

# Paper 6 – Laws and Ethics

**Paper 6- Laws and Ethics**

**Full Marks: 100**

**Time allowed: 3 hours**

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

**This question paper has two sections.**

**Both the sections are to be answered subject to instructions given against each.**

**Section – A**

**1. Answer all questions. [25 marks]**

**(a) Multiple Choice Questions [10 Marks]**

- (i) The breach of contract may be-
  - (a) Actual;
  - (b) Anticipatory;
  - (c) None of the above;
  - (d) Either of (a) and (b)
  
- (ii) Which one of the following is not the feature of 'agreement to sale'?
  - (a) It is an executor contract;
  - (b) Sales takes place for existing and specific goods;
  - (c) The seller can sue for damages only in case of breach by the buyer;
  - (d) It gives a right to the buyer against the seller to sue for damages.
  
- (iii) Which one of the following is not the element of draft?
  - (a) It cannot be drawn on private individual;
  - (b) It cannot be countermanded easily;
  - (c) It is open to the person to stop payment;
  - (d) The bank undertakes the liability which it is bound to discharge in whose favor the draft is issued;
  
- (iv) Who may negotiate?
  - (a) Drawer;
  - (b) Payee;
  - (c) All of the joint makers;
  - (d) Any of (a) to (c).
  
- (v) The Information Memorandum shall be deemed to be a \_\_\_\_\_.
  - (a) Prospectus
  - (b) Articles
  - (c) Memorandum
  - (d) None of the above.

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- (vi) The Regional Director shall communicate the confirmation of shifting of registered office within \_\_\_\_\_ days of receipt of the application.
- (a) 15
  - (b) 30
  - (c) 45
  - (d) 90
- (vii) The private placement shall be made, not more than \_\_\_\_\_ persons in aggregate in a financial year.
- (a) 50
  - (b) 100
  - (c) 200
  - (d) 400
- (viii) If the shareholders not less than \_\_\_\_ of the issued shares of class did not consent to the variation or vote in favor of the special resolution for the variation, such shareholders may apply to the Tribunal to have the variation cancelled.
- (a) 10%
  - (b) 15%
  - (c) 25%
  - (d) None of the above
- (ix) The company shall not issue sweat equity shares for more than \_\_\_\_\_ of the existing paid up share capital in a year.
- (a) 10%
  - (b) 15%
  - (c) 25%
  - (d) None of the above
- (x) Meta ethics deal with the nature of \_\_\_\_\_.
- (a) External influences
  - (b) Moral Judgement
  - (c) Material Facts
  - (d) All of the above

### (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.
- (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	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

**Section – B**

**2. Answer any 5 questions:**

**[5×15 = 75]**

- (A)** (i) F, B and G jointly borrowed ₹500,000 from W. The whole amount was repaid to W by B. Decide in the light of the Indian Contract Act, 1872 whether:
- (a) B can recover the contribution from F and G,
  - (b) Legal representatives of F are liable in case of death of F,
  - (c) B can recover the contribution from the assets, in case G becomes insolvent.
- (ii) When is presentment of an instrument not necessary under the Negotiable Instruments Act? **[9+6 = 15]**
- (B)** (i) State the circumstances where under an agent is personally liable to a third party for the acts during the course of agency?
- (ii) K the owner of a Fiat car wants to sell his car. For this purpose he hands over the car to M, a mercantile agent for sale at a price not less than ₹100, 000. The agent sells the car for ₹75, 000 to B, who buys the car in good faith and without notice of any fraud. M misappropriated the money also. K sues B to recover the car. Decide given reasons whether K would succeed. **[9+6 = 15]**
- (C)** (i) Who is an employee as per Payment of Bonus Act, 1965.

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- (ii) State the limits for deductions permissible and the procedure for imposition of fine as per Payment of Wages Act, 1936. **[5+10 = 15]**
- (D)** (i) State the features of Section 8 Companies.  
(ii) Write a note on 'Small Company'. **[9+6 = 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) State the importance of ethics on human life and benefits of following principles of business ethics.  
(ii) Aswani who was an employee of Sun Televisions Limited, retired on 1st January, 2013 after 30 years of continuous service. The company did not pay the amount of gratuity to Aswani till the end of December, 2013. Now, Aswani claims the amount of gratuity along with interest. Decide, under the Payment of Gratuity Act, 1972 whether Aswani will succeed in his claim? **[9+6 = 15]**
- (G)** Write a note on: (Any Three) **[5 × 3 = 15]**
- (i) Forfeiture of Gratuity
  - (ii) Restrictions on the implied authority of the partner
  - (iii) Issue of Securities by a public company
  - (iv) Improving ethical behavior in business