

Paper 6 – Laws, Ethics and Governance

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Full Marks :100

Time allowed: 3 hours

I. Choose the correct answer from the given four alternatives:

[20 x 1 = 20]

(a) Multiple choice questions:

- (i) A contract is a combination of
- (a) Agreement and free consent
 - (b) agreement and consideration
 - (c) agreement and enforceability
 - (d) agreement and competence of parties
- (ii) The provisions regarding maximum number of members in a partnership are given in
- (a) The Partnership Act
 - (b) The Companies Act
 - (c) The Societies Registration Act
 - (d) The Co-operative Societies Act
- (iii) X and Y agree to divide the profits of a business in equal shares but the loss if any is to be borne by X only. The partnership agreement is
- (a) void
 - (b) voidable
 - (c) lawful
 - (d) illegal
- (iv) First aid boxes or cupboard equipped with prescribed contents and not less than one in number must be provided and maintained in every factory so as to be accessible during all working hours for every
- (a) 200 workers for any time
 - (b) 150 workers for any time
 - (c) 500 workers for any time
 - (d) 30 workers for any time
- (v) 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 advice 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 one month. So the company would be advised accordingly.

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- (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.
- (vi)** Under Section 14 of The Prevention of Money Laundering Act, 2002 gives immunity to _____ against civil proceedings for furnishing information
- (a) an individual
- (b) a HUF
- (c) an agency
- (d) a Banking Company
- (vii)** One of the following is not a objective of the RTI Act.
- (a) Accountability
- (b) Eliminate corruption (responsibility)
- (c) Freedom of speech
- (d) Transparency
- (viii)** 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
- (a) Preceding day
- (b) Next preceding business day
- (c) Same day of next week
- (d) 3rd day following the day holiday
- (ix)** In case of an employee who has not completed 15 years of age at the beginning of the Accounting year, the minimum bonus will be
- (a) ₹ 100 or 8.33% of salary or wages whichever is higher.
- (b) ₹ 60 or 8.33% of salary or wages whichever is higher.
- (c) ₹ 60 or 8.33% of salary or wages whichever is lower.
- (d) 8.33% of salary or wages.
- (x)** Every LLP firm shall have at least _____ designated partners who are individuals.
- (a) two
- (b) three
- (c) four
- (d) Five
- (xi)** K owns a residential flat in Chennai. He is entitled to quiet possession and enjoyment of his property. This is called –
- (a) Rights in Personam
- (b) Rights in Rem
- (c) Constitutional Right
- (d) There is no right at all

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- (xii) X sells the goodwill of his retail store to Y for ₹ 5 lacs and promises not to carry on the same business for ever and anywhere in India. This agreement is:
- (a) Valid
 - (b) Void
 - (c) Voidable
 - (d) Illegal
- (xiii) In a Contract of Guarantee there is/are:
- (a) One contract
 - (b) Two contracts
 - (c) Three contracts
 - (d) Four contracts
- (xiv) Right of Stoppage in transit can be exercised by the Unpaid Seller, where the Buyer:
- (a) is solvent
 - (b) becomes insolvent
 - (c) acts fraudulently
 - (d) acts smartly
- (xv) "Nemo dat quad non habet", means:
- (a) no one is greater than god
 - (b) none can give who does not himself possess
 - (c) everyone can give everything he has
 - (d) everyone is bound by is habit
- (xvi) According to Sec 2(n) "Occupier" of a factory means _____
- (a) The person who has established the factory
 - (b) The person who has highest profit share in the factory
 - (c) The person who has ultimate control over the affairs of the factory
 - (d) The person who has ultimate control over the employees of the factory
- (xvii) A factory employs 250 workers. All the workers including workers above 60 years of age and below 15 years of age went on strike. The employer
- (a) can deduct fine from all the workers
 - (b) cannot deduct fine from workers who are under the age of 15
 - (c) no fine can be imposed from workers who are 60 years and above
 - (d) cannot deduct any fine from any worker.
- (xviii) Permanent disablement benefit is paid at the rate of _____ of wages.
- (a) 120%
 - (b) 100%
 - (c) 79%
 - (d) 90%

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(xix) Workers will be entitled to overtime wages if they have worked for more than _____.

- (a) Forty-eight hours in any four week
- (b) Forty-eight hours in any three week
- (c) Forty-eight hours in any two week
- (d) Forty-eight hours in any week

(xx) Appropriate Government reviews the rates of minimum wages within:

- (a) 2 years
- (b) 4 years
- (c) 5 years
- (d) 6 years

(b) Match the following:

[5 x 1 = 5]

	Column 'A'		Column 'B'
1.	True test of Partnership	A	Sale Goods Act, 1930
2.	Agreement in restraint of trade	B	Factories Act, 1948
3.	Doctrine of Caveat Emptor	C	Cox V Hickman
4.	Spittoons	D	Seven Principles of Public Life
5.	Integrity	E	Void

2. Answer any Three questions:

[3 × 15 = 45]

- (a) (i) What are essential elements of a valid acceptance? 8
- (ii) What are the different categories of Industrial Disputes? 7
- (b) (i) Limited Liability Partnerships are body corporate. Do you agree? Justify. 5
- (ii) The Minimum Wages Act, 1948 prescribes payment of wages in cash only. Comment. 4
- (iii) State your views on the following: 2×3=6
 - (a) Consideration for sale of goods must be in terms of money.
 - (b) In an auction sale, a bid once made cannot be withdrawn by the bidder.
 - (c) A partner is not an agent of other partners in a partnership firm.
- (c) (i) Anita and Binita are friends, Binita treats Anita during Anita's illness. Binita does not accept payment from Anita for treatment and Anita promises Binita's son Sunit to pay him ₹ 12,000. Anita being in poor circumstances is unable to pay. Sunit sues Anita for the money. Can Sunit recover? 4
- (ii) A worker was caught red handed for theft and was suspended for four days after proper enquiry. Is he entitled to bonus payable to an employee under The Payment of Bonus Act, 1965? 3
- (iii) Explain the right of workers to warn about imminent danger under the Factories Act, 1948. 3

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- (iv) State the salient features of 'The Child Labour Technical Advisory Committee' formed to assist Central Government for the purpose of addition of any occupation or processes. 5
- (d) (i) What are the regulations of hours and period of the work of children under the provisions of the Child Labour (Prohibition and Regulation) Act, 1986. 7
(ii) Employees provident funds and Miscellaneous Provisions Act, 1952 is not applicable to certain establishments. List out those establishments. 5
(iii) A workmen employed in an industrial establishment can be retrenched any time under the provisions of the Industrial Dispute Act, 1947. Comment. 3
- (e) (i) What is material alteration under Negotiable Instruments Act, 1881? What are the effects of Material Alteration? 8
(ii) Where there are two debts one for ₹ 1,000 and another for ₹ 1,200 falling due on the same day and if the debtor pays ₹ 800, whether the appropriation can be made pro-rata for the two debts? 7

3. Answer any one question: [1 x 15 = 15]

- (a) (i) A company wants to buy back its own shares in the current financial year. State the defaults which make the company ineligible to buy back its own shares as outlined in The Companies Act, 2013. 7
(ii) What do you mean by 'Third Party Information' as per RTI Act, 2005? 8
- (b) (i) Mr. Joseph is the director of a Public Limited Company. He has been removed by the company before the expiry of his term, by passing an ordinary resolution in general meeting. Is the company justified in its action? Is Mr. Joseph entitled to claim compensation for loss of his office? 6
(ii) 'Financial Reporting Council (FRC) is responsible for promoting high standards of Corporate Governance'. Explain his statement along with the aims of FRC. 5
(iii) What is the time limit within which the Board has to appoint an Independent director and at which meeting the Independent director is appointed under the Companies Act, 2013? 4

4. Answer any one question: [1 x 15 = 15]

- (a) (i) Outline the need for Ethics in business. 10
(ii) What kind of threats can ethical business behavior counter? 5
- (b) (i) Write down the seven principles of public life. 8
(ii) What are the reason and consequences of Unethical Behavior? 7