

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

DKT2

DEC 2021



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 given on the Cover Page of descriptive answer book only. Answers to questions in Part II are to be written on the same descriptive type answer book. Answers to MCQs, if written inside the descriptive answer book, will not be evaluated.
6. OMR answer sheet given on the Cover Page of descriptive answer book 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.
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, and (b) the answer book in respect of descriptive type answer book with OMR Cover Page 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) (i) GP Ltd. had issued 8% redeemable preference shares of ₹ 100 each on 02/06/2018 redeemable after 5 years. During F.Y. 2020-21 GP Ltd. has decided to extend the period of redemption to 7 years. Three shareholders holding 12% of such redeemable preference shares objected to the proposal. Explain with reference to the Companies Act, 2013, whether the proposal is valid. 4
- (ii) Mr. Y has been appointed as Accounts Manager of BM Private Limited which is a start-up company. The Board meeting for approval of accounts is to be held on 01.08.2021 and he has to prepare the financial statements for approval by the Board. Referring to Section 2(40) of the Companies Act, 2013, advise Mr. Y about the statements that are required to be prepared. 2
- (b) Should a business entity be ethical ? Briefly explain the benefits of business ethics. 4
- (c) Powerful concepts in management such as participation, empowerment and involvement revolve around communication. State any four factors responsible for growing importance of communication. 4
2. (a) (i) Mrs. V was an employee of a textile company which works from Monday to Saturday. She worked for 180 days during FY 2020-21 and was not in continuous service as she was on maternity leave with full pay for 45 days. Decide with reference to the provisions of the Payment of Gratuity Act, 1972 whether Mrs. V will be entitled to gratuity payable under the Act ? Will your answer be different if the textile company works from Monday to Friday ? 3

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(ii) Run Cycles Ltd. has made super profits for FY 2020-21 after suffering losses for past three years. After mitigating the previous year losses the company has profits and proposes to

(1) pay bonus at the rate of 33% of the salary as Bonus out of the profits remaining after mitigating the losses.

(2) give cycles as bonus in part payment of the above bonus.

(3) enter into an agreement with the employees to forgo minimum bonus if there are no profits in a year.

Referring to the provisions of the Payment of Bonus Act, 1965 examine whether the proposal is valid.

(b) XYZ, a business organization has not adopted ethical behaviour at the workplace. What problems may arise at workplace in the given scenario ?

(c) Formal communication flows through prescribed channels which all members of an organization follow.

(i) What are the directions in which formal communication flows ?

(ii) What are the benefits of formal communication ?

3. (a) (i) M/S. Kaveri Irrigation an establishment covered under the Employees Provident Fund and Miscellaneous Provisions Act 1952, entrusted job work to contractor Mr. Raj. The contractor employed 50 persons to carry out in house job work at Kaveri Irrigation. The Provident fund authority after inspecting the

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establishment issued demand notice to Kaveri Irrigation to remit Employees and Employers contribution in respect of employee of the concern and the employee employed through contractor. Mr. Raj. and M/S. Kaveri Irrigation approached you to enlighten them about the provisions of the above Act in the given situation.

(ii) State the Provisions relating to creation of Debenture redemption Reserve in the following cases : **3**

(1) Debentures issued to public by All India Financial Institutions regulated by Reserve Bank of India.

(2) Debentures issued through public Issue by Housing Finance Companies registered with the National Housing Bank.

(3) Debentures issued on private placement basis by an unlisted company.

(b) What is meant by 'Environmental ethics' ? How its non-adoption leads to 3 Ps viz. Polluter, Pays and principles ? Explain. **4**

(c) People skills are essential ingredients for success in any career Why is it important to have good interpersonal communications ? **4**

4. (a) (i) Sunil drew a cheque in favour of David. After having issued the cheque; Sunil requested David not to present the cheque for payment and gave a stop payment request to the bank in respect of the cheque issued to David. Decide, under the provisions of the Negotiable Instruments Act, 1881, whether the said acts of Sunil constitute an offence ? **3**

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- (ii) A, B and C entered into an agreement to carry on the business of trading in timber. The partnership deed contained a clause whereby the parties could refer any dispute for arbitration. C is of the view that this clause would make the agreement void as it was in restraint of legal proceedings. Explain with reference to the Indian Contract Act, 1872 whether contention of C is correct ? **3**
- (b) There are several threats in work environment like Self-interest threats, Advocacy threats, Intimidation threats etc. What are the safeguards to be created in work environment to combat these threats ? **4**
- (c) The Press Release should be written in a journalistic style. Comment on the Statement highlighting guidelines for drafting a Press Release. **4**
5. (a) (i) Bank B had advanced a loan of ₹ 50 Lakhs to ABC Private Limited on 01/04/2021. Due to the lockdown and other circumstances, the charge was not registered with the ROC. Subsequently, ABC went into liquidation and Mr. X Liquidator contends that since Bank B has not ensured the registration of charge with Registrar of Companies (RoC), the bank cannot claim the repayment of the Loan. Examine with reference to the Companies Act, 2013, whether the contention of Liquidator is correct ? **3**
- (ii) M/s Tamarind Ltd., a leading oil manufacturer in Eastern India, wants to enter into an agreement with another emerging manufacturer, M/s Oilseeds Ltd. in that area for not selling the products below the price of its own products. Comment on the legality of such agreement considering the parameters of Competition Law. **3**

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- (b) Eighth Annual General Meeting of the shareholders of Aashiana Limited was held on 28th August, 2021 at its registered office in Pune. 45 shareholders attended the meeting in person and 5 shareholders in proxy. Several businesses were transacted at the meeting including the adoption of annual accounts for the year ended 31st March, 2021. Draft the minutes of the Annual General Meeting indicating how shall the adoption of accounts, being one of the business transacted at the meeting, be recorded. 4
- (c) Write a note on 'influencing and persuasion skills' in the process of negotiation. 4
6. (a) (i) Mr. A contracts with B without disclosing that he was the agent of C for the same business. Subsequently on becoming aware that A is the agent of C, B refuses to perform his part on the ground that had he known that A was agent of C he would not have entered into the contract. 3
- Explain with reference to the Indian Contract Act, 1872 whether B's contention is correct.
- (ii) Mr. Kamal holds 400 shares of Yamuna Ltd. He intends to nominate these shares to his son Aman. Discuss the provisions of the Companies Act, 2013 in relation to facility of nomination. 3

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Mr. X had incorporated a one-person company on 26.07.2021, Mr. Y was named as a Nominee in the memorandum. Now Mr. X, considering the perpetuity nature of Company, would like to appoint M/s. XYZ Private Ltd. as a nominee instead of Mr. Y. Examine with reference to Companies Act, 2013 whether the proposal of Mr. X to appoint Mr. XYZ Private Limited as a nominee is valid and whether such change will attract the provisions related to alteration of the Memorandum of Association ?

- (b) Mention the guiding principles for managing ethics in workplace. 4
- (c) Draft a 'Power of Attorney' by RST Limited authorizing Mr. X, a Chartered Accountant to appear before the Income Tax Authorities in respect of pending taxation matter. 4

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