

Paper 6 – Laws and Ethics

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Full Marks: 100

Time allowed: 3 hours

Section – A

1. Answer all questions. [25 marks]

(a) Multiple Choice Questions [10 Marks]

- (i) Which one of the following is not the discharge by operation of law?
 - (a) By merger;
 - (b) By insolvency;
 - (c) By breach of contract;
 - (d) By the unauthorized alteration of items of a written document.

- (ii) Which one of the following is not the feature of the Contract of Guarantee?
 - (a) There are two parties in this contract.
 - (b) The liability of surety is secondary.
 - (c) There is an existing debt for which the surety gives guarantee to the creditor on behalf of the principal debtor.
 - (d) The surety gives contract at the request of the principal debtor.

- (iii) Section 2(7) of the Sale of Goods Act, 1930 the term 'Goods' does not include....
 - (a) Stock and share
 - (b) Growing Crops
 - (c) Grass
 - (d) Neither (A) nor (B) nor (C)

- (iv) No female child shall be allowed to work in any factory except between -
 - (a) 8 AM and 7 PM
 - (b) 6 PM and 6 AM
 - (c) 6 AM and 7 PM
 - (d) 10 PM and 5 AM

- (v) The Bonus shares may be issued out of the -
 - (a) Free Reserves
 - (b) Securities Premium Account
 - (c) Capital Redemption Reserve Account
 - (d) Any of the above

- (vi) An instrument of the proxy shall be deposited with the registered office of the company before the conduct of the meeting.
 - (a) 7 hours
 - (b) 21 hours
 - (c) 48 hours

- (d) 60 hours
- (vii) The minimum number of designated partners in an LLP shall -
(a) 1
(b) 2
(c) 7
(d) 15
- (viii) At every AGM, not less than _____ of the total number of directors shall retire by rotation.
(a) One third
(b) Two third
(c) Three fourths
(d) Half
- (ix) The minimum number of directors for a public company is _____
(a) 1
(b) 2
(c) 3
(d) 7
- (x) This is not one of the 7 principles of public life.
(a) Integrity
(b) Honesty
(c) Content
(d) Accountability

(b) Fill in the Blanks

[5 Marks]

- (i) Agreements of wagers are_____.
- (ii) The unpaid seller has the right of _____ on the goods for the price while he is in possession of them.
- (iii) A cheque is a bill of exchange drawn on a specified _____, payable on demand.
- (iv) The Limited Liability Partnership Act does not allow the conversion from _____ into LLP
- (v) The prospectus shall contain a report by a Chartered Accountant upon the profits or losses for each of _____ financial years immediately preceding the date of issue of prospectus.

(c) True or False

[5 Marks]

- (i) The buyer of the goods is not bound to accept the delivery of goods by installments unless otherwise agreed.

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- (ii) A woman employee may be allowed to work between 6 p.m. and 6 a.m.
- (iii) The employer cannot reduce wages of the employee to avoid his liability under the Employee Provident Fund and Miscellaneous Provisions Act.
- (iv) Standing Committee under Employees State Insurance Act shall consist of three members of the Corporation.
- (v) A general meeting may be called after giving a shorter notice if consent is given in writing by not less than 50% of members entitled to vote at such meeting.

(d) Match and Pair

[5 Marks]

	Column I		Column II
1	Active Partner	A	Latin term 'Ethos'
2	Consensus - ad - idem	B	Director Identification Number
3	OPC	C	Identity of minds
4	DIN	D	Working Partner
5	Ethics	E	One Person Company

Section – B

2. Answer any 5 questions:

[5×15 = 75]

- (A)** (i) Arun, Barun and Gautam jointly borrowed ₹500,000 from Prashant. The whole amount was repaid to Prashant by Barun. Decide in the light of the Indian Contract Act, 1872 whether:
- (a) Barun can recover the contribution from Arun and Gautam,
 - (b) Legal representatives of Arun are liable in case of death of Arun,
 - (c) Barun can recover the contribution from the assets, in case Gautam becomes insolvent.
- (ii) When is presentment of an instrument not necessary under the Negotiable Instruments Act? **[9+6 = 15]**
- (B)** (i) Explain the differences between Sale and Agreement to Sell.
- (ii) State the rules of partnership by holding out, as per Indian Partnership Act, 1932. **[10 + 5 = 15]**
- (C)** (i) Who is an employee as per Payment of Bonus Act, 1965.
- (ii) State the limits for deductions permissible and the procedure for imposition of fine as per Payment of Wages Act, 1936. **[5+10 = 15]**

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- (D)** (i) Discuss the procedure for conversion of a One Person Company into a Public Company or a Private Company.
(ii) Can a director be removed? If so, give the procedure in details. **[6+9 = 15]**
- (E)** (i) Discuss briefly about the benefits of a one person company
(ii) What do you understand by the term 'Red Herring Prospectus'? **[8+7 = 15]**
- (F)** (i) Discuss about the seven principles of public life in details.
(ii) Narrate the circumstances which disqualify an employee to receive bonus. **[10+5 = 15]**
- (G) Write a note on: (Any Three)** **[5 × 3 = 15]**
- (i) Pension Funds
 - (ii) Restrictions on the implied authority of the partner
 - (iii) Issue of Securities by a public company
 - (iv) Improving ethical behavior in business