



BOARD OF STUDIES

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA

PROFESSIONAL COMPETENCE COURSE

GROUP – I

Model Test Paper – BOS/PCC/ Law, Ethics and Communication – 1/2007

Time : 3 hours

Maximum Marks : 100

PAPER – 3 : LAW, ETHICS AND COMMUNICATION

PART – I : LAW (60 MARKS)

Question No. 1 & 2 are compulsory and answer any eight from the rest

1. (a) What is meant by Anticipatory Breach of Contract? *(4 Marks)*
(b) Mr. Dubious textile enters into a contract with Retail Garments Show Room for supply of 1,000 pieces of Cotton Shirts at Rs. 300 per shirt to be supplied on or before 31st December, 2006. However, on 1st November, 2006 Dubious Textiles informs the Retail Garments Show Room that he is not willing to supply the goods as the price of Cotton shirts in the meantime has gone upto Rs.350 per shirt. Examine the rights of the Retail Garments Show Room in this regard. *(6 Marks)*
2. ABC Company Limited at a general meeting of members of the company pass an ordinary resolution to buy-back 30% of its Equity Share Capital. The articles of the Company empower the company for buy-back of shares. The company further decide that the payment for buy-back be made out of the proceed of the company's' earlier issue of equity shares. Explaining the provisions of the Companies Act, 1956, and stating the sources through which the buy-back of companies own shares be executed. Examine.
 - (i) Whether company's proposal is in order?
 - (ii) Would your answer be still the same in case the company instead of 30% decide to buy-back only 20% of its Equity Share Capital? *(10 Marks)*

3. Ram, Rahim and Robert are partners of software business and jointly promises to pay Rs.30, 000 to Raheja. Over a period of time Rahim became insolvent, but his assets are sufficient to pay one-fourth of his debts. Robert is compelled to pay the whole. Decide whether Robert is required to pay whole amount himself to Raheja in discharging joint promise. (5 marks)
4. Define an offer. How an offer is different from an invitation to offer. (5 Marks)
5. Who is holder in due course? How he is different from a Holder? (5 Marks)
6. What are the conditions upon which unit-wise profitability can be the basis for payment of bonus by an establishment under the Payment of Bonus Act, 1965? (5 Marks)
7. A draws a bill on B. B accepts the bill without any consideration. The bill is transferred to C without consideration. C transferred it to D for value. Decide-
 - (i) Whether D can sue the prior parties of the bill, and
 - (ii) Whether the prior parties other than D have any right of action intense?Give your answer in reference to the provisions of Negotiable Instruments Act, 1881. (5 Marks)
8. How can a person acquire membership of a public company? Explain in brief, whether shareholders and members are similar? Illustrate, whether a limited company can become partner in a partnership firm? (5 Marks)
9. Define Private Company. Briefly explain the privileges and exemptions for a private company as provided under the Companies Act, 1956. (5 Marks)
10. What do you mean by Proxy? Explain the provisions relating appointment of Proxy under the Companies Act, 1956. (5 Marks)
11. Explain the procedure for payment of Interim Dividend. (5 Marks)
12. Briefly explain the effects of Irregular allotment under the Companies Act 1956. (5 Marks)

PART – II : BUSINESS ETHICS (20 Marks)

Answer all questions

13. Write an essay (up to 200 words) on **any one** of the following:
- (a) Work Place Ethics
 - (b) Corporate Governance-Key Issues
- (10 Marks)
14. Explain the need for business ethics.

OR

Explain the term "sustainable development" with reference to pollution and conservation of natural resources.

(5 Marks)

15. What are the various ethical threats faced by an accounting and finance professional working as an employee of a company?

OR

Distinguish between any two

- (a) Morals and ethics.
 - (b) Shareholder and stakeholder
 - (c) Public interest and consumer interest
- (5 Marks)

PART – III : BUSINESS COMMUNICATION (20 Marks)

Answer all questions

16. Draft a Notice and Minutes of an Annual General meeting of XYZ Ltd. to be held on _____ at its Registered Office in Mumbai to transact the following business.
- (i) To consider and adopt the Audited Balance Sheet of the company as on _____ and the Profit & Loss Account for the year ended on that date and Auditor's and Directors' Reports thereon.
 - (ii) To declare dividend for the year ending _____ .
 - (iii) Reappointment of Directors.
 - (iv) Appoint Statutory Auditors of the company; and fix their remuneration. (10 Marks)
17. Enlist and briefly outline the major components of a typical business letter.
- OR
- Why is organisation wide change difficult to accomplish? (5 Marks)
18. How would you guide someone who wants to improve his active listening skills
- OR
- What are the different types of press releases in case of Government. (5 Marks)