

Solved Scanner Appendix

CMA Inter Gr. I (New Syllabus)

(Solution of December 2014)

Paper - 6: Laws, Ethics and Governance

Chapter - 1: Contract - Basic Concepts & Important Terms

2014 - Dec [2] (b) (i)

Claim for Necessaries Supplied to Person Incapable of Contracting, or on his Account (Section 68):

If a person, incapable of entering into a contract, or anyone whom he is legally bound to support, is supplied by another person with necessaries suited to his condition in life, the person who has furnished such supplies is entitled to be reimbursed from the property of such incapable person.

Hence, jeweller is entitled to claim the above amount from property of H.

Chapter - 3 : Indemnity & Guarantee

2014 - Dec [2] (e) (i)

Discharge of a Surety

By revocation which may be by way of:

- (i) **Giving notice (Section 130):** A specific guarantee cannot be revoked by the surety if the liability has already accrued. But continuing guarantee can be revoked by notice as to future transactions.

Example:

A in consideration of B's discounting at A's request bills of exchange for C, guarantees to B for twelve months, the due payment of all such bills to the extent of ₹ 50,000. B discounts the bill for C to the extent of ₹ 24,000. Afterwards, at the end of the three months, A revokes the guarantee. The revocation discharges A from liability to B for any subsequent discount. But A is liable to B for ₹ 24,000 on default of C.

(ii) **Death of surety (Section 131):** Surety stands discharged for future transactions unless is contrary is not there in the contract. But deceased surety's estate cannot be liable for any transactions between the creditors and principal debtors after the death of the surety even if the creditor has no notice thereof.

(iii) Novation i.e. substitution of with a new contract for an old one.

Chapter - 7 : The Sale of Goods Act, 1930

2014 - Dec [2] (a) (i), (b) (iii), (d) (i), (e) (ii)

(a) (i) Shop owner cannot refuse to sell such mobile under the provisions of contract Act, 1872.

(b) (iii) Lalit can recover the amount from Rohit as transfer of goods by Rohit to Sumit signifies that he has accepted the goods. Hence, he is liable to pay to Lalit.

(d) (i) **Right of stoppage in transit (Section 50):**

When the buyer of goods becomes insolvent, the unpaid seller who has parted with the possession of the goods has the right of stopping them in transit, that is to say, he may resume possession of the goods as long as they are in the course of transit, and may retain them until payment or tender of the price.

This is one of the methods of protecting the unpaid seller against the risk of his goods going to the possession of an insolvent. As Lord Reading said in Booth Steamship Co. v/s Cargo Fleet from Co. 1916 2KB 570 at 580 "It is a right founded upon the plain reason that one man's goods shall not be applied to the payment of another man's debt.

(e) (ii) Bhushan can claim the damages from Abhishek for Providing false information.

Chapter - 9 : Industrial Disputes Act, 1947

2014 - Dec [2] (a) (iv)

"Average pay" means the average of the wages payable to a workman:

- (i) in the case of monthly paid workman, in the three complete calendar months,
- (ii) in the case of weekly paid workman, in the four complete weeks.
- (iii) in the case of daily paid workman, in the twelve full working days, preceding the date on which the average pay becomes payable if the workman had worked for three complete calendar months or four complete weeks or twelve full working days, as the case may be, and where such calculation cannot be made, the average pay shall be calculated as the average of the wages payable to a workman during the period he actually worked.

Chapter - 10: Employee's Compensation Act, 1923

2014 - Dec [2] (e) (iii)

When employer is not liable:

The Compensation payable under the Act is to be made by deposit to the Commissioner of Employee's Compensation who will distribute the same to Employee or his dependents. However, amount equal to 3 months wages can be paid directly to the dependents in cases of death of Employee, provided the said amount is less than the total compensation payable to Employee. Report of death and serious bodily injury should be given within 7 days of the death/serious bodily injury to the Commissioner of Employee's Compensation.

Chapter - 11: Payment of Wages Act, 1936

2014 - Dec [2] (c) (i)

As per Section 7 of Payment of Wages Act, 1936, a company can recover five from the wages of an employee.

Chapter - 12: Minimum Wages Act, 1948

2014 - Dec [2] (c) (ii)

Yes, this is correct as per provisions of payment of minimum Wages Act, 1948.

Chapter - 13: Payment of Bonus Act, 1965

2014 - Dec [2] (d) (iii)

It is very customary these days to pay interim bonus in the form of puja bonus or other customary bonus, then the employer is entitled to deduct the amount of bonus so paid from the amount of bonus payable by him to the employee under this Act in respect of that accounting year and the employee will be entitled to receive only the balance. In addition to adjustment of interim/puja bonus, if an employee is found guilty of misconduct causing financial loss to the employer, then, the employer can deduct the amount of loss from the amount of bonus payable by him to the employee under this Act in respect of that accounting year only. If an employee has not worked for all the working days in an accounting year, the minimum bonus of one hundred rupees or, as the case may be, of sixty rupees, if such bonus is higher than 8.33 percent of his salary or wage for the days he has worked in that accounting year, is proportionately reduced.

Chapter - 16: Employees' Provident Funds and Miscellaneous Act, 1952

2014 - Dec [2] (c) (iii)

Employees Deposit-linked Insurance Scheme:

- (1) The Central Government may, by notification in the Official Gazette, frame a scheme to be called the Employees' Deposit-linked Insurance Scheme for the purpose of providing life insurance benefits to the employees of any establishment or class of establishments to which this Act applies.

- (2) There shall be established, as soon as may be after the framing of the Insurance Scheme, a Deposit linked Insurance Fund into which shall be paid by the employer from time to time in respect of every such employee in relation to whom he is the employer, such amount, not being more than one percent of the aggregate of the basic wages, dearness allowance and retaining allowance (if any) for the time being payable in relation to such employee as the Central Government may, by notification in the Official Gazette, specify.
- Explanation:** For the purposes of this sub-section, the expressions “dearness allowance” and “retaining allowance” have the same meanings as in Section 6.
- (3) The employer shall pay into the Insurance Fund such further sums of money, not exceeding one fourth of the contribution which he is required to make under sub-section (2), as the Central Government may, from time to time, determine to meet all the expenses in connection with the administration of the Insurance Scheme other than that expenses towards the cost of any benefits provided by or under that scheme.
- (4) The Insurance Fund shall vest in the Central Board and be administered by it in such manner as may be specified in the Insurance Scheme.
- (5) The Insurance Scheme may provide for all or any of the matters specified in Schedule IV.
- (6) The Insurance Scheme may provide that any of its provisions shall take effect either prospectively or retrospectively on such date as may be specified in this behalf in that Scheme.

Chapter - 18: The Negotiable Instruments Act, 1881

2014 - Dec [2] (a) (iii), (d) (ii), (e) (iv)

- (a) (iii) Yes, Rohan will succeed in his claim. In case Mr. Punit gets the cheque encashed himself, Rohan will not succeed.
- (d) (ii) Where any cheque drawn by a person for discharge of any liability is returned by the bank unpaid for the reason of insufficiency of the amount of money standing to the credit of the account on which the cheque was drawn or for the reason that it exceeds the arrangement made by the drawer of the cheque with the banker for that account, the drawer of such cheque shall be deemed to have committed an offence. In that case, the drawer, without prejudice to the other provisions of the Act, shall be punishable with imprisonment for a term which may extend to two years, or with fine which may extend to twice the amount of the cheque, or with both.

In order to constitute the said offence:

- (a) such cheque should have been presented to the bank within a period of six months from the date on which it is drawn or within the period of its validity, whichever is earlier; and
- (b) the payee or holder in due course of such cheque should have made a demand for the payment of the said amount of money by giving notice, in writing, to the drawer of the cheque within thirty days of the receipt of information by him from the bank regarding the return of the cheque unpaid; and
- (c) the drawer of such cheque should have failed to make the payment of the said amount of money to the payee or the holder in due course of the cheque within fifteen days of the receipt of the said notice.

It has also been provided that it shall be presumed, unless the contrary is proved, that the holder of such cheque received the cheque in the discharge of a liability. Defenses which may or may not be allowed in any prosecution for such offence have also been provided to make the provisions effective. The Supreme Court in *Modi Cements Ltd. v/s K.K. Nandi*, (1988)28 CLA 491, held that merely because the drawer issued a notice to the drawee or to the Bank for 'stop payment', it would not preclude an action under section 138 by the drawee or holder in due course.

- (e) (iv) Date of maturity is 4th April, 2014. Yes endorser and maker will be discharged due to such delay.

Chapter - 19: Indian Partnership Act, 1932

2014 - Dec [2] (a) (ii)

Rights Of Outgoing Partner in Certain Cases To Share Subsequent Profit

(Section 37): Where any member of a firm has died or otherwise ceased to be a partner, and the surviving or continuing partners carry on the business of the firm with the property of the firm without any final settlement of accounts as between them and the outgoing partner or his estate, in the absence of a contract to the contrary, the outgoing partner or his estate, is entitled at the option of himself or his representatives to such share of the profits made since he ceased to be a partner as may be attributable to the use of his share of the property of the firm or to interest at the rate of six percent. per annum on the amount of his share in the property of the firm:

Provided that where by contract between the partners an option is given to surviving or continuing partners to purchase the interest of a deceased or outgoing partner, and that option is duly exercised, the estate of the deceased partner, or the

outgoing partner or his estate, as the case may be, is not entitled to any further or other share of profits; but if any partner assuming to act in exercise of the option does not in all material respects comply with the terms thereof, he is liable to account under the foregoing provisions of this section.

Chapter - 20: The Limited Liability Partnership Act, 2008

2014 - Dec [2] (b) (ii)

Where the change in place of registered office is from one state to another state, a general notice, not less than 21 days before filing any notice with Registrar, is required to be published in a daily newspaper published in English and in the principal language of the district in which the registered office of the limited liability partnership is situated and circulating in that district giving notice of change of registered office. However, there is just change in the jurisdiction of one Registrar to the jurisdiction of another Registrar, the limited liability Partnership shall file the notice in Form 15 with the Registrar from where the limited liability partnership proposes to shift its registered office with a copy thereof for the information to the Registrar under whose Jurisdiction the registered office is proposed to be shifted. Failure to comply with the provision of this section the limited liability partnership and its every partner is liable to be punishable with fine which shall not be less than two thousand rupees but which may extend to twenty five thousand rupees.

Chapter - 21: The Prevention of Money Laundering Act, 2002

2014 - Dec [2] (c) (iv)

Money Laundering is the generic term used to describe the process by which criminals disguise the original ownership and control of the proceeds of criminal conduct by making such process appear to have derived from the legitimate source. The term money laundering has not been defined in the Act any where, however, Section 2 of the Act which defines various terms and expressions used in the Act in sub-section (p) refer the meaning of money laundering to Section 3 of the Act. Section 3 of the Act says "Whosoever directly or indirectly attempts to indulge or knowingly is a party or is actually involved in any process or activity connected with the proceeds of crime and projecting it as untainted property shall be guilty of offence of money laundering". So we can say that activity or process by which tainted money of crime is projected as untainted property is money laundering. It is not necessary that the person should be directly involved in the process of legitimating the tainted money but also all those persons who assisted or were party to it or attempts to do will be guilty of money laundering activity.

Chapter - 22: Basic Concepts of Company Law

2014 - Dec [3] (a) (i), (b) (i)

(a) (i) The right to claim compensation for any loss or damage sustained by reason of any untrue statement in a prospectus is available only to a person who has “subscribed” for securities on the faith of the prospectus containing untrue statement. The word ‘subscribed’ denotes that the shares were acquired directly from the company by allotment. A subsequent purchaser of shares in the open market has no remedy against the company or the directors or promoters. Also, a subscriber to the memorandum cannot seek relief, as the company cannot be said to be in existence when he signed the memorandum, and he cannot be said to have been influenced by any statement, in the prospectus. Again, liability under a prospectus can only arise when the prospectus has been issued and only in favour of persons who subscribe for securities in response to it and relied upon the statement made therein.

(b) (i) **Deemed Prospectus:**

Section 25(1) of Companies Act, 2013 states that when a company allots or agrees to allot any securities of the company with a view to all or any of those securities being offered for sale to the public:

- (a) any document by which the offer for sale to the public is made shall, for all purposes, be deemed to be a prospectus issued by the company; and
- (b) all enactments and rules of law as to the contents of prospectus and as to liability in respect of misstatements, in and omissions from, prospectus, or otherwise relating to prospectus, shall apply with the modifications specified in subsections (3) and (4) and shall have effect accordingly, as if the securities had been offered to the public for subscription and as if persons accepting the offer in respect of any securities were subscribers for those securities, but without prejudice to the liability, if any, of the persons by whom the offer is made in respect of mis-statements contained in the document or otherwise in respect thereof.

Section 25(2) states that unless the contrary is proved, it shall be evidence that an allotment of, or an agreement to allot, securities was made with a view to the securities being offered for sale to the public if it is shown:

- that an offer of the securities or of any of them for sale to the public was made within six months after the allotment or agreement to allot; or

- that at the date when the offer was made, the whole consideration to be received by the company in respect of the securities had not been received by it.

As per section 25(3); Section 26 as applied by this section shall have effect as if :

- (i) it required a prospectus to state in addition to the matters required by that section to be stated in a prospectus:
 - (a) the net amount of the consideration received or to be received by the company in respect of the securities to which the offer relates; and
 - (b) the time and place at which the contract where under the said securities have been or are to be allotted may be inspected;
- (ii) the persons making the offer were persons named in a prospectus as directors of a company.

Chapter - 24: Cost Auditor

2014 - Dec [3] (c) (i)

- The Audit Committee of the Board shall be the first point of reference regarding the appointment of cost Auditors.
- The Audit Committee shall ensure that the cost auditor is free from any disqualifications as specified under section 148 read with Section 139 and Section 141 of the Companies Act, 2013.
- While a cost auditor shall have prime responsibility to ensure that he does not violate the limits specified Companies Act, 2013, the Audit Committee shall also be responsible for such compliance by the cost auditor.
- The Audit Committee shall obtain a certificate from the cost auditor certifying his/its independence and arm's length relationship with the company.

Chapter - 25: The Right to Information Act, 2005

2014 - Dec [3] (a) (iii), (b) (ii)

(a) (iii) Exemption from Disclosure (Section 8):

Certain categories of information have been exempted from disclosure under the Act. These are:

- Where disclosure prejudicially affects the sovereignty and integrity of India, the security, strategic, scientific or economic interests of the State, relation with foreign State or lead to incitement of an offence;
- Information which has been expressly forbidden by any court or tribunal or the disclosure of which may constitute contempt of court;
- Where disclosure would cause a breach of privilege of Parliament or the State Legislature;

- Information including commercial confidence, trade secrets or intellectual property, where disclosure would harm competitive position of a third party, or available to a person in his fiduciary relationship, unless larger public interest so warrants;
 - Information received in confidence from a foreign government;
 - Information the disclosure of which endangers life or physical safety of any person or identifies confidential source of information or assistance;
 - Information that would impede the process of investigation or apprehension or prosecution of offenders;
 - Cabinet papers including records of deliberations of the Council of Ministers, Secretaries and other officers;
 - Provided that the decisions of Council of Ministers, the reasons thereof and the material on the basis of which the decisions were taken shall be made public after the decision has been taken and the matter is complete, or over;
 - Provided further that those matters which come under the exemptions specified in this section shall not be disclosed;
Personal information which would cause invasion of the privacy unless larger public interest justifies it.
- (b) (ii) As per section 6(3) where an application is made to a public authority requesting for an information:
- (i) which is held by another public authority; or
 - (ii) the subject matter of which is more closely connected with the functions of another public authority, the public authority, to which such application is made, shall transfer the application or such part of it as may be appropriate to that other public authority and inform the applicant immediately about such transfer.

Provided that the transfer of an application pursuant to this sub-section shall be made as soon as possible but in no case later than five days from the date of receipt of the application.

Chapter - 26: Governance

2014 - Dec [3] (a) (ii), (c) (ii)

(a) (ii) Transparency:

The code provides that the management board should disclose immediately any facts that might affect the enterprise's activities and which are not publicly known. The report emphasizes that all shareholders should be treated equally in respect of information disclosure and that the company may use appropriate media, such as the internet, to inform the

shareholders and investors in an efficient and timely manner. There is disclosure required in terms of the shareholdings, including options and derivatives, that are held by individual management board and supervisory board members. These must be reported if they directly or indirectly exceed 1 per cent of the shares issued by the company. The code also states: 'if the entire holdings of all members of the management board and supervisory board exceed 1 per cent of the shares issued by the company, these shall be reported separately according to the management board and supervisory board'. These disclosures should all be included in the corporate Governance report.

(c) (ii) XBRL Web Services:

Regulators and other government agencies are faced with managing, processing and analysing growing volumes of business information. In the past, information exchange between regulated entities and regulators was typically conducted through the manual exchange of paper based forms. From those forms, regulators applied a range of analytical procedures almost all of which started with the manual transfer of critical information from the relevant forms into storage and analysis applications. To increase their efficiency and effectiveness, regulators around the world are migrating their processes onto the internet. Many regulators already offer web based forms into which regulated entities can enter their information. This enables regulators to access and re-use reported data in their analytical applications in a more automated manner, reducing processing time, increasing information integrity and improving the timeliness of their own analysis and reporting, all by eliminating manual preparation work.

Ideally, electronic filing forms should be capable of interfacing with a wide variety of software programs that reporting entities use, so that submitting information is as fast, easy and low-cost as possible. In addition, regulators need to deliver information in a format that their audiences in other government areas, the markets and the business community can access easily and cheaply, as well as use at their convenience.

Chapter - 27: Ethics and Business

2014 - Dec [4] (a) (i), (b) (i)

(a) (i) Need for Business Ethics:

Business ethics is currently a very prominent business topic and the debates and dilemmas surrounding business ethics have attracted enormous amount of attention from different quarters of organizations and society. Hence, it has emerged as an increasingly important area of study. Some of the major reasons why a good understanding of business ethics is important can be stated as follows:

- **Stop business mal practices:** Some unscrupulous businessmen do business mal practices by indulging in unfair trade practices like black-marketing, artificial high pricing, adulteration, cheating in weights and measures, selling of duplicate and harmful products, hoarding, false claims or representations about their products etc. These business mal practices are harmful to the consumers. Business ethics help to stop these business mal practices.
- **Improve customers' confidence:** Business ethics are needed to improve the customers' confidence about the quality, quantity, price, etc. of the products. The customers have more trust and confidence in the businessmen who follow ethical rules. They feel that such businessmen will not cheat them.
- **Survival of business:** Business ethics are mandatory for the survival of business. The businessman who do not follow it will have short-term success, but they will fail in the long run. This is because they can cheat a consumer only once. After that, the consumer will not buy goods from that businessman. He will also tell others not to buy from that businessman.
- **Safeguarding consumers' rights:** Consumer sovereignty cannot be either ruled out or denied. Business can survive so long it enjoys the patronage of consumer. The consumer has many rights such as right to health and safety, right to be informed, right to choose, right to be heard, right to redress, etc. But many businessmen do not respect and protect these rights. Business ethics are must to safeguard these rights of the consumers.
- **Protecting employees and shareholders:** Business ethics are required to protect the interest of employees, shareholders, competitors, dealers, suppliers, etc. It protects them from exploitation through unfair trade practices.

(ii) **Value-free Ethics:**

It would seem that business is an ethically neutral or value-free activity. In other words, the only value business is concerned with is the monetary value. It is not in the interest of business to mix ethical values. An ancient Arabic wisdom states, 'Live together like brothers and do business like strangers.' Business should be kept free from other social relationships and obligations. The only successful relationship that exists in business is that of a vendor and a customer.

It is also said that 'for the merchant, even honesty is a financial speculation.' Indeed, for a businessman every factor in the business is

measured in terms of money. The volatility that we see in the stock market is a clear example of the speculative nature of business, which is directly proportional to the prevailing attitude of the people.

Concept of Value-free Ethics:

Now a days, we are familiar with 'sugar-free' soft drinks, 'caffeine-free' coffee, and 'alcohol-free' beer. The concept of 'value-free' business ethics appears to be quite appealing to businessman. It is as though it may be pursued devoid of all rules within a social vacuum. The concept of value-free ethics found application in economics in a rather ironical fashion. Ludwig von Mises known as the father of the Austrian School of Economics, proposed the pure theory of economics, stating that economic concepts are a priori, that is, they are not dependent on experience, but are purely virtual concepts. The concept of choice, for instance, is a pure concept. It is immaterial whether one chooses water or wine, but the concept in itself is free of such particular elements. Hence, choice is value-free (wertfrei). Applied to ethics, it would mean that we should be able to study the principles of this discipline, such as goodness, truth, justice, honour, etc. in their pure form.

(b) (i) Professional Ethics:

The aforementioned discussion may be understood through the following distinctions: ethics and business ethics. We have studied the distinction between normative and practical ethics and have established that business ethics comes under practical ethics and is applied to a particular activity. Just as a society functions on the social codes of conduct and a country is governed by its constitution, a business is run on corporate codes. In other words, there is a professional code of conduct for any business. These codes keep evolving as other things around evolve and develop. Therefore, not only should business be defined within the confines of ethics, but it should be practised strictly under its own professional code of conduct. This distinction helps to orient the general principles of ethics and business to a particular activity. The principles, however, do not change. For instance, there is a manager who is doing very well in his career because he is both efficient and honest. To his neighbours and friends, he is not only a very successful businessman, but also a very good family man.

Chapter - 28: Ethical Conflict

2014 - Dec [4] (b) (ii), (c) (i), (ii)

(b) (ii) Creating an Ethical Accounting Environment

- A. Employee Awareness:** It should be noted and ensured that employees are aware of their legal and ethical responsibilities. Organization should train and motivate employees toward ethical behavior. Top management should initiate steps in developing such an ethical environment.
- B. Encouraging communication:** Ethical organization need to provide channels through which employees could communicate with concerned Managers, for reporting frauds, mismanagement or any other form of detrimental behavior.
- C. Ensuring fair treatment to Whistle Blowers:** A person or an employee who reports fraud, mismanagement or any other detrimental practices to the concerned Managers is called Whistle Blower. Organization should ensure protection and fair treatment to Whistle Blowers to reduce fraud.

(c) (i) A finance and accounting professional may face pressure to:

- (i) Act contrary to law or regulation.
- (ii) Act contrary to technical or professional standards.
- (iii) Facilitate unethical or illegal earnings management strategies
- (iv) Lie to, or otherwise intentionally mislead (including misleading by remaining silent e.g. to the auditors, regulators).
- (v) Issue, or otherwise be associated with, a financial or non-financial report that materially misrepresents the facts (e.g. financial statements, tax compliance, legal compliance, reports required by securities regulators etc.)

(ii) Ethical Code & Contract - Differences

Ethical codes or code of ethics are guidelines intended to serve the interests of a profession, its members and communities that are served, and hereby commit oneself to the highest ethical and professional conduct. Ethical codes are adopted by organizations to assist the members in understanding the difference between 'right and wrong', and applying that understanding in decision making. An ethical code generally implies documents at three levels code of business ethics , codes of conduct for employees, and codes of professional practice. Thus , code of ethics

focuses on the social issue of the organization emphasizing on development of business, plan of business development that plans to conduct business at the highest level.

Code of ethics decides the code of conduct for employees, and set out the procedures to be used in specific ethical situations such as conflict of interests and prescribes procedures to determine whether a violation of the code of ethics occurred, and if so what remedies need to be imposed.

Ethical contract is an agreement between two or more parties, whereby parties of the contract are legally bound and committed to its promises. It also takes into consideration reasons for breaches in contract, and the way in which these ethical considerations may impact upon them.

Chapter - 29: Objective Questions

2014 - Dec [1]

- (i) In social agreements usual presumption is
 - (a) that parties do not intend to create social relations.
 - (b) that parties intend to perform them.
 - (c) that parties do not intend to make legal and social relations.
 - (d) that the parties do not intend to create legal relations between them.

Ans: (b)
- (ii) In a sale of goods, the doctrine of caveat emptor will not apply when there is
 - (a) usage of trade
 - (b) consent by fraud
 - (c) buyer's error of judgment
 - (d) Merchantable Quality

Ans: (d)
- (iii) A bill of exchange, that is drawn accepted or endorsed without consideration is called
 - (a) Accommodation bill
 - (b) Promissory note
 - (c) Trade bill
 - (d) Bearer instrument

Ans: (a)

- (iv) Under Industrial Disputes Act, Appropriate Government may require to constitute a workman committee on any day in the preceding 12 months, where an industrial establishment employees
- (a) 250 or more workers
 - (b) 100 or more workers
 - (c) 500 or more workers
 - (d) 200 or more workers

Ans: (b)

- (v) Employee's State Insurance Act, 1948 is applicable to all
- (a) factories including factories belonging to Government and seasonal factories.
 - (b) factories excluding seasonal factories.
 - (c) factories including factories belonging to Government and seasonal but excluding Silk factory.
 - (d) factories including factories belonging to Government but excluding seasonal factories.

Ans: (d)

- (vi) A partner must give a public notice of his retirement from the firm in order absolve himself from the liability for the acts of the other partners done after his retirement is known as
- (a) Dormant partner
 - (b) Ostensible partner
 - (c) Nominal partner
 - (d) partner by estoppel

Ans: (b)

- (vii) A prospectus which does not have complete particulars on the price of securities offered and the quantum of securities offered by the company is known as
- (a) Statement in lieu of prospectus
 - (b) Red-herring prospectus
 - (c) Deemed prospectus
 - (d) Shelf prospectus

Ans: (b)

- (viii) Which of the following is often considered as one of the "four pillars" of corporate governance?
- (a) Shareholders
 - (b) Stake holders
 - (c) Internal Auditor
 - (d) Tax Auditor

Ans: (c)

- (ix) The crucial step in understanding business ethics is
- (a) Establishing codes of ethics
 - (b) Learning to recognize ethical issues
 - (c) Having efficient operations
 - (d) Implementing a strategic plan

Ans: (a)

- (x) Which of the following reason is applicable for unethical business practices?
- (a) Workplace Surveillance
 - (b) Profit making by some of the big companies
 - (c) Success of the company
 - (d) Administrative corruption

Ans: (d)

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