

MAY 2019

RFP2

Roll No. .... Total No. of Printed Pages – 8  
Total No. of Questions – 6 Maximum Marks – 70

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

**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 bar coded sticker provided in the attendance register, is to be affixed only on the descriptive type answer book. No bar code 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 answer.
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**

1. (a) Mr. Jem, owner of Century Diamonds Ltd. delivered a parcel of two boxes of diamond jewellery to Quick Transports Ltd. to be sent from Netawal to Madurai, where he needed them for a festival to be held at Madurai. Mr. Jem did not disclose the purpose of delivery to the transporter. Owing to the delay of the transporter, the parcel reached only after the conclusion of the festival. Mr. Jem sued for the damages including the profits which he would have earned in the festival against Quick Transport Ltd. Decide whether Mr. Jem is entitled to claim damages and profits which would have been made. Examine with reference to the Indian Contract Act, 1872. 3
- (b) Ashok, a director of Gama Electricals Ltd. gave in writing to the company that the notice for any general meeting and of the Board of Directors' meeting be sent to him only by registered post at his residential address at Kanpur for which he deposited sufficient money. The company sent notice to him by ordinary mail under certificate of posting. Ashok did not receive this notice and could not attend the meeting and contended that the notice was improper. 3
- Decide :
- (i) Whether the contention of Ashok is valid.
- (ii) Will your answer be the same if Ashok remains in U.S.A. for one month during the notice of the meeting and the meeting held ?
- (c) "Ethical programs help to manage values associated with quality management, strategic planning and diversity management". Explain. 4
- (d) (i) Discuss the types of grapevine chains which facilitates the communication. 2
- (ii) What are the demerits of grapevine phenomenon ? 2

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2. (a) Kamal, a wholesaler of cotton garments, entered into a contract with Nikhil for sale of a certain number of cotton garments to be made by a specified company who was manufacturing such cotton garments and to be delivered as and when the cotton garments are manufactured at prescribed time. The company failed to perform the contract as they were engaged in fulfilling certain Government contracts. Mr. Nikhil pleaded frustration. State whether the doctrine of frustration is applicable to this case under the Indian Contract Act, 1872. **3**
- (b) The directors of Smart Computers limited borrowed a sum of money from Mr. Tridev. The company's articles provided that the directors may borrow on bonds such sums as may, from time to time, be authorized by resolution passed at a general meeting of the company. The shareholders claimed that there had been no such resolution authorizing the loan, and therefore, it was taken without their authority. Hence the company is not bound to repay the loan to Tridev. In the light of the contention of shareholders, decide whether the company is bound to pay the loan. **3**
- (c) M/s. Sun Flowers Ltd., a leading oil manufacturer in Eastern India, wants to enter into an agreement with another emerging manufacturer, M/s Coconut Ltd. in that area for not selling the products below the price of its own products. Please comment on the legality of such agreement considering the parameters of Competition Law. **4**
- (d) "A key element in any communication activity is the values of the organization." What do you understand by term "Organizational values" ? **4**

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3. (a) Evergreen Pharma Ltd. was established at Chennai in the year 2015 employing 110 workers. Since then the company suffered losses but the minimum bonus was paid in the accounting year 2016 and 2017. In the accounting year 2018 the company earned huge profits. After adjusting its previous years' losses, the company is having surplus profits and wants to pay bonus to its workers more than the minimum bonus. Evergreen Pharma Ltd. seeks your advice on the following issues : 3
- (i) How much minimum and maximum bonus that may be paid to the workers ?
  - (ii) The company wants to give some life saving medicines instead of cash in lieu of bonus. Can the company do so ?
- (b) Sudarshan Exports Ltd. was dealing in export of rubber to specified foreign countries. The company was willing to purchase rubber trees in A.P. State. The prospectus issued by the company contained some important extracts of the expert report and number of trees in A.P. State. The report was found untrue. Mr. Alok purchased the shares of Sudarshan Exports Ltd. on the basis of the expert report published in the prospectus. Will Mr. Alok have any remedy against the company ? State also the circumstances where an expert is not liable under the Companies Act, 2013. 3
- (c) What do you mean by discrimination in employment ? State the basic elements involved in discrimination in employment. 4
- (d) Write short notes on : 4
- (i) Group think
  - (ii) Persuasion

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4. (a) Mr. Rohit was an employee of "Green Tea Limited". Later on Green Tea Ltd. was taken over by a new company named "Herbal Tea Limited". The services of Mr. Rohit remained continuous in the new company. After serving for one year Mr. Rohit met with an accident and became permanently disabled. Mr. Rohit applied to Herbal Tea Ltd. for the payment of gratuity. The company refused to pay gratuity and contended that Mr. Rohit has served only for a year in the new company and he is not entitled for gratuity. Examine the validity of the contention of the company in the light of the Payment of Gratuity Act, 1972. **3**
- (b) Mr. A was having 500 equity shares of Open Sky Aircrafts Limited. Mr. B acquired these shares of the company from Mr. A but the signature of Mr. A, the transferor on the transfer deed was forged. The company registered the shares in the name of Mr. B by issuing share certificate. Mr. B sold 100 equity shares to Mr. C on the basis of share certificate issued by Open Sky Aircrafts Ltd. Mr. B and Mr. C are not having the knowledge of forgery. State the rights of Mr. A, Mr. B and Mr. C under the Companies Act, 2013. **3**
- (c) Familiarity threats may occur when a finance and accounting professional develops a close relationship at the time of working as a consultant making it difficult to impart selfless attitude towards work. Describe the circumstances. **4**
- (d) "Innovation" is the key to success and survival. What are the elements which are required by a company to be more innovative ? **4**

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5. (a) Annie retired from the service of Modern Cosmetics Ltd. on 31<sup>st</sup> March, 2017. She had a sum of 5 lacs in her provident fund account. It became due for payment to Annie on 30<sup>th</sup> April, 2017 but the company made the payment of the said amount after two years. Annie claimed interest on the amount due to her, at the rate of 15% p.a. for two years. Decide whether the claim of Annie is tenable under the provisions of the Employees' Provident Funds and Miscellaneous Provisions Act, 1952. 3
- (b) Rashi Computers Limited was incorporated in the year 2018 having paid up share capital of ₹ 10 crores. Now the company wants to convert its share capital into stock. Can the company do so ? 3
- State also whether the company may create stock as its capital at the time of incorporation.
- (c) State with reasons whether the following statements are correct or not.
- (i) Ethics helps to promote a strong public image. 2
- (ii) Economic growth has to be environmentally sustainable. 2
- (d) Hearing is through ears and listening is by mind. If one does not learn how to listen, a great deal of matters that people are trying to tell you would be missed. 4

Explain the guidelines for "Active Listening".

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6. (a) Ayush borrowed money from Pratik to be refunded within a certain period. But due to some unavoidable circumstances Ayush neither paid the principal nor the interest within the stipulated period of time. On continuous chasing for payment of interest, Ayush agrees to render manual labour for certain period failing which he agrees to pay exorbitant interest. Explain the meaning of unlawful consideration and also comment whether the agreement is valid under the Indian Contract Act, 1872. 3
- (b) Mehul executed a promissory note in favour of Nirav for ₹ 10 crore. The said amount was payable four days after sight. Nirav, on maturity, presented the promissory note on 16<sup>th</sup> February, 2019 to Mehul. Mehul made the payment on 21<sup>st</sup> February, 2019. Nirav wants to recover the interest for two days from Mehul. Advise Mehul, in the light of the provisions of the Negotiable Instruments Act, 1881, whether he is liable to pay interest for two days. 3
- (c) While resolving the ethical conflicts in a business organization, what are the issues to be considered specifically ? 4
- (d) The 18<sup>th</sup> annual general meeting of Ramya Ltd. was held on 29<sup>th</sup> September, 2018 at its registered office at Chennai. 65 shareholders in person and 5 shareholders in proxy attended the meeting. 4

Draft a specimen of minutes of annual general meeting covering the agenda of passing ordinary resolution for declaration of dividend by a company in the meeting.

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XYZ Limited wants to engage the services of Mr. A, C.A., to appear before the Income Tax Authorities. Draft the Power of Attorney to be given by the company to Mr. A.

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