.05.2021
- (ii) Suppose the Chairman of the company after two days of AGM went abroad for next 31 days. Due to the unavailability of the Chairman, within time period prescribed for submission of copy of report of AGM with the registrar, the report as required was signed by two Directors of the company, of which one was additional Director of the company. Comment on the signing of this report of AGM.
- (a) Yes, the signing is in order as the report can be signed by any director in the absence of Chairman.
 - (b) No, the signing is not in order as only the Chairman is authorised to sign the report
 - (c) Yes, the signing is in order, as in the absence of Chairman at least two directors should sign the report.
 - (d) No, the signing is not in order, since in case the Chairman is unable to sign, the report shall be signed by any two directors of the company, one of whom shall be the Managing director, if there is one and company secretary of the company.
- (iii) According to the provision of Companies Act, 2013, till what date the company should submit report of AGM to the registrar?
- (a) 04.06.2021
 - (b) 09.06.2021
 - (c) 24.06.2021
 - (d) 25.06.2021
2. Atul want to wear a new coat for his seminar which is to be held (after 15 days). He bought cloth material from the market to make a new coat. Atul gives material to Babu, a tailor, to make the coat. Babu promised Atul to deliver the coat within the stipulated time of one week. Atul paid 10% advance so that he stitches his coat on priority basis. After one week when Atul went to the tailor he was shocked to see that the coat is still unstitched. The tailor demanded two more days' time from Atul to stitch the coat, but Atul refused and asked the tailor to return his piece of cloth. Tailor retained the cloth and asked Atul to pay the price, as he already did the cutting of the cloth.

Yash, Atul's friend left his car at the company's authorised showroom for servicing. As Yash house is located in the remote area of the city, so he instructed the manager of the showroom to park the vehicle at Atul's residence. So as per Yash's instructions the car was sent to Atul house after servicing. The worker of the showroom parked the car outside Atul's residence and handed over the key to Atul's servant. Next day when Yash went to pick up his car, he found that somebody has hit the car while it was parked there.

Yash found a mobile phone and a branded pen lying on the road outside Atul's residence. Yash tried to enquire about the real owner. He took the phone and pen with him and kept it in the drawer of his study table. Next day, Yash's wife came to the room searching for a pen, she saw the pen and took the pen and went out. Unfortunately, Yash's wife lost the pen. After two days the real owner, approached him (Yash), Yash humbly delivered his phone and apologized for the loss of pen.

Multiple Choice Questions [2 MCQs of 2 Marks each: Total 4 Marks]

- (i) According to the provisions of the Indian Contract Act, 1872, do you think the tailor has a right of lien over the cloth?
- (a) Yes, he is entitled to retain the coat until he is paid.

- (b) No, he has not completed the work within the agreed time
- (c) Yes, in case of particular lien he can retain the cloth.
- (d) No, but he is not required to return the advance amount
- (ii) Referring to the provision of the Indian Contract Act, 1872, what are the repercussions, when Yash found goods belonging to another and takes them into his custody? Choose the correct statement.
- (a) He becomes subjected to the same responsibility as of a bailee.
- (b) merely possession of the goods does not make him a bailee
- (c) No act is done by owner for placing the goods in the possession of Yash, so he cannot be treated as bailee.
- (d) In the absence of any express or implied contract, absolves Yash's liabilities as bailee
3. A prospectus which does not include complete particulars of the quantum or price of the securities included therein is called:
- (a) A deemed Prospectus
- (b) A Shelf Prospectus
- (c) An Abridged Prospectus
- (d) A Red Herring Prospectus **(1 Mark)**
4. The minimum amount of subscription in a public issue shall be received within ____ days from the date of issue of prospectus.
- (a) 30
- (b) 60
- (c) 90
- (d) 120 **(1 Mark)**
5. Which of the following statements is not true?
- (a) in case of shares, the rate of underwriting commission to be paid shall not exceed five percent of the issue price of the share.
- (b) underwriting commission should not be more than the rate specified by the Article of Association.
- (c) in case of debentures, the rate of underwriting commission shall not exceed five percent of the issue price of the debentures.
- (d) amount of commission may be paid out of profits of the company. **(2 Marks)**
6. Asha Pvt. Ltd. wants to change its object clause of the Memorandum of Association of the Company. This needs:
- (a) Shareholders approval by way of Ordinary Resolution
- (b) Shareholders approval is not required for change of object clause of the company.
- (c) Shareholders approval by way of Special Resolution
- (d) The approval from Tribunal for changing object clause of the company. **(1 Mark)**

7. In case of 'offer of sale of shares by certain members of the company', which of the following options is applicable:
- (a) The provisions relating to minimum subscription are not applicable
 - (b) Entire minimum subscription amount is required to be received within three days of the opening date
 - (c) 25% of the minimum subscription amount is required to be received on the opening date and the remaining 75% within three days thereafter
 - (d) 50% of the minimum subscription is required to be received by the second day of the opening date and the remaining 50% within next three days after the second day **(1 Mark)**
8. Prithvi Private Limited was incorporated on 27th August, 2020 with 30 persons as subscribers to the Memorandum of Association and with Authorised share capital of ₹ 1 crore divided into equal number of shares of ₹ 1 each. Each subscriber subscribed for ₹ 1 lac shares. Advise the company about the company by what date it needs to deliver the share certificates to the subscribers.
- (a) 17th September, 2020.
 - (b) 30th September, 2020.
 - (c) 27th October, 2020.
 - (d) 27th November, 2020. **(2 Marks)**
9. Vanraj Limited is desirous of issuing debentures carrying voting rights. Which of the following options is best suited in such a situation:
- (a) Vanraj Limited can issue debentures carrying voting rights after an ordinary resolution is passed by the company.
 - (b) Vanraj Limited can issue debentures carrying voting rights if a special resolution is passed by the company.
 - (c) Vanraj Limited can issue such voting rights only if it mortgages its land and buildings worth two times the amount of the debentures.
 - (d) Vanraj Limited cannot issue debentures carrying voting rights. **(2 Marks)**
10. A negotiable instrument drawn in favour of a minor is
- (a) Void ab initio
 - (b) Void but enforceable
 - (c) Valid
 - (d) Quasi contract **(1 Mark)**
11. The date of maturity of a bill payable hundred days after sight and which is presented for sight on 4th May, 2021, is:
- (a) 13 August, 2021
 - (b) 14 August, 2021
 - (c) 15 August, 2021
 - (d) 16 August, 2021 **(2 Marks)**

12. As per the Negotiable Instruments Act, 1881, when the day on which a promissory note or bill of exchange is at maturity is a public holiday, the instrument shall be deemed to be due on the.....
- Said public holiday
 - 5 days succeeding public holiday
 - Next succeeding business day
 - Next preceding business day
- (1 Mark)**
13. The Payment of Bonus Act, 1965 is applicable on which of the following employees?
- Employees employed by Life Insurance Corporation of India
 - Employees employed by the Reserve Bank of India
 - Employees employed through contractors on building operations
 - Employees employed by the Deposit Insurance Corporation
- (1 Mark)**
14. Gratuity shall be payable to an employee after rendering continuous services for not less than
- 1 year
 - 5 years
 - 7 years
 - 10 years
- (1 Mark)**
15. A and P go into a shop. A says to the shopkeeper, C, "Let P have the goods, and if he does not pay you, I will". This is a:
- Contract of Guarantee
 - Contract of Indemnity
 - Wagering agreement
 - Quasi-contract
- (2 Marks)**
16. Pratap delivers his car to Sam, a garage owner for repair. Who is the bailor in this case?
- Sam
 - Pratap
 - Neither Sam nor Pratap
 - Both Sam and Pratap
- (2 Marks)**

Division B (70 Marks)

1. (a) Silver Oak Ltd. has following balances in their Balance Sheet as on 31st March, 2021:

		₹
(1)	Equity shares capital (3.00 lakhs equity shares of ₹ 10 each)	30.00 lacs
(2)	Free reserves	5.00 lacs
(3)	Securities Premium Account	3.00 lacs
(4)	Capital redemption reserve account	4.00 lacs
(5)	Revaluation Reserve	3.00 lacs

Directors of the company seeks your advice in following cases:

- (i) Whether company can give bonus shares in the ratio of 1:3?
- (ii) What if company decide to give bonus shares in the ratio of 1:2? **(6 Marks)**
- (b) "To maintain social contract between society and business, the trusteeship relations are essential". Describe the role of business ethics in this reference. **(4 Marks)**
- (c) What are the factors that lead to grapevine communication? **(4 Marks)**
2. (a) Examine whether the Payment of Bonus Act, 1965 be applicable to the following cases:
 - (i) Kiran, who is working in a social welfare organization.
 - (ii) Kartik, an employee employed by an establishment engaged in an industry carried on by a department of the Central Government. **(6 Marks)**
- (b) State with reasons whether the following statement is correct or incorrect:
'Fairness and honesty are the pillars of success in business.' **(4 Marks)**
- (c) Explain the functions of interpersonal communication. **(4 Marks)**
3. (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. **(3 Marks)**
- (b) Best Limited has decided to conduct its Annual General Meeting on 28th September 2021. They have sent the notice of the meeting on 9th September 2021 (for which they have taken consent from 90% of the members entitled to vote thereat). Comment on the validity of notice of the Annual General Meeting, as per the provisions of the Companies Act, 2013. **(3 Marks)**
- (c) State the "Common Corporate Social responsibility" (CSR) policies for business organizations. **(4 Marks)**
- (d) What are features of 'groups' in an organization? **(4 Marks)**
4. (a) (i) Mr. A had given on rent his house situated at Bhopal to Mr. B for ₹ 22,000 per month. A sum of ₹ 2 lacs, the property tax payable by Mr. A to the Municipal Corporation being in arrears, his house is advertised for sale by the corporation. Mr. B pays to the Corporation, the sum due from Mr. A to avoid legal consequences. Referring to the provision of the Indian Contract Act, 1872, decide whether Mr. B is entitled to get the reimbursement of the said amount from Mr. A. **(3 Marks)**
- (ii) Y advances Z a loan of ₹ 10,000 on the guarantee of X, at an interest of 10%. Subsequently, as Z was having some financial problems, Y reduced the rate of interest to 7% and also extended time for repayment of loan without the consent of X. Z becomes insolvent. Can Y sue X for recovery of amount? **(3 Marks)**
- (b) Answer whether the statement is correct or incorrect with brief reason.
'Consumer interest' and 'Public interest' are synonymous. **(4 Marks)**
- (c) Suggest guidelines for drafting of Press release. **(4 Marks)**
5. (a) New Private Ltd. is a company registered under the Companies Act, 2013 with a paid-up share capital of ₹ 70 lakh and turnover of ₹ 30 crores. Explain the meaning of the "Small Company" and examine the following in accordance with the provisions of the Companies Act, 2013:

- (i) Whether the New Private Ltd. can avail the status of small company?
- (ii) What will be your answer if the turnover of the company is ₹ 15 crore and the capital is same as ₹ 70 lakh? **(6 Marks)**
- (b) Describe the factors which influence the ethical behaviour at work in an organization. **(4 Marks)**
- (c) What is meant by "Active listening"? State the importance of 'Active listening' in the business communication skills. **(4 Marks)**
6. (a) What are the essential characteristics of Negotiable Instruments. **(3 Marks)**
- (b) The persons (not being members) dealing with the company are always protected by the doctrine of indoor management. Explain. **(3 Marks)**
- (c) State, how far a sound ethical environment in a company may be created and corporate scandals may be avoided. **(4 Marks)**
- (d) Draft an Indemnity Bond to be given to a Nationalized Bank by its depositor for the loss of Deposit certificates. **(4 Marks)**