

Paper 6- Laws, Ethics and Governance

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Full Marks:100

Time allowed: 3 hours

Section A

1. Answer all questions

(a) Multiple Choice Questions:

20 x 1 = 20

- (i) Which one of the following is not a quasi contract?
- (a) Claim for necessaries supplied to person incapable of contracting, or on his account;
 - (b) Reimbursement of persons paying money by another, in payment of which he is interested;
 - (c) Uncertainty and futurity of the event to which it is related;
 - (d) Responsibility of finder of goods.
- (ii) Which one of the following is not the discharge by operation of law?
- (a) By merger;
 - (b) By insolvency;
 - (c) By breach of contract;
 - (d) By the unauthorized alteration of items of a written document.
- (iii) Which one of the following is the subject matter of the contract?
- (a) Existing or future goods;
 - (b) Goods perishing before making contract;
 - (c) Goods perishing before sale but after agreement to sell;
 - (d) Any of the above.
- (iv) One of the following is not a negotiable instrument. Identify the same.
- (a) Share certificate;
 - (b) Bill of Exchange;
 - (c) Cheque;
 - (d) Promissory note.
- (v) Which one of the following is a Bill of Exchange?
- (a) A banker's draft;
 - (b) A demand draft;
 - (c) An order issued by a District Board Engineer on Government Treasury for payment to or order of a certain person;
 - (d) All the above.
- (vi) Who can take active part in the management of the firm?

- (a) Sleeping partner;
 - (b) Secret partner;
 - (c) Working partner;
 - (d) Nominal partner.
- (vii) A new partner can be introduced as a partner into a firm-
- (a) At the discretion of active partner;
 - (b) At the decision of partners authorized in this behalf;
 - (c) With the consent of all existing partners;
 - (d) None of the above.
- (viii) The minimum number of designated partners in an LLP shall-
- (a) 1
 - (b) 2
 - (c) 7
 - (d) 15
- (ix) Shelter rooms with suitable lunch rooms are to be provided, if more than _____ workers are employed.
- (a) 100
 - (b) 250
 - (c) 500
 - (d) 1000
- (x) Gratuity is payable to an employee-
- (a) On his superannuation;
 - (b) Retirement;
 - (c) Retrenchment;
 - (d) In all the above cases.
- (xi) Contribution of the employer to employees' pension scheme is-
- (a) 8.33%
 - (b) 10%
 - (c) 12%
 - (d) None of the above.
- (xii) Who, among the following, is not the Principal Employer?
- (a) Occupier of the factory;
 - (b) Owner of the factory;
 - (c) Legal representative of the owner;
 - (d) Legal representative of the contractor.
- (xiii) The time limit for making bonus payment is-
- (a) Within a period of one month from the close of the accounting year;
 - (b) Within a period of three months from the close of the accounting year;
 - (c) Within a period of six months from the close of the accounting year;

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- (d) Within a period of eight months from the close of the accounting year.
- (xiv) Review of minimum wages is to be done at such interval not exceeding-
- (a) 3 years
 - (b) 5 years
 - (c) 7 years
 - (d) 10 years
- (xv) The wages of employed persons in an establishment where less than 1000 persons are employed, shall be paid before-
- (a) 7th day
 - (b) 10th day
 - (c) 15th day
 - (d) Second working day
- (xvi) If a company does not have a common seal, the share certificate shall be signed by-
- (a) Two directors
 - (b) One director and Company Secretary
 - (c) Either (a) or (b)
 - (d) None of the above
- (xvii) In case of unlisted company the duplicate share certificate shall be issued within a period of-
- (a) 45 days
 - (b) 3 months
 - (c) 6 months
 - (d) None of the above
- (xviii) The Bonus shares may be issued out of the-
- (a) Free reserves
 - (b) Securities premium account
 - (c) Capital redemption reserve account
 - (d) Any of the above
- (xix) Out of seven principles of public life, the principle of objectivity means
- (a) holders of public office should take decisions solely in terms of the public interest.
 - (b) in carrying out public business including making public appointments, holders of public office should make choices on merit.
 - (c) holders of public office are accountable for their decision and actions to the public.
 - (d) holders of public office should be as open as possible about all the decisions and actions that they take.
- (xx) Business ethics are gaining importance because of
- (a) smooth functioning

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- (b) good image
- (c) the growth of consumer movement
- (d) increasing profit

(b) Match the following:

5 x 1 = 5

	Column 'A'		Column 'B'
1.	Doctrine of Privity of Contract	A	Section 2(h) of Indian Contract Act
2.	Ethics	B	Dunlop Pneumatic Tyre Co Ltd V Selfridge & Co.
3.	Contract	C	1 st April, 1949.
4.	Offer	D	Greek Word Ethike
5.	Factories Act, 1948	E	Proposal

Section B

2. Answer any Three questions:

3 x 15 = 45

- (a) (i) State the grounds upon which a contract may be discharged under the provisions of the Indian Contracts Act, 1872. **8**
(ii) How the surety is discharged from liability. **7**

- (b) (i) State the provisions relating to Inspectors as per The Payment of Bonus Act, 1965. **8**
(ii) When and under what circumstances a person can receive pension under Employees Provident Fund Scheme? **7**

- (c) (i) When compensation is not payable under Workmen's Compensation Act, 1923. **7**
(ii) What is the law relating to recovery of amount of gratuity under the Payment of Gratuity Act, 1972 in case the said amount is not paid by the employer? **8**

- (d) (i) Distinguish between Negotiation and Assignment. **10**
(ii) E was an employee of Tea Estate Ltd. The whole of the undertaking of Tea Estate Ltd. was taken over by a new company – Asia Tea Estate Ltd. The services of E remained continuous in new company. After serving for one year E met with an accident and became permanently disabled. E applied to the new company for the payment of gratuity. The company refused to pay gratuity on the ground that E has served only for a year in the company. Examine the validity of the refusal of the directors in the light of the provisions of the Payment of Gratuity Act, 1972. **5**

- (e) (i) Z rents out his house situated at Delhi to W for a rent of ₹10,000 per month. A sum of ₹5 lac, the house tax payable by Z to the Municipal Corporation being in arrears, his house is advertised for sale by the corporation. W pays the Corporation, the sum due from Z to avoid legal consequences. Referring to the

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provisions of the Indian Contract Act, 1872 decide whether W is entitled to get the reimbursement of the said amount from Z. **5**

(ii) Jayanta, the owner of a car handovers the car with key to Partha (the mercantile agent) to sell the car at a price not below ₹ 1,00,000. Partha (the agent) sold at ₹ 90,000 to Amitava, who buys in good faith and without notice of reserve price/or any fraud. Partha misappropriated the money also. Jayanta filed a suit against Amitava to recover the car. Advice with reason whether Jayanta can succeed. **5**

(iii) Bill of Exchange dated 1st February, 2015 payable two months after date was presented to the maker for payment 10 days after maturity. What is the date of maturity? **5**

Section C

3. Answer any one question: **1 x 15 = 15**

- (a) (i) Explain the procedure for removal of Directors from a company. **8**
(ii) Explain about the allotment of Director Identification Number. **7**
- (b) (i) Why is internal audit necessary to Management? Discuss. **7**
(ii) Write down the procedure for obtaining information under the Right to Information Act, 2005. **8**

Section D

4. Answer any one question: **1 x 15 = 15**

- (a) (i) Explain the differences between Ethical Code and Contract. **7**
(ii) What are the circumstances leading to actual happening of threats for an Accounting Professionals working as employee. **8**
- (b) (i) Explain the threats that may affect the business environment and influence finance and accounting professionals. **8**
(ii) Explain the concept of Value free ethics. **7**