

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

MAY 2018

Roll.No.

Total No. of Questions – 7

Time Allowed – 3 Hours

Total No. of Printed Pages – 6

Maximum Marks – 100

SWN

Answers to 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 valued.

Question No. 1 is compulsory.

Candidates are also required to answer any **five** questions from the remaining **six** questions.

In case, any candidate answers extra question(s)/sub-question(s) over and above the required number, then only the requisite number of questions first answered in the answer book shall be valued and subsequent extra question(s) answered shall be ignored.

Wherever necessary, suitable assumptions may be made and disclosed by way of note.

SWN

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(2)

SWN

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5

1. (a) K entered into a contract with P for the purchase of 1000 bags of rice at the rate of ₹ 1,000 per bag. P has not supplied the goods within the due date and due to this K suffered a loss of ₹ 1,00,000 as he has to purchase these bags at the rate of ₹ 1,100 per bag from the market to deliver the same to its customers.

Decide how much compensation can be claimed by K from P.

5

- (b) Mr. A and B are partners in a firm AB & Co. since the last 10 years. Now their business has crossed ₹ 20 crores and they want to form a private limited company to take over the firm's business and to expand it at large scale. They approached their auditor to assist to incorporate a company in the name of AB Trading Private Ltd. Explain in brief what documents are required to be filed with the Registrar of Companies ?

- (c) State the social issues with which business corporations have been concerned since a long time.

5

- (d) "In business organisations various types of groups are formed." In this context discuss various types of groups.

5

2. (a) (i) N Limited, a manufacturing company situated in Pune Industrial Estate, wants to declare bonus to their employees for the year ended 31-03-2017. Find out the available funds for distribution of bonus to employees on the basis of the following information :

4

Gross Profit ₹ 1,20,00,000

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(3)

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The company has to provide for the following items to arrive at the available funds.

- | | |
|---|---------------|
| (a) Depreciation on assets to be provided as per the Companies Act, 2013. ₹ 28,00,000 | |
| Depreciation to be provided as per the Income Tax Act, 1961. | ₹ 41,50,000 |
| (b) Development rebate | ₹ 3,40,000 |
| (c) Direct taxes payable | ₹ 10,00,000 |
| (d) Paid up equity capital as on 1-4-2016 | ₹ 1,00,00,000 |
| (e) Reserves and Surplus | ₹ 25,00,000 |

- (ii) X is due to retire as a factory manager from a Paint Manufacturing Company and his present salary is ₹ 40,000. He has worked in the factory for about 22 years and was on leave for 6 months in the 15th year due to an injury suffered at the factory. After recovery he resumed his duty as a Chief Supervisor and worked for 7 years. In June 2017, he damaged an engine part and the company has to incur a sum of ₹ 1,00,000 to set right the machinery and the loss is not yet recovered from him. Please calculate the amount of gratuity payable to him. 4

- (b) What do you mean by corporate citizenship ? Explain the benefits of corporate citizenship. 4
- (c) What functions are performed by interpersonal communication ? Discuss briefly. 4

SWN

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(4)

SWN

Marks

3. (a) (i) A promised to repay a loan of ₹ 1,00,000 payable to C and D jointly. Discuss what are the rights of joint promisees (C and D) against A. **4**
- (ii) Give any four differences between bailment and pledge. **4**
- (b) Explain the concept of Green Accounting System. Also discuss its benefits. **4**
- (c) Discuss any four NCA's credo for ethical communication. **4**
4. (a) (i) The Board of Directors of PV Limited wants to make some changes and to alter some Clauses of the Articles of Association which are to be urgently carried out, which include the increase in Authorized Capital of the company, issue of shares, increase in borrowing limits and increase in the number of directors. **4**
- Please advise the company about the procedure to be followed for alteration of Articles of Association.
- (ii) What do you mean by Proxy ? Explain the provisions relating to appointment of proxy under the Company Act, 2013. **4**
- (b) Discuss reasons forcing marketing executives to adopt ethical behavior in marketing. **4**
- (c) Discuss any four qualities of a critical thinker. **4**

SWN

(5)

- | M | SWN | Marks |
|----|---|-------|
| 5. | (a) (i) What is meant by "Sans recourse endorsement" on a bill of exchange ? How does it differ from "sans frais endorsement" ? | 4 |
| | (ii) Y draws a bill of exchange on Z for ₹ 5,000 payable to his order. Z accepts the bill but subsequently dishonours it by non-payment. Y sues Z on the bill. Z proves that bill was accepted for value of ₹ 3,000 and an accommodation to the balance of ₹ 2,000. How much amount Y can recover from Z ? | 4 |
| | (b) WW Limited has an authorized share capital of 1,00,000 equity shares of ₹ 100 per share and an amount of ₹ 3 crores in its Share Premium Account as on 31-3-2017. The Board of Directors seeks your advice about the application of share premium account for its business purposes. Please give your advice. | 4 |
| | (c) Discuss the problems that may arise at workplace when ethical behavior is not adopted. | 4 |
| 6. | (a) MPN Limited wants to issue Global Depository Receipts. What are the conditions to be followed for issue of such receipts ? | 8 |
| | (b) State whether following statements are correct or incorrect : | 4 |
| | (i) Only one person can form a company under the provisions of Companies Act, 2013. | |
| | (ii) Number of members in a private company under the Companies Act 2013, cannot exceed 50. | |
| | (iii) A collateral agreement to the void agreement is also void. | |
| | (iv) Minor cannot even be beneficiary in any contract in India. | |

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P.T.O.

(6)

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Marks

- (c) The statutory meeting of Ashoka Business Corporation Ltd was held on 15th Jan 2018 at its registered office at Mumbai. Being the secretary of the company draft the minutes of this statutory meeting of the company.

4

7. Answer any **four** of the following :

4×4

=16

- (a) What constitutes cognizable offences under Provident Fund and Miscellaneous Provisions Act, 1952 ?
- (b) Discuss the procedure to be followed by Board of a Company to convert a public company into a private limited company.
- (c) Distinguish between transfer and transmission of shares.
- (d) Write a short note on Global Reporting Initiative.
- (e) State the importance of 'Active Listening' in the business communication skills.

SWN