



INTERMEDIATE EXAMINATION

SET 1

MODEL QUESTION PAPER

TERM – JUNE 2026

PAPER – 5

SYLLABUS 2022

BUSINESS LAWS & ETHICS

Time Allowed: 3 Hours

Full Marks: 100

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

Where considered necessary, suitable assumptions may be made and clearly indicated in the answer.

Answer Question No. 1 and any FIVE from Question No. 2 to Question No. 8.

SECTION – A

1. Multiple Choice Questions

[15 × 2 = 30]

- (i) Which Article prohibits the employment of children below the age of 14 years in any factory, mine or other hazardous activities. But it does not prohibit their employment in any harmless innocent work.?
- (a) Article 22
 - (b) Article 23
 - (c) Article 24
 - (d) Article 21
- (ii) Indian democracy is said to rest on the acclaimed four pillars and these are the legislature, the executive, the judiciary, and
- (a) The Election Commission of India
 - (b) The Government Department
 - (c) The Military
 - (d) The Press
- (iii) Right to life includes within its ambit the right to live with human dignity. This right is an inclusive right excluding
- (a) Right to food
 - (b) Right to marriage
 - (c) Right to employment
 - (d) Right to education
- (iv) What happens to a contract on the death of the offeror before acceptance?
- (a) The offer remains valid for a reasonable time
 - (b) The offer automatically converts into a contract
 - (c) The offer lapses immediately
 - (d) The legal heirs of the offeror must renew the offer
- (v) A continuing guarantee can be revoked either by the surety or by ____.
- (a) Creditor's refusal
 - (b) Death of the surety
 - (c) Expiry of time
 - (d) Performance of contract



- (vi) Section 5 of the Sale of Goods Act states that a contract of sale may be made in writing, by word of mouth, or implied from the conduct of parties. Such a contract is formed by ____.
- (a) Transfer of ownership without consent
 - (b) An offer to buy or sell and its acceptance
 - (c) Delivery of goods without payment
 - (d) Mutual promises without consideration
- (vii) As per the Negotiable Instruments Act, which of the following is not a type of endorsement?
- (a) Saturated
 - (b) Blank
 - (c) Restrictive
 - (d) Conditional
- (viii) If the assets of a firm are insufficient to discharge the debts and liabilities of the firm, the partners shall bear the deficiency in ____
- (a) profit sharing ratio
 - (b) capital ratio
 - (c) Equally
 - (d) As determined by the Court
- (ix) Under Limited Liability Partnership Act, 2008, records related to the notice of situation of registered office should be preserved for
- (a) 5 years
 - (b) 8 years
 - (c) 14 years
 - (d) Permanently
- (x) The LLP shall file the Statement of Account and Solvency in the prescribed form. Which is this Form:
- (a) Form 5
 - (b) Form 6
 - (c) Form 7
 - (d) Form 8
- (xi) The completion of continuous service of five years shall not be necessary where the termination of the employment of any employee is due to
- (a) Voluntary retirement
 - (b) Death or disablement
 - (c) Resignation
 - (d) Superannuation



- (xii) The quorum for a public company having more than 5,000 members is ____
- (a) 2
 - (b) 5
 - (c) 15
 - (d) 30
- (xiii) As per section 63 of the Companies Act, 2013 which of the following cannot be used to issue bonus shares?
- (a) Free reserves
 - (b) Securities premium account
 - (c) Capital redemption reserve account
 - (d) Revaluation account
- (xi) Which one of following is not a Key Managerial Personnel
- (a) Whole Time Director
 - (b) Managing Director
 - (c) Woman Director
 - (d) Manager
- (xv) Which type of ethics is concerned with understanding the controversial controversial topics like war, animal rights and capital punishment?
- (a) Applied ethics
 - (b) Descriptive ethics
 - (c) Meta ethics
 - (d) Normative ethics

SECTION – B

(Answer any 5 questions out of 7 questions given. Each question carries 14 Marks) [5 × 14 = 70]

2. (a) Discuss the essentials of contingent contract and its enforcement with an example. [7]
- (b) Examine the rights of Pawnee under Indian Contracts Act, 1872. [7]
3. (a) Discuss the provisions relating to Annual Return, Inspection of documents and penalty for false statement under Limited Liability Partnership Act, 2008. [7]
- (b) Examine the different parties to the instruments as the Negotiable Instruments Act, 1881. [7]
4. (a) Analyze the provisions relating to the compliance of records, returns and notices under section 50 of The Code on Wages, 2019 Act. [7]
- (b) Examine the provisions of Payment of Gratuity Act, 1972 with reference to the exemption of employer from liability in certain cases. [7]



5. (a) Explain the concept of 'Small company' as per the Companies Act, 2013. [7]
- (b) Demonstrate the different roles and responsibilities of the audit committee as specified by the Board under Section 177 of the Companies Act, 2013. [7]
6. (a) Mr. P, a director of XYZ Ltd, a public company, holds professional qualifications in cyber security. During a Board meeting, the CEO raised concerns about increasing cyber threats. At the request of the Managing Director, Mr. P undertook to resolve the issue and successfully secured the company's online systems. He subsequently submitted a bill of ₹10 lakhs for his professional services. However, the CEO instructed the accounts department not to honour the bill, arguing that this constitutes a special service and is already covered under Mr. P's director remuneration. Additionally, he claims that paying the bill would cause the total directors' remuneration to exceed the 11% limit of net profits under the Companies Act.
- Analyze the given situation and examine whether Mr. P's bill can be legally honoured, with reference to the legal provisions governing directors' remuneration and payment for special services. [7]
- (b) Demonstrate the rights of shareholders as per the Companies Act, 2013. [7]
7. (a) Explain the Principles of Public Life set by Lord Nolan for the first time in the year 1995, and later on these were refined by the Committee on Standards in Public Life appointed by the British Government. [7]
- (b) Summarize the standards of ethical conduct promulgated by the Institute of Cost Accountants of India for practitioners (any seven points). [7]
8. (a) Rahul entered into a contract with Umesh to supply him 2,000 Pens @ ` 5.00 per pen, to be delivered at a specified time. Thereafter, Rahul contracts with Mukesh for the purchase of 2,000 pens @ ` 4.50 per pen, and at the same time told Mukesh that he did so for the purpose of performing his contract entered into with Umesh. Mukesh failed to perform his contract in due course and market price of each pen on that day was ₹ 5.25 per pen. Consequently, Rahul could not procure any pen and Umesh rescinded the contract.
- (i) Analyze the amount of damages which Rahul could claim from Mukesh in the circumstances? [7]
- (ii) Analyze what your answer would be if Mukesh had not informed about Umesh's contract, with reference to the provisions of the Indian Contract Act, 1872. [7]
- (b) Demonstrate the duties of an Auditor laid down by the Companies Act'2013 in Section 143. [7]