

INTERMEDIATE EXAMINATION

December 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 the 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) A invites B for his son's wedding. B accepts the invitation. In this case, there is an agreement but no contract since
- (A) there is no consideration.
 - (B) there is no intention to create legal relationship.
 - (C) there is no written document.
 - (D) there is no formal acceptance of the offer.
- (ii) If P makes an agreement with Q, an artist, to paint a portrait of P for ₹ 2,000 and Q use his own canvas & paint. Here it is
- (A) Contract of Sale.
 - (B) Contract of work and material.
 - (C) Sale on approval.
 - (D) Hire Purchase agreement.
- (iii) As per the payment of Wage Act, 1936, no fine can be imposed on a person under the age of _____.
- (A) 13 years
 - (B) 14 years
 - (C) 15 years
 - (D) 16 years

Please Turn Over

- (iv) Who is an insurable employee under ESI Act, 1948?
- (A) Workers in mines subject to Mines Act, 1952 [Sec 2(12)]
 - (B) Workers in a railway running shed [Sec 2(12)]
 - (C) Any member of [the Indian] naval, military or air forces [Sec 2(9)]
 - (D) All employees in factories or establishments to which this act applies
- (v) Holder in due course means any person
- (A) drawing the instrument.
 - (B) who for consideration became the possession of a promissory note.
 - (C) named in the instrument to whom or to whom order the money is directed to be paid.
 - (D) None of the above
- (vi) Intimation of the reconstitution of change in a registered partnership is to be given to the Registrar of firms:
- (A) No time limit
 - (B) Within 30 days
 - (C) Within 60 days
 - (D) Within 90 days
- (vii) Which one of the following is not correct?
- (A) The articles of the company shall provide for the appointment of Chairman in a meeting.
 - (B) The members personally present at the meeting shall elect one of themselves to be Chairman on a show of hands, if the article does not provide for the same.
 - (C) Managing Director is the Chairman of the meeting.
 - (D) The member selected as Chairman as a result of poll, continue the Chairman, who is elected by show of hands.
- (viii) Who was the Chairman of Turnbull Committee?
- (A) Angel Turnbull
 - (B) Nigel Turnbull
 - (C) Michael Turnbull
 - (D) William Turnbull

(ix) Law is _____ of ethics.

- (A) no connection
- (B) decodification
- (C) codification
- (D) visualization

(x) Which of the following threat may not affect the business environment and influence finance and accounting professionals?

- (A) Self Actualisation
- (B) Self Interest
- (C) Advocacy
- (D) Self Review

(b) Fill in the blanks:

1×5=5

- (i) Agreement by wager is _____.
- (ii) Wages should be paid before the expiry of _____ of the wage period in less than 1000 persons are employed.
- (iii) The liabilities of LLP shall be met out of the properties of _____ partners.
- (iv) The Right to Information Act also provides, in terms of Section 5, for appointment of Public Information Officers and _____ to address requests for information.
- (v) The word ethics stems from the Greek word _____.

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

1×5=5

- (i) If the seller wrongfully neglects or refuses to deliver the goods to the buyer, the buyer cannot sue to seller damages for non delivery.
- (ii) Bill of Exchange is an undertaking to pay.

- (iii) Employment in which the ESI is applicable are covered by the Employees Compensation Act, 1923.
- (iv) A one-person company means a company which has only one person as a member.
- (v) Ethics, in the practical sense, is also known as moral action and is an applied discipline.

(d) Match the following:

1×5=5

Column 'A'		Column 'B'	
1.	Quasi contract	(A)	An interest or lien created on the property or assets of a company or any of its undertakings or both as security and including a mortgage.
2.	Doctrine of Implied authority	(B)	Form No. INC-11
3.	Charge	(C)	Accepted behaviour is promoted and elevated.
4.	Certificate of Incorporation	(D)	A fictitious contract created under legal obligations, similar to a valid contract.
5.	A social value	(E)	Acting on behalf of others who is authorised the particular activity.

SECTION-B

2. Answer any three questions:

15×3=45

- (a) (i) P induced Q to buy his motorcycle saying that it was in a very good condition. After taking the motorcycle, Q complained that there were many defects in the motorcycle. P proposed to get it repaired and promised to pay 40% cost of repairs. After few days, the motorcycle did not work at all. Now Q wants to rescind the contract. Decide giving reasons.

- (ii) What are the consequences of “destruction of goods” under the Sale of Goods Act, 1930, where the goods have been destroyed after the agreement to sell but before the sale is affected? 5
- (iii) Discuss the Provision for Hours and Period of Work under the Child Labour (Prohibition and Regulation) Act, 1986. 4
- (b) (i) Define Misrepresentation under the The Indian Contract Act, 1872. 3
- (ii) Mr. A was shopping in a self-service super market. He picked up a bottle of cold drink from a shelf. While he was examining the bottle, it exploded in his hand and injured him. He files a suit for damages against the owner of the market on the ground of breach of condition. Decide, under the Sale of Goods Act, 1930, whether Mr. A would succeed in his claim. 3
- (iii) Who is Occupier under the Factories Act, 1948? 9
- (c) (i) ‘No consideration, no contract.’ — State the exceptions to it. 5
- (ii) In what way does the Negotiable Instruments Act, 1881 regulate the determination of the “Date of maturity” of a Bill of Exchange. Ascertain the “Date of maturity” of a bill payable 120 days after the date. The Bill of exchange was drawn on 1st June, 2017. 10
- (d) (i) An employee was drawing salary of ₹ 9,500 per month. He joined his service on January 23rd, 2017 and remained absent from 11th February, 2017 to April 10th, 2017 due to temporary disablement caused by an accident arising out in due course of employment. Examine with reference to the Payment of Bonus Act, 1965, whether he is eligible for bonus for the year 2016-17? 5
- (ii) Discuss, in brief, rules for winding up and dissolution of a LLP. 10

- (e) (i) A is employed in XYZ Ltd., which is a seasonal establishment. The factory was in operation for five months during the financial year of 2016-17. A was not in continuous service during this period. However, he was worked for sixty days only. Referring to the provisions of the Payment of Gratuity Act, 1972 decide whether A is entitled to gratuity payable under the Act. Would your answer be the same in case A works for 100 days? 4
- (ii) Distinguish between Bill of Exchange and Promissory Note. 7
- (iii) Define workman under Industrial Disputes Act. 4

SECTION-C

3. Answer any one question:

- (a) (i) Discuss the shifting of Registered office within the same state. 5
- (ii) What informations are exempted from disclosure under Right to Information Act, 2005? 10
- (b) (i) Write notes on the maintenance of Register of Members under the Companies Act, 2013. 9
- (ii) What is the role of the Audit Committee under Corporate Governance in India? 6

SECTION-D

4. Answer any one question:

15×1=15

- (a) (i) Why a good understanding of business ethics is important? 10
- (ii) What are the various ethical threats faced by a finance and accounting professional? 5

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(b) (i) Discuss the fundamental principles of Ethical Behaviour.

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(ii) What are the reasons for which unethical behaviour might arise in the organization? 8
