

Free of Cost

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SCANNER™ Appendix

PCC Gr. I

May - 2009

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PAPER'S

Paper - 1 : Advanced Accounting

Chapter - 2 : Accounting Standards

2009 - May [6] Answer the following :

- (a) Sony Pharma ordered 12,000 kg. of certain material at Rs. 80 per unit. The purchase price includes excise duty Rs. 4 per kg in respect of which full CENVAT credit is admissible. Freight incurred amounted to Rs. 77,400. Normal transit loss is 3%. The company actually received 11,600 kg. and consumed 10,100 kg. of material. Compute cost of inventory under AS-2 and abnormal loss. (4 marks)

Chapter - 3 : Company Accounts - Preparation of Financial Statements

2009 - May [5] Answer the following :

- (vi) Enumerate two points which the financial statements should disclose in respect of Borrowing costs as per AS-16. (2 marks)
- (x) The Managing Director of A Ltd. is entitled to 5% of the annual net profits, as his remuneration, subject to a minimum of Rs. 25,000 per month. The net profits, for this purpose, are to be taken without charging income-tax and his remuneration itself. During the year, A Ltd. made net profit of Rs. 43,00,000 before charging MD's remuneration, but after charging provision for taxation of Rs.17,20,000. Compute remuneration payable to the Managing Director. (2 marks)

2009 - May [6] Answer the following :

- (b) Explain the provisions of AS-5 regarding accounting treatment of prior period items. (4 marks)
- (d) From the following information relating to X Ltd. calculate Diluted earning per share as per AS-20 :
- | | |
|--|-----------------|
| Net profit for the current year | Rs. 2,00,00,000 |
| Number of equity shares outstanding | 40,00,000 |
| Basic earning per share | Rs.5.00 |
| Number of 11% convertible debentures of Rs. 100 each | 50,000 |
| Each debenture is convertible into 8 equity shares. | |
| Interest expense for the current year | Rs. 5,50,000 |
| Tax saving relating to interest expense (30%) | Rs. 1,65,000 |
- (4 marks)

Chapter - 4 : Cash Flow Statement

2009 - May [2] (b) From the following summarised Cash account of S Ltd., prepare cash flow statement for the year ended 31st March, 2009 in accordance with AS-3 (revised) using direct method. The company does not have any cash requirement :

Summarised Cash Account

		(Rs. 000)
Opening Balance	50	Payment to suppliers 2,000
Issue of Share capital	300	Purchase of Fixed assets 200
Received from customers	2,800	Overhead expenses 200
Sale of Fixed assets	100	Wages and salaries 100
		Tax paid 250
		Dividend paid 50
		Bank Loan 300
		Closing Balance 150
	3,250	3,250

(8 marks)

2009 - May [5] Answer the following :

- (v) A company entered into an underwriting agreement with Mr. B for 60% of the issue of Rs. 50,00,000, 15% debentures, with a firm underwriting of Rs. 5,00,000. Marked applications were in respect of debentures worth Rs. 35,00,000. Compute liability of Mr. B and commission payable to him. (2 marks)

Chapter - 8 : Amalgamation and Reconstruction

2009 - May [5] Answer the following :

- (iii) Give the journal entry to be passed for accounting unrealised profit on stock, under amalgamation. (2 marks)
- (ix) Name two methods of accounting for amalgamations as contemplated by AS-14. (2 marks)

Chapter - 13 : Average Due Date

2009 - May [4] (b) From the data relating to a company which went into voluntary liquidation, you are required to prepare the liquidator's Final Statement of Account.

- (i) Cash with liquidators (after all assets are realised and secured creditors and debentureholders are paid) is Rs. 7,50,000.
- (ii) Preferential creditors to be paid Rs. 35,000.
- (iii) Other unsecured creditors Rs. 2,30,000.
- (iv) 5,000, 10% preference shares of Rs. 100 each fully paid.
- (v) 3,000 equity shares of Rs.100 each, Rs. 75 per shares paid up.
- (vi) 7,000 equity shares of Rs. 100 each Rs. 60 per share paid up.
- (vii) Liquidator's remuneration is 2% on payments to preferential and other unsecured creditors. (8 marks)

Chapter - 15 : Self Balancing Ledgers

2009 - May [5] Answer the following :

- (i) Amount of Life Assurance Fund is Rs. 5,000 lacs and net liabilities were Rs. 4,800 lacs. Calculate profit under Valuation Balance Sheet. (2 marks)

2009 - May [6] Answer the following :

- (e) The Revenue Account of a Life Insurance Company shows the Life Assurance Fund on 31st March, 2009 at Rs. 62,21,310 before taking into account the following items :

- (i) Claims recovered under re-insurance Rs. 12,000
- (ii) Bonus utilised in reduction of Life Insurance premium of Rs. 4,500.
- (iii) Interest accrued on securities Rs. 8,260.
- (iv) Outstanding premium Rs. 5,410.
- (v) Claims intimated but not admitted Rs. 26,500.

Compute the Life Assurance Fund on 31st March, 2009, after taking into account the above omission. (4 marks)

- (f) What is the difference between the Sectional and Self-balancing system? (4 marks)

Chapter - 16 : Financial Statements of Not for Profit Organisations

2009 - May [1] Following is the Receipts and Payments Account of Nanoo Club for the year ended 31st March, 2009:

Receipts	Amount (Rs.)	Payments	Amount (Rs.)
Opening Balance :		Salaries	1,20,000
Cash	10,000	Creditors	15,20,000
Bank	3,850	Printing and Stationery	70,000
Subscription received	2,02,750	Postage	40,000
Entrance donation	1,00,000	Telephone and Fax	52,000
Interest received	58,000	Repairs and Maintenance	48,000
Sale of Fixed assets	8,000	Glass and Table linen	12,000
Miscellaneous Income	9,000	Crockery and Cutlery	14,000
Receipts at coffee room	10,70,000	Garden upkeep	8,000
Wines and Spirits	5,10,000	Membership fees	4,000

Swimming Pool	80,000	Insurance	5,000
Tennis court	1,02,000	Electricity	28,000
		Closing Balance :	
		Cash	8,000
		Bank	<u>2,24,600</u>
	<u>21,53,600</u>		<u>21,53,600</u>

Following additional information is provided to you:

- (i) Assets and liabilities as on 1.4.2008 were as follows:

	Rs.
Fixed assets (Net)	5,00,000
Stock	3,80,000
Investment in 12% government securities	5,00,000
Outstanding subscription	12,000
Gratuity fund	1,50,000
Prepaid insurance	1,000
Sundry creditors	1,12,000
Subscription received in advance	15,000
Entrance donation received pending membership	1,00,000
- (ii) Subscription received in advance as on 31.3.09 was Rs. 18,000
- (iii) Outstanding subscription as on 31.3.09 was Rs. 7,000.
- (iv) Outstanding expenses as on 31.3.09 are :

Salaries	Rs. 8,000
Electricity	Rs. 15,000
- (v) 50% of the entrance donation was to be capitalised. There was no pending membership as on 31.3.09.
- (vi) The cost of assets sold as on 1.4.08 was Rs. 10,000.
- (vii) Depreciation was provided @ 10% p.a. on fixed assets on written down value basis.
- (viii) A sum of Rs. 20,000 received in October, 2008 as entrance donation from an applicant was to be refunded, as he has not fulfilled the requisite membership qualification. The refund was made on 3.6.09.
- (ix) Purchases made during the year 2008-09 amounted to Rs. 15,00,000.
- (x) The value of closing stock as on 31.3.09 was Rs. 2,10,000.
- (xi) The Club as a matter of policy charges off to Income and Expenditure account, all purchases made on account of crockery, cutlery, glass and linen in the year of purchase.

You are required to prepare :

- (i) Income and Expenditure account for the year ended 31st March, 2009.
- (ii) Balance Sheet as on 31st March, 2009. (20 marks)

2009 - May [4] (a) An electricity company decided to replace some parts of its plant by an improved plant. The plant to be replaced was built in 1995 for Rs. 35,00,000. It is estimated that it would cost Rs. 65,00,000 to build a new plant of the same size and capacity. The cost of the new plant as per the improved design was Rs. 1,05,00,000 and in addition, material belonging to

the old plant valued at Rs. 3,80,000 was used in the construction of the new plant. The balance of the plant was sold for Rs. 3,00,000.

Compute the amount to be written off to revenue and the amount to be capitalised. Also prepare Plant account and Replacement account. (8 marks)

Chapter - 17 : Accounts From Incomplete Records

2009 - May [2] (a) Following is the Balance Sheet of Mr. Ram, a small trader, as on 31st March, 2008 :

Liabilities	Rs.	Assets	Rs.
Creditors	1,00,000	Cash	10,000
Capital	4,00,000	Bank	20,000
		Stock	80,000
		Debtors	1,00,000
		Fixed Assets	<u>2,90,000</u>
	<u>5,00,000</u>		<u>5,00,000</u>

A fire occurred on the night of 31st March, 2009, destroying the accounting records as well as the closing cash of the trader. However, the following information was available :

- (i) Debtors and creditors as on 31st March, 2009 showed an increase of 20% as compared to 31st March, 2008.
- (ii) Credit period :
Debtors : 1 month
Creditors : 2 months
- (iii) Stock was maintained at the same level throughout the year.
- (iv) Cash sales constituted at 20% of the total sales.
- (v) All purchases were on credit basis only.
- (vi) Current ratio on 31st March, 2009 was exactly 2.
- (vii) Total expenses excluding depreciation for the year amounted to Rs. 5,00,000.
- (viii) Depreciation was provided @ 10% on the closing book value of fixed assets.
- (ix) Bank and cash transactions for the financial year 2008-09 were as under :
 - (a) Payment to creditors included Rs. 1,00,000 by cash.
 - (b) Received from debtors included Rs. 11,80,000 by way of cheques.
 - (c) Cash deposited into the Bank Rs. 2,40,000.
 - (d) Personal drawings from Bank Rs. 1,00,000.
 - (e) Fixed assets purchased and paid by cheques Rs. 4,50,000.
- (x) Assume that cash destroyed by fire is written off in the Profit and Loss account.

You are required to prepare :

- (i) Trading and Profit and Loss account of Shri Ram for the year ended 31st March, 2009.

- (ii) A Balance Sheet as at that date. (8 marks)

Chapter - 18 : Hire Purchase and Instalment Sale Transactions

2009 - May [5] Answer the following :

- (vii) Mr. X purchased a machine on hire-purchase system. Rs. 30,000 being paid on delivery and the balance in five instalments of Rs. 60,000 each, payable annually on 31st December. The cash price of the machine was Rs. 3,00,000. Compute the amount of interest for each year. (2 marks)

Chapter - 19 : Investment Accounts

2009 - May [3] (b) On 1st April, 2008, Mr. Neel purchased 5,000 equity shares of Rs. 100 each in X Ltd. @ Rs. 120 each from a Broker, who charged 2% brokerage. He incurred 1/2% as cost of shares transfer stamps. On 31st January, 2009, Bonus was declared in the ratio of 1:2 Before and after the record date of bonus shares, the shares were quoted at Rs. 175 per share and Rs. 90 per share respectively. On 31st March, 2009, Mr. Neel sold bonus shares to a broker, who charged 2% brokerage.

Show the Investment Account in the books of Mr. Neel, who held the shares as current assets and closing value of investments shall be made at cost or Market value, whichever is lower. (8 marks)

2009 - May [5] Answer the following :

- (viii) Mr. T purchased 1,000 nos. 10% debentures of Rs. 100 each on 1st April, 2009 at Rs. 96 cum-interest, the previous interest date being 31st December, 2008. Compute cost of investment. (2 marks)

Chapter - 22 : Insurance Claims

2009 - May [3] (a) The partnership of Sakshi Agencies decided to convert the partnership into Private Limited Company named Rameshwar Company Pvt. Ltd. with effect from 1st January, 2008. The consideration was agreed at Rs. 2,34,00,000 based on firm's Balance Sheet as on 31st December, 2007. However, due to some procedural difficulties, the company could be incorporated only on 1st April, 2008. Meanwhile, the business was continued on behalf of the company and the consideration was settled on that day with interest at 12% p.a. The same books of accounts were continued by the company, which closed its accounts for the first time on 31st March, 2009 and prepared the following summarised Profit and Loss account :

	Rs.		Rs.
To Cost of goods sold	3,27,60,000	By sales	4,68,00,000
To Salaries	23,40,000		
To Depreciation	3,60,000		
To Advertisement	14,04,000		
To Discount	23,40,000		
To Managing Director's remuneration	1,80,000		
To Miscellaneous office expenses	2,40,000		

To Office cum showroom rent	14,40,000	
To Interest	19,02,000	
To Profit	<u>38,34,000</u>	
	<u>4,68,00,000</u>	<u>4,68,00,000</u>

The company's only borrowing was a loan of Rs. 1,00,00,000 at 12% p.a. to pay the purchase consideration due to the firm and for working capital requirements. The company was able to double the monthly average sales of the firm from 1st April, 2008, but the salaries trebled from the date. It had to occupy additional space from 1st July, 2008 for which rent was Rs. 60,000 per month.

Prepare a Profit and Loss account in columnar form apportioning costs and revenue between pre-incorporation and post-incorporation periods.

(8 marks)

2009 - May [5] Answer the following :

- (ii) What is "average clause" under insurance claim? (2 marks)

Chapter - 23 : Introduction to Partnership Accounts

2009 - May [5] Answer the following :

- (iv) A and M are partners, sharing profit and losses in the ratio of 3 : 2. G is admitted for 1/4th share. Thereafter, N enters the partnership for 20 Paise in a Rupee. Compute new profit sharing ratio. (2 marks)

Chapter - 26 : Accounting in Computerised Environment

2009 - May [6] Answer the following :

- (c) Mention, four advantages and four disadvantages of pre-packaged accounting software. (4 marks)

Paper - 2 : Auditing and Assurance

Chapter - 2 : Basic Concepts in Auditing

2009 - May [1] State with reasons (in short) whether the following statements are True or False, :

- (i) The principle of confidentiality precludes auditor to disclose the information about the client to third party at all circumstances without any exception. (2 marks)

2009 - May [3] In auditing, the auditor checks the specific assertions of the items appearing in the financial statements and opines about the overall assertions they signify. Explain specific assertions and overall assertions in this context. (10 marks)

Chapter - 3 : Preparation for an Audit

2009 - May [1] State with reasons (in short) whether the following statements are True or False, :

- (ii) Auditing in depth implies that the auditor vouches almost all transactions in a manner that the chances of not checking any transaction are left at minimum. (2 marks)
- (iii) Taking management representation is a convenient, economical and equally acceptable auditing method even where the direct access by auditor to audit evidence is possible. (2 marks)

2009 - May [8] Write short notes on the following :

- (b) Letter of Weakness
- (c) Knowledge of Client's business (5 marks each)

Chapter - 4 : Internal Control (Including EDP Environment)

2009 - May [5] (a) Mention any six points to be considered for good internal control for collection of tuition fees from students of college. (6 marks)

Chapter - 6 : Audit of Payments

2009 - May [7] How would you vouch/verify the following :

- (a) Production incentive paid to workers. (5 marks)

Chapter - 8 : Verification of Bank Balance and Cash-in-hand

2009 - May [4] (a) M. Statutory auditors of ABC Ltd. wants to verify cash on hand as on 31st March, 2009.

The Management informs Mr. M. that it is not possible to cooperate, as cashier has been hospitalised.

Advise Mr. M., how to deal with the situation. (4 marks)

Chapter - 9 : Audit of Trading Transactions and Purchases

2009 - May [4] (b) As an auditor of a Limited Company, you observe that during the month of March, 2009, sales invoices were not recorded in books of accounts. You also observe that payment of wages was much higher compare to last year. Keeping in mind above, analyse possible ways of manipulation of accounts. (6 marks)

Chapter - 11 : Audit of Ledgers and other Transactions

2009 - May [2] (b) On 31.12.2008, Amudhan Company Limited has invested Rs. 45 lakhs in cumulative fixed deposits of Algar Bank Ltd. The deposits carry interest @ 10% per annum compoundable quarterly and amount of interest is added to the principal and is due and payable at the maturity date which is 5 years from the date of investments.

For the year ended 31st March, 2009, the company did not book any revenue of interest on the ground that interest amount is not available at their disposal till maturity date of investment. (6 marks)

2009 - May [7] How would you vouch/verify the following :

- (c) Bad debt (5 marks)

Chapter - 13 : Depreciation and Reserves

2009 - May [7] (c) How would you vouch/verify the following :

OR Proposed dividend. (5 marks)

Chapter - 14 : Verification of Assets

2009 - May [1] State with reasons (in short) whether the following statements are True or False, :

- (x) The fixed deposit held with bank by a company is to be shown under the head investments in Balance Sheet as per the requirements of part I of schedule VI to the Companies Act, 1956. (2 marks)

2009 - May [6] (b) While conducting audit of a bank, you find that bank has advanced loan for purchase of machinery on the basis of valuation report prepared by a civil engineer. Will you approve the action taken by bank? Justify the answer. (4 marks)

2009 - May [7] How would you vouch/verify the following :

- (b) Goods lying with third party. (5 marks)

2009 - May [8] Write short notes on the following :

- (a) Physical attendance by auditor during inventory taking (5 marks)

Chapter - 15 : Verifications of Liabilities

2009 - May [1] State with reasons (in short) whether the following statements are True or False, :

- (ix) Contingent liabilities are provided for in the accounts if they crystallize between the end of the accounting year and the date of signing the audit report. (2 marks)

Chapter - 16 : Other Verifications

2009 - May [6] (a) A limited Company has filed a suit against debtor from whom Rs. 25 lakhs are receivable.

A judgement is received from court in favour of the company after the date of Balance Sheet. Discuss auditors' duty in this regard. (6 marks)

Chapter - 17 : Company Auditor

2009 - May [1] State with reasons (in short) whether the following statements are True or False, :

- (iv) An auditor of a company in which not less than 25% of authorized capital is held by public financial institution is to be appointed by a special resolution in general meeting. (2 marks)

2009 - May [2] (c) P, the first auditor of XYZ Ltd. resigned as auditors of the Co. Board of Director appointed Mr. Q as statutory auditors in their place. (6 marks)

2009 - May [8] (c) Write short notes on the following :

OR Responsibilities of Joint auditors. (5 marks)

Chapter - 18 : Powers & Duties of Auditors, Audit Report and various Audits

2009 - May [1] State with reasons (in short) whether the following statements are True or False, :

- (v) It is no part of subsequent auditor's duty to verify opening balances of Ledger accounts of current years, on the basis of Balance Sheet audited by Previous Auditor. (2 marks)
- (xii) Disclaimer of opinion is issued when an auditor confronts a different stand by management in respect of a material issue which auditor does not approve of. (2 marks)

2009 - May [2] (a) Comment on the following situations :

Sri Limited charged depreciation on its plant and machinery comprised in fixed assets at rates different from what had been specified in schedule XIV to the Companies Act, 1956. The auditor insisted that the rates of depreciation adopted should be mentioned in the notes to the account, else, he would make qualification in his audit report. The Management of the company contended that there is no impact in profits due to its omission to disclose the fact and hence on considerations of principle of materiality, the auditor is wrong in mentioning this omission in his report by way of qualification. (8 marks)

Chapter - 19 : The Company Audit

2009 - May [5] (b) XYZ Ltd. has purchased plant and machinery costing Rs. 1 crore in the month of October, 2008 out of working capital limits sanctioned by Bank.

What are reporting requirements by Statutory Auditors of the Company in this regard, keeping in mind the provisions of CARO 2003. (4 marks)

Chapter - 23 : AAS, AS and Guidance Notes

2009 - May [1] State with reasons (in short) whether the following statements are True or False, :

- (vi) AAS 25 on 'comparatives' is applicable to corresponding previous years figures and not to comparative Financial statement.
- (vii) AAS 10-"Accounting for fixed assets" is also applicable to wasting assets like quarries, minerals and oil and natural gas.
- (viii) When Government grants are received in the form of assets such as Land, plant and equipments etc., free of cost, then, such assets should be entered in the books of accounts at nominal value.
- (xi) A branch auditor is a joint auditor according to AAS 12 and his relationship with the company auditor is governed by the said standard. (2 marks each)

2009 - May [1] {C} (c) Pick out the correct answer from the following and give reasons :

- (i) An agreement to subscribe 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..
- (1mark)

Chapter - 3 : Other Essential Elements of Contract

2009 - May [1] {C} (b) State with reasons whether the following statements are correct or incorrect:

- (i) An agreement entered with a minor may be ratified on his attaining majority. .
- (1mark)

Chapter - 4 : Performance of Contract

2009 - May [1] {C} (c) Pick out the correct answer from the following and give reasons :

- (ii) Substitution of new contract for an existing contract between the same parties is known as :
- (1) Remission
 - (2) Alteration
 - (3) Rescission
 - (4) Novation..
- (1mark)

Chapter - 8 : Contract of Indemnity and Guarantee

2009 - May [1] {C} (b) State with reasons whether the following statements are correct or incorrect:

- (ii) Any variation in terms of contract made between principal debtor and a creditor without the consent of surety, automatically discharges the liability of the surety.
- (1mark)

Chapter - 9 : Bailment and Pledge

2009 - May [1] {C} (a) 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 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 ?

(5 marks)

Chapter - 11 : The Negotiable Instruments Act, 1881

2009 - May [1] {C} (c) Pick out the correct answer from the following and give reasons :

- (iii) In legal terms, person who takes the instrument bonafide for value before it is overdue, in good faith, is known as :
- (1) Holder in the due course
 - (2) Holder

- (3) Holder for value
(4) None of the above. (1 mark)

2009 - May [4] Mr. 'Wise obtains fraudulently from 'R' a crossed cheque " Not Negotiable ". He transfers the cheque to 'V', who gets the cheque encashed from ANS Bank Limited which is not the drawee bank. 'R' on coming to know about the fraudulent act of Mr. 'Wise' sues ANS Bank for the recovery of money. Examine with reference to the relevant provisions of the Negotiable Instruments Act, 1881, whether 'R' will succeed in his claim ? Would your answer be still the same in case Mr. 'Wise' does not transfer the cheque and gets the cheque encashed from ANS Bank himself ? (5 marks)

2009 - May [7] A issues an open 'bearer' cheque for Rs. 10,000 in favour of B who strikes out the word ' bearer' and put 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 contermanded" 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 ? (5 marks)

Chapter - 12 : The Payment of Bonus Act, 1965

2009 - May [3] Skypark Wooden Toys Limited was established at Kolkata in the year 2005 employing 100 workmen. Since then the company suffered the losses, but minimum bonus was paid in the accounting years of 2006 and 2007. In the accounting year 2008 the company earned huge profits. After mitigating the previous losses the company is having surplus profits and wants to pay the bonus to its workmen. Skypark Wooden Toys Limited wants the legal advice on the following issues:

- How much minimum and maximum bonus may be paid to the workmen?
- Whether the company may adjust the puja bonus already paid to the workmen while calculating the amount of bonus payable to workmen of that accounting year.
- Company wants to give wooden toys as bonus instead in cash. Whether the Company can do so ?

Advice the Skypark Wooden Toys Limited, stating the provisions of the Payment of Bonus Act, 1965. (5 marks)

Chapter - 13 : The Employees' Provident Funds and Miscellaneous Provisions Act, 1952

2009 - May [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)

Chapter - 14 : The Payment of Gratuity Act, 1972

2009 - May [5] National Steels Limited decided to forfeit the amount of gratuity of its employees A, B and C on account of disorderly conduct and other acts which caused loss to the property belonging to the company. A, B and C, committed the following acts :

- (i) A refused to surrender the occupied land belonging to the company.
- (ii) B committed theft under law involves offence of moral turpitude.
- (iii) C after superannuation continued to occupy the quarter of the company for six months.

Against the decision of the company, A, B and C applied to the court for relief. The Company contented that the right to gratuity is not a statutory right and the forfeited amount of gratuity was within the law.

Examine the contention of the company and the decision taken by the company to forfeit the amount of gratuity in the light of the Payment of Gratuity Act, 1972. (5 marks)

Chapter - 15 : Company : Basic Concepts

2009 - May [8] F, an assessee, was a wealthy man earning huge income by way of dividend and interest. He formed three Private Companies and agreed with each to hold a bloc of investment as an agent for it. The dividend and interest income received by the company was handed back to F as a pretended loan. This way F divided his income into three parts in a bid to reduce his tax liability.

Decide, for what purpose three companies were established? Whether the legal personality of all the three companies may be disregarded? (5 marks)

Chapter - 16 : Memorandum of Association & Articles of Association

2009 - May [2] {C} (b) State whether the following statements are true or false and give reasons :

- (ii) Every Company which is registered under the Companies Act, 1956, need not have their own Articles of Association. (1 mark)

2009 - May [10] India Cosmetics Limited was a registered company Under Indian Companies Act, 1956. Later on, another company, India Cosmetics and Accessories Limited was formed and registered. Being similarity in the names of both Companies, India Cosmetics Limited lodged the complaint against India Cosmetics and Accessories Limited to the Registrar of Companies stating that there is sufficient similarity between these two names which may mislead or defraud to the public. India Cosmetics and Accessories Limited is intending to alter its name.

Advise the India Cosmetics and Accessories Limited to alter the name of the Company according to the provisions of the Companies Act, 1956. (5 marks)

Chapter - 19 : Prospectus

2009 - May [2] {C} (c) Pick out the correct answer from the following and give reasons :

- (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. (1mark)

2009 - May [12] What is meant by "Abridged Prospectus"? Is it necessary to furnish abridged form of prospectus alongwith the application form for shares. Under what circumstances an abridged prospectus need not accompany the detailed information regarding prospectus alongwith the application form? (5 marks)

Chapter - 22 : Share Capital

2009 - May [2] {C} (c) Pick out the correct answer from the following and give reasons :

- (ii) The Securities Premium Account can not be utilised :
 - (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. (1mark)

Chapter - 23 : Share Certificate & Share Warrant

2009 - May [2] {C} (b) State whether the following statements are true or false and give reasons :

- (i) A share warrant is a bearer instrument and bearer is entitled to the shares specified in the share warrant. (1mark)

Chapter - 27 : Registration of a Charge

2009 - May [11] While sanctioning working limit, the rate of interest has 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 bank correct? Discuss, in the light of the provisions of the Companies Act, 1956. (5 marks)

Chapter - 28 : Meetings

2009 - May [2] {C} (a) The articles of ABC Limited provided that only those shareholders would be entitled to vote whose names have been there on the Register of Members for two months before the date of the meeting. X' a member, of the ABC Limited was holding 200 equity shares of the company. X transferred his shares to Y before one month form the date on which the meeting was due. The name of Y could not be entered in the Register of Members as the application of transfer of shares was pending. X attended the meeting but he was prohibited by the company from exercising his voting right on the ground that he has not hold his shares for specified period as provided in the articles before the date of the meeting.

State whether X can exercise his voting right in the meeting ? State also the grounds upon which X may be excluded from exercising his voting rights in the meeting of the shareholders. (5 marks)

2009 - May [2] {C} (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. . (1 mark)

2009 - May [9] Annual, General Meeting of MGR Limited is convened on 28th December, 2008. Mr. J, who is a member of the company, approaches the company on 28th December, 2008 and demands inspection of proxies lodged with the company. Explain the legal position as stated under the Companies Act, 1956 in this regard. (5 marks)

Paper - 3B : Business Ethics

Chapter - 1 : Principles of Business Ethics

2009 - May [13] {C} (a) " To maintain social contract between society and business, the trusteeship relations are essential". Describe the role of business ethics in this reference . (5 marks)

2009 - May [15] Answer the following . You are required to state whether the statement is correct or incorrect with brief reasons.

- (b) In the longrun those business firms who do not respond to society's needs favourably will survive. (2.5 marks)

Chapter - 2 : Corporate Governance and Corporate Social Responsibility

2009 - May [14] What is meant by Stakeholders ? Describe those stakeholders who are being affected by or can affect the organisation. (5 marks)

Chapter - 3 : Ethics in Workplace

2009 - May [13] {C} (b) Explain the factors that influence ethical behaviour of an employee. List out some examples of various ethical issues faced in a workplace. (5 marks)

2009 - May [15] Answer the following . You are required to state whether the statement is correct or incorrect with brief reasons.

- (a) Ethical behavior is not essential to work environment at the workplace. (2.5 marks)

Chapter - 4 : Environment Issues

2009 - May [15] Answer the following . You are required to state whether the statement is correct or incorrect with brief reasons.

- (c) There is no economic growth without ecological costs. (2.5 marks)

Chapter - 5 : Ethics in Marketing and Consumer Protection

2009 - May [15] Answer the following . You are required to state whether the statement is correct or incorrect with brief reasons.

(d) 'Consumer interest' and 'Public interest' are synonymous. (2.5 marks)

Chapter - 6 : Ethics in Accounting and Finance

2009 - May [16] Explain the reasons for unethical behaviour among finance and accounting professional. (5 marks)

Paper - 3C : Business Communication
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Chapter - 1 : Essentials of Communication

2009 - May [17] {C} (a) Explain the factors which are responsible for the growing importance of communication of an organisation. (5 marks)

Chapter - 2 : Interpersonal Communication Skills

2009 - May [18] What is meant by " Active listening" ? State the importance of ' Active listening' in the business communication skills. (5 marks)

Chapter - 6 : Communication in Business Environment

2009 - May [17] {C} (b) Draft a circular for employees insisting on punctuality. (5 marks)

Chapter - 7 : Legal Deeds and Documents

2009 - May [19] A partnership firm was constituted by A, B and C partners, carrying on the business of shoe manufacturing. Lateron, Nickson Shoe Manufacturing Co. Limited proposed to purchase the business of the firm to the partners of the firm. The partners unanimously consented to it and agreed to dissolve the firm. Draft a Partnership Dissolution Deed in this respect.

(5 marks)

2009 - May [20] 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.

(5 marks)

Shuchita Prakashan (P) Ltd.

25/19, L.I.C. Colony, Tagore Town,

Allahabad - 211002

Visit us : www.shuchita.com

