INTERMEDIATE – IPC
PAPER-2 04/11/2019

INTERMEDIATE (IPC)
GROUP I - PAPER 2
BUSINESS LAWS, ETHICS AND COMMUNICATION

MAJ2

NOV 2019

Roll No. .....

Total No. of Printed Pages – 7

Total No. of Questions – **6**

Maximum Marks – **70**

GENERAL INSTRUCTIONS TO CANDIDATES

1. The question paper comprises two parts, Part I and Part II.
2. Part I comprises Multiple Choice Questions (MCQs).
3. Part II comprises questions which require descriptive type answers.
4. Ensure that you receive the question paper relating to both the parts. If you have not received both, bring it to the notice of the invigilator.
5. Answers to Questions in Part I are to be marked on the OMR answer sheet only. Answers to questions in Part II are to be written on the descriptive type answer book. Answers to MCQs, if written in the descriptive type answer book, will not be evaluated.
6. OMR answer sheet will be in English only for all candidates, including for Hindi medium candidates.
7. The barcoded sticker provided in the attendance register, is to be affixed only on the descriptive type answer book. No barcode sticker is to be affixed on the OMR answer sheet.
8. You will be allowed to leave the examination hall only after the conclusion of the exam. If you have completed the paper before time, remain in your seat till the conclusion of the exam.
9. Duration of the examination is 3 hours. You will be required to submit (a) Part I of the question paper containing MCQs, (b) OMR answer sheet thereon and (c) the answer book in respect of descriptive type answer book to the invigilator before leaving the exam hall, after the conclusion of the exam.
10. The invigilator will give you acknowledgement on Page 2 of the admit card, upon receipt of the above-mentioned items.
11. Candidate found copying or receiving or giving any help or defying instructions of the invigilators will be expelled from the examination and will also be liable for further punitive action.

PART – II

70 marks

1. Question paper comprises **6** questions. Answer Question No. **1** which is compulsory and any **4** out of the remaining **5** questions.
2. Working notes should form part of the answers.
3. Answers to the questions are to be given only in English except in the case of candidates who have opted for Hindi Medium. If a candidate has not opted for Hindi Medium, his/her answers in Hindi will not be evaluated.

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PART – II

Question No.1 is compulsory.

Candidates are also required to answer any **four** questions out of the remaining **five** questions,

1. (a) Binoy, an employee of National Bank Private Limited which is actively engaged in Banking business, drawing a salary of ₹ 50,000 p.m., borrowed Rupees One lakh and invested in the shares of the bank. Explain whether there is any violation in the light of the provisions of the Companies Act, 2013. Would your answer be different if Binoy is a key managerial personnel of the bank ? **6**

   (b) State the factors that has shaped the direction of the domain of Corporate Social Responsibility. **4**

   (c) Communication is a dynamic transactional (two way process) in which there is an exchange of ideas linking the sender and the receiver towards a mutually accepted direction or goal consisting of seven elements. Write any four such elements. **4**

2. (a) Mrs. Priya was engaged as a clerk in a partnership firm which comes under the purview of the Payment of Gratuity Act, 1972, since January 2012. The firm was converted in a private limited company, under the name Suryodaya Publishers Private Limited in October 2017. Mrs. Priya resigned her job in December 2018. When she approached the company for payment of gratuity, it stated that it is not liable to pay gratuity, as she had not worked in the company for five years. Decide whether the contention of Suryodaya Publishers is valid under the provisions of the Payment of Gratuity Act, 1972. **6**

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Marks

(b) Explain the meaning of the "Iron Law of Responsibility". State the benefits acquired by achieving the long-term objectives through the business activities. 4

(c) Explain the socio-psychological barriers of communication in relation to an organization. 4

3. (a) Monu is an employee in a company. The amount of bonus payable to him during the year 2018-19 is ₹ 15,000. The company deducted a sum of ₹ 5,000 against the "Puja Bonus" already paid to him during the said year and paid the remaining amount. Monu files a suit against the company for recovery of the deducted amount. Decide under the Payment of Bonus Act, 1965, whether Monu be given any relief by the Court. State also which type of bonus that may be adjusted against the bonus payable under this Act. 3

(b) Examine the validity of the following statement with reference to the provisions of the Companies Act, 2013. 3

"The Articles of Association of X Limited contains a provision that the underwriting commission may be paid upto 4% of the issue price of the shares. However the Board of Directors have decided to pay the underwriting commission of 5% to Deal & Co., the underwriters."

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Marks

(c) What is meant by Environmental ethics ? How its non-adoption leads to 3 Ps. Viz. Polluter Pay Principle ? Explain. 4

(d) Enumerate a few guidelines for active listening. 4

4. (a) Neelesh guaranteed the honesty of Srinath in the employment of Gurudev. Srinath was found guilty of dishonesty in the course of the service, but Gurudev continued to employ him and did not inform Neelesh of what had occurred. Subsequently, Srinath committed further acts of dishonesty. Gurudev requires Neelesh to make good the loss caused by Srinath. Discuss the liability of Neelesh according to the Indian Contract Act, 1872. 6

(b) XYZ Limited has its registered office at Mumbai in the state of Maharastra. For administrative conveniences, the company wants to shift its registered office from Mumbai to Pune. Discuss the formalities to be complied with by the company as per the provisions of the Companies Act, 2013. 4

(c) M/s Confident Investments, a partnership firm, wants to appoint and authorize Mr. A, giving him power to sell and sign documents and deeds including the transfer of shares and securites, by executing a "Power of Attorney". 4

Draft a "Power of Attorney" to be given by the firm.

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5. (a) Excellent Tea Company Limited, the transferor company, sold its unit to New Garden Tea Limited, the transferee Company. It has contributed 60% of the contribution to the pension scheme of its employees. Now the transferee company refused to bear the balance of 40% of the contribution to the pension scheme. Ascertain the liability of the transferee company under the provisions of the Employees' Provident Funds and Miscellaneous Provisions Act, 1952. 3

(b) Mr. Sunil has transferred 1000 shares of Ganges Fabrics Limited to Mr. Janak. The company has refused to register the transfer of shares and has not sent the notice of refusal either to Mr. Sunil or to Mr. Janak within the prescribed time. Decide, under the provisions of the Companies Act, 2013, whether the aggrieved party has any right against the company for such a refusal. Discuss the nature of punishment to a person who contravenes the order of the Tribunal. 3

(c) State and explain any four sources of Ethical standards. 4

(d) A induced B by fraud to draw a cheque payable to C or order. A obtained the cheque, forged C's endorsement and collected the proceeds of the cheque through his banker. B, the drawer, wants to recover the amount from C's Banker. Discuss, in the light of the provisions of Negotiable Instruments Act, 1881, the right/privileges available to a holder-in-due course. 4

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6. (a) X transferred his house to his daughter M by way of gift. The gift deed contained a direction that M shall pay a sum of ₹ 5,000 per month to N. Consequently M executed an instrument in favour of N agreeing to pay the said sum. Afterwards, M refused to pay to N saying that she is not liable to N because no consideration had moved from her. Decide with reasons under the provisions of the Indian Contract Act, 1872, whether M is liable to pay the said sum to N or not. 3

OR

Mridul agreed to become an assistant for 6 years to Praveen who was a Doctor practising in Bengaluru. It was also agreed that during the term of agreement Mridul will not practise on his own at Bengaluru. After 2 years, Mridul left the job, opened a clinic and started to practise on his own. Referring to the provisions of the Indian Contract Act, 1872, decide whether Mridul could be restrained from practising.

(b) Mrs. Parvathy drew a cheque in favour of Ashok who is sixteen years old. Ashok endorsed the cheque in favour of Mr. Prakash who is the owner of the house where Ashok is staying. The cheque was dishonoured by the bank for inadequacy of funds. Mr. Prakash seeks your advice about the legal steps to be taken to collect the dues from Ashok. 3

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(c) Explain the threats exist in the environment faced by accounting and finance professionals in adhering to ethical principles at the time of performing their duties. 4

(d) What are the important factors that are to be considered to make Oral communication effective ? 4

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