

Paper- 6: LAWS ETHICS AND GOVERNANCE

Time Allowed: 3 Hours

Full Marks: 100

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

Question No. 1 is compulsory

1. Choose the correct answer from the given four alternatives.

1 x 20 = 20

- (i) Under section 2(b) if the person to whom the proposal is made signifies his assent the proposal is said to have been _____
(a) accepted
(b) agreed
(c) provisionally agreed
(d) tentatively accepted
- (ii) Ethics is a set of _____ of human conduct that govern the behavior of individuals or organizations.
(a) Principles
(b) Standards
(c) Principles or standards
(d) None of the above
- (iii) Which of these is not a negotiable instrument as per the Negotiable Instrument Act, 1881
(a) Bill of exchange
(b) Delivery note
(c) Bearer Cheque
(d) Share Certificate
- (iv) Which one of the following is the correct sequence of steps in the formation and commencement of business of a public limited company?
(a) Memorandum, Issue of Prospectus, Filing of Prospectus, Minimum Subscription
(b) Memorandum, Minimum Subscription, Filing of Prospectus, Issue of Prospectus
(c) Memorandum, Filing of Prospectus, Issue of Prospectus, Minimum Subscription
(d) Memorandum, Issue of Prospectus, Minimum Subscription, Filing of Prospectus
- (v) Which of the following statement is correct?
(a) Every Public Company having capital of ₹ 5 Crore shall constitute Audit Committee
(b) The recommendations of the Audit Committee on any matters relating to Financial Management including the audit report shall be binding on the board.
(c) The audit committee shall meet at least thrice a year.
(d) All of the above.
- (vi) _____ is not a negotiable instrument as per customs and usage
(a) Delivery note
(b) Railway Receipt
(c) Cheque
(d) Government promissory note
- (vii) _____ is key test of existence of partnership.
(a) Mutual agency
(b) Profit sharing

- (c) Capital contribution
(d) Existence of long term business
- (viii)** Dissolution of partnership between all the partners of the firm is called _____
(a) Dissolution of the firm
(b) Dissolution of partnership
(c) Winding up of firm
(d) Termination of firm
- (ix)** A factory in Himachal has painted its walls, partitions, ceilings, staircases etc. with washable water paint, they need to be repainted in every period of _____ and washed at least once in every period of _____
(a) Three years; one month
(b) Three years; three months
(c) Three years; six months
(d) Three years; nine months
- (x)** 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
- (xi)** The term factory used in the Payment of wages Act, 1936 has the same meaning as in _____
(a) Industrial Dispute Act
(b) The Company Act
(c) Equal Remuneration Act
(d) Section 2(m) of the Factories Act, 1948
- (xii)** How many employment are contained in part 2 to schedule 1 of the Minimum Wages Act, 1948
(a) 1
(b) 5
(c) 10
(d) 18
- (xiii)** The responsibility for maintenance of register of a child worker lies upon _____
(a) Executive officer
(b) The occupier
(c) Manager
(d) Controlling officer
- (xiv)** The society for Business Ethics was started in
(a) 1950
(b) 1960
(c) 1970
(d) 1980
- (xv)** Which of the following documents is a document of title to 'goods' within the meaning of section 2(4) of the Sale of Goods Act, 1930
(a) Warehouse keeper's certificate
(b) Warfinger's certificate
(c) Both (a) and (b)
(d) VPP.

- (xvi) European business schools adopted business ethics after _____ commencing with the European Business Ethics Network (EBEN) in _____ when the first single-authored books in the field appeared.
- (a) 1987,1982
 - (b) 1980,1982
 - (c) 1982,1980
 - (d) 1977,1984
- (xvii) Goods displayed in a shop with a price tag is an _____
- (a) offer
 - (b) invitation to offer
 - (c) counter offer
 - (d) none of the above
- (xviii) _____ is a set of principles and expectations that are considered binding on any person who is member of a particular group.
- (a) Code of conduct
 - (b) Code of ethics
 - (c) Code of practice
 - (d) Any of the above
- (xix) The Right to Information Act, 2005 confers on all citizens a right to receive information. This is now a _____
- (a) Legal right
 - (b) Constitutional right
 - (c) Fundamental right
 - (d) Human right
- (xx) Every Company must submit Annual return to Registrar of Companies within _____ days of Annual General Meeting.
- (a) 30
 - (b) 60
 - (c) 90
 - (d) 120

SECTION A

Attempt any four questions.

- 2 (a) R of New Delhi send his agent M to purchase certain goods from Global Enterprise, Mumbai on credit for him. Later on R pays the amount for the goods purchased. On another occasion, he again sends M to purchase goods but this time pays sufficient cash to M for the purpose. M, however again purchases the goods from Global Enterprises but on credit and soon thereafter he dies. Global Enterprise files a suit against R for recovery of the said amount. Decide whether Global Enterprise would be given any relief by the Court under the provisions of the Indian Contract Act, 1872.
- (b) Examine the entitlement of a dismissed employee to receive bonus under the Payment of Bonus Act, 1965.
- (c) A lady buys synthetic pearls for a high price thinking that they are natural pearls. The seller does not correct her mistake. Has she any remedies against the seller? Would your

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decision be different if the lady had told the seller; "I think they are natural pearls and, therefore, agree to buy them at your price," and the seller was silent?

(d) What is the punishment for false statement in the Employees' State Insurance Act?

[2+5+2+3]

3. (a) A, B and C are partners in a firm. They jointly promise to pay ₹ 1,50,000 to P. C became insolvent and his private assets are sufficient to pay only 1/5 of his share of debts. A is compelled to pay the whole amount to P. Examining the provisions of the Indian Contract Act, 1872, decide the extent to which A can recover the amount from B.

(b) A and B purchased a taxi to ply it in partnership. They plied the taxi for about a year when A, without the consent of B, disposed of the taxi. B brought an action to recover his share in the sale proceeds. A resisted B's claim on the plea that the firm was not registered. Will B succeed in his claim?

(c) What are the Rights and duties of partners after a change in the constitution of the firm under Section 17 of the Partnership Act?

(d) Distinguish between lock-out and closure?

[2+2+4+4]

4. (a) Examine, whether there is an offence under the Negotiable Instruments Act, 1881, if a Drawer of a cheque after having issued the cheque, informs the Drawee not to present the cheque as well as informs the Bank to stop the payment.

(b) Has the property in the goods passed in the following cases?

(i) B offers for a specific horse ₹ 20,000, the horse to be delivered on 5th January, and the price to be paid on the 1st February following

(ii) B orders A, a boat-builder, to make him a boat. While the boat is being built, B pays to A money from time to time on account of price.

(iii) A, having a quantity of sugar which is more than twenty quintals, contracts to sell to B ten quintals out of it. Afterwards A puts ten quintals of sugar in sacks and gives notice to B that the sugar is ready and requires him to take it away, B says he will take it as soon as he can.

(c) Write down the specific responsibility of the occupier in relation to hazardous processes under Section 41 –C of the Factories Act.

(d) List out the objectives of the Money Laundering Act?

[2+3+5+2]

5. (a) A issues an open 'bearer' cheque for ₹ 10,000 in favour of B who strikes out the word 'bearer' and puts crossing across the cheque. The cheque is thereafter negotiated to C and B. When it is finally presented by D's banker, it is returned with remarks 'payment countermanded' by drawer. In response to this 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?

(b) State the grounds upon which a contract may be discharged under the provisions of the Indian Contract Act, 1872?

(c) What is the minimum and maximum punishment for offence of money laundering?

(d) State eligibility and disqualification for bonus under the Payment of Bonus Act, 1965.

[3+2+3+4]

6. (a) What is not included in the term 'industry'?

(b) S is employed in Golden ice-cream factory, a seasonal establishment. The factory was in operation for four months only during the financial years 2009-10. S was not in

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continuous service during this period. However, he has worked only sixty days. Referring to the provisions of the payment of Gratuity Act, 1972 decide whether S is entitled to gratuity payable under the Act, would you answer be the same in case S works for 100 days?

- (c) State the provisions of the Employees' (provident Funds and Miscellaneous) (provisions) Act, 1952 regarding the following:
- (i) rate of interest on amount due from the employer under the Act
 - (ii) maximum limit of interest rate
 - (iii) the period for which the employer is liable to pay the said interest. **[6+3+3]**

SECTION B

Attempt any two questions.

7. (a) In respect of The Right to Information Act, give the definition of the following:
- (i) Competent Authority
 - (ii) Appropriate Government
- (b) What is a fictitious name? If a person has two or more names, how can he apply for shares?
- (c) ABC Limited has sent Notices to its members on 21st of July 2013 for its AGM to be held on 18th of August, 2013. Subsequent to the said Notice, Mr. X acquired 100 shares of the Company on 31st July, 2013 through the Depositories. Whether Mr. X is entitled to attend the AGM of the Company to be held on 18th of August even though no notice of the Meeting has been sent to him? **[3+2+3]**
8. (a) Explain in detail the provisions relating retirement of directors by rotation and filling of vacancies as applicable to a private company.
- (b) Where the articles of association of private company do not contain any provision as to the retirement of the directors, is it necessary for at least 1/3rd of the directors of such a company to retire at its each annual meeting?
- (c) While a managing director can act in more than one company, can a whole-time director work for more than one company within the same group without the previous approval of the government or of the members who approved payment of his remuneration? **[3+2+3]**
9. (a) Explain in detail the restrictions imposed on the appointment or advertisement of directors.
- (b) Can the board of directors delegate to its committees any of its powers, (i) which are specifically required to be done by the board under the Companies Act, 1956, (ii) which are specifically required to be done by the company under the said Act but not in the general meeting and hence, by the board under Section 291 of the said Act? Can other powers which the board exercises and the Act do not provide for specific delegation be delegated to a committee of the board? **[5+3]**

SECTION C

Attempt any two questions.

10. What are the reason and consequences of Unethical Behavior? **[8]**
11. (a) What is the difference between business ethics and an ethical business?
(b) Is it possible to have single right answer to all ethical issues? **[3+5]**
12. (a) 'R' a CMA has recently been appointed as manager of finance of XYZ Ltd. and is responsible for the year-end accounts.
His salary and related bonus is based on the outcome of this. This was established as a *key performance indicator* of his predecessor.
Although, from what he can tell, the accounts and reporting have been solid in the past few years, he does feel that this is an inappropriate indicator, but his CEO and HR want to retain it. He seeks your advice as professional brethren.
- (b) 'M' is a management accountant working for KBC Ltd.
While the finance director is on leave, he was in charge of the finances. The managing director has a director's loan account and has asked him to make transactions on it, some of which are prior to the year end.
He has said this has been agreed by the other directors. He does not feel comfortable authorising this and also feels that it will not reflect well on company's year end. State your views. **[4+4]**