

FOUNDATION COURSE EXAMINATION

December 2017

P-3(FLE)
Syllabus 2012

Fundamentals of Laws and Ethics

Time Allowed: 3 Hours

Full Marks: 100

The figures in the margin on the right side indicate full marks.

This paper contain six questions. All questions are compulsory, subject to instruction provided against each question.

Where necessary, suitable assumptions may be made and disclosed by way of a Note.

Please: (1) Answer all bits of a question at one place.

(2) Open a new page for answer to new question.

1. In each of the case given below, one out of four alternative is correct. Choose the most appropriate one from the stated options and write it down [only indicate (A) or (B) or (C) or (D) as you think correct]. 1×10=10

- (i) A contract voidable at the option of one party to the contract is called
- (A) void contract
 - (B) voidable contract
 - (C) illegal contract
 - (D) unenforceable contract
- (ii) Every promise or set of promises forming the consideration for each other is called
- (A) reciprocal promise
 - (B) contract
 - (C) agreement
 - (D) None of the above
- (iii) Contract for sale of standing trees can be subject matter of Sale of Goods Act, 1930, if they are
- (A) cut before the agreement
 - (B) cut immediately
 - (C) agreed to be cut within a reasonable time
 - (D) priced as if sold after cut according to the requirement of the buyer

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- (iv) The term 'Goods' has been defined in the Sale of Goods Act, 1930, under
- (A) Section 2(5)
 - (B) Section 2(6)
 - (C) Section 2(7)
 - (D) Section (8)
- (v) An instrument incomplete in one way or other is called
- (A) Inchoate Instrument.
 - (B) Ambiguous Instrument.
 - (C) Foreign Instrument.
 - (D) Dishonored Instrument.
- (vi) When 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
- (A) drawee in time.
 - (B) drawee in case of need.
 - (C) drawee by default.
 - (D) drawee by chance.
- (vii) A Partnership at Will is created when
- (A) the duration of the Partnership is not fixed.
 - (B) there is no provision as to when and how the Partnership will come to an end.
 - (C) Both (A) and (B)
 - (D) Either (A) or (B)

- (viii) Safety Committee is required to be set up by the occupier of a factory where
- (A) a hazardous process take place
 - (B) a hazardous substances are used
 - (C) hazardous substances are handled
 - (D) either of these three
- (ix) XYZ Ltd., to which the Payment of Wages Act, 1936 is applicable, fixes the wages period of 36 days. You as a Cost and Management Accountant of the Company, how would advise the Company?
- (A) There is no problem in the above Act, of the Company.
 - (B) As per Section 4(2) of the Act, no wage period can exceed 30 days. So the Company would be advised accordingly.
 - (C) The wages period can be more than 30 days subject to approval of appropriate Government.
 - (D) The Company should take permission of Inspector of the factory.
- (x) 'It is difficult but not impossible to conduct strictly honest business' is famous quote by
- (A) Mahatma Gandhi
 - (B) Adam Smith
 - (C) George Bernaud Shaw
 - (D) Peter Drucker

2. Fill in the blanks in the following sentences by using appropriate words/phrases/numbers: 2×10=20

- (i) A contract which ceases to be enforceable by law becomes void _____.
- (ii) An agreement to remain unmarried is _____.
- (iii) A contract of sales operates in case of _____ Goods.
- (iv) A Corporation can be party to a Negotiable Instrument if _____.

- (v) When the day on which a promissory note or bill of exchange is at maturity is a public holiday, the instrument shall be deemed to be due on the _____.
- (vi) _____ is available to a partner under the Indian Partnership Act, 1932.
- (vii) ABC are three Partners. On death of C, his son D is admitted into the Partnership. This is a case of _____.
- (viii) The accounts of the ESI Corporation are audited annually by _____.
- (ix) _____ notice is required to add any occupation or process to the schedule to the Child Labour (Prohibition and Regulation) Act, 1986.
- (x) The study of ethics can be divided into four operational areas namely _____.

3. Match Column A with Column B:

1×5=5

	Column A		Column B
1.	A general offer open for world at large can be accepted	(A)	the ordinary & proper conduct of the business
2.	In a CIF contract how the buyer recover the loss if the Goods are lost or damaged in transit	(B)	the maximum number of workers who may be employed
3.	When an Instrument is drawn conditionally or for a special purpose as a collateral security and not for the purpose of transferring property therein it is called a	(C)	by complying with the conditions of offer
4.	A partner has a right to indemnity for the acts done in	(D)	from Insurance company
5.	To avoid overcrowding, there shall be posted in each workroom of a factory a notice specifying	(E)	Escrow Instrument

4. State whether the following statements given below are *True* or *False*:

1×10=10

- (i) Offer is used for the term Proposal in English law.
- (ii) An agreement to do impossible thing is invalid agreement.
- (iii) X sold and delivered 10 qt. of rice to Y, Y instead of expressing his acceptance of the rice in writing or by words send the same to floor mill. The acceptance of goods has not taken place.
- (iv) Right of unpaid seller to enforce stoppage of goods in transit remains open till the price of the goods is paid.
- (v) Three parties are involved in a Promissory note.
- (vi) Sleeping partner take part in management of the firm.
- (vii) If the number of partners exceed the limit as per Section 11 of the Companies Act, the firm becomes illegal association.
- (viii) Central Government has power to add to schedule 1 to the Minimum Wages Act, 1948.
- (ix) Under ESI Act, 1948, Permanent disablement benefit is paid at the rate of 90% of wages.
- (x) Any dispute between the occupier and the Inspector as to the age of a child labour, the matter is referred to prescribed-medical authority by Inspector.

5. Answer *any five* of the following:

3×5=15

- (i) When is communication of offer complete? Explain with an example.
- (ii) What is Mistake of Law of the Country? Explain with an example.

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- (iii) Differentiate between Sale and Contract for Work and Labour.
- (iv) What is Ambiguous instrument?
- (v) Whether a Corporation can become a partner in a Partnership Firm?
- (vi) Enumerate the provisions relating to "Deductions for Damage or Loss" under The Payment of Wages Act, 1936.
- (vii) Define 'Workshop' under The Child Labour (Prohibition and Regulation) Act, 1986.
- (viii) Explain the different usage of Ethics and Morals.

6. Answer *any four* of the following questions:

10×4=40

- (a) (i) State how the Contracts be classified in terms of their enforceability. 7
- (ii) What are the liability of buyer for rejecting, neglecting or refusing delivery of Goods. 3
- (b) (i) Who is a 'holder in due course' in a negotiable instrument"? 5
- (ii) State whether an acceptor to a bill is liable for any forged endorsement. 5
- (c) (i) Define Conditions and Warranties in a contract of sale. 5
- (ii) Mr. A gave a piece of cloth to his tailor to stitch a shirt for him. The tailor got the buttons and the collar material for the shirt. Can this be called a contract of sale? 5
- (d) (i) What are the rules on 'time for revocation of offer and time for revocation of acceptance' under Section 5 of the Indian Contract Act? 5
- (ii) What is a 'sound mind' for the purposes of contracting? 5

- (e) (i) State the provisions as to precautions in case of Fire under Factories Act, 1948. 7
 - (ii) Define Permanent Total Disablement based on the Employees State Insurance Act, 1948. 3
 - (f) State the seven principles of public life. 10
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