

## **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) An agreement which is enforceable at the option of one or more parties thereto but not at the option of other or others is called
  - (a) Void contract.
  - (b) Voidable contract.
  - (c) Void agreement.
  - (d) Unenforceable contract.
  
- (ii) Which of the following agency is irrevocable under The Indian Contract Act, 1872?
  - (a) Agency for fixed period
  - (b) Agency for single transaction
  - (c) Agency coupled with interest
  - (d) Continuing agency
  
- (iii) A sort of tacit understanding/agreement among the intending bidders to stifle competition by not bidding against each other in an auction sale is called as
  - (a) Damping
  - (b) Knock-out agreement
  - (c) Puffers
  - (d) By-bidders
  
- (iv) 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
  - (a) Ambiguous
  - (b) Inchoate
  - (c) Escrow
  - (d) Inland
  
- (v) Which Committee is constituted by the occupier to promote cooperation between the workers and management in maintaining proper safety and health at workplace?
  - (a) Safety Committee
  - (b) Health Committee
  - (c) Management Workers Consultative Committee
  - (d) Maintenance Committee
  
- (vi) Under Payment of Bonus Act, 1965, in disputed cases, bonus must be paid

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- (a) Within 8 months from the close of the accounting year.
  - (b) Within 1 month from the date on which the award becomes enforceable.
  - (c) Within 2 months from the date on which the award becomes enforceable.
  - (d) Within 6 months from the date of closing of the accounting year.
- (vii) Businessmen or industrialists take initiative to form new companies. Their main function is to manage the company after its promotion, they are known as
- (a) Particular Promoters
  - (b) Occasional Promoters
  - (c) Professional Promoters
  - (d) General Promoters
- (viii) Which of the following persons are exempted from fees under Right to Information (RTI) Act, 2005?
- (a) Foreigners
  - (b) Young persons
  - (c) People living below the poverty line
  - (d) Association of persons
- (ix) The study of ethics can be divided into four operational areas namely meta ethics, normative ethics, descriptive ethics and
- (a) Positive ethics
  - (b) Physical ethics
  - (c) Applied ethics
  - (d) Natural ethics
- (x) When a professional promotes a position or opinion to such extent that some objectivity may have to be compromised, this threat is known as
- (a) Familiarity threat
  - (b) Objectivity threat
  - (c) Advocacy threat
  - (d) Intimidation threat
- (xi) A contract is a combination of
- (a) Agreement and free consent
  - (b) agreement and consideration
  - (c) agreement and enforceability
  - (d) agreement and competence of parties
- (xii) The provisions regarding maximum number of members in a partnership are given in
- (a) The Partnership Act
  - (b) The Companies Act
  - (c) The Societies Registration Act
  - (d) The Co-operative Societies Act

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- (xiii) X and Y agree to divide the profits of a business in equal shares but the loss if any is to be borne by X only. The partnership agreement is
- (a) void
  - (b) voidable
  - (c) lawful
  - (d) illegal
- (xiv) First aid boxes or cupboard equipped with prescribed contents and not less than one in number must be provided and maintained in every factory so as to be accessible during all working hours for every
- (a) 200 workers for any time
  - (b) 150 workers for any time
  - (c) 500 workers for any time
  - (d) 30 workers for any time
- (xv) XYZ Ltd. do which the payment of Wages Act, 1936 is applicable, fixes the wages period of 36 days. You as a Cost and Management Accountant of the Company, how would advice the company.
- (a) There is no problem in the above act of the Company
  - (b) As per Section 4(2) of the Act, no wage period can exceed one month. So the company would be advised accordingly.
  - (c) The wages period can be more than 30 days subject to approval of appropriate Government
  - (d) The company should take permission of Inspector of the factory.
- (xvi) Under Section 14 of The Prevention of Money Laundering Act, 2002 gives immunity to \_\_\_\_\_ against civil proceedings for furnishing information
- (a) an individual
  - (b) a HUF
  - (c) an agency
  - (d) a Banking Company
- (xvii) One of the following is not a objective of the RTI Act.
- (a) Accountability
  - (b) Eliminate corruption (responsibility)
  - (c) Freedom to speech
  - (d) Transparency
- (xviii) When the day on which a promissory note or bill of exchange is at maturity is a public holiday, the instrument shall be deemed to be due on the
- (a) Preceding day
  - (b) Next preceding business day
  - (c) Same day of next week
  - (d) 3rd day following the day holiday

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- (xix) In case of an employee who has not completed 15 years of age at the beginning of the Accounting year, the minimum bonus will be
- (a) ₹ 100 or 8.33% of salary or wages whichever is higher.
  - (b) ₹ 60 or 8.33% of salary or wages whichever is higher.
  - (c) ₹ 60 or 8.33% of salary or wages whichever is lower.
  - (d) 8.33% of salary or wages.
- (xx) Every LLP firm shall have at least \_\_\_\_\_ designated partners who are individuals.
- (a) two
  - (b) three
  - (c) four
  - (d) Five

**(b) Match the following:**

**5 x 1 = 5**

	Column 'A'		Column 'B'
1.	Sec 25 of Indian Contract Act	(A)	Factory Act
2.	Quantum Merruit	(B)	Minimum Wages Act
3.	Relay	(C)	Solomon vs Solomon & Co. Ltd.
4.	Schedule Employment	(D)	Agreement without consideration
5.	Lifting of Corporate Veil	(E)	Sale of goods Act

### Section B

**2. Answer any Three questions:**

**3 x 15 = 45**

- (a) (i)** What are essential elements of a valid acceptance?  
**(ii)** What are the different categories of Industrial Disputes? **8+7 = 15**
- (b) (i)** Limited Liability Partnerships are body corporate. Do you agree? Justify.  
**(ii)** The Minimum Wages Act, 1948 prescribes payment of wages in cash only. Comment.  
**(iii)** State your views on the following:  
    (a) Consideration for sale of goods must be in terms of money.  
    (b) In an auction sale, a bid once made cannot be withdrawn by the bidder.  
    (c) A partner is not an agent of other partners in a partnership firm. **5+4+6 = 15**
- (c) (i)** What procedure shall an employee adopt for the recovery of the amount of bonus due to him from his employer under the Payment of Bonus Act 1965?  
**(ii)** Under what circumstances the gratuity payable to an employee be forfeited? **7+8 = 15**
- (d) (i)** State the circumstances under which a banker is bound to refuse the payment of a cheque.

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(ii) Is the amount standing to the credit of a member of the Provident Fund attachable in the execution of decree or order of the Court? Examine the law, on this point, laid down in the Employees' Provident Funds and Miscellaneous Provisions Act, 1952.

**8+7 = 15**

(e) (i) X Father promised to pay his son Y a sum of ₹ One lakh if Y (son of X) passed CMA examination in the first attempt. Y passed the CMA examination in his first attempt, but X failed to pay the amount as promised. Y files a suit for recovery of the said amount. State along with reasons whether Y can recover the amount under the Indian Contract Act, 1872.

(ii) ABC & Co., a firm consists of three partners A, B and C having one-third share each in the firm. According to A and B, the activities of C are not in the interest of the partnership and thus want to expel C from the firm. Advise A and B whether they can do so quoting the relevant provisions of the Indian Partnership Act.

(iii) Ram sells 200 bales of cloth to Shyam and sends 100 bales by lorry and 100 bales by Railway. Shyam receives delivery of 100 bales sent by lorry, but before he receives the delivery of the bales sent by railway, he becomes bankrupt. Ram being still unpaid, stops the goods in transit. The official receiver, on Shyam's insolvency claims the goods. Decide the case with reference to the provisions of the Sale of Goods Act, 1930.

**5+5+5 = 15**

### **Section C**

**3. Answer any one question:**

**15×1 = 15**

(a) (i) Explain the procedure for removal of Directors from a company.

(ii) Explain about the allotment of Director Identification Number.

**8+7 = 15**

(b) (i) Why is internal audit necessary to Management? Discuss.

(ii) Write down the procedure to be followed by a PIO for providing information to an applicant under Right to Information Act, 2005.

**7+8 = 15**

### **Section D**

**4. Answer any one question:**

**1 x 15 = 15**

(a) (i) Explain the differences between Ethical Code and Contract.

(ii) What are the circumstances leading to actual happening of threats for an Accounting Professionals working as employee.

**7+8 = 15**

(b) (i) Explain the features of good corporate governance.

(ii) Explain the concept of Value free ethics.

**8+7 = 15**