

INTERMEDIATE EXAMINATION

June 2016

P-6(LEG)
Syllabus 2012

Laws, Ethics and Governance

Time Allowed: 3 Hours

Full Marks: 100

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

This paper contains four questions.

All questions are compulsory, subject to instruction provided against each questions.

All workings must form a part of your answer.

Assumptions, if any, must be clearly indicated.

SECTION – A

1. Answer all questions:

(a) Multiple choice questions:

1×10=10

- (i) 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
- (ii) 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
- (iii) 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
- (iv) 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

Please Turn Over

- (v) XYZ Ltd to 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 you advise 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 30 days. 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.
- (vi) Under Section 14 of The Prevention of Money Laundering Act, 2002 gives immunity to—
- (a) an individual
 - (b) a HUF
 - (c) an agency
 - (d) a Banking Company
- (vii) One of the following is not an objective of the RTI Act.
- (a) Accountability
 - (b) Eliminate corruption (responsibility)
 - (c) Freedom to speech
 - (d) Transparency
- (viii) 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 date holiday
- (ix) 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.
- (x) Every LLP firm shall have at least _____ designated partners who are individuals.
- (a) two
 - (b) three
 - (c) four
 - (d) five

- (b) Fill in the blanks. 1×5=5
- (i) The maximum number of parties in a contract may be _____.
 - (ii) The Primary role of _____ committee is to assist the board in identifying prospective directors.
 - (iii) If gratuity is not paid within 30 days from the date it becomes payable simple interest @ _____ p.a. is payable on the expiry of the said period.
 - (iv) The appropriate Government may direct that the provision of Minimum Wages Act 1948 will not be applicable in case of wages payable to a _____ person.
 - (v) In the case of banking business, the maximum number of legal partners is _____.
- (c) State whether the following statements are True (or) False. 1×5=5
- (i) All agreements are contracts but all contracts are not agreements.
 - (ii) In a contract of guarantee two parties are necessary.
 - (iii) Delivery means voluntary transfer of possession of goods from one person to another.
 - (iv) Share holders and Stake holders are synonyms.
 - (v) Ethics and Law have the same purpose.
- (d) Match the following (any five): 1×5=5

	Column 'A'		Column 'B'
1.	Doctrine of Privity of Contract	(A)	Factory Act
2.	Quantum Merruit	(B)	Minimum Wages Act
3.	Relay	(C)	Solomon vs Solomon & Co. Ltd.
4.	Schedule Employment	(D)	Corporate Governance
5.	Lifting of Corporate Veil	(E)	Ethical Conflict
6.	Financial Reporting Council	(F)	Contract Act
7.	Economic cycles	(G)	Sale of goods Act

SECTION - B

2. Answer any three questions: 15×3=45
- (a)
 - (i) What are essential elements of a valid acceptance? 8
 - (ii) What are the different categories of Industrial Disputes? 7
 - (b)
 - (i) Limited Liability Partnerships are body corporate. Do you agree? Justify. 5
 - (ii) The Minimum Wages Act, 1948 prescribes payment of wages in cash only. Comment. 4
 - (iii) State your views on the following: 2×3=6
 - (a) Consideration for sale of goods must be in terms of money.
 - (b) In an auction sale, a bid once made can not be withdrawn by the bidder.
 - (c) A partner is not an agent of other partners in a partnership firm.

- (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? 7
(ii) Under what circumstances the gratuity payable to an employee be forfeited? 8
- (d) (i) State the circumstances under which a banker is bound to refuse the payment of a cheque. 8
(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. 7
- (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. 5
(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. 5
(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

SECTION – C

3. Answer any one question: 15×1=15
- (a) (i) Can a non-profit organisation be registered as a company under the companies Act, 2013? If so, what procedure does it have to adopt? 7
(ii) ABC Limited decides to buy-back its own shares. Advise the Company's Board of Directors about the sources of which the company can buy-back its own shares. 4
(iii) Briefly explain the provisions relating to submission of Cost Audit Report to the Board of Directors as per the Companies Act, 2013. 4
- (b) (i) What is meant by Corporate Governance? State the measures of 'Corporate Governance' with reference to Indian Companies. 6
(ii) Define the term 'Small Company' as contained in the Companies Act, 2013. 5
(iii) MB Pvt. Ltd. Company having outstanding loans or borrowing from banks exceeding one hundred crore rupees wants to appoint Internal Auditor. Please guide him who can be appointed as Internal Auditor. 4

SECTION – D

4. Answer any one question: 15×1=15
- (a) (i) What is 'Business Ethics'? 7
(ii) What are circumstances leading to actual happening of threats for an Accounting professionals working as Consultants or Auditors? 8
- (b) (i) What are the fundamental principles of ethical behaviour? 7
(ii) Explain the reasons for unethical behaviour among finance and accounting professionals. 8