

Paper 6- Laws and Ethics

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Full Marks:100

Time allowed: 3 hours

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

This paper contains five 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 the following questions

[20 ×1 = 20]

(a) Multiple choice questions:

- (i) Every promise and every set of promises, forming the consideration for each other is a/an _____.
- (a) agreement
 - (b) contract
 - (c) promise
 - (d) None of the above
- (ii) The _____ must be in clear, definite, complete and final terms:
- (a) agreement
 - (b) promise
 - (c) Counter offer
 - (d) offer
- (iii) An agreement with a minor is _____.
- (a) void ab-initio
 - (b) void
 - (c) enforceable
 - (d) None of the above
- (iv) _____ means and includes any of the following acts committed by a party to a contract, or with his connivance, or by his agent, with intent to deceive another party thereto or his agent, or to induce him to enter into the contract.
- (a) Misrepresentation
 - (b) Coercion
 - (c) Fraud
 - (d) None of the above
- (v) A representation when wrongly made either innocently or intentionally is a _____.

- (a) Misrepresentation
 - (b) Coercion
 - (c) Fraud
 - (d) None of the above
- (vi) The liabilities of the LLP shall be met out of the _____:
- (a) Capital of the partners
 - (b) Available Cash
 - (c) Personal Property of the partners
 - (d) Property of the LLP
- (vii) _____ of the Sale of Goods Act, 1930 deals with the effect of part delivery:
- (a) Section 34
 - (b) Section 35
 - (c) Section 36
 - (d) None of the above
- (viii) There shall be in every workroom in a factory at least _____ cubic meters of space for every worker employed therein:
- (a) 14.2
 - (b) 12.4
 - (c) 10
 - (d) 18.4
- (ix) According to Factories Act, white wash or colour wash of walls should be carried out at least once in every period of _____ months.
- (a) 14
 - (b) 12
 - (c) 24
 - (d) 18
- (x) As per Payment of Gratuity Act, 1972 each employee may distribute the amount of gratuity payable to him to:
- (a) more than one nominee
 - (b) One nominee
 - (c) Two nominee
 - (d) No nominee
- (xi) In calculation of gratuity one month is taken as _____:
- (a) 26 days
 - (b) 30 days
 - (c) 31 days
 - (d) 4 weeks

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- (xii) The Employees' Provident Funds and Miscellaneous Provisions act, 1952 provides that this Act is not applicable to any establishment
- (a) registered under the Co-operative Societies Act, 1912
 - (b) belong to or under the control of the Central Government or a State Government
 - (c) set up under the Central, Provincial or State Act
 - (d) All of the above
- (xiii) Section 2(a) defines the term 'adolescent' as a person who has completed his _____ year.
- (a) Eighteenth
 - (b) fifteenth
 - (c) fourteenth
 - (d) None of the above
- (xiv) A private company' is a company which by its articles-
- (a) restricts the right to resell its shares
 - (b) restricts the right to transfer its shares
 - (c) restricts the right to buy-back its shares
 - (d) none of the above
- (xv) Small company is a company, other than a public company, whose paid up share capital of which does not exceed
- (a) ₹25 lakh rupees
 - (b) ₹5 lakh rupees
 - (c) ₹50 lakh rupees
 - (d) ₹500 lakh rupees
- (xvi) No person shall be eligible to incorporate more than a _____ or become nominee in more than such company -
- (a) Associate Company
 - (b) Statutory Company
 - (c) Private Limited Company
 - (d) One Person Company
- (xvii) The annual return of a OPC shall be signed by the:
- (a) Company Secretary / Director
 - (b) Chartered Accountant / Director
 - (c) CMA / Director
 - (d) Registrar of Companies / Director
- (xviii) Company may alter the provisions of its memorandum with the approval of the members by a _____.
- (a) General resolution
 - (b) Special resolution
 - (c) Ordinary resolution

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(d) Any of the above

(xix) Section 39(4) provides that whenever a company having a share capital makes any allotment of securities, it shall file with the Registrar a return of allotment within _____ days:

(a) 30

(b) 60

(c) 180

(d) None of the above

(xx) Rule 14(2) provides that the value of such offer or invitation per person shall be with an investment size of not less than _____ of face value of the securities

(a) ₹10000

(b) ₹1000

(c) ₹2000

(d) ₹20000

(b) Match the following:

[5 x 1 = 5]

	Column 'A'		Column 'B'
1.	Disclosure in the Board's report	A	Voluntary
2.	Mode of Dissolution	B	dishonour of cheque
3.	Caveat Emptor	C	Form No. INC-22
4.	Section 138	D	total number of shares allotted with differential rights
5.	Change of situation of the registered office	E	let the buyer beware

Section B

2. Answer any Three questions:

[3 × 7 = 21]

(a) (i) V makes a gift of ₹ 10,000 to W through a cheque issued in favour of W. Later he (V) informs W not to present the cheque for payment and informs the bank also to stop payment. Examining the provisions of the Negotiable Instruments Act, 1881, decide whether V's above acts constitute an offence. [3]

(ii) A, B and C run a partnership business as druggists. A orders on credit a basket of mangoes to be delivered at this house for the use of the family. The order is made out on the firm's note paper and in the name of the firm.

1. Is the firm liable for the price of the mangoes supplied?

2. Would your decision be different if A had ordered the mangoes to be delivered at the firm's business premises to be used at a party arranged in honour of an important dignitary visiting the firm? [4]

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- (b) 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 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? [7]
- (c) Mr. U offered to sell his house to Mr. X for ₹ 15,00,000. Mr. X accepted the offer by post. On the very next day Mr. X sent a telegram revoking the acceptance which reached Mr. U before the letter of acceptance. Is the revocation of acceptance valid? Would it make any difference if both the letter of acceptance and the telegram of revocation of acceptance reach Mr. U at the same time? [7]
- (d) List the situations where the specific performance of the contract is not allowed? [7]

Section C

3. Answer any Three questions: [3 × 6 = 18]
- (a) Define the term "Dependent" under The Employees' State Insurance Act, 1948. [6]
- (b) Decide with reasons in the light of the Payment of Bonus Act, 1965 whether the following persons are entitled for bonus :
- (1) A University teacher
 - (2) A retrenched employee who worked for 45 days in a year on a salary of ₹ 12,000 p.m.
 - (3) An apprentice [3×2 = 6]
- (c) (i) In 2015, the Electronics Corporation, a public Sector establishment under the Department of Science and Technology, government of Rajasthan starts to sell mobile sets manufactured by it, in addition to T.V sets, so as to compete with private sector establishments of mobile sets in the market. The income from sale of mobile sets is 30 percent of the gross income of the corporation. The employees of the Corporation went to strike for demand of Bonus. Decide, whether the demand of the employees is tenable under the provisions of the payment of bonus Act, 1965. Would your answer be different if the income from sale of mobile sets is only 10 percent of the gross income of the Corporation? [4]
- (ii) Define the term 'employee' as per Payment of Gratuity Act, 1972. [2]
- (d) State the provisions applicable for wage during leave period. [6]

Section D

4. Answer any two questions: [2 x 13 = 26]
- (a) (i) State the provisions of Execution of a Bill of Exchange under the Companies Act, 2013. [6]

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(ii) List the effects of the incorporation of a company. [7]

(b) (i)

Fin. Yr	Events
2010-2011	Annual Accounts and Returns not filed. Deposits that matured on 20.06.2009 were repaid on 30.06.2010.
2011-2012	Annual Accounts and Returns not filed.
2012-2013	Annual Accounts and Returns not filed. Defaulted in payment of interest on Debentures.
2013-2014	Annual Accounts and Returns for FYs 2010-2011, 2011-2012, 2012-2013 and 2013-2014 filed. Interest due on Debentures remitted in full.

State whether the Director of ABC Ltd is disqualified, in case he is proposed to be appointed as Director in PQR Ltd on 15.06.2014. Will it make any difference if Annual Accounts and Returns for 2012-2013 have been filed in time? Will your answer change if the appointment is proposed to be made in PQR (P) Ltd? [8]

(ii) Define the following terms: [2½ x 2 = 5]

1. Pre-incorporation contracts
2. Paid up share capital

(c) (i) 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]

(ii) Briefly explain the provisions relating to submission of Cost Audit Report to the Board of Directors as per the Companies Act, 2013. [4]

Section E

5. Answer any one question: [1x10 = 10]

(a) (i) To maintain social contract between society and business, the trusteeship relations are essential. Describe the role of business ethics in this reference. [8]

(ii) Interpret the "virtue approach", as an approach towards an ethical standard [2]

(b) (i) Write down the seven principles of public life. [7]

(ii) Write short notes on Value-free Ethics. [3]