

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

1. As per the Payment of Bonus Act, 1965, the amount payable to an employee by way of bonus shall be paid within a period of 8 months from the closing of accounting year. However, this period may be extended up to maximum of by appropriate Government.
 - (a) 1 year
 - (b) 15 months
 - (c) 18 months
 - (d) 2 years

(1 Mark)
2. Who is not treated as family as per the Payment of Gratuity Act, 1872, in case of a male employee
 - (a) himself
 - (b) his wife
 - (c) dependent parents of his wife
 - (d) adult children of his son

(1 Mark)
3. The delivery of goods by one person to another for some specific purpose and time is known as:
 - (a) Mortgage
 - (b) Pledge
 - (c) Bailment
 - (d) Charge

(1 Mark)
4. Offences committed under the Negotiable Instruments Act can be—
 - (a) Compoundable
 - (b) Non- compoundable
 - (c) Non- compoundable and non-bailable
 - (d) bailable

(1 Mark)
5. Substituted Agent is agent of the:
 - (a) Agent
 - (b) Principal
 - (c) Sub- agent
 - (d) Third Party

(1 Mark)

6. As per the Contract Act, 1872, which of the following are circumstances when the authority conferred on the agent does not get terminated:
- (a) Revocation of authority by the principal
 - (b) Renunciation of agency by the agent
 - (c) Completion of business of agency
 - (d) Where the agent gets interested in the subject matter **(1 Mark)**
7. While drawing a bill of exchange, a person whose name is given in addition to the drawee who can be resorted in case of need, is called
- (a) Acceptor
 - (b) Acceptor for honour
 - (c) Drawee in case of need
 - (d) Drawer **(1 Mark)**
8. The Registrar shall register any alteration of the memorandum with respect to the objects of the company and certify the registration within a period of _____ from the date of filing of the special resolution.
- (a) 30 days
 - (b) 60 days
 - (c) 90 days
 - (d) 6 months **(1 Mark)**
9. Part of the capital for which application have been received from the public and shares allotted to them :
- (a) Nominal capital
 - (b) Issued capital
 - (c) Subscribed capital
 - (d) Called up capital **(1 Mark)**
10. No deposits are repayable earlier than _____ from the date of such deposits or renewal thereof.
- (a) 3 months
 - (b) 6 months
 - (c) 9 months
 - (d) 12 months **(1 Mark)**
11. On receipt of intimation of satisfaction of charge, the registrar issues a notice to the holder calling a show cause within such time not exceeding _____ days as to why payment or satisfaction in full should not be regarded as intimated to the Registrar:
- (a) 14
 - (b) 21
 - (c) 30
 - (d) 300 **(1 Mark)**
12. A shelf prospectus filed with the ROC shall remain valid for a period of:
- (a) one year from the date of registration

- (b) one year from the date of closing of first issue
- (c) one year from the date of opening of first issue
- (d) Ninety days from the date on which a copy was delivered to ROC **(1 Mark)**
13. Being in need of further capital, Rimsi Cotton-Silk Products Limited opted to offer 50.00 lacs equity shares of Rs. 1 each to 50 identified persons on 'private placement' basis and accordingly a letter of offer accompanied by serially numbered application form was sent to them after fulfillment of due formalities including passing of special resolution. One of the applicants, Rajan made a written complaint to the company highlighting the fact that the letter of offer was incomplete as well as illegal, for the same did not contain 'renunciation clause' though he wanted to exercise his 'right of renunciation' in favour of one of his son Uday. By choosing the correct option, advise the company in this matter. **(2 Marks)**
- (a) As the 'Right of Renunciation' cannot be denied, the company needs to rectify its mistake by including the same in the letter of offer and the application form.
- (b) The company is prohibited from providing 'Right of Renunciation' and therefore, the letter of offer and the application form need not include any such clause.
- (c) Instead of absolute prohibition, the company needs to provide 'Right of Renunciation' limited to twenty five percent of offering.
- (d) Instead of absolute prohibition, the company needs to provide 'Right of Renunciation' limited to fifty percent of offering.
14. Dwapar Equipment Finance Limited, a non-banking finance company (NBFC), is desirous of offering secured, redeemable, non-convertible 9% Debentures to the public in three or more tranches over a certain period of time. Which kind of prospectus it is required to issue so that its purpose is served and there arises no need to take out a fresh prospectus for second and subsequent offer of securities.
- (a) Deemed Prospectus.
- (b) Shelf Prospectus.
- (c) Red Herring Prospectus.
- (d) Abridged prospectus. **(2 Marks)**
15. In the current financial year Zunee Traders Limited, a non-listed company, has 556 members, increased from 451 members which it had in the immediate previous financial year. For the forthcoming Annual General Meeting (AGM), advise the company whether it is required to provide to its members the facility to exercise their right to vote at this AGM by electronic means.
- (a) Since the company has more than 500 members it is required to provide to its members the facility to exercise their right to vote at the forthcoming AGM by electronic means.
- (b) The company is not required to provide to its members the facility to exercise their right to vote at the forthcoming AGM by electronic means since its members are less than one thousand.
- (c) Though the company is required to provide to its members the facility to exercise their right to vote at the forthcoming AGM by electronic means because it has more than 500 members, it can, as a one-time measure, seek exemption from ROC beforehand and in that case, it need not provide facility of voting by electronic means.
- (d) Only a listed company is required to provide to its members the facility to exercise their right to vote at the General Meetings by electronic means. **(2 Marks)**
16. Ezech Machines Limited owns a plot of land which was mortgaged to Urbane Commercial Bank Limited for raising term loan of Rs. 2.00 crore. The mortgage was duly registered with the Central Registry. First loan installment of Rs. 50.00 lacs was released immediately after sanction of term loan with the condition that subsequent three installments of Rs.50.00 lacs shall be released as soon as the earlier released

installment is utilized satisfactorily. Is it necessary either for the company or the bank to register the charge on plot with the concerned Registrar of Companies (ROC) when the mortgage is registered with the Central Registry?

- (a) It is not necessary either for the bank or the company to register the charge on plot of land with the concerned Registrar of Companies (ROC) when the mortgage is registered with the Central Registry.
 - (b) It is necessary to get the charge on plot on land registered with the concerned Registrar of Companies (ROC) irrespective of the fact that mortgage is registered with the Central Registry.
 - (c) The charge on plot needs to be registered with the concerned Registrar of Companies (ROC) only when the actual liability of the company with the Bank exceeds Rs. 1.00 crore.
 - (d) The charge on plot needs to be registered with the concerned Registrar of Companies (ROC) only when the term loan sanctioned by the bank to the company exceeds Rs. 2.00 crores. **(2 Marks)**
17. Which of the following statement is contrary with the provisions of the Companies Act, 2013?
- (a) a private company can make a private placement of its securities
 - (b) company has to pass a special resolution for private placement
 - (c) Minimum offer per person should have Market Value of Rs. 20,000
 - (d) a public company can make a private placement of its securities **(2 Marks)**
18. Tweeter Ltd. has invested 51% in the shares of Snapchat Pvt. Ltd. on 31 March 2018. Snapchat Pvt. Ltd. have been holding 2% equity of Tweeter Ltd since 2011. Snapchat Pvt. Ltd. wants to increase its holdings in equity upto 4% in Tweeter Ltd. after 31 March 2017. Can Snapchat Pvt. Ltd. increase its holdings in equity upto 4% in Tweeter Ltd. after 31 March 2018?
- (a) Yes; it can increase its holdings
 - (b) No; it cannot increase its holdings
 - (c) Yes, it can increase subject to the limit of 35%
 - (d) Yes, it can increase its holding subject to 90% **(2 Marks)**
19. Mr. Vishal parks his car at a parking lot, locks it, and keeps the keys with himself. Which of the following statement is correct in this regard:
- (a) This is a case of bailment
 - (b) The parking people has possession of the car of Mr. Vishal
 - (c) The parking people has custody of car of Mr. Vishal
 - (d) This is the case of mortgage **(2 Marks)**
20. M offered to sell his land to N for Rs. 20 Lac. N replied purporting to accept the offer but enclosed a cheque for Rs. 5 Lac only. He promised to pay the balance of Rs. 15 Lac by monthly installments of Rs. 1 Lac each. Which of the following statement is correct in this regard:
- (a) M is bound to accept the offer of N to receive the balance amount in monthly instalments
 - (b) N could not enforce his acceptance because it was not an unqualified one
 - (c) N could enforce his acceptance because it was not an unqualified one
 - (d) N could enforce his acceptance because it was a qualified one **(2 Marks)**

21. M drew a cheque amounting to Rs. 2 lakh payable to N and subsequently delivered to him. After receipt of cheque N endorsed the same to C but kept it in his safe locker. After sometime, N died, and P found the cheque in N's safe locker. State the nature of the Instrument as amounting to indorsement under the NI Act, 1881.
- Yes its an endorsement, as P becomes the holder of the cheque that he found in the N's safe locker.
 - No, its not an endorsement, as P does not become the holder of the cheque
 - Yes , its an endorsement, as P was a ultimate custodian of the cheque
 - No, its not an endorsement, as N endorsed it to C and not to the P. **(2 Marks)**

DIVISION B

- Mr. Transferor has transferred 1000 shares of Perfect Ltd. to Ms. Receiver. The company has refused to register transfer of shares and does not even send a notice of refusal to Mr. Transferor or Ms. Receiver respectively within the prescribed period. Examine the given situation and discuss as per the provisions of the Companies Act, 2013, whether aggrieved party has any right(s) against the company for such refusal? **(6 Marks)**
 - "To maintain social contract between society and business, the trusteeship relations are essential". Describe the role of business ethics in this reference. **(4 Marks)**
 - What are the factors that lead to grapevine communication? **(4 Marks)**
- Manish is working as a salesman in a company on salary basis. The following payments were made to him by the company during the previous financial year –
 - overtime allowance,
 - dearness allowance
 - commission on sales
 - employer's contribution towards pension fund
 - value of food.

Examine as to which of the above payments form part of "salary" of Manish under the provisions of the Payment of Bonus Act, 1965. **(6 Marks)**
 - State with reasons whether the following statement is correct or incorrect:
'Fairness and honesty are the pillars of success in business'. **(4 Marks)**
 - Explain the functions of interpersonal communication. **(4 Marks)**
- State the provisions of the Employees' Provident Funds and Miscellaneous Provisions Act, 1952 relating to the protection of the amount standing to the credit of an employee in the provident fund against attachment. **(3 Marks)**
 - State in what way does the Companies Act, 2013 regulate and restrict Minimum Subscription and receipt of Application Money in respect of a company going for public issue of shares. **(3 Marks)**
 - What is meant by 'Corporate Governance'? State the major 'characteristics' of good corporate governance. **(4 Marks)**
 - Explain the concept of "Negotiation". What are its techniques? **(4 Marks)**
- Explaining the provisions of the Indian Contract Act, 1872, answer the following:
 - Rajesh, aged 16 years, was studying in an engineering college. On 1 March, 2018 he took a loan of Rs. 1 lakh from Suresh for the payment of his college fee and agreed to pay by 30th

May, 2019. Rajesh possesses assets worth Rs. 10 lakhs. On due date Rajesh fails to pay back the loan to Suresh. Suresh now wants to recover the loan from Rajesh out of his assets. Whether Suresh would succeed?

- (ii) A received certain goods from B promising to pay Rs. 10,000/-. Later on, A expressed his inability to make payment. C, who is known to A, pays Rs., 6000/- to B on behalf of A. However, A was not aware of the payment. Now B is intending to sue A for the amount of Rs. 10000/-. Can B do so? Advise. **(6 Marks)**
- (b) State the objectives of the Central Consumer Protection Council in India. **(4 Marks)**
- (c) Write Short note on 'The Press Communique' **(4 Marks)**
5. (a) Answer the following in the light of the companies Act, 2013-
- (i) MNC Limited realised on 2nd May, 2019 that particulars of charge created on 12th March, 2019 in favour of a Bank were not filed with Registrar of Companies for Registration. What procedure should the company follow to get the charge registered with the Registrar of Companies? Would the procedure be different if the charge was created on 12th February, 2019 instead of 12th March, 2019, explain with reference to the relevant provisions of the Companies Act, 2013.
- (ii) Mr Antriksh entered into an agreement for purchasing a commercial property in Delhi belonging to NRT Ltd. At the time of registration, Mr Antriksh comes to know that the title deed of the company is not free and the company expresses its inability to get the title deed transferred in the name of Mr Antriksh saying that he ought to have had the knowledge of charge created on the property of the company. Explain with the help of 'Notice of a charge', whether the contention of NRT LTD. is correct? **(6 Marks)**
- (b) State with reasons whether the following statement is correct or incorrect:
Inclusion of environmental consideration as a part of corporate strategy improves corporate performance. **(4 Marks)**
- (c) What qualities should a sustainable innovation organization possess? **(4 Marks)**
6. (a) Distinguish between 'Bearer instrument' and 'Order instrument' under the Negotiable Instruments Act, 1881. **(3 Marks)**
- (b) The Directors of Mars India Ltd. desire to alter capital clause of Memorandum of Association of their company. Advise them, under the provisions of the Companies Act, 2013 about the ways in which the said clause may be altered. **(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)**