

**CMA JANUARY 2022 EXAMINATION
INTERMEDIATE LEVEL I
CORPORATE & BUSINESS LAWS**

Course Code	: LT125	Total Marks	: 100
Reading Time	: 15 minutes	Writing Time	: 180 minutes

Instructions to Candidates

- You **MUST NOT** write anything during the reading time.
- You should attempt ALL questions.
- Answers should be properly structured and relevant.
- Carefully read ALL the requirements and sub-questions before attempting a specific question.
- ALL answers must be written in the answer book.
- **AVOID WRITING/MARKING** on the question paper at any time which may cause disciplinary action.
- Start answering each question from a fresh sheet.
- Answers should be clearly numbered with the sub-question number.

Allowable Materials

- Writing Stationaries
- Non-programmable Calculator

Assessment Structure

			<i>Sub-question</i>	<i>Marks</i>	<i>Expected Time Required</i>
Section A	Question 1	Multiple Choice Questions	10	10	20 minutes
	Question 2	Modified True/False	5	5	10 minutes
	Question 3	Matching	5	5	10 minutes
Section B	Question 4	Essay/Case	3	20	32.50 minutes
	Question 5	Essay/Case	4	20	32.50 minutes
	Question 6	Essay/Case	4	20	32.50 minutes
	Question 7	Essay/Case	3	20	32.50 minutes
Revision					10 minutes
Total				100	180 minutes

RESTRICTED USE

This paper MUST NOT BE REMOVED from the examination venue

Do not turn the page until instructed

SECTION A [20 MARKS]

THERE ARE 3 (THREE) QUESTIONS IN THIS SECTION. ANSWER ALL THE QUESTIONS IN THE ANSWER SCRIPT FOLLOWING THE EXAMPLE PROVIDED FOR THE SPECIFIC QUESTION.

QUESTION 1

[10 × 1 = 10 MARKS]

There are ten (10) multiple-choice questions with five options. Pick the option that best explains the given question. Write your answer on the answer script [DO NOT PUT ANY MARK ON THE QUESTION PAPER]. Follow the example given below in providing your answer.

Example:

- (i) ICMAB stands for the –
- (a) Institute of Cost Management Accounting of Bangladesh
 - (b) Institute of Cost and Management Accountants of Bangladesh
 - (c) Institute for Cost Managers and Accounting of Bangladesh
 - (d) Institute of Cost Management Accountants of Bangladesh
 - (e) Industrial Cost Management Accountants of Bangladesh

Answer: (i) (b)

- (i) Which of the following section in the Companies Act,1994 mentions about Cost Audit?
- (a) Section 220
 - (b) Section 210
 - (c) Section 211
 - (d) Section 221
 - (e) Section 212
- (ii) Which of the following is the new category of company introduced in Companies Act 1994?
- (a) Public Private Partnership
 - (b) Two Person Company
 - (c) Limited Liability Partnership
 - (d) One Person Company
 - (e) None of the above
- (iii) According to the Companies Act,1994 in how many ways can a public company raise funding?
- (a) Through Public Offering
 - (b) Through Private placement
 - (c) Through existing shareholders
 - (d) A and C
 - (e) All of the above
- (iv) Repayment capacity in case of term loan proposals is judged by the banks with which of the following ratios:
- (a) Debt-Equity Ratio.
 - (b) Internal rate of Return
 - (c) Net Present Value
 - (d) Break – even Analysis
 - (e) Debt-Service Coverage Ratio.
- (v) The word Assurance is sued for
- (a) Life Insurance
 - (b) Fire insurance
 - (c) Marine Insurance
 - (d) Medical Insurance
 - (e) Property insurance.

- (vi) Which of the following statements about the primary purpose of financial reporting is the most correct?
- Provides information that can help with decision making.
 - The individual needs of users can be satisfied by tailoring of financial reports.
 - Enables accountability since managers would have to account for resources used.
 - Identifies a range of existing and potential users dependent on financial statements to make decisions.
 - All of the above
- (vii) An agreement enforceable by law is:
- A voidable contract
 - Void
 - A contract
 - A void contract
 - Quasi Contract
- (viii) The Negotiable Instruments Act, 1881 is an act to define and amend the law relating to:
- Cheques
 - Bills of exchange
 - Promissory notes,
 - Money Order
 - All of the above
- (ix) Partnership is the relation between persons who have agreed to share the profits of a business carried on by all or any of them acting for all. Does it mean that losses are not shared?
- A minor may be admitted in partnership, only for the profits, but he cannot share in losses.
 - It also depends on the partnership agreement. A person may share the profits but may not share in losses.
 - Any other arrangement, depends on the partnership agreement.
 - Sharing of profits also include losses (negative profits)
 - All of the above.
- (x) The labour law classified as the tripartite relationship between employee, employer and union is known as
- Collective
 - individual
 - industrial
 - union
 - Commercial

QUESTION 2

[5 × 1 = 5 MARKS]

There are five (5) statements given under the question. Identify the statements as True or False. If the statement is false, rewrite the statement on the answer script to make it 'True'. Reasoning is NOT required. Follow the example given below in providing your answer.

Example:

(a) ICMAB stands for the Industrial Cost Management and Accounting of Bangladesh.

Answer:

(a) False. ICMAB stands for the Institute of Cost and Management Accountants of Bangladesh.

Note:

- You will not get any mark if you simply rewrite as ICMAB *does not* stand for the Industrial Cost Management Accountants of Bangladesh.
- If the statement is true, you need NOT to rewrite the statement rather only mention that the statement is *True*.

- (a) "Company means a company formed and registered under the Companies Act'1994.
- (b) The primary functions of insurance are providing certainty, provide protection and Risk sharing.
- (c) "Financial Institution" means financial Institution as Defined by Section 2(b) of the Financial Institution Act'1993.
- (d) The person making the proposal and the person accepting the proposal are respectively called: Promisor/Promisee.
- (e) In a Promissory Note, three parties are involved.

QUESTION 3

[5 × 1 = 5 MARKS]

Match the items of column A with the most suitable items of column B. Match only one item of column A with one item of column B. Write your answer on the answer script. Follow the example given below in providing your answer.

Example:	
Column A	Column B
1. ICMAB	(a) Professional accountancy body (b) University
Answer: 1 (a)	

Column A	Column B
1. To increase its subscribed share capital, among existing shareholders, are issued. 2. When the communication of a proposal is complete. 3. The dissolution of partnership means: 4. Which is NOT correct about the "Promissory Note": 5. "Financial Institution" means	a. Bonus Shares b. Right Issue c. When it comes to the knowledge of the person to whom it is not made. d. When it comes to the knowledge of the person to whom it is made. e. It means the dissolution of partnership between all the partners of a firm f. It means the change in the relations of the partners g. It contains a conditional undertaking. h. It contains the amount mentioned on it. i. Non-Banking Financial Institution. j. Banking Financial Institution.

END OF SECTION A

SECTION B [80 MARKS]

THERE ARE 4 (FOUR) QUESTIONS IN THIS SECTION. ANSWER ALL THE QUESTIONS IN THE ANSWER SCRIPT. SHOW ALL RELEVANT COMPUTATION.

QUESTION 4

[(8+5+7) = 20 MARKS]

- (a) Describe in detail of appointment of directors and their power and duties.
- (b) What are the duties and responsibilities of an Issue Manager?
- (c) The AGM of XYZ Company Limited was called at the factory premises situated at about 300 km away from its registered office. On the day of the meeting the conveners i.e. the Chairman, the Directors & the Company Secretary could not be present in the meeting place due to reasons not within their control. The shareholders present convened the meeting in a nearby building. They ascertained that quorum was present, appointed one of them as the Chairman for the meeting since the Chairman & the Directors were not present within the waiting time as per articles of association and conducted the meeting as per agenda. Everything was done according to articles to ensure a valid meeting. They took all resolutions as per agenda of the meeting except that they approved a higher rate of dividend than the rate recommended by the board.

Please answer the followings with reference to the relevant provisions of Companies Act 1994.

- Is the AGM Conducted by the shareholders Valid?
- Are the resolutions taken in the AGM binding on the Company?
- If the Chairman claims that he has postponed the meeting on the basis of a board decision made on way to the meeting place where they were bound to that, what will be legal status of his claim, if he wants to hold the AGM on another date?
- What else the company should do if it does not want to give cognizance to the said general meeting?

QUESTION 5

[(5+5+5+5) = 20 MARKS]

- (a) What are the consequences if a non-banking financial institution fails to appoint the statutory auditor?
- (b) State the provision of bank Companies Act 1991 regarding holding of liquid asset by a bank company.
- (c) The Directors of a company convened a Board meeting before AGM and recommended cash dividend @ 20% & carried other business as is usually done in such board meeting before AGM. The proposed dividend was notified to the Stock Exchanges accordingly. But the AGM was called & adjourned for indefinite period. Is the recommended dividend payable?
Is there a default by the company with regard to the provisions of The Companies Act, 1994?
- (d) Under what grounds an insurance company can be wound up the court.

QUESTION 6

[(6+5+4+5) = 20 MARKS]

- (a) Explain the difference between a condition and warranty. Under what circumstance can a branch of condition be treated as a branch of warranty.
- (b) Define negotiable instrument name the negotiable instruments that are recognized by customs usage?
- (c) What matters cannot referred to arbitration?
- (d) How a bill of exchange can be dishonoured by non-acceptance?

QUESTION NO.7

[(7+8+5) = 20 MARKS]

- (a) What are the provisions laid down in the BLA, 2006 for the establishment of worker's profit participations fund and welfare fund?
- (b) Write down the legal process of dissolution of a firm under partnership Act, 1932.
- (c) Prescribe the structure of the council of financial reporting Act, 2015. Describe its general objectives, powers & functions.

END OF SECTION B
