

## **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) Anchal purchased a motor car from Kamal who had no title to it. Anchal used the motor car for several months. True owner spotted the motor car and demanded it from Anchal. In such case
- (a) Anchal is bound to hand-over the motor car to true owner.
  - (b) Anchal is not bound to return the motor car to true owner as he has paid in full settlement to Kamal.
  - (c) Anchal shall advise true owner to approach Kamal.
  - (d) True owner has no right to claim either from Anchal or from Kamal.
- (ii) Which of the following agreement is wagering agreement under the Indian Contract Act, 1872?
- (a) Crossword competition involving application of skill and knowledge.
  - (b) Contract of Insurance.
  - (c) A promise to pay B ₹ 1,000 if it rains on Monday.
  - (d) A agrees to pay B ₹ 1,000 if he marries C.
- (iii) Under Sale of Goods Act, which of the delivery of goods is called as delivery by attornment?
- (a) Actual
  - (b) Symbolic
  - (c) Constructive
  - (d) Physical
- (iv) Where the price of the goods under a contract of sale is to be fixed by the valuation of a third party who fails to fix the valuation, but goods are supplied to the buyer, under section 10 of the Sale of Goods Act, 1930, the buyer is
- (a) liable to pay the reasonable price of the goods.
  - (b) liable to pay the minimum price of the goods.
  - (c) not liable to pay any price until fixed by the valuer.
  - (d) liable to pay the maximum retail price.
- (v) Under Factories Act, 1948, where work of the same kind is carried out by two or more sets of workers during different period of the day, each of such period is called a

## MTP\_Intermediate\_Syllabus 2012\_Jun 2017\_Set 2

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- (a) Relay
  - (b) Shift
  - (c) Recess
  - (d) Overtime
- (vi)** Under Payment of Wages Act, 1936, deduction on account of payment to cooperative societies shall not be more than
- (a) 50% of wages
  - (b) 75% of wages
  - (c) 90% of wages
  - (d) 60% of wages
- (vii)** Under Employee's State Insurance Act, in order to qualify for sickness benefit, the insured worker is required to contribute for
- (a) 70 days in a contribution period of 6 months.
  - (b) 78 days in a contribution period of 3 months.
  - (c) 91 days in a contribution period of 3 months.
  - (d) 78 days in a contribution period of 6 months.
- (viii)** Ankit purchased goods worth ₹ 20,000 from Anuj. In lieu of cash payment, Ankit accept a bill of exchange of ₹ 20,000 to be payable after three months. This is an example of
- (a) Accomodation Bill
  - (b) Fictitious Bill
  - (c) Genuine Bill
  - (d) Documentary Bill
- (ix)** Under the Negotiable Instruments Act, 1881, whether acceptance of a bill of exchange in the following situation shall be treated as 'qualified' acceptance where the acceptor
- (a) undertakes to pay only ₹ 10,000 for a bill drawn for ₹ 15,000.
  - (b) declares the payment to be independent of any other event.
  - (c) writes, 'Accepted, payable at ABC Bank'.
  - (d) writes, 'Accepted, payable at Delhi'.
- (x)** When a partnership firm is continued even after the expiry of fixed term is called
- (a) Perpetual partnership
  - (b) Fixed partnership
  - (c) Contract partnership
  - (d) Partnership at will
- (xi)** A person who is not a partner of a Partnership Firm, but he may liable for firm's debt as if he was a Partner. Such a person is called
- (a) Nominal Partner

## MTP\_Intermediate\_Syllabus 2012\_Jun 2017\_Set 2

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- (b) Sleeping Partner
  - (c) Partner by estoppels
  - (d) Partner for profit only
- (xii)** Any person aggrieved by an order made by the Adjudicating Authority under PMLA 2002, may prefer an appeal to
- (a) Civil Court
  - (b) Appellate Tribunal
  - (c) Special Court
  - (d) High Court
- (xiii)** Under Companies (Registration Offices and Fees) Rules, 2014, every foreign company shall file with the Registrar of Companies along with the financial statement in form \_\_\_\_\_ which belong to the list of all the places of business established by the foreign company in India.
- (a) FC 4
  - (b) FC 2
  - (c) FC 1
  - (d) FC 3
- (xiv)** The supervisory board under the German Model is known as
- (a) Aufsichtsrat
  - (b) Kiertsu
  - (c) Vorstand
  - (d) Kyosei
- (xv)** An audit committee has four fold relationship and therefore has to interact with management, internal auditor, public and
- (a) Cost auditor
  - (b) Statutory auditor
  - (c) Tax auditor
  - (d) Management auditor
- (xvi)** Which one of the following categories of person have the right to information under section 3 of Right to Information Act, 2005?
- (a) Only aggrieved persons
  - (b) All the Indian Resident and Foreign National staying in India
  - (c) All the citizens of India
  - (d) Non Resident Indians
- (xvii)** Business ethics are needed to create a faith about the quality, quantity, price etc. of products. The customers have more trust and faith in the businessmen who follow ethical rules. They feel that such businessmen would not cheat them. Which one of the following is appropriate for it?

## MTP\_Intermediate\_Syllabus 2012\_Jun 2017\_Set 2

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- (a) Sefeguarding consumers' right
- (b) Improve customers' confidence
- (c) Survival of business
- (d) Consumer movement

**(xviii)** Holders of public office should not place themselves under any financial or other obligation to outside individuals or organizations that might influence them in the performance or their official duties. This principle of public life is called

- (a) Selflessness
- (b) Honesty
- (c) Objectivity
- (d) Integrity

**(xix)** There are many types of ethical conflicts in the

- (a) Business place
- (b) Office place
- (c) Work place
- (d) Public place

**(xx)** Which one of the following is said to be "unethical behavior"?

- (a) Encouraging communication
- (b) Adulteration
- (c) Employees awareness
- (d) Objectivity

**(b) Match the following:**

**[5 x 1 = 5]**

	Column I		Column II
1	Designated Partner	A	Quorum for meetings
2	Business Ethics	B	Claim for necessaries supplied to person incapable of contracting,
3	Negotiation	C	Stop malpractices
4	Section 68 of Contract Act	D	At least two
5	Section 103 of Companies Act, 2013	E	Transfer

**2. Answer any Three questions:**

**[3 x 15 = 45]**

- (a) (i) "No Consideration – No Contract" State the exceptions to it. [8]  
(ii) Explain the differences between Sale and Agreement to Sell. [7]
- (b) (i) State how contributions are made under Employees State Insurance Act, 1948. [9]  
(ii) Under what circumstances pension under E.P.F can be applied for by an employee? [6]
- (c) (i) Discuss the general duties of an "occupier" under the Factories Act, 1948. [7]

**Page 5 of 6**

## MTP\_Intermediate\_Syllabus 2012\_Jun 2017\_Set 2

---

- (ii) Explain the rules for Payment of Wages under Payment of Wages Act, 1936. [8]
- (d) (i) Explain the powers of director to impose fine under section 13 of PMLA. [5]  
(ii) Parag issues an open 'bearer' cheque for ₹10,000 in favour of Qadir who strikes out the word 'bearer' and crosses the cheque. The cheque is thereafter negotiated to Raman and Suman. When it is finally presented by Suman's banker, it is returned with remarks 'payment countermanded' by drawer. In response to a legal notice from Suman, Parag 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 Parag's argument is valid or not? [5]
- (iii) Mayur and Nupur purchased a taxi to ply it in partnership. They had done business for about a year when Mayur, without the consent of Nupur, disposed of the taxi. Nupur brought an action to recover his share in the sale proceeds. Mayur's only defence was that the firm was not registered. Will Nupur succeed in her suit? [5]
- (e) (i) What procedure shall an employee adopt for the recovery of the amount of bonus due to him from his employer under the Payment of Bonus Act 1965? [7]  
(ii) Under what circumstances the gratuity payable to an employee be forfeited? [8]

### 3. Answer any one question:

[1 x 15 = 15]

- (a) (i) ABC Limited decides to buy-back its own shares. Advise the Company's Board of Directors about the sources of which the company can buy-back its own shares. [6]  
(ii) Explain briefly the need for Corporate Governance in India. [9]
- (b) (i) Explain the objectives of Right to Information Act, 2005. [6]  
(ii) Can a non-profit organisation be registered as a company under the Companies Act, 2013? If so, what procedure does it have to adopt? [9]

### 4. Answer any one question:

[1 x 15 = 15]

- (a) (i) 'The terms ethics and morals are etymologically different'. Explain. [6]  
(ii) Explain the potential conflicts faced by a finance and accounting professional in the role of independent consultant and employee. [9]
- (b) (i) What are the fundamental principles of ethical behaviour? [8]  
(ii) Explain the reasons for unethical behaviour among finance and accounting professionals. [7]