MOCK TEST PAPER FOR IPCC/CMA INTER BASED

ON BONUS ACT, PF, GRATUITY, NI ACT **50MARKS**

ANY 10 QUESTIONS OUT OF 13 QUESTIONS

Q1.On 1st January 2002, Aryan textiles Ltd. Agreed with the employees for payment of an annual bonus Linked with production or productivity instead of bonus based on profits subject to the limit of 30% Of their salary wages during the relevant accounting year. It was also agreed by the employees that they will not claim minimum bonus stated under section 10 of the Payment of Bonus Act, 1965. As Per the agreement the employees of Aryan textiles Ltd claimed annual bonus linked with production or productivity in the relevant accounting year. On refusal of the company the employees of the Company moved to the court for relief. Decide in reference to the provisions of the Payment of Bonus Act, 1965 whether the employees will Get the relief? Inspite of the aforesaid agreement whether the employees are still entitled to receive Minimum bonus.

Q2.In 2009, the Electronics Corporation, a Public Sector establishment under the Department of Science and Technology, Government of Rajasthan starts to sell mobile sets manufactured by it, in addition to T.V. sets, so as to compete with private sector establishments of mobile set in the market. The income from sale of mobile sets is 30 percent 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 the Payment of Bonus Act, 1965. Would your answer be different if the income from sale of mobile sets is only 10 percent of the gross income of the corporation?

Q3.A Company was engaged in three separate ventures under three different units. Separate accounts were prepared in each unit. One of the units was not doing well. It employees wanted to be paid bonus along with the employees of the other two units as part of one single establishment. Decide.

Q4.Explain with reference to the provisions of the Payment of Bonus Act, 1965 the possibility of a non-banking company relying on its Balance Sheet and Profit and Loss Account in the case of a dispute with its employees relating to bonus payable under the Act and the limitations, if any, in this regard.

Q5.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:

Q6.Manorama Group of Industries sold its textile unit to Giant Group of Industries. Manorama Group contributed 25% of total contribution in Pension Scheme, which was due before sale under the provisions of Employees' Provident Funds and Miscellaneous Provisions Act, 1952. The transferee company (Giant Group of Industries) refused to pay the remaining 75% contribution in the Pension Scheme. Decide, in the light of the Employees' Provident Funds and Miscellaneous Provisions Act, 1952, who will be liable to pay for the remaining contribution in case of transfer of establishment and up to what extent?

Q7.Explain the scale of assurance benefit under Employee Deposit Linked Insurance Scheme

Q8.The drawer, 'D' is induced by 'A' to draw a cheque in favour of P, who is an existing person. 'A' instead of sending the cheque to 'P' forges his name and pays the cheque into his own bank. Whether 'D' can recover the amount of the cheque from 'A's banker?

Q9.A cheque payable to bearer is crossed generally and marked "not negotiable". The cheque is lost or stolen and comes into possession of B who takes it in good faith and gives value for it. B deposits the cheque into his own bank and his banker presents it and obtains payment for his customer from the bank upon which it is drawn. The true owner of the cheque claims refund of the amount of the cheque from B.

Q10.'A' draws a cheque for 50,000 when the cheque ought to be presented to the drawee bank, the drawer has sufficient funds to make payment of the cheque. The bank fails before the cheque is presented. The payee demands payment from the drawer. What is the liability of the drawer?

Q11.Difference between Negotiation and Assignment

Q12.Lotus Info Ltd. entered into a settlement with its workmen providing for payment of gratuity at the rate of one month's salary for every completed year of service. An employee retired on superannuation and claimed gratuity as per the settlement. The employer pleaded that he is under no obligation to pay gratuity more than the rate prescribed under The Payment of Gratuity Act, 1972. Is the employer's contention tenable in Law?

Q13.Naresh was working in Navodaya School continuously for 30 years. The school has been employing 30 teachers. On attaining the age of superannuation, he retired from service. The management declined to pay gratuity to Naresh. He preferred a claim for the payment of gratuity before the authority concerned under The Payment of Gratuity Act,1972. Will he succeed?

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Q1. A issues an open 'bearer' cheque for Rs.10,000 in favour of B who strikes out the word 'bearer' and crosses 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 a 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?

Ans: The cheque bears two alterations when it is presented to the paying banker. One, the word 'bearer' has been struck off and two, the cheque has been crossed. Both of these alterations do not amount to material alteration under the provisions of the Act and hence the liability of any including the drawer is not at all affected. 'A' is liable to pay the amount of the cheque to the holder.

Q2. Page No……..Q. No………..

Ans:(i) Acceptance for Honour(Section 108) : It is an unusual kind of acceptance done by any person not being a party already liable thereon bill, to accept the bill for the honour of any party thereto. This acceptance by such party is allowed when the original drawee refuses to accept or refuses to give better security when demanded by the notary. Such a bill is kept until its maturity and the holder is given an additional person whom the holder may fall back upon if the bill is not paid when due.

Drawee in case of need: As per Section 7, when in the bill or in any endorsement thereon the name of any person is given in addition to the drawee to be resorted to in case of need, such person is called a "drawee in case of need". Such a person is resorted to in the event of the bill being dishonored by non- acceptance or non-payment. According to Section 115, the bill will not consider to be dishonored until it has been dishonored by such drawee in case of need. Thus, it is obligatory on the holder to present the bill to such drawee and non-presentment of the bill to such drawee absolves the drawer from liability.

(ii) The problem stated in the question is based on the provisions of the Negotiable Instruments Act,1881 as contained in section 53. The section provides that 'Once a negotiable instrument passes through the hands of a holder in due course, it gets cleansed of its defects provided the holder was himself not a party to the fraud or illegality which affected the instrument in some stage of its journey'. Thus, any defect in the title of the transferor will not affect the rights of the holder in due course even if he had knowledge of the prior defect provided he is himself not a party to the fraud (Section 53.)

Q3. Page No………...Q. No………..

Ans:(a) the given problem is based on the case of Morvi Mercantile Ltd. Vs. Union of India. As stated by the court, the deposit of title deed with the Bank as security against an advance constitutes a Pledge. As per Sections 178 and 178A of the Indian Contract Act,1872 the deposit of title deeds, with the Bank as security against advance constitutes a pledge.

As a pledge, a banker's rights are not limited to his interest in the goods pledged. In the case of injury to the goods or their deprivation by a third party, the Pledgee would have all such remedies that the owner of the goods would have against them.

In this case the Supreme Court also held that the Bank (Pledgee) was entitled to recover not only to the amount of the advance due to it, but also the full value of the consignment. However the amount over and above his interest is to be held by him in trust for the Pledger.

Thus, the Star Bank will succeed in recovering the claim of Rs.60,000 against the railway.

Q4. Page No………..Q. No………….

Ans: (b) unlike other regular contract, A contract of Agency does not need consideration. In other words, the relationship between the Principal and Agent need not be supported to consideration as per Section 185 of the Contract Act, 1872.

Q5. Page No………..Q. No………….

Ans: According to Section 3 of the Payment of Bonus Act, 1965, where an establishment consists of departments or undertaking or has branches irrespective of whether they are situated in the same place or in different places, all such departments or undertakings or branches are to be treated as part of the same establishment for the purpose of computation of bonus under the Act. But proviso to the section states that where for any accounting year a separate balance sheet and profit and loss account are prepared and maintained in respect of any such department or undertaking or branch, then such department or undertaking or branch shall be treated as a separate establishment for the purpose of computation of bonus under this Act for that year, unless such department or undertaking or branch was, immediately before the commencement of that accounting year treated as part of the establishment for the purpose of computation of bonus.

Referring to the provisions of Section 3, Nimbaheda Textiles Ltd. is engaged at three different units located at three separate places in the country where separate balance sheet and profit and loss account arte being maintained for the three units separately and hence the proviso to Section 3 will be applicable in this case. For the purpose of Bonus under the Act, the units will be treated as three separate establishments and accordingly, the employees of the unit incurring loss is a part of one single establishment. However, the employees of the loss making unit can claim the minimum bonus as per section 10 of the Payment of Bonus Act, 1965.

Q6.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.

Ans: Bill drawn in fictitious name: The problem is based on the provision of Section 42 of the Negotiable Instrument Act, 1881. In case a bill of exchange is drawn payable to the drawer's order in a fictitious name and is endorsed by the same hand as the drawer's signature, it is not permissible for the acceptor to allege as against the holder in due course that such name is fictitious. Accordingly, in the instant case, Y cannot avoid payment by raising the plea that the drawer (Z) is fictitious. The only condition is that the signature of Z as drawer and as endorser must be in the same handwriting.