

INTERMEDIATE EXAMINATION

December 2016

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 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 contract creates

- (a) jus in personam.
- (b) jus in rem.
- (c) only rights and no obligations.
- (d) only obligations and no rights.

(ii) Provisions of EPF & misc Prov Act 1952 are applicable to Cinema/Theatre employing

- (a) 10 or more persons.
- (b) 20 or more persons.
- (c) 5 or more persons.
- (d) 15 or more persons.

(iii) In the absence of Partnership agreement, the Partner has

- (a) right to avail interest on advances paid to partnership firm.
- (b) right to avail interest on advances paid to partnership firm provided there is profit.
- (c) has no right to avail interest on advances.
- (d) has right to avail interest on advances even after dissolution of the firm.

(iv) A person who is employed by the seller to raise the price by fictitious bids. Such person is known as

- (a) Puffer
- (b) By bidder
- (c) Decoy Ducks
- (d) All of the above

(v) In case of banker's refusal to honour the cheque inspite of sufficient funds in customer's account, the banker is

- (a) liable to compensate the drawer.
- (b) not liable to compensate the drawer .
- (c) criminally liable under section 138.
- (d) liable to be delisted.

Please Turn Over

- (vi) Dependents benefit is paid at the rate of
- (a) 60% of wages in the form of monthly payment.
 - (b) 75% of wages in the form of monthly payment.
 - (c) 80% of wages in the form of monthly payment.
 - (d) 90% of wages in the form of monthly payment.
- (vii) Board of Directors of every listed Company shall constitute an Audit Committee which shall consist of a minimum of
- (a) 2 Directors
 - (b) 3 Directors
 - (c) 4 Directors
 - (d) 5 Directors
- (viii) The maximum limit of bonus payable to an employee is fixed by way of percentage of salary or wages earned by the employee during the accounting year, the percentage is:
- (a) 10%
 - (b) 15%
 - (c) 20%
 - (d) 25%
- (ix) Who is the head of Central Information Commission?
- (a) The State Information Commissioner
 - (b) The Chief Information Commissioner
 - (c) The Chief Information Officer
 - (d) The Chairman of Information Commission
- (x) Business Ethics also called as Corporate Ethics is a form of
- (a) Positive Ethics
 - (b) Applied Ethics
 - (c) Physical Ethics
 - (d) Practical Ethics
- (b) Fill in the blanks: 1×5=5
- (i) All wages payable under Payment of Wages Act, 1936 is required to be paid in current coins or in _____ or both.
 - (ii) No adult worker can be allowed to work more than _____ hours in a day.
 - (iii) A Meeting of Board of Directors must be held at least once in every _____ months.
 - (iv) Only designated partners are liable to obtain unique identification number called as _____.
 - (v) Where the paid up share capital of an One Person Company exceeds _____ or its average annual turnover during the relevant period exceeds _____, it shall cease to be entitled to continue as a One Person Company.

- (c) State whether the following statements are True (or) False: 1×5=5
- Broader definitions of Corporate Governance stress a broader level of accountability to shareholders and other stakeholders.
 - According to the Payment of Wages Act, 1936 other deduction cannot be more than 50% of wages.
 - Limited liability Partnership should have a minimum paid up capital of INR 1,00,000.
 - Two thirds of total directors can be given permanent appointment in the company.
 - There is a prescribed Performa for RTI application.
- (d) Match the following (*any five*): 1×5=5

	Column 'A'		Column 'B'
1.	Allocable Surplus	(A)	Indian Contract Act
2.	Cost Audit Methodology	(B)	Payment of Bonus Act
3.	Doctrine of Implied authority	(C)	Sale of Goods Act
4.	Doctrine of Frustration	(D)	Business Ethics
5.	Damping	(E)	Corporate Governance
6.	Consumer Movement	(F)	Indian Partnership Act

SECTION – B

2. Answer any three questions:

15×3=45

- What are the rights of a finder of goods under the Indian Contract Act, 1872? 4
 - Which are the essential elements of a valid acceptance of a Bill of Exchange? An acceptor accepts a 'Bill of Exchange' but write on it 'Accepted but payment will be made when goods delivered to me is sold.' Decide the validity. 7
 - 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. 4
- Explain the 'time limit for payment of bonus' to the employees in different circumstances under the provisions of the Payment of Bonus Act, 1965. 5
 - Explain the manner in which the gratuity payable to employees in a seasonal establishments is calculated under the Payment of Gratuity Act, 1972. State also the maximum amount of gratuity payable under the Act. 5
 - Explain the meaning of the term 'Money Laundering'. Z, a known smuggler was caught in transfer of funds illegally exporting narcotic drugs from India to some countries in Africa. State the maximum punishment that can be awarded to him under Prevention of Money Laundering Act, 2002. 5
- A, aged 16 years, was studying in an engineering college. On 1 June, 2015 he took a loan of ₹ 2 Lakhs from B for the payment of his college fee and agreed to pay by 31st July 2016. A possesses assets worth ₹ 20 Lakhs. On due date, A fails to pay back the loan to B. B now wants to recover the loan from A out of his assets. Whether B would succeed? Decide, referring to the provisions of the Indian Contract Act, 1872. 5

Please Turn Over

- (ii) A delivered some diamonds to B on sale or return basis. B delivered the diamonds to C and C to D on similar terms. The diamonds were stolen while in the custody of D. Who shall suffer the loss? 5
- (iii) X and Y were partners carrying on a banking business. X had committed adultery on several women in the city and his wife had left on this ground. Y applied to the court for dissolution of the firm on this ground. Will he succeed? 5
- (d) (i) Employees of an electricity generation station claimed that their unit is covered under the definition of 'factory' considering the process of transforming and transmission of electricity generated at the power station as a 'manufacturing process'. Will their claim succeed under Factories Act, 1948. 6
- (ii) List the circumstances under which a LLP formed under the Limited Liability Partnership Act, 2008 may be wound up by tribunal. 6
- (iii) X buys synthetic pearls for a high price thinking that they are natural pearls. The seller though understood X's intention, kept silent. Examine the remedies X has against the seller as per the Sale of Goods Act, 1930. 3
- (e) (i) What are the regulations of hours and period of the work of children under the provisions of the Child Labour (Prohibition and Regulation) Act, 1986. 7
- (ii) Employees provident funds and Miscellaneous Provisions Act, 1952 is not applicable to certain establishments. List out those establishments. 5
- (iii) A workmen employed in an industrial establishment can be retrenched any time under the provisions of the Industrial Dispute Act, 1947. Comment. 3

SECTION - C

3. Answer any one question:

15×1=15

- (a) (i) Enumerate the provision relating to ACT NOT TO APPLY TO CERTAIN ORGANIZATIONS under the Right to Information Act, 2005? 5
- (ii) What are the areas of operations by an Internal Audit involved? 5
- (iii) Explain Red Herring Prospectus under the Companies Act, 2013. 5
- (b) (i) How many Independent Directors have to be appointed in a company under the Companies Act, 2013? 5
- (ii) State the procedure for shifting of a registered office of the company from one state to another state under the provisions of the Companies Act, 2013. 5
- (iii) AB Ltd. has advanced a loan of ₹ 2,00,000 to one of its directors in Contravention of the provision of Section 185 of the Companies Act, 2013. State the consequences of such contravention. 5

SECTION - D

4. Answer any one question:

15×1=15

- (a) (i) What is the difference between morals and ethics? 7
- (ii) Explain the safeguards which may be created by business enterprise to overcome various threats faced by accounting & finance professionals. 8
- (b) (i) Explain in brief the measures to ensure ethics in the work place. 8
- (ii) Explain the need of ethics for a finance and accounting professionals. 7