

SELF ASSESSMENT TEST

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Self-Assessment Test (SAT)

Total Questions:-07
Time Allowed:-3 Hours

Maximum Marks:-100
No. of Printed Pages:-4

SET-1

Note:- Question No. 1 is compulsory. Attempt any five questions from the remaining Six Questions

Question-1 (20 Marks)

- (a) A gives to C a continuing guarantee to the extent of Rs 5,000 for the vegetables to be supplied by C to B from time to time on credit. Afterwards, B became embarrassed and without the knowledge of A, B and C contract that C shall continue to supply B with vegetables for ready money, and that the payments shall be applied to then existing debts between B & C
Examining the provisions of the Indian Contract Act, 1872, decide whether A is liable on his guarantee given to C. 5
- (b) Explain the meaning of the term 'Sweat Equity'. What are the provisions of the Companies Act, 1956 relating to issue of 'Sweat Equity'? 5
- (c) State with Reasons whether the following statements are correct or incorrect
(i) Fairness and honesty are the pillars of success in the business. 3
(ii) There is no difference between ethics and morals. 3
Or 2
(ii) A nation should satisfy its social and economic requirements without damaging the interest of future generations
- (d) What do you understand by non-verbal communication? Explain its methods in brief 5

Question-2 (16 Marks)

- (a) (i) In 2009, the Electronics Corporation, a public sector enterprise establishment under the department of Science and Technology, Government of Rajasthan starts to sell mobile sets manufactured by it, in addition to TV sets, so as to compete with private sector establishments of mobile sets in the market. The income from sale of mobile sets is 30% of the gross income of the corporation. The employees of the corporation went to strike for demand of bonus. Decide, whether the demand of the employees is tenable under the Provisions of Payment Act, 1965. Would your answer be different if the income from sale of mobile sets is only 10% of the gross income of the Corporation? 4
- (ii) K is an employee of RST limited, a software company which works five days in a week. K was not in continuous service during the financial year 2009-10. However, she worked only for 150 days because she was on maternity leave with full pay for 50 days. Referring to provisions of the Payment of Gratuity Act, 1972. Decide, whether K is entitled to gratuity payable under the Act. Would your answer remain same in case RST Limited works in six days in a week? 4
- (b) Explain the role played by different committees in regulating the Corporate Governance 4
- (c) Explain the basic principles of interpersonal communication 4

Question-3 (16 Marks)

Self-Assessment Test (SAT)

(a) What tests can be applied in determining whether a person is an agent of another? State any five circumstances where under an agent is personally liable for acts done in the course of agency.

Or

8

Explain the types of damages which are available to the aggrieved party in case of Breach of Contract

(b) What are the benefits of Ethical Marketing?

4

(c) 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.

4

Question-4 (16 Marks)

(a) Explain formation of company with charitable objects under section 8 of the Companies Act, 2013.

8

(b) What are the fundamental principles of ethics applicable to the person of finance and accounting profession?

4

(c) 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 noted in brief for calling annual general meeting of its shareholders

4

Question-5 (16 Marks)

(a) (i) A induced B by fraud to draw a cheque payable to C or order. A obtained the cheque, forged C's endorsement and collected proceeds to the cheque through his bankers. B, the drawer, wants to recover the amount from C's bankers.

Proceeds in the light of the provisions of the Negotiable Instruments Act, 1881-

- i. Whether B, the drawer, can recover the amount of the cheque from C's banker?
- ii. Whether C is the fictitious payee?
- iii. Would your answer be still the same in case C is a fictitious person?

4

(ii) J accepted a bill of exchange and gave it to K for the purpose of getting it discounted and handing over the proceeds to J. K having failed to discount it returned the bill to J. J tore the bill on two pieces with the intention of cancelling it and threw the pieces in the street. K picked up the pieces and pasted the two pieces together, in such manner that the bill seemed to have been folded for safe custody rather than cancelled. K put it into circulation and it ultimately reached L, who took it in good faith and for value. Is J liable to pay the bill under the provisions of the Negotiable Instruments Act, 1881?

4

(b) A company was incorporated on 6th October, 2003. The certificate of corporation of the company was issued by the Registrar on 15th October, 2003. The company on 10th October, 2003 entered into a contract which created its contractual liability. The company denies the said liability on the 'ground that company is not bound by the contract entered into prior to issuing of certificate of incorporation. Decide, under the provisions of the Companies Act, 2013 whether the company can be exempted from the said contractual liability.

4

(c) Write a note on harassment at workplace

4

Question-6 (16 Marks)

Self-Assessment Test (SAT)

(a) Explain issue and redemption of preference shares as per section 55 of the Companies Act, 2013. 8

(b) SVA Limited despatched Bonus Share Certificate to Mr. R. R did not receive the Bonus Share Certificate as it was lost in the transit. R applied to the Company to issue the Bonus share certificate in duplicate. SVA Limited asked Mr. R to submit an Indemnity Bond so that Bonus Share Certificate in duplicate may be issued to him. Draft an Indemnity Bond to be given by R to the company for seeking release of Bonus Share Certificate in duplicate. 4

Or

Mr. V is a shareholder of M/s Brown Limited, holding 150 Equity Share of Rs 10 each, on which the company has declared a total dividend of 1,500 for the year 2011-12. Mr. V did not receive the dividend warrant sent by the company.

Draft an Indemnity Bond to be sent to the company requesting the company to issue a duplicate dividend warrant.

(c) State whether following statements are correct or incorrect:- 4

- (i) The power to conduct EGM is with the members only
- (ii) 'All contracts are agreements, but all agreements may not be contracts'
- (iii) An acceptance with mere signature without writing the word 'Signature' is valid
- (iv) Creation of Company with a Single member is not tenable as per law.

Question-7 (16 Marks)

Answer any four of the following:-

(a) R, a 57 years old district judge was appointed by Central government as Presiding Officer of the Employees provident fund Appellate Tribunal from a period of five years. After three years, he Resigns from his office and ceases to work with immediate effect without handing over the charge to the successor, who has not appointed by the Government till that date. Examine the validity of its action to cease work under the provisions of the Employees provident fund and Miscellaneous Provisions Act, 1952. 4

(b) Explain the provisions of minimum subscription under the provisions of section 39 of the Companies Act, 2013 4

(c) Explain the following definitions as provided in the Companies Act, 2013:-

- (i) Private Company
- (ii) Subsidiary Company
- (iii) Associate company
- (iv) Small company

(d) State the reasons for accepting the change in the present of management set – up of the corporate culture in a business organization. 4

(e) Write a note on ecological ethics 4

(f) The management of shakthi Mills ltd entered into an agreement with their employees to pay them bonus based on production in lieu of bonus based on profits from the accounting year 2007. The employees further agreed to forego their right to receive minimum bonus and instead accept 25% of their

Self-Assessment Test (SAT)

salary/wage as bonus based on productivity. IS such an agreement valid? Examine in the light of the Provisions of the Payment of Bonus Act, 1965.

4

(g) State the provisions of Employees provident fund and Miscellaneous Provisions Act, 1952 relating to the protection of the credited amount in the Provident Fund against attachment

4

(h) Mr. Ramaswamy of Chennai placed an order with Mr. Shah of Ahmedabad for supply of Urid Dhall on 10.11.2006 at a contracted price of RS. 40 per Kg. this order was for the supply of 10 tonnes within a month's time viz. before 09.12.2006. On 04.12.2006 Mr. Shah wrote a letter to ramaswamy stating that the price of urid Dhall was sky rocketing to rs. 50 per Kg. and he would not be able to supply as per original contract. The price of Urid dhall raise to rs. 53 on 09.12.06. Advise Mr. Ramaswamy citing the legal Position.

4

or

M lends a sum of RS 5000 to B, on the security of two shares of a limited company on 1st April 2007. On 15th June 2007, the company issued two bonus shares. B returns the loan amount of RS 5000 with interest but M returns only two shares which were pledged and refuses to give the two bonus shares. Advise B in the light of the provisions of the Indian Contract Act, 1872.

4

Self-Assessment Test (SAT)

Total Questions:-07
Time Allowed:-3 Hours

Maximum Marks:-100
No. of Printed Pages:-3

SET-2

Note:- Question No. 1 is compulsory. Attempt any five questions from the remaining Six Questions

Question-1 (20 Marks)

(a) Mr Singh an old man, by a registered deed of gift, granted certain locked property to A, By the terms of the deed, it was stipulated that an annuity of Rs. 2000 should be paid every year to B, who was the brother of Mr. Singh.. On the same day, A made a promise with B and executed in favour an agreement to give effect to stipulation. A failed to pay the stipulated sum. In an action against her by B, she contended that since B had not furnished any consideration, he has no rights of action.

Examining the Provisions of the Indian Contract Act, 1872, decide whether the contention of A is valid? 5

(b) What is "Deemed Prospectus"? Explain the term with the relevant provision of the Companies Act, 2013.

(c) State with Reasons whether the following statements are correct or incorrect

(i) The institution of business exists only if it fulfills the society's expectations 3

(ii) Business ethics helps to promote public reputation

Or

2

(ii) Ethical behavior is essential to working environment at the working place

(d) Explain the advantages of formal communication. 5

Question-2 (16 Marks)

(a) (i) Standard Airways Limited was incorporated at Chennai in the year 2005 employing 125 workmen. Due to strike of workers, mismanagement in the company and accidental loss of the assets the company suffered heavy losses continuously since its incorporation, resulting which the large part of the capital and assets were wiped out. Consequently, the company moved an application to the Government of Tamilnadu requesting to exempt the company fully from the application of provisions of the Payment of Bonus Act, 1965.

Decide, whether the Government of Tamilnadu may grant exemption to the company. State the provisions of law in this regard as stated under the Payment of Bonus Act, 1965. 4

(ii) E was an employee of Tea Estate Limited. The whole of the Undertaking of Tea Estate limited was taken over by a new company Asia Tea estate Limited. The services of E remained continuous in new company. After Serving for one year E met with an accident and became permanently disabled. E applied to the new company for the Payment of gratuity. The company refused to pay gratuity on the ground that E has served only for a year in a company.

Examine with validity of the refusal of the directors in the light of the Provisions of the Payment of Gratuity Act, 1972. 4

(b) What is meant by Corporate Governance? Explain the benefits of goods corporate Governance 4

(c) Explain the significance of active listening in inter personal communication skills. 4

Self-Assessment Test (SAT)

Question-3 (16 Marks)

(a) Explain in brief the rules relating to “acceptance” of an offer under the Provisions of the Indian Contract Act, 1872.

Or

8

Explain the Agreements which are opposed to Public Policy.

(b) Explain the term “Consumer” as provided in the Competition Act and Consumer Protection Act. 4

(c) What are the characteristics of group personality? 4

Question-4 (16 Marks)

(a) Explain the provisions regarding “Proxies” and “Quorum” as provided in Section 105 and 103 respectively of the Companies Act, 2013. 8

(b) Explain Ethical Conflict Resolution. 4

(c) Board of Directors of Prakesh Traders Pvt. Ltd. Proposes to convene an Extraordinary General Meeting for changing the names of the company to prakesh International Pvt. Ltd. Draft the notice for calling the extraordinary general meeting of the members 4

Question-5 (16 Marks)

(a)

(i) V makes a gift of Rs. 10,000 to W through a cheque issued in favour of W. Later, he (W) informs W not to present the cheque for payment and informs the bank also to stop payment. Examining the provisions of the Negotiable Instruments Act, 1881. Decide whether V’s above acts constitute an offence. 4

(ii) X draws a bill on Y but signs it in the fictitious name of Z. The bill is payable to the order of Z. The bill is duly accepted by Y. M obtains the bill from X thus becoming its holder in due course. Can Y avoid payment of the bill? Decide in the light of the provisions of the Negotiable Instruments Act, 1881. 4

(b) Explain the power of company to close Register of Members and Register of Debenture-holders as provided in Section 91 of the Companies Act, 2013. 4

(c) State the ethical issues which are belong faced by an individual at the workplace of an industrial organization. 4

Question-6 (16 Marks)

(a) Explain various Liabilities provided in the Companies Act, 2013

(i) Civil Liability for Mis-statement in Prospectus

(ii) Criminal Liability for Mis-statement in Prospectus 8

(b) Y Ltd has its registered office at Mumbai in the state of Maharashtra. For better administrative conveniences the company wants to shift its registered office from Mumbai to Pune(State of Maharashtra). What formalities the company has to comply with under the provisions of the Companies Act, 2013 for shifting its registered office as stated above? Explain. 4

Self-Assessment Test (SAT)

- (c) State whether following statements are correct or incorrect:- 4
- (i) The Documents of the Company can be authenticated by KMP only.
 - (ii) 'An agreement with an alien friend is valid but an agreement with an alien enemy is void'
 - (iii) A cheque marked 'Not Negotiable' is not transferable.
 - (iv) If a register able charge is not registered, the debt is not recoverable.

Question-7 (16 Marks)

Answer any four of the following:-

- (a) Write a short note on the composition and functions of the Central Board of Trustees under the Employees Provident Fund and Miscellaneous Provisions Act, 1952. 4
- (b) Explain the Power of Company to refuse registration of Transfer and Transmission as provided in Section 58 of the Companies Act, 2013. 4
- (c) Explain the following definitions as provided in the Companies Act, 2013:-
- (i) Net worth
 - (ii) Member
 - (iii) Employee stock option
 - (iv) Public Financial Institution
- (d) State the various components required to draft a partnership deed. 4
- (e) Explain service of documents as per section 20 of the Companies Act, 2013 4
- (f) A is an employee of a company. The amount of the bonus payable to A during the year 2006-07 is rs. 10000, but the company paid him only rs 7,000 only and a sum of RS. 3000 was deducted from bonus against the loss suffered by the company due to misconduct of A during the same accounting year. A files a suit against the company for recovery of the deducted amount. Decide whether A would be given any relief by the court under the provisions of the Payment of Bonus Act, 1965? What will be your answer, if the losses are related to the accounting year 2005-06.
- (g) S retired from the services of PQR limited on 31st march 2009. He had a sum of rs. 5 lakh in his provident fund account. It has become due for the payment to S on 30th April 2009 but the company made the payment of the said amount after one year, S claimed for the payment of interest on due amount at the rate of 15% per annum for one year. Decide whether the claim of S tenable under the provisions of the Employees provident fund and Miscellaneous Provisions Act, 1952.
- (h) Z rents out his house situated at Mumbai to W for a rent of Rs. 10,000 per month. A sum of RS. 5 lakh, the house tax payable by Z to the Municipal Corporation being in arrears, his house is advertised for sale by the corporation. W pays the corporation, the sum due from Z to avoid legal consequences. Referring to the Provisions of the Indian Contract Act, 1872 decide whether W is entitled to get the reimbursement of the said amount from Z.

or

A, the bailor, pledges cinema projector and other accessories with Cine Association Co-operative Bank Limited, the bailee, for loan. A requests the bank to allow the pledged goods to remain in his possession

Self-Assessment Test (SAT)

and promises to hold the same in trust for the bailee and also further promises to handover the possession of the same to the bank whenever demanded.

Examining the Provisions of Indian Contract Act, 1872 decide, whether a valid contract of pledge has been made between A, the bailor and Bank, the bailee.

Self-Assessment Test (SAT)

Total Questions:-07
Time Allowed:-3 Hours

Maximum Marks:-100
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SET-3

Note:- Question No. 1 is compulsory. Attempt any five questions from the remaining Six Questions

Question-1 (20 Marks)

(a) Ravi becomes guarantor for Ashok for the amount which may be given to him by Nalin within six months. The maximum limit of the said amount is RS 1 lakh. After two months Ravi withdraw his guarantee upto the time of revocation of guarantee. Nalin had given to Ashok RS. 20,000 Referring to the provisions of the Indian Contract Act, 1872, decide:-

- i. Whether ravi is discharged from the liabilities to Nalin for any subsequent loan?
- ii. Whether Ravi is liable if Ashok fails to pay the amount of RS. 20,000 to Nalin?

(b) When a Subsidiary Company can hold shares in its Holding Company. Explain the situations keeping in regard the provisions of Section 19 of the Companies Act, 2013

5

(c) State with Reasons whether the following statements are correct or incorrect

- (i) The responsibility of the corporate management lies towards shareholders only
- (ii) A good environmental practice improves corporate performance

3

Or

2

- (ii) Knowledge without morality is a social sin

(d) Explain clearly the process of communication

5

Question-2 (16 Marks)

(a) (i) ABC textiles Ltd. Employed 20 full-time and 5 part-time employees who were drawing salary of less than rs. 10000/month. The completing service of 28 days, in accounting year, 10 full-time 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 were resigned, to the remaining full-time employees and to the part-time employed. Against the decision, all the employees applied to the authorities for the relief. Decide, stating the provisions of the Payment of Bonus Act, 1965. Whether the employees, who resigned, remaining full-time employees and part-time employees will get relief.

4

(ii) 14 Mr X an employee of Mutual Developers Limited. He retired from the company after completing 30 years of continuous service. He applied to the company for the payment of gratuity within the prescribed time. The company refused to pay the gratuity and contended that due to stringent financial conditions the company is unable to pay the gratuity. Mr X applied to the appropriate authority for the recovery of the amount of gratuity.

Examine the validity of the contention of the company and also state the provisions of law to recover the gratuity under the Payment of Gratuity Act, 1972.

4

(b) Explain "Trusteeship Concept" in Ethics

4

(c) What are the qualities of good "critical Thinker"?

4

Self-Assessment Test (SAT)

Question-3 (16 Marks)

- (a) What are the essentials of Valid Contract of Bailment. 8
Or
Explain when surety is discharged? 8
- (b) What are the benefits of Ethical Marketing? 4
- (c) What are the United Nations Guidelines for Consumer Welfare? 4

Question-4 (16 Marks)

- (a)
(i) What is MCA-21? Explain some advantages of using it. Name some services available in MCA-21. 4
(ii) Explain the provisions of the Companies Act, 2013, relating to the utilization by a company of the amount standing to the credit of Securities premium Account. 4
- (b) Explain the reasons for unethical behavior among finance and accounting professionals 4
- (c) Fifth Annual General Meeting of the shareholders of Devrishi Limited was held on 20th August, 2009 at its registered office at Mumbai. 55 shareholders attended the meeting in person and 6 shareholders in proxy. Several ordinary business regarding adoption of audited Balance Sheet, declaration of dividend appointment and re- appointment of directors and auditors were transacted at the meeting. Draft the minutes of the Fifth Annual General Meeting of the Shareholders of Devrishi Limited. 4

Question-5 (16 Marks)

- (a)
(i) P draws a bill on Q for RS. 10,000. Q accepts the bill. On maturity the bill was dishonoured by non-payment. P files a suit against Q for payment of Rs. 10,000. Q proved that the bill was accepted for value of RS. 7,000 and as an accommodation to the plaintiff for the balance amount i.e. RS 3,000. Referring to the provisions of the Negotiable Instruments Act, 1881. Decide whether P would succeed in recovering the whole amount of the bill. 4
- (ii) A issues an open 'bearer' cheque for Rs. 10,000 in favour of B who strikes out the word 'bearer' and puts crossing across the cheque. The cheque is thereafter negotiated to C and D. When it is finally presented by D's banker, it is returned with remarks 'payment countermanded' by drawer. In response to this legal notice from D, A pleads that the cheque was altered after it had been issued and therefore he is not bound to pay the cheque. Referring to the provisions of the Negotiable Instruments Act, 1881, decide whether A's argument is valid or not? 4
- (b) RSP Limited is a public Company with a limited liability of its members by guarantee of Rs 10 lac to each member. The company increases the liability of the members from Rs. 10 to 15 lac by an alteration made in the liability clause of its Memorandum of Association. Referring to the provisions of the Companies Act, 1956 decide whether the members of the company are liable for the increased liability. 4
- (c) Explain external standards and guidelines for CSR Reporting. 4

Question-6 (16 Marks)

Self-Assessment Test (SAT)

- (a) Explain the terms provided in the Companies Act, 2013
- (i) Red Herring Prospectus
 - (ii) Abridged Prospectus
- 8
- (b) A partnership firm was constituted by A, B, and C. A, the partner of the firm expressed his desire to retire from the partnership firm by Mutual consent. Draft a "Partnership Retirement Deed".
- 4
- (c) State whether following statements are correct or incorrect:-
- (i) Every shareholder is a member, but every member may not be a shareholder of the company.
 - (ii) In contract of Guarantee there are three contracts
 - (iii) Agency cannot be created without consideration.
 - (iv) An oral acceptance is enough for validating negotiable instrument.
- 4

Question-7 (16 Marks)

Answer any four of the following:-

- (a) M/s Hitech Ltd has been regularly depositing the Provident fund Contributions to the government. Owing to adverse market conditions, the company suffered loss for the Past two years. The management is considering the reduction of salary of the employees to reduce the company's contribution to Provident Fund and instead to pay compensatory allowance, so that, the employees pay packet remains the same. Explain in terms of Employees provident fund and Miscellaneous Provisions Act, 1952. Whether the company can effect such reduction.
- 4
- (b) Explain the conditions to be complied for issuing bonus shares under the provisions of Companies Act, 2013
- 4
- (c) Explain the following definitions as provided in the Companies Act, 2013:-
- (i) Financial Year
 - (ii) Expert
 - (iii) KMP
 - (iv) Relative
- (d) State the contents that are required for drafting an Annual Report of Company.
- 4
- (e) Explain five sources of ethical standards
- 4
- (f) The amount of bonus payable to N, a probationer chemist in Global Chemical limited, is rs 12000, during the accounting year 2007-08. A sum of rs 10000 was paid to her and rs 2000 was deducted by the company under the pretext of proportionate deduction in bonus for two months maternity leave on full day availed by her during the year. N files against the company for recovery of the deducted amount, examine the validity of N's claim under the Provisions of the Payment of bonus Act, 1965.
- 4
- (g) An Executive Committee is to be constituted to assist the Central Board under the provisions of the Employees Provident Fund and Miscellaneous Provisions Act, 1952. State the composition of such Executive Committee.
- 4

Self-Assessment Test (SAT)

(h) Himanshu invites Katreena (a well-known film actress) to his brother's engagement and dinner party. Katreena accepts the invitation and promised to attend. Himanshu made special arrangements for Katreena at the party but she did not turn up. Himanshu enraged with Katreena's behaviour, wanted to sue for the loss incurred in making special arrangements. Himanshu is seeking your advice. 4

or

A contracts with B for fixed price to construct a house for B within a stipulated time. B would supply the necessary material to be used in the construction. C guarantees A's performance of the contract. B does not supply the material as per the agreement. Is C discharged from liability?