

**INSTITUTE OF COST AND MANAGEMENT ACCOUNTANTS  
OF PAKISTAN**

FOUNDATION-II EXAMINATION-SPRING (SUMMER), 2005

Wednesday, the 25th May, 2005

842

**INDUSTRIAL AND COMMERCIAL LAWS**

*Time Allowed—3 Hours*

*Maximum Marks—100*

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- (i) Attempt SIX questions selecting THREE from each section including compulsory Questions No. 4 & 5 carrying 20 marks each. All other questions carry 15 marks each.
  - (ii) Answer must be neat, relevant and brief.
  - (iii) In marking paper, the examiners take into account clarity of exposition, logic of arguments, presentation and language.
  - (iv) Read the instructions printed on the top cover of answer script CAREFULLY before attempting the paper.
  - (v) DO NOT write your Name, Reg. No. or Roll No. anywhere inside the answer script.
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Marks

**SECTION "A" INDUSTRIAL LAWS**

(Marks : 50)

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|----------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---|
| Q. 1 (a) | According to the Workmen's Compensation Act, 1923, explain briefly when an employer is not liable to pay compensation to a workman?                                                                                                                                                                                                                                                  | 5 |
| (b)      | The amount of compensation is based on the workman's wages. There are some payments which are part of wages and some not, as provided in the legislation. You are required to <b>list those five payments</b> by the employer to the workman that are excluded from the wages for the purpose of calculating the amount of compensation as per the Workmen's Compensation Act, 1923. | 5 |
| (c)      | Ali Baba, a workman of a factory employing 15 workmen, was employed in a factory for 150 days till 31st December, 2004. On 1st January, 2005 he met with an accident while on duty and his injury caused him permanent total disablement. For the above mentioned 150 days, he received a total of Rs. 12,000. Work out his monthly wages to calculate his compensation.             | 5 |

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|-------------------------------------------------------------------------------------------------------------------------|--------------|
| Q.2 Describe the benefits available to a secured person under the Social Security Ordinance, 1965.                      | 15           |
| Q. 3(a) Under the Industrial and Commercial Employment (Standing Orders) Ordinance, 1968 what do the following signify: | 10           |
| (i) Payment of Wages                                                                                                    |              |
| (ii) Group Incentive Scheme                                                                                             |              |
| (iii) Compulsory Group Insurance                                                                                        |              |
| (iv) Payment of Bonus                                                                                                   |              |
| (b) Explain the following under Employees Old Age Benefits Act, 1976:                                                   | 5            |
| (i) Employment Injury                                                                                                   |              |
| (ii) Insurable Employment                                                                                               |              |
| Q. 4(a) Discuss requirements in relation to the following as laid down under the Industrial Relations Ordinance, 2002:  |              |
| (i) Registration of a Trade Union                                                                                       | 12           |
| (ii) Declaration of Collective Bargaining Agent                                                                         | 4            |
| (b) Discuss the steps for settlement of disputes under the Companies Profit (Workers' Participation) Act, 1968.         | 4            |

### SECTION "B" COMMERCIAL LAWS

(Marks : 50)

- \* Special instructions for Q. 5
- \* ZERO mark will be awarded inspite of correct option selected, if the RATIONALE for choosing the answer is not given or is incorrect.
- \* An overwritten answer will carry no mark.
- \* Present your answer in the format given below:

S. No.	Your Choice	Rationale (Brief reason for your answer)
(a)	(i) or (ii)	
(b)		
<i>and so on</i>		

- |                                                                                                                       |    |
|-----------------------------------------------------------------------------------------------------------------------|----|
| Q.5 Complete the following statements by inserting correct word from underlined words (i) or (ii):                    | 20 |
| a. Local customs and usages are <u>(i)considered/(ii)not considered</u> as the sources of Mercantile Law.             |    |
| b. The words <i>ab-initio</i> joining indicate two factors joining together from the <u>(i)beginning/(ii)middle</u> . |    |

- c. It is **(i)true/(ii)untrue** that in exceptional cases an agreement without consideration is a valid contract.
- d. "A" is enfeebled by disease and age. His medical attendant "B" induced him to agree to pay to him an unreasonable sum towards his services. "B" is guilty of using **(i)duress/(ii)undue** influence.
- e. A gratuitous promise to pay a time-barred debt without any consideration, provided the promise is in writing and signed by the promisor or his duly authorised agent, is a **(i)valid contract/(ii)void contract**.
- f. A's offering to sell his Toyota Corolla Car worth Rs. 1,000,000 to B for Rs. 100,000 creates a **(i)valid/(ii)void** contract.
- g. A contract by fraud, coercion or misrepresentation is a **(i)void/(ii)voidable** contract.
- h. To create an agency, **(i)consideration/(ii)no consideration** is necessary.
- i. When a court decrees a person insolvent, the person is **(i)released from/(ii)has to pay** debts payable by him.
- j. A **(i)temporary/(ii)perpetual** injunction may be granted in terms of the decree made at the hearing of the case.
- k. A partnership firm is **(i)legal/(ii)illegal** if there are more than 20 partners.
- l. Shareholder of a company normally has **(i)right/(ii)no right** to inspect the books of accounts.
- m. A co-owner has **(i)no lien/(ii)lien** on the property for expenses or for a common debt.
- n. It is **(i)true/(ii)untrue** that a partner is the agent of the other partners.
- o. Bill of lading, Dock Warrant, Delivery Order, Store Warrant are **(i)negotiable/(ii)non-negotiable** instruments.
- p. A cheque is **(i)unconditional/(ii)conditional** order to a bank directing it to pay a certain sum of money to a person or his order.
- q. When a promissory note or Bill of Exchange has been dishonoured by non-acceptance or non-payment, the holder may, within a reasonable time, cause such dishonour to be noted and certified by a notary public. Such a certificate is called a **(i)Noting/(ii)Protest**.
- r. In a contract of indemnity there are **(i)2 parties/(ii)3 parties** to the contract.
- s. In an Agreement to Sell, if the buyer fails to accept and pay for the goods, the seller may sue for **(i)damages/(ii)price**.
- t. A partnership has **(i)no statutory/(ii)statutory** responsibility to keep proper books of accounts.

	<i>Marks</i>
Q.6 Under the Contract Act, 1872:	
(a) Define the terms "Agent" and "Principal".	5
(b) Describe in detail the Agent's duties to the Principal.	10
Q. 7 (a) Under the Partnership Act, 1932, there are certain acts, which are deemed "implied authority" of a partner. Discuss.	5
(b) Under the Partnership Act, 1932, there are acts which a partner can do with an "express authority" through a partnership agreement. Discuss.	5
(c) A, B and C jointly start a store to sell medicines to students at cost. Is this association a partnership, company or a proprietorship? Give reasons to support your answer.	5
Q. 8 (a) What do you understand by "endorsement" under the Negotiable Instruments Act, 1881? Discuss.	5
(b) Explain the process of removal of an Arbitrator under the Law of Arbitration.	10

THE END