

## INTERMEDIATE EXAMINATION

June 2017

**P-6(LEG)**  
**Syllabus 2012**

### Laws, Ethics and Governance

Time Allowed: 3 Hours

Full Marks: 100

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

*This paper contains four questions.*

*All questions are compulsory, subject to instruction provided against each questions.*

*All workings must form a part of your answer.*

*Assumptions, if any, must be clearly indicated.*

### SECTION – A

#### 1. Answer all questions:

##### (a) Multiple choice questions:

1×10=10

(i) Which of the following is an invitation for offer?

- (A) A tender to supply goods at a certain time
- (B) A request for a loan
- (C) Bids in an auction sale
- (D) A catalogue of goods for sale

(ii) Where seller delivers to the buyer a quantity of goods less than the contracted to sell, the buyer

- (A) may reject them.
- (B) should not reject them as more quantity might be supplied.
- (C) may resell them.
- (D) give less price for them.

(iii) A person who has ultimate control over the affairs of the factory under Factories Act, 1948 is called as

- (A) Occupier
- (B) Manager
- (C) Chairman
- (D) Managing Director

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- (iv) A bearer instrument is negotiated by
  - (A) delivery only
  - (B) delivery and endorsement
  - (C) endorsement
  - (D) stamping and attestation
  
- (v) X, Y and Z are partners in a firm. X, without the authority of Y and Z buys certain shares in his name out of partnership money. These shares will constitute
  - (A) Partnership liability
  - (B) Partnership property
  - (C) Partnership networth
  - (D) Partnership capital
  
- (vi) Under PML Act, 2002, Every Scheduled of Offence is a
  - (A) Predict Offence
  - (B) Predicate Offence
  - (C) Preventive Offence
  - (D) Impredicate Offence
  
- (vii) The Chief Information Commissioner shall hold office for a term of
  - (A) 3 years
  - (B) 5 years
  - (C) 6 years
  - (D) 7 years

(viii) Which of the following is suggesting that one person should not occupy the role of Chairman and Chief Executive of a public listed company?

- (A) The Hampel Committee Report, 1998
- (B) The Cadbury Committee Report, 1992
- (C) The Greenbury Committee Report, 1995
- (D) The Smith Report on Audit Committees, 2003

(ix) Business ethics calls for avoidance of

- (A) Competition
- (B) Publicity
- (C) Monopoly
- (D) Self-interest

(x) Business ethics has a \_\_\_\_\_ application.

- (A) Universal
- (B) Natural
- (C) Practical
- (D) Physical

(b) Fill in the blanks:

1×5=5

- (i) "Sale" is an \_\_\_\_\_ contract.
- (ii) No child shall be permitted or required to work between \_\_\_\_\_.
- (iii) Any individual or \_\_\_\_\_ may be a partner in a limited liability partnership.
- (iv) Every public authority shall, within \_\_\_\_\_ of the enactment of RTI Act, 2005 designate as many officers as the Central Public Information Officers or State Public Information Officers, as the case may be.
- (v) A \_\_\_\_\_ arise where the professional have to decide between compliance with principles and actions which are beneficial to the business organization at large.

(c) State whether the following statements are True or False:

1×5=5

- (i) A promissory note must be conditional.
- (ii) Two persons agreed to produce a film and share the profits of hiring it out; it is not held to be sufficient to constitute a partnership.
- (iii) Any contract or agreement between the employer and employee whereby an employee either relinquishes or reduces his right to minimum wages or any privileges or concession is allowed under Minimum Wages Act, 1948.
- (iv) Under the Companies Act, 2013, a Red Herring prospectus shall carry the same obligations as are applicable to a prospectus and any variation between the Red Herring prospectus and a prospectus shall be highlighted as variations in the prospectus.
- (v) Ethics, also known as moral philosophy, is not a branch of Philosophy.

(d) Match the following:

1×5=5

	Column 'A'		Column 'B'
1.	Order of Performance of Reciprocal Promise	(A)	Not completed 15 years of age
2.	Waiver	(B)	Seven Principles of Public Life
3.	Child	(C)	Laws of Contract
4.	Permanent Disablement Benefit	(D)	Forgoing or giving up certain Rights
5.	Leadership	(E)	90% of wages



## SECTION – B

2. Answer any three questions:

15×3=45

- (a) (i) A stands surety for B for any amount which C may lend to B from time to time during the next three months subject to a maximum of ₹ 50,000. One month later A revokes the guarantee, when C had lent to B ₹ 5,000. Referring to the provisions of the Indian Contract Act, 1872, decide whether A is discharged from all the liabilities to C for any subsequent loan. What would be your answer in case B makes a default in paying back to C the money already borrowed i.e. ₹ 5,000? 4
- (ii) Mr. S agreed to purchase 100 bales of cotton from V, out of his large stock and sent his men to take delivery of the goods. They could pack only 60 bales. Later on, there was an accidental fire and the entire stock was destroyed including 60 bales that were already packed. Referring to the provisions of the Sale of Goods Act, 1930, explain as to who will bear the loss and to what extent? 8
- (iii) Define 'Hazardous Process' under The Factories Act, 1948. 3
- (b) (i) P Ltd., contracts with SK Traders to make and deliver certain machinery to them by 30.04.2017 for ₹ 11.50 lakhs. Due to labour strike, P Ltd. could not manufacture and deliver the machinery to SK Traders. Later, SK Traders procured the machinery from another manufacturer for ₹ 12.75 lakhs. SK Traders was also prevented from performing a contract which it had made with MK Traders at the time of their contract with P Ltd. and were compelled to pay compensation for breach of contract. Advise SK Traders the amount of compensation which it can claim from P Ltd., referring to the legal provisions of the Indian Contract Act, 1872? 7
- (ii) What are the conditions precedents to retrenchment of workmen under Industrial Dispute Act? 4
- (iii) Who is an insurable employee under ESI Act, 1948? 4

- (c) (i) "It would be safer for the drawer to cross a cheque 'not negotiable' with the words 'account payee' added to it". Explain, how it is safer for the drawer in such case. 8
- (ii) Explain provisions relating to unlimited liability in case of fraud under LLP Act. 7
- (d) (i) Under which circumstances can an unpaid seller exercise his right of lien? Distinguish between right of lien and right of stoppage of goods in transit, under the Sale of Goods Act, 1930. 6
- (ii) An employee working in an establishment covered by the E.P.F. and M.P. Act, 1952, leaves his employment and takes up employment in another establishment. State in this connection:
- (I) How shall the amount accumulated to his P.F. account be transferred?
- (II) What steps shall be taken if the establishment in which he has joined is not covered by the Act?
- (III) What would be your answer if the establishment in which he was previously working is not covered by the Act? 6
- (iii) What is the time limit for retention of record impounded during the proceedings conducted under the PMLA, 2002? 3
- (e) (i) E was an employee of T E Ltd. The whole of the undertaking of T E Ltd. was taken over by a new company, A T E Ltd. The services of E remained continuous in new company. After serving for one year E met with an accident and became permanently disabled. E applied to the new company for the payment of gratuity. The company refused to pay gratuity on the ground that E has served only for a year in the company. Examine the validity of the refusal of the directors in the light of the provisions of the Payment of Gratuity Act, 1972. 5
- (ii) State the modes by which a partner may transfer his interest in the firm in favour of another person under the Indian Partnership Act. What are the rights of such a transferee? 5
- (iii) Describe the objectives of the Child Labour (Prohibition & Regulation) Act, 1986. 5

**SECTION – C**

- 3. Answer any one question:** 15×1=15
- (a) (i) What is Shelf Prospectus? Explain it with relevant provisions. 9
  - (ii) Who are the Appellate Authorities under RTI Act, 2005? 6
  - (b) (i) Explain the provisions relating to Removal and Resignation of an Auditor. 6
  - (ii) What is the time limit to get the information under RTI Act, 2005? 4
  - (iii) Enumerate the range of activities as outlined in the Statement of Responsibilities of Internal Auditors. 5

**SECTION – D**

- 4. Answer any one question:** 15×1=15
- (a) (i) Explain Evolution of Ethics. 8
  - (ii) What are the difference between Ethical Code and Ethical Contract? 7
  - (b) (i) Discuss Ethics as a Principle. 7
  - (ii) What steps are suggested for a finance and accounting professional to resolve ethical conflicts? 8
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