Procedure to Solve Application based questions Audit & Law

Many of the subscribers of IPCC-GUIDE asked me, that how to answer the application based questions of Audit & Law. So here I am sharing my experience.

You should answer the question in 3 steps:-

For Eg. Audit (Company Audit) Case-

Mr. R has been appointed by central govt u/s 224(3) has not sent intimation of accepting the appointment on the ground that it required for an auditor appointed in AGM u/s 224(1). Comment.?

Step 1st :- Write about provision to which the question is related-

This case is related to section 224(1A) Acceptance/refusal by auditor appointed u/s 224(1) in AGM to ROC within 30 days (of receipt of intimation from company) through form No 23B.

Step 2nd:- Write about facts of the case-

like in this case facts are -

- Auditor is appointed by Central Government u/s 224(3)
- Auditor has not sent intimation to ROC on ground that he is not required to do so.

Step 3rd :- Write the Conclusion of the Case (Mixing the provision & Facts of the case)

We can conclude that section 224(1A) is not applicable to auditor appointed u/s 224(3). it is applicable only when auditor is appointed u/s 224(1) in AGM of company.

So this is the way a application based question is answered.
Don't write beyond the limit.

Law – Bonus Act

Question: ABC Textiles Ltd. employed 20 full–time and 5 part-time employees who were drawing salary of less than Rs.10,000 per month. After completing service of

28 days, in an accounting year, 10 full-time employees submitted their resignations and left the service of the company. The Board of directors of this company decided not to give the bonus to the employees, who resigned, to the remaining full-time employees and to the part-time employees. Against the decision, all the employees applied to the authorities for relief.

Decide, stating the provisions of the Payment of Bonus Act, 1956, whether the employees, who resigned, remaining full-time employees and part-time employees will get relief.

Answer:

1. Relevant Sections :

The given problem relates to the provision of **section 8 Eligibility of Bonus of the Payment of Bonus Act, 1965.**

2. Provision of section 8 :

(A) as per the provision of section 8 , any employee shall be eligible for bonus if he has worked in that accounting year for not less than 30 days.

(B) when computing the limit of working days , provision of section 14 should be considered.

(C) as per section 2(13) **employee means** any person other than apprentice, employed on a salary or wage not exceeding Rs 10000 p.m. in any industry to do any skilled, manual, supervisory, managerial administrative, technical or classical work whether for hire or reward whether the terms of employment are expressed or implied.

3. Facts of the given problem : In the given problem, ABC textile ltd was employing 20 full time and 5 part time employee, who drawing a salary Rs. 10000 p.m. After working of 28 days in a accounting year, 10 full time employed submitted their resignation. The BOD decided not to give the bonus to the employs who resigns and to the remaining full time and part time employee. Against the decision of board, all the employee to be move to the court for relief.

4. Conclusion : after comparing the facts of the given problem with the provision of section 8 it can be concluded that :-

(a) 10 employees who resigns work only for 28 days which means that they were not eligible under section 8 of bonus. Hence, they will not be given any relief by the court.

(b) the remaining 10 full time employees and 5 part time employees that not left the service of the company which means they were eligible for bonus.
Therefore, they will be given relief by court.