

INTERMEDIATE EXAMINATION

December 2014

P-6(LEG)
Syllabus 2012

Laws, Ethics and Governance

Time Allowed: 3 Hours

Full Marks: 100

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.

1. Answer all questions: (Choose the correct answer from the given four alternatives.)

2×10=20

- (i) In social agreements usual presumption is
 - (a) that parties do not intend to create social relations.
 - (b) that parties intend to perform them.
 - (c) that parties do not intend to make legal and social relations.
 - (d) that the parties do not intend to create legal relations between them.
- (ii) In a sale of goods, the doctrine of caveat emptor will not apply when there is
 - (a) usage of trade
 - (b) consent by fraud
 - (c) buyer's error of judgment
 - (d) Merchantable Quality
- (iii) A bill of exchange, that is drawn accepted or endorsed without consideration is called
 - (a) Accommodation bill
 - (b) Promissory note
 - (c) Trade bill
 - (d) Bearer instrument
- (iv) Under Industrial Disputes Act, Appropriate Government may require to constitute a workman committee on any day in the preceding 12 months, where an industrial establishment employees
 - (a) 250 or more workers
 - (b) 100 or more workers
 - (c) 500 or more workers
 - (d) 200 or more workers
- (v) Employee's State Insurance Act, 1948 is applicable to all
 - (a) factories including factories belonging to Government and seasonal factories.
 - (b) factories excluding seasonal factories.
 - (c) factories including factories belonging to Government and seasonal but excluding Silk factory.
 - (d) factories including factories belonging to Government but excluding seasonal factories.

Please Turn Over

- (vi) A partner must give a public notice of his retirement from the firm in order absolve himself from the liability for the acts of the other partners done after his retirement is known as
 - (a) Dormant partner
 - (b) Ostensible partner
 - (c) Nominal partner
 - (d) Partner by estoppel
- (vii) A prospectus which does not have complete particulars on the price of securities offered and the quantum of securities offered by the company is known as
 - (a) Statement in lieu of prospectus
 - (b) Red-herring prospectus
 - (c) Deemed prospectus
 - (d) Shelf prospectus
- (viii) Which of the following is often considered as one of the “four pillars” of corporate governance?
 - (a) Shareholders
 - (b) Stake holders
 - (c) Internal Auditor
 - (d) Tax Auditor
- (ix) The crucial step in understanding business ethics is
 - (a) Establishing codes of ethics
 - (b) Learning to recognize ethical issues
 - (c) Having efficient operations
 - (d) Implementing a strategic plan
- (x) Which of the following reason is applicable for unethical business practices?
 - (a) Workplace Surveillance
 - (b) Profit making by some of the big companies
 - (c) Success of the company
 - (d) Administrative corruption

2. Answer any four questions:

12×4=48

- (a) (i) Makhan, seeing a mobile phone in a showcase of a shop which was marked for sale for ₹ 2,000, enters the shop, places ₹ 2,000 on cash counter and told to give him displayed mobile. Shop owner refused. Can the shop owner refuse to sale the displayed mobile? 3
- (ii) A, B, C are partners in a firm. As per terms of the partnership deed, A is entitled to 20% of the partnership property and profits. A retires from firm and dies after 15 days. B, C continue business of the firm without settling accounts. What are the rights of A's legal representatives against the firm under the Indian Partnership Act, 1932? 3
- (iii) Mr. Punit obtains fraudulently from Rohan a crossed cheque “Not Negotiable”. He transfers the cheque to Sunit, who gets the cheque encashed from ABC bank limited which is not the drawee bank. Rohan on coming to know about the fraudulent act of Mr. Punit sues ABC Bank for the recovery of the money. Examine with reference to the relevant provisions of the Negotiable

- Instruments Act, 1881, whether Rohan will succeed in his claim. Would your answer be still the same in case Mr. Punit does not transfer the cheque and gets the cheque encashed from ABC Bank himself? 4
- (iv) What is Average Pay as per Industrial Disputes Act, 1947? 2
- (b) (i) W, the wife of H, who is lunatic, purchases a diamond set of ₹ 10 lacs from a jeweller on credit. Referring to the provisions of the Indian Contract Act, 1872, decide whether the jeweller is entitled to claim the above amount from the property of H. 4
- (ii) A limited liability partnership wants to shift its registered office from Udaipur in the State of Rajasthan to Gurgaon in the State of Haryana. What procedure the corporate has to follow? 4
- (iii) Lalit delivered sarees valuing ₹ 50,000 to Rohit on 'Sale or Return Basis'. Rohit further delivered these sarees to Sumit and Sumit to Mohit on the same terms and conditions. Subsequently, these sarees were burnt by fire while in the custody of Mohit. Lalit filed a suit against Mohit for the recovery of the price, with reference to provisions of the Sale of Goods Act, 1930, examine whether Lalit's suit for the price shall be maintainable. 4
- (c) (i) Anil Pvt. Ltd. imposed a fine on Anurag, one of its employees for regularly reporting late for work. The fine was imposed on 4th June 2014. The management wanted to recover the amount in November 2014 during half yearly increment. Can the Company recover this amount of fine, state your views as per Payment of Wages Act, 1936. 2
- (ii) A is engaged in two types of job in a factory, that of mechanic and watchman. The wage rates are different for two different jobs. The employer calculates his minimum wage on an average rate. State whether this is correct, and explain your views as per Payment of Minimum Wages Act, 1948. 2
- (iii) State the Salient features of Employees Deposit Linked Insurance as outlined in Employee's Provident Fund & Misl. Provisions Act, 1952. 4
- (iv) How does Money Laundering take place under Prevention of Money Laundering Act, 2011? 4
- (d) (i) RK sells 200 bales of clothes to SK and sends 100 bales by lorry and 100 bales by Railway. SK receives delivery of 100 bales sent by lorry, but before he receives the delivery of the bales sent by railway, he becomes bankrupt. RK being still unpaid, stops the goods in transit. The official receiver, on SK's insolvency claims the goods. Decide the case with reference to the provisions of the Sale of Goods Act, 1930. 4
- (ii) State the circumstances under which the drawer of a cheque will be liable for an offence relating to dishonour of the cheque under the Negotiable Instrument Act, 1881. Examine, whether there is an offence under the Negotiable Instrument 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. 5
- (iii) The workers of a factory were paid a lump sum Bonus during Id festival, which was not in a fixed time of the year. When the statutory bonus becomes due, can the employer adjust the festival bonus from it? What other dues, if any, may be deducted from the statutory bonus? 3

- (e) (i) State the circumstances in which surety is not discharged. 3
(ii) Abhishek contracts to sell Bhusan, by showing sample, certain quantity of tea described as 'Best quality Darjeeling tea.' The tea when delivered matches with the sample, but it is not Darjeeling tea. Referring to the provisions of Sale of Goods Act, 1930 advise the remedy, if any, available to Bhusan. 3
(iii) When is an employer liable and not liable to pay compensation to a workman for personal injury under Employees Compensation Act, 1923? 3
(iv) A Bill of exchange dated 1st February, 2014 payable two months after date was presented to the maker for payment 10 days after maturity. What is the date of maturity? Explain with reference to the relevant provisions of the Negotiable Instruments Act, 1881 whether the endorser and the maker will be discharged by reasons of such delay. 3

3. Answer any two questions: 8×2=16

- (a) (i) The Board of Directors of Tribhuvan Ltd. have allotted shares to the investors of the company without issuing a prospectus or filing a statement in lieu of prospectus with the Registrar of Companies, Chennai. Explain the remedies available to the investors in this regard. 3
(ii) Explain amended Gromme Code 2005 under 'Transparency' in Germany Corporate Governance. 3
(iii) Is there any provision for exemption from Disclosure of Information under RTI Act, 2005? 2
(b) (i) Explain provisions of the Companies Act, 2013 regarding document containing offer of securities for sale to be deemed prospectus. 5
(ii) Mr. Ghosh made an application with requisite fees to a Public Authority of A Ltd. for an information which is held by another Public Authority of B Ltd. Whether the Public authority of A Ltd. will reject the application or take any action. If so, is there any time limit to be complied with by Public Authority of A Ltd? 3
(c) (i) A textile mill appoints M/s Niren Shah & Co., Cost Accountants to get its cost records audited as per sec. 233B of the Companies Act, 1956. State the role of the Audit Committee of the company for such appointment. 3
(ii) What are the benefits of XBRL Web Services deployment? 5

4. Answer any two questions: 8×2=16

- (a) (i) "Ethics are desirable for every business." Comment. 5
(ii) Explain the concept of value free ethics. 3
(b) (i) Explain Business ethics as professional ethics. 4
(ii) Discuss the ways of creating an ethical accounting environment. 4
(c) (i) What is the concept of ethical dilemma in context of finance and accounting professionals? 4
(ii) Differentiate between ethical code and contract. 4
-