

Roll No.....

Total No. of Questions—16]

[Total No. of Printed Pages—12

Time Allowed—3 Hours

Maximum Marks—100

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Answers to questions are to be given only in English except in the case of candidates who have opted for Hindi medium. If a candidate who has not opted for Hindi medium, answers in Hindi, his answers in Hindi will not be valued.

PART—I

Answer all questions.

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1. (a) Mr. Singh, an oldman, by a registered deed of gift, granted certain landed property to A, his daughter. By the terms of the deed, it was stipulated that an annuity of Rs. 2,000 should be paid every year to B, who was the brother of Mr. Singh. On the same day A made a promise with B and executed in his favour an agreement to give effect to the stipulation. A failed to pay the stipulated sum. In an action against her by B, she contended that since B had not furnished any consideration, he has no right of action. 5

Examining the provisions of Indian Contract Act, 1872, decide, whether the contention of A is valid ?

- (b) State with reasons whether the following statements are correct or incorrect : $2 \times 1 = 2$
- (i) If the pawnor makes a default in the payment of debt, or performance of duty, as agreed, the pawnee has a right to sell the thing pledged for which no reasonable notice of the sale is required.
- (ii) An "Agency coupled with Interest" may be terminated, at the instance of principal, at any time.

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(c) Pick out the correct answer from the following and give reasons : 3×1=3

(i) A contracts to save B against the consequences of any proceedings which C may take against B in respect of a certain sum of 500 rupees. This is a

- (1) Contract of guarantee
- (2) Quasi contract
- (3) Contract of Indemnity
- (4) Void contract.

(ii) A promises to paint a picture for B by a certain day, at a certain price. A dies before the day. The contract

- (1) can be enforced by A's representative
- (2) can be enforced by B
- (3) can be enforced either by A's representative or by B
- (4) can not be enforced either by A's representative or by B

(iii) A negotiable instrument drawn in favour of a minor is

- (1) void
- (2) void but not enforceable
- (3) valid
- (4) None of the above.

2. (a) Noble Meters Limited was incorporated with the equity share capital of Rs. 50 lakh. The company received the certificate of Incorporation on 20th May, 2009. The company issued the prospectus inviting the public to subscribe for its equity shares. Meanwhile, the company intended to commence its business. Whether Noble Meters Ltd. is entitled to commence its business without obtaining the certificate to commencement of Business ? 5

Advice the company stating the conditions to be fulfilled for obtaining the certificate to commencement of Business from the Registrar of Companies under Companies Act, 1956.

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- (b) State whether the following statements are true or false and give reasons : $2 \times 1 = 2$
- (i) The articles of Association of a Company can be altered by passing an ordinary resolution in the meeting of the shareholders.
 - (ii) A transferee becomes a member of the company when the instrument of transfer is submitted with the company.
- (c) Pick out the correct answer from the following and give reasons : $3 \times 1 = 3$
- (i) Contracts which entered into, by agents or trustees on behalf of a prospective company before it has come into existence are called :
 - (1) Provisional contracts .
 - (2) Pre-incorporation contracts
 - (3) Both provisional and pre-incorporation contracts
 - (4) None of the above.
 - (ii) A prospectus issued by the financial institutions or bank for one or more issues of the securities or class of securities specified in the prospectus is called :
 - (1) Deemed prospectus
 - (2) Red-herring prospectus
 - (3) Abridged prospectus
 - (4) Shelf prospectus.
 - (iii) The gap between two Annual General Meetings must not be more than
 - (1) 12 months
 - (2) 15 months
 - (3) 18 months
 - (4) 15 months as may be extended by Registrar of Companies to 18 months.

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3. Standard Airways Limited was incorporated at Chennai in the year 2005 employing 125 workmen. Due to strike of workers, mismanagement in the company and accidental loss of the assets the company suffered heavy losses continuously since its incorporation, resulting which the large part of the capital and assets were wiped out. Consequently, the company moved an application to the Government of Tamilnadu requesting to exempt the company fully from the application of the provisions of the Payment of Bonus Act, 1965. 5

Decide, whether the Government of Tamilnadu may grant exemption to the Company. State the provisions of law in this regard as stated under the Payment of Bonus Act, 1965.

4. 'N' is the holder of a bill of exchange made payable to the order of 'P'. The bill of exchange contains the following endorsements in blank : 5

First endorsement	'P'
Second endorsement	'Q'
Third endorsement	'R'
Fourth endorsement	'S'

'N' strikes out, without S's consent, the endorsement by 'Q' and 'R'. Decide with reasons whether 'N' is entitled to recover anything from 'S' under the provisions of Negotiable Instruments Act, 1881.

5. Mr. X was an employee of Mutual Developers Limited. He retired from the company after completing 30 years of continuous service. He applied to the company for the payment of gratuity within the prescribed time. The company refused to pay the gratuity and contended that due to stringent financial conditions the company is unable to pay the gratuity. Mr. X applied to the appropriate authority for the recovery of the amount of gratuity. 5

Examine the validity of the contention of the company and also state the provisions of law to recover the gratuity under the Payment of Gratuity Act, 1972.

6. An Executive Committee is to be constituted to assist the Central Board under the provisions of the Employees Provident Funds and Miscellaneous Provisions Act, 1952. State the composition of such Executive Committee. 5

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7. The United Traders Association was constituted by two joint Hindu Families consisting of 21 major and 5 minor members. The Association was carrying the business of trading as retailers with the object for acquisitions of gain. The Association was not registered as a company under the Companies Act, 1956 or other law. State whether United Traders Association is having any legal status? Will there be any change in the status of this Association if the members of the United Traders Association subsequently reduced to 15. 5
8. Mr. 'Y', the transferee, acquired 250 equity shares of BRS Limited from Mr. 'X', the transferor. But the signature of Mr. 'X', the transferor, on the transfer deed was forged. Mr. 'Y' after getting the shares registered by the company in his name, sold 150 equity shares to Mr. 'Z' on the basis of the share certificate issued by BRS Limited. Mr. 'Y' and 'Z' were not aware of the forgery. State the rights of Mr. 'X', 'Y' and 'Z' against the company with reference to the aforesaid shares. 5
9. Modern Furnitures Limited was willing to purchase teakwood estate in Chhattisgarh State. Its prospectus contained some important extracts from an expert report giving the number of teakwood trees and other relevant information in the estate in Chhattisgarh State. The report was found inaccurate. Mr. 'X' purchased the shares of Modern Furnitures Limited on the basis of the above statement in the prospectus. Will Mr. 'X' have any remedy against the company? When an expert will not be liable? State the provisions of the Companies Act, 1956 in this respect. 5
10. M.H. Company Limited served a notice of general meeting upon its shareholders. The notice stated that the issue of sweat equity shares would be considered at such meeting. Mr. 'A', a shareholder of the M.H. Company Limited complains that the issue of sweat equity shares was not specified fully in the notice. Is the notice issued by M.H. Company Limited regarding issue of sweat equity shares valid according to the provisions of the Companies Act, 1956? Explain fully. 5

PART—II

Answer all questions.

11. (a) Explain the importance of ethical behaviour at the workplace. 5
- (b) Explain the meaning of the "Iron Law of Responsibility". State the resulting benefits which may be acquired by achieving the longterm objectives through the business activities. 5

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12. Explain the pragmatic reasons for maintaining ethical behaviour in marketing through marketing executives. 5
13. State with reasons whether the following statements are correct or incorrect :
- (a) Fairness and honesty are the pillars of success in the business. 2 $\frac{1}{2}$
- (b) There is no difference between ethics and morals. 2 $\frac{1}{2}$

PART—III

Answer all questions.

14. (a) What are the merits and demerits of grape-vine form of Communication. 5
- (b) TKR Limited wants to hold its statutory meeting on 20th December, 2009 to discuss the matters relating to formation of the company and incidental matters thereto. 5

Draft a notice alongwith notes in brief for calling statutory meeting of the company.

15. Fifth Annual General Meeting of the shareholders of Devrishi Limited was held on 20th August, 2009 at its registered office at Mumbai. 55 shareholders attended the meeting in person and 6 shareholders in proxy. Several ordinary business regarding adoption of audited Balance Sheet, declaration of dividend, appointment and re-appointment of directors and auditors were transacted at the meeting. 5

Draft the minutes of the Fifth Annual General Meeting of the shareholders of Devrishi Limited.

16. A partnership firm was constituted by A, B and C. A, the partner of the firm, expressed his desire to retire from the partnership firm by Mutual consent. 5

Draft a "Partnership Retirement Deed".

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