



INTERMEDIATE EXAMINATION

SET 2

MODEL QUESTIONS

TERM – DEC 2025

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 right is not part of Article 19(1)?
 - a. Freedom of speech and expression
 - b. Freedom to form associations
 - c. Right to property
 - d. Freedom of profession
- (ii) What is a defining characteristic of supreme legislation?
 - a. It can be repealed by executive orders
 - b. It is subject to judicial review by subordinate courts
 - c. It cannot be controlled or checked by any authority other than the sovereign itself
 - d. It must receive prior approval from the head of state
- (iii) The Constitution of which country was the first to begin with a Preamble?
 - a. USA
 - b. India
 - c. Britain
 - d. Canada
- (iv) What is the bailor's duty according to Section 150 of the Indian Contract Act regarding faults in the goods bailed?
 - a. No disclosure is required if the goods appear to be in working condition.
 - b. The bailor must disclose known faults that materially interfere with use or expose the bailee to extraordinary risks.
 - c. The bailor can remain silent unless specifically asked by the bailee.
 - d. The bailor is only responsible for faults that cause financial loss.
- (v) A quasi contract :
 - a. is a contract
 - b. in an agreement
 - c. creates only a legal obligation
 - d. is none of these
- (vi) The general rule of Sale of Goods Act is, risk prima facie passes with:
 - a. Ownership
 - b. Possession
 - c. Delivery
 - d. Custody



- (vii) When an Instrument is drawn conditionally or for a special purpose as a collateral security and not for the purpose of transferring property therein, it is called an
- Escrow Instrument
 - Inchoate Instrument
 - Ambiguous Instrument
 - None of the above.
- (viii) The dissolution of partnership means:
- It means the dissolution of partnership between all the partners of a firm
 - It means the change in the relations of the partners
 - It means the reconstitution of the firm.
 - None of the above.
- (ix) A limited liability partnership (LLP) is a _____ formed and incorporated under this Act and is a separate legal entity from that of its partners.
- Partnership
 - Body corporate
 - Hybrid Entity
 - None of the above
- (x) LLP shall file its Annual Return in which form:
- Form 12
 - Form 11
 - Form 10
 - Form 9
- (xi) For a factory built after the commencement of the Factories Act, what is the mandated minimum cubic space per worker in a workroom?
- 9.9 cubic meters
 - 14.2 cubic meters
 - 4.2 cubic meters
 - 500 cubic feet
- (xii) When must a company file a red herring prospectus with the Registrar under Section 32?
- At least 21 days prior to opening of the subscription list
 - At least 7 days prior to closing of the offer
 - At least 3 days prior to the opening of the subscription list and the offer
 - Within 24 hours of allotment
- (xiii) For listed companies, within how many days must the duplicate share certificate be issued from the date of submission of complete documents?
- 30 days
 - 60 days
 - 90 days
 - 45 days



- (xiv) Which one cannot be transacted through postal ballot?
- Appointment of auditor;
 - Election of a Director;
 - Buy back of shares by a company;
 - Change in place of registered office outside the local limits of any city, town or village.
- (xv) What is the primary purpose of a value chain in a business context?
- To eliminate all indirect costs
 - To visualize the full sequence of activities where value is added to products or services
 - To manage employee performance metrics
 - To consolidate financial statements

Section – B

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

[5 x 14 = 70]

2. (a) Discuss the rule of "No Consideration – No Contract" as per Section 25 of the Indian Contract Act, 1872. Are there any exceptions to this rule? Support your answer with examples. [7]
- (b) Analyse the differences between Contract of Indemnity and Contract of Guarantee. [7]
3. (a) Demonstrate the procedure of appointment of auditor as per the Limited Liability Partnership Act, 2008. [7]
- (b) Discuss various types of instruments recognized under the Negotiable Instruments Act. [7]
4. (a) Discuss the components of minimum wages as laid down under Section 7 of the Code on Wages, 2019. [7]
- (b) Discuss the procedure prescribed under Section 7 of the Payment of Gratuity Act, 1972 for the determination of gratuity amount. How should the employer proceed when the gratuity becomes payable, and what steps are involved in cases of delay or inadmissibility of the claim? [7]
5. (a) Describe the key characteristics of a company as per the Companies Act. [7]
- (b) Examine the duties of an auditor as per the Companies Act, 2013. [7]
6. (a) Mr. A is a director of PQR Ltd. appointed by its shareholders by passing an ordinary resolution. Only after six months of his appointment, a news was published in a local daily mentioning his name. As per the news, Mr. A asked for a bribe of huge amount from a supplier of the company. Following this, a month later, shareholders of the company removed Mr. A from the office of the director and appointed Mr. B in his place for the time being at the said meeting.
- Now, Mr. A is arguing that his removal before completion of his tenure on the basis of media reports is not only unfortunate but also illegal as the allegation has not yet been proved.



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Examine the validity of removal of Mr. A and also discuss whether the temporary appointment of Mr. B is valid or not. [7]

(b) Explain the procedure a company must follow after receiving a director's resignation under Section 168(1) of the Companies Act, 2013. [7]

7. (a) List and briefly describe each of the Seven Principles of Public Life. [7]

(b) Identify the key reasons highlighting the importance of business ethics. [7]

8. (a) Mr. Grey, who is so badly drunk that he cannot sit properly on his chair, enters into an agreement with Mr. Leo on 15th July, 2025 in the evening to sell his office space to him within 15th August, 2025. Next day Mr. Grey declares that he was over drunk last night and now he is not willing to transfer the office space to Mr. Leo. Now, Mr. Grey is arguing that as Mr. Leo has already signed the agreement, he will have to transfer the property in his name.

Discuss whether the contract is valid and present your expert comment. [7]

(b) Demonstrate how the provisions relating to the Audit Committee can be applied under Section 177 of the Companies Act, 2013. [7]