

## C.A. IPCC

### First Study

Subject: Business Law, Ethics & Communication

*Instructions:*

- (i) *All questions are compulsory.*
- (ii) *Date of Examination : 23.02.2010*
- (iii) *Total Number of Questions : 16*
- (iv) *Total marks : 100*
- (v) *Total duration : 3 Hours*
- (vi) *Use of two colour pens (black & blue or Black or Pink etc) is NOT allowed. Use only single colour pen.*
- (vii) *Begin answer of the next question in new page.*
- (viii) *Working note should form part of your answer.*

**Part – I**

**Question 1**

(a) A agrees to sell his Honda City car to B a month after the date of the contract. But just after the 20 days of the contract he sells the Honda City to C. Thereupon B sues A for the breach of the contract. A contends that he could still perform the contract by repurchasing the Honda City from C. Decide the suit.

*(5 Marks)*

(b) State with reasons whether the following statements are correct or incorrect:

(i) Where there is a family settlement in writing and a family member who is not a party to the settlement wishes to enforce his claim.

(ii) An agreement to create an agency, in which consideration is absent.

*(2X1=2 Marks)*

(c) Pick out the correct answer from the following and give reasons:

(i) An agreement to subscribe to or contribute a plate or prize of the value of Rs.500 or above to be awarded to the winner of a horse race is

- (1) Void
- (2) Valid
- (3) Illegal
- (4) Unenforceable

(ii) J employed a goldsmith for converting her old jewellery and making new one. Every evening she received the unfinished jewellery and put it in a box at the house of the goldsmith. She, however, kept the key of the box with herself. One night the jewellery was stolen from the box. Is the goldsmith liable as the bailee?

- (1) No
- (2) Yes

(iii) In legal terms, a person who takes the instrument bona fide for value before it is overdue, in good faith, is known as

- (1) Holder in due course
- (2) Holder
- (3) Holder for value
- (4) None of the above.

*(3x1=3 Marks)*

**Question 2**

(a) Certain shares in a limited company were pledged by the debtor with a bank as a security for loan advanced by the bank to him. Subsequently, the company declared dividend on the shares and also issued bonus shares. The bank claimed that it was entitled to retain the amount of the dividend as also the bonus shares issued by the company. Discuss the claim of the bank.

*(5 Marks)*

(b) State whether the following statements are true or false and give reasons:

- (i) Deferred shares also called founders' shares.
- (ii) Companies registered under Section 25 are also known as 'licensed companies'.

*(2x1=2 Marks)*

(c) Pick out the correct answer from the following and give reasons:

(i) Statutory meeting is to be called by:

- (1) Government Company
- (2) Private Company having share capital
- (3) Public Company having share capital
- (4) Foreign Company.

(ii) The Securities Premium Account can not be utilized:

- (1) In writing off the preliminary expenses of the company
- (2) In writing off the expenses of commission paid on issue of share of the Company
- (3) For redemption of redeemable preference shares
- (4) In providing for the premium payable on the redemption of redeemable preference shares.

(iii) A “Statement in lieu of Prospectus” must be filed before the allotment of the shares with the Registrar of Companies by:

- (1) A Private Company
- (2) A Guarantee Company
- (3) A Public Company which issues the prospectus to the public
- (4) A Public Company which does not issue the prospectus to the public.

**(3×1 = 3 Marks)**

**Question.3**

What are the rules relating to time limits for payment of bonus?

**(5 Marks)**

**Question.4**

“Once a bearer instrument always a bearer instrument.” Explain with reference to the relevant provisions of the Negotiable Instrument Act, 1881.

**(5 Marks)**

**Question.5**

Discuss the rules relating to penalties under the Payment of Gratuity Act, 1972.

**(5 Marks)**

**Question 6**

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.

**(5 Marks)**

**Question 7**

An annual general meeting of a company was convened in November, 2008. It was adjourned and the adjourned meeting was held in March, 2009. The next general meeting was held in March, 2010. The company was held liable for an irregularity in holding the AGMs. Decide.

**(5 Marks)**

**Question 8**

A transfers his share to B and applies to a company to register transfer of share by A to B. The company refuses to register such transfer of shares and even not sends notice of refusal to A or B within the prescribed period. What are the rights available to the aggrieved party against the company for such refusal?

**(5 Marks)**

**Question 9**

The management of Krest Ltd. has decided to take up the business of food processing activity because of the downward trend in real estate business. There is no provision in the object clauses of the memorandum of association to enable the company to carry on such business. State with reasons whether its object clause can be amended. State briefly the procedure to be adopted for change in object clause.

**(5 Marks)**

**Question 10**

While sanctioning working limit, the rate of interest had been fixed at a specified percentage above the bank rate as notified by the Reserve Bank of India. There was a change in the interest rate due to Reserve Bank of India notification issued later. The Bank insisted on filing a return of modification of charges. Is the stand of the bank correct? Discuss in the light of the provisions of the Companies Act, 1956.

**(5 Marks)**

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**Part – II**

**Question 11**

(a) Examine the compelling reasons for acting ethically in marketing.

**(5 Marks)**

(b) Define the term “Acid Rain”.

**(5 Marks)**

**Question 12**

What do you understand by the term ‘Ecological Ethics’?

**(5 Marks)**

**Question 13**

You are required to state whether the statement is correct or incorrect with brief reasons.

(a) The Governance Model positions management as accountable solely to investors.

(b) Consumer for personal use and consumer for commercial use are synonymous.

**(5 Marks)**

**PART – III**

**Question 14**

(a) “Effective listening is an essential skill for managers.” Explain.

**(5 Marks)**

(b) What is meant by “Negotiation”? Name the various steps which can be identified in the process of negotiation from start to the completion of the process.

**(5 Marks)**

**Question 15**

ABC Ltd. wants to hold its Annual General Meeting on 15th December, 2008 to discuss the matters relating to ordinary business. Draft a notice along with notes in brief for calling annual general meeting of its shareholders.

**(5 Marks)**

**Question 16**

State the various components which are required to draft a partnership deed.

**(5 Marks)**