

## **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) Anchal purchased a motor car from Kamal who had no title to it. Anchal used the motor car for several months. True owner spotted the motor car and demanded it from Anchal. In such case
- (a) Anchal is bound to hand-over the motor car to true owner.
  - (b) Anchal is not bound to return the motor car to true owner as he has paid in full settlement to Kamal.
  - (c) Anchal shall advise true owner to approach Kamal.
  - (d) True owner has no right to claim either from Anchal or from Kamal.
- (ii) Which of the following agreement is wagering agreement under the Indian Contract Act, 1872?
- (a) Crossword competition involving application of skill and knowledge.
  - (b) Contract of Insurance.
  - (c) A promise to pay B ₹ 1,000 if it rains on Monday.
  - (d) A agrees to pay B ₹ 1,000 if two straight lines should enclose a space.
- (iii) Under Sale of Goods Act, which of the delivery of goods is called as delivery by attornment?
- (a) Actual
  - (b) Symbolic
  - (c) Constructive
  - (d) Physical
- (iv) Where the price of the goods under a contract of sale is to be fixed by the valuation of a third party who fails to fix the valuation, but goods are supplied to the buyer, under section 10 of the Sale of Goods Act, 1930, the buyer is
- (a) liable to pay the reasonable price of the goods.
  - (b) liable to pay the minimum price of the goods.
  - (c) not liable to pay any price until fixed by the valuer.
  - (d) liable to pay the maximum retail price.
- (v) Under Factories Act, 1948, where work of the same kind is carried out by two or more sets of workers during different period of the day, each of such period is called a \_\_\_\_\_
- (a) Relay
  - (b) Shift

- (c) Recess
  - (d) Overtime
- (vi) Under Payment of Wages Act, 1936, deduction on account of payment to cooperative societies shall not be more than
- (a) 50% of wages
  - (b) 75% of wages
  - (c) 90% of wages
  - (d) 60% of wages
- (vii) Under Employee's State Insurance Act, in order to qualify for sickness benefit, the insured worker is required to contribute for
- (a) 70 days in a contribution period of 6 months.
  - (b) 78 days in a contribution period of 3 months.
  - (c) 91 days in a contribution period of 3 months.
  - (d) 78 days in a contribution period of 6 months.
- (viii) Ankit purchased goods worth ₹ 20,000 from Anuj. In lieu of cash payment, Ankit accept a bill of exchange of ₹ 20,000 to be payable after three months. This is an example of
- (a) Accomodation Bill
  - (b) Fictitious Bill
  - (c) Genuine Bill
  - (d) Documentary Bill
- (ix) Under the Negotiable Instruments Act, 1881, whether acceptance of a bill of exchange in the following situation shall be treated as 'qualified' acceptance where the acceptor
- (a) undertakes to pay only ₹ 10,000 for a bill drawn for ₹ 15,000.
  - (b) declares the payment to be independent of any other event.
  - (c) writes, 'Accepted, payable at ABC Bank'.
  - (d) writes, 'Accepted, payable at Delhi'.
- (x) When a partnership firm is continued even after the expiry of fixed term is called
- (a) Perpetual partnership
  - (b) Fixed partnership
  - (c) Contract partnership
  - (d) Partnership at will
- (xi) A person who is not a partner of a Partnership Firm, but he may liable for firm's debt as if he was a Partner. Such a person is called
- (a) Nominal Partner
  - (b) Sleeping Partner
  - (c) Partner by estoppels
  - (d) Partner for profit only

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- (xii) Any person aggrieved by an order made by the Adjudicating Authority under PMLA 2002, may prefer an appeal to
- (a) Civil Court
  - (b) Appellate Tribunal
  - (c) Special Court
  - (d) High Court
- (xiii) Under Companies (Registration Offices and Fees) Rules, 2014, every foreign company shall file with the Registrar of Companies along with the financial statement in form \_\_\_\_\_ which belong to the list of all the places of business established by the foreign company in India.
- (a) FC 4
  - (b) FC 2
  - (c) FC 1
  - (d) FC 3
- (xiv) The supervisory board under the German Model is known as
- (a) Aufsichtsrat
  - (b) Kiertsu
  - (c) Vorstand
  - (d) Kyosei
- (xv) An audit committee has four fold relationship and therefore has to interact with management, internal auditor, public and
- (a) Cost auditor
  - (b) Statutory auditor
  - (c) Tax auditor
  - (d) Management auditor
- (xvi) Which one of the following categories of person have the right to information under section 3 of Right to Information Act, 2005?
- (a) Only aggrieved persons
  - (b) All the Indian Resident and Foreign National staying in India
  - (c) All the citizens of India
  - (d) Non Resident Indians
- (xvii) Business ethics are needed to create a faith about the quality, quantity, price etc. of products. The customers have more trust and faith in the businessmen who follow ethical rules. They feel that such businessmen would not cheat them. Which one of the following is appropriate for it?
- (a) Sefeguarding consumers' right
  - (b) Improve customers' confidence
  - (c) Survival of business
  - (d) Consumer movement

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- (xviii) Holders of public office should not place themselves under any financial or other obligation to outside individuals or organizations that might influence them in the performance of their official duties. This principle of public life is called
- (a) Selflessness
  - (b) Honesty
  - (c) Objectivity
  - (d) Integrity
- (xix) There are many types of ethical conflicts in the
- (a) Business place
  - (b) Office place
  - (c) Work place
  - (d) Public place
- (xx) Which one of the following is said to be "unethical behavior"?
- (a) Encouraging communication
  - (b) Economic cycles
  - (c) Employees awareness
  - (d) Objectivity

**(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 <sup>st</sup> 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**

- 2 (a) (i)** State the grounds upon which a contract may be discharged under the provisions of the Indian Contracts Act, 1872.
- (ii)** How the surety is discharged from liability. **8+7 = 15**
- 2 (b) (i)** State the provisions relating to Inspectors as per The Payment of Bonus Act, 1965.
- (ii)** When and under what circumstances a person can receive pension under Employees Provident Fund Scheme? **8+7 = 15**
- 2 (c) (i)** When compensation is not payable (Workmen's Compensation Act, 1923).

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- (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+7 = 15**
- 2 (d) (i)** Distinguish between Negotiability and Assignment.
- (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. **10+5 = 15**
- 2 (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 provisions of the Indian Contract Act, 1872 decide whether W is entitled to get the reimbursement of the said amount from Z.
- (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
- (iii)** Bill of Exchange dated 1<sup>st</sup> 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 × 3 = 15**

### **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?
- (ii)** What are the areas of operations by an Internal Audit involved?
- (iii)** Explain Red Herring Prospectus under the Companies Act, 2013. **5 × 3 = 15**
- 3. (b) (i)** How many Independent Directors have to be appointed in a company under the Companies Act, 2013?
- (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.
- (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 × 3 = 15**

**Section D**

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

**4 (a) (i)** A Cost and Management Accountant has certain professional ethics to follow while working in the company. Briefly state the obligations performed and threats faced by the Accountant.

**(ii)** Explain Ethics as principle. **10+5 = 15**

**4 (b) (i)** What are the seven principles of Public life? Explain.

**(ii)** What are the consequences of unethical behavior? **8+7 = 15**