

**INTERMEDIATE EXAMINATION**

December 2017

**P-6(LNE)  
Syllabus 2016**

**Laws and Ethics**

Time Allowed: 3 Hours

Full Marks: 100

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

*This question paper has two sections.*

*Both the sections are to be answered subject to instructions given against each.*

**SECTION – A**

1. Answer all questions:

25

(a) Multiple choice questions:

10

- (i) 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
- (ii) Which of the following is a method of discharge from liability?
  - (A) By endorsement
  - (B) By promising
  - (C) By cancellation
  - (D) By registration
- (iii) A partner may contribute to the LLP
  - (A) tangible or intangible property.
  - (B) moveable or immovable property.
  - (C) money, promissory note etc.
  - (D) Any of the above
- (iv) Gratuity is payable to an employee after he has rendered continuous service for not less than five years on his
  - (A) transfer
  - (B) daughter's marriage
  - (C) re-employment
  - (D) resignation

**Please Turn Over**

(v) Who will not be considered as an employee?

- (A) Canteen workers
- (B) Casual workers
- (C) Partners
- (D) Part time employee

(vi) "Individual pension account" means an account of subscriber, executed by a contract setting out the terms and conditions under the

- (A) Provident fund scheme
- (B) National pension system
- (C) Citizen welfare system
- (D) Minimum wage payment scheme

(vii) Which of the following is not a category of company?

- (A) Inactive company
- (B) Assistant company
- (C) Dormant company
- (D) Producer company

(viii) Section 92 of the Companies Act, 2013 requires a company to prepare and file annual return in form no.

- (A) MGT-12
- (B) INC-23
- (C) MGT-7
- (D) SH-10

(ix) An instrument of the proxy shall be deposited with the registered office of the company within \_\_\_\_\_ before the conduct of the meeting.

- (A) 7 hours
- (B) 21 hours
- (C) 48 hours
- (D) 60 hours

(x) A proper foundation of ethics requires a standard of \_\_\_\_\_ to which all goals and actions can be compared to.

- (A) value
- (B) living
- (C) life
- (D) speech

(b) Match and pair:

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|    | Column I  |     | Column II   |
|----|---|-----|---|
| 1. | Hybrid between a company and a partnership          | (A) | Existence from the time of incorporation to winding up                      |
| 2. | Perpetual succession                                | (B) | Powers of the controlling authority   |
| 3. | Red herring prospectus                              | (C) | Need for business ethics  |
| 4. | Requiring the discovery and production of documents | (D) | A limited liability partnership   |
| 5. | Smooth functioning                                  | (E) | Does not include complete particulars of the quantum or price of securities |

(c) True and False:

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- (i) The seller of the goods is not bound to deliver them until the buyer applies for the delivery.
- (ii) The partners of a LLP may remove an auditor from office at any time by following the procedure as laid down in the LLP agreement.
- (iii) The certificate of fitness granted by the certifying surgeon shall be valid for a period of 24 months from the date thereof.
- (iv) The e-voting shall remain open for not less than 3 days and shall close at 5.00 P.M. on the date preceding the date of general meeting.
- (v) The term 'ethics' derived from French word 'ethos' which means character.

(d) Fill in the blanks:

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- (i) Remission means \_\_\_\_\_ of a lesser performance than what is actually due under the contract.
- (ii) A promissory note or bill of exchange, in which no time for payment is specified, and a cheque, are payable on \_\_\_\_\_.
- (iii) Where a person provides labour or service to another for remuneration which is less than the minimum wage, such labour is called \_\_\_\_\_.
- (iv) The monies received on application shall be kept in a separate bank account in a \_\_\_\_\_ bank.
- (v) The seven principles of \_\_\_\_\_ were set out by Lord Nolan in 1995.

**SECTION - B**

*Answer any five questions.*

2. (a) What are the position of Minor's agreement and effect thereof?  
(b) A agreed to become an assistant for five years to B who was a doctor practicing at Chennai. It was also agreed that during the term of agreement A will not practice on his own account in Chennai. At the end of one year, A left the assistantship of B and began to practice on his own account. Referring to the provisions of the Indian Contract Act, 1872, decide whether A could be restrained from doing so. 10+5=15
3. (a) What do you understand by "Caveat-Emptor" under the sale of Goods Act, 1930? What are the exceptions to this rule?  
(b) X, by inducing Y, obtains a Bill of Exchange from him fraudulently in his (X) favour. Later, he enters into a commercial deal and endorses the bill to Z towards consideration to him (Z) for the deal. Z takes the Bill as a holder in due course. Z subsequently endorses the bill to X for value, as consideration to X for some other deal. On maturity, the bill is dishonoured. X sues Y for recovery of money. With reference to the provisions of Negotiable Instruments Act, decide whether X will succeed in the case. 8+7=15
4. (a) What are the different kinds of deduction that can be made from wages under the Payment of Wages Act, 1936?  
(b) When can a member withdraw from his National Pension Funds account? 10+5=15
5. (a) Discuss the procedure for conducting a poll in a meeting of a company.  
(b) Elucidate the circumstances in which a company cannot buy-back its own shares as per the provisions of the Companies Act, 2013. 9+6=15
6. (a) What are the different duties of a director in a company as per the Companies Act, 2013?  
(b) Enumerate the provisions relating to Restrictions on powers of Board. 8+7=15
7. (a) Why business ethics is more important and immensely needed in the present business environment? Discuss.  
(b) Discuss the procedure for determination of the amount of gratuity as per section 7 of the Payment of Gratuity Act, 1972. 10+5=15
8. Write short notes on *any three* of the following terms: 5×3=15  
(a) Contingent Contract  
(b) Director Identification Number (DIN)  
(c) Business Ethics  
(d) Cleanliness of factory
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