



INTERMEDIATE EXAMINATION

SET 1

PRACTICE TEST PAPER

TERM – JUNE 2026

PAPER – 5

SYLLABUS 2022

BUSINESS LAWS AND ETHICS

Time Allowed: 3 Hours

Full Marks: 100

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

SECTION – A (Compulsory)

1. Choose the correct option:

[15 x 2 = 30]

- (i) Which of the following freedoms is not included under Article 19(1) of the Indian Constitution?
- Freedom of speech and expression
 - Freedom of Assembly
 - Freedom of religion
 - Freedom of Profession, occupation, trade or business.
- (ii) As per Preamble, date of adoption of the Constitution is
- 26th January 1950
 - 26th November 1949
 - 11th December 1946
 - None of the above
- (iii) The ideal of Justice (Social, Economic and Political) in the Preamble draws its inspiration from
- French Revolution
 - Russian Revolution
 - American Civil War
 - Japanese Constitution
- (iv) What is the effect of wagering agreements :
- Agreement is void
 - No suit shall be filed
 - Void and not illegal
 - All of the above
- (v) An advertisement to sell a thing by auction is :
- an offer
 - An invitation to offer
 - no offer at all
 - a contract
- (vi) Which section of the Sale of Goods Act, 1930 provides the rules relating to delivery of goods?
- Section 36
 - Section 35



- c. Section 32
d. Section 34
- (vii) Inchoate instrument is
- An instrument incomplete in some respect
 - An ambiguous instrument
 - A clean bill
 - Drawn conditionally as collateral security
- (viii) In the absence of any agreement, interest on advances by a partner is
- allowed at 15%
 - allowed at 6%
 - allowed at market rate of interest
 - not allowed at all
- (ix) Which of the following disqualifies a person from becoming a partner in an LLP?
- Being a retired government employee
 - Being an undischarged insolvent
 - Being a partner in another LLP
 - Being a non-resident Indian
- (x) Who must sign the Statement of Account and Solvency of an LLP?
- Any one of the partners
 - Auditor of the LLP
 - All shareholders
 - Designated partners
- (xi) Under Section 67 of the Factories Act, 1948, what is the minimum age at which a child is permitted to work in any factory?
- 12 years
 - 13 years
 - 14 years
 - 15 years
- (xii) Which of the following is not included in the definition of Key Managerial Personnel under Section 2(51) of the Companies Act, 2013?
- Chief Executive Officer
 - Chief Financial Officer
 - Independent Director
 - Company Secretary
- (xiii) Section 14 of the Companies Act provides for:
- Alteration of Memorandum of Association



- b. Alteration of Articles of Association
 - c. Reduction of share capital
 - d. Change of registered office
- (xiv) What is a “red herring prospectus” as per the Companies Act?
- a. A prospectus that contains false statements about the company
 - b. A prospectus which does not include complete particulars of the quantum or price of the securities
 - c. A prospectus issued only for private placement of shares
 - d. A prospectus filed after the subscription list is opened
- (xv) The following is the disadvantage of business ethics:
- a. Increased morale and trust leading to higher market share
 - b. Positive publicity due to ethical performance
 - c. Greater acceptance of the company’s products by the public
 - d. Diversity in achievements

Section – B

(Answer any five questions out of seven questions given. Each question carries 14 Marks)

[5 x 14 = 70]

2. (a) Discuss the points which shall be considered for acceptance of a Contract. [7]
(b) Discuss the rights of an indemnity holder under Indian Contracts Act, 1872, when sued? [7]
3. (a) Demonstrate the procedure of forming a partnership under the Indian Partnership Act, 1932. [7]
(b) Discuss the assignment of negotiation instruments. Analyse the difference between negotiation and assignment? [7]
4. (a) Demonstrate claims made under The Code on Wages, 2019 and procedure thereof. [7]
(b) Discuss in detail about Application and Belated Application for payment of gratuity. [7]
5. (a) Summarize the provisions of the Companies Act, 2013 with reference to the publication and change of company's name. [7]
(b) Demonstrate the different points to be stated in the auditor's report by the auditor as per the Companies Act, 2013. [7]
6. (a) The Board of Directors of ABC Ltd. appointed Mr. Barun as additional director to look after the general operations of the company. Later a shareholder, Mr. Arun, challenged the decision of the Board of Directors and filed a case in the court of law. Mr. Arun stated in his petition that Mr. Barun is not competent as he does not hold any professional or academic qualifications.
Inspect whether the Board of Directors of ABC Ltd. should review and change its decision on the appointment of Mr. Barun.

Analyse the situation and discuss the qualifications required for the appointment of the directors in a company as laid down in the Companies Act, 2013, if any.



- (b) Demonstrate the different rights of a shareholder as per the Companies Act, 2013. [7]
7. (a) Explain the nature of Business Ethics. [7]
(b) Describe the general Business Ethics? Classify various unethical practices followed by the executives of corporate with reference to the Business Ethics. [7]
8. (a) Mr. X plans a hill-station holiday program for three months duration during summer season. He lends his car to Mr. Y under a clear understanding that it is for Mr. Y's personal use only. Contrary to this condition, Mr. Y permits Mrs. Y, his wife, to use the vehicle. While Mrs. Y drives with due care, the car meets with an accident, resulting in damages estimated at ₹45,000. When Mr. X comes to know this loss, he demands compensation from Mr. Y for such loss. Mr. Y contends that Mrs. Y acted responsibly and the accident was unforeseen. However, Mr. X argues that Mr. Y breached the agreed terms of use by allowing a third party to operate the vehicle. In light of the law relating to bailment and unauthorized use, assess whether Mr. Y is legally bound to compensate Mr. X. Does Mrs. Y's careful driving negate Mr. Y's liability?
Discuss the case and support your answer with relevant legal principles. [7]
- (b) Demonstrate the different roles and responsibilities of the audit committee as specified by the Board under Section 177 of the Companies Act, 2013. [7]