

Ca-pCC NOV 2008 - LAW, ETHICS & COMMUNICATION

PART-I

Question Nos. 1 and 2 are compulsory.

Attempt any eight questions from rest.

1. a. A gives to C a continuing guarantee to the extent of Rs. 5,000 for the vegetables to be Supplied by C to B from time to time on credit. Afterwards, B became embarrassed, and without the knowledge of A, B and C contract that C shall continue to supply B with vegetables for ready money, and that the payments shall be applied to the then existing debts between B and C.
Examining the provision of the Indian Contract Act, 1872, decide whether A is liable on his guarantee given to C. **(5M)**
- b. State with reasons whether the following statements are correct or incorrect **(2X1=2M)**
- i. In case of alternative promise one branch of which is legal and the other illegal, the whole contract can not be performed. **WWW.GNTMASTERMINDS**
- ii. The contract of Insurance is not fully covered under the contract of Indemnity.
- c. Pick-up the correct answer from the following and give reasons. **(3X1=3M)**
- i. When a person without expressing his final willingness proposes certain terms on which he is willing to negotiates he makes
1. Counter Offer 2. Standing Offer 3. Offer 4. Invitation to an Offer.
- ii. The principle that no one shall be allowed to enrich himself at the expense of another is known as
1. Quantum Merit 2. Nudem Pactum 3. Quasi-contract 4. None of these.
- iii. A negotiable instrument is payable to order can be transferred by
1. Simple delivery 2. Endorsement and delivery 3. Endorsement 4. Registered Post.
2. a. STD Ltd. convened its Board of Directors meeting on 1st August, 2008 during the course of the meeting the date for calling annual general meeting was discussed but no decision could be taken on it in the meeting. However, the Secretary of the company issued the notice for calling the annual general meeting of the shareholders without taking any authority from the Board of Directors. State who is the proper authority to issue the notice for calling the annual general meeting and to whom such notice is to be given. **(5M)**
- b. State whether the following statements are True or False and give reasons: **(2X1=2M)**
- i. An ultra-Vires transaction will not effect the right to acquire the property of a Company.
- ii. Reserve Capital of a Public Company may be called at any time.
- c. Pick-up the correct answer from the following and give reasons : **(3X1=3M)**
- i. If a company does not receive the minimum subscription, it should refund all money received from applicants for shares without interest:
1. Within 30 days of issue of prospectus 2. Within 60 days of issue of prospectus
3. Within 90 days of issue of prospectus 4. Within 120 days of issue of prospectus.
- ii. A small depositor means a depositor who has deposited in a financial year a sum not exceeding
1. Ten thousand rupees 2. Fifteen thousand rupees
3. Twenty thousand rupees 4. Fifty thousand rupees.
- iii. An extra ordinary general meeting may be convened by
1. Board of Directors 2. Requisitionists 3. Company Law Board/Tribunal 4. All
3. ABC Textiles Ltd. employed 20 full-time and 5 part-time employees who were drawing salary less than Rs. 10,000 per month. After completing service of 28 days, in an accounting year, 10 full-time employees submitted their resignations and left the service of the company. The Board of directors of this company decided not to give the bonus to the employees, who resigned, to the remaining full-time employees and to the part-time employees. Against the decision, all the employees applied to the court for relief. **WWW.GNTMASTERMINDS**

Decide, stating the provisions of the Payment of Bonus Act, 1965, whether the employees, who resigned, remaining full-time employees and part-time employees will get relief. **(5M)**

4. B issued a cheque for Rs. 1,25,000 in favour of S. B, had sufficient amount in his account with the Bank. The cheque was not presented within reasonable time to the Bank for payment and the Bank in the meantime, became insolvent.
Decide, under the provisions of the Negotiable Instrument Act, 1881, whether S can recover the money from B. **(5M)**
5. E was an employee of Tea Estate Ltd. The whole of the undertaking of Tea Estate Ltd. was taken over by a new company-Asia Tea Estate Ltd. The services of E remained continuous in new company. After serving for one year E met with an accident and became permanently disabled. E applied to the new company for the payment of gratuity. The company refused to pay gratuity on the ground that E has served only for a year in the company.
Examine the validity of the refusal of the directors in the light of the provisions of the Payment of Gratuity Act, 1972. **WWW.GNTMASTERMINDS (5M)**
6. Discuss under the Employees Provident Funds and Miscellaneous Act, 1952 as whether the Provident contribution is a preferential payment in case of the employer being declared insolvent.
7. Describe in brief the advantages and protections available to a "holder in due course" under the provisions of the Negotiable Instruments, Act, 1881. **(5M)**
8. What will be the consequence in case if a Private Company incorporated under the provisions of Indian Companies Act, 1956 defaults in complying with conditions constituting a Private Company in terms of Section 3(1) (iii) of the Companies Act, 1956. **(5M)**
9. Developers Ltd. hold a General Meeting of shareholders for passing a special resolution regarding alteration of Articles of Association. Out of the members present in the meeting 20 voted in favour, 4 against and 8 members did not vote and remained absent from voting. The Chairman of the meeting declared the resolution as passed. Is it a valid resolution as per the provisions of the Indian Companies Act, 1956? **(5M)**
10. The Articles of a Public Company clearly stated that Mr. A will be the solicitor of the company. The company in its general meeting of the shareholders resolved unanimously to appoint B in place of A as the solicitor of the company by altering the articles of association. Examine, whether the company can do so? State the reasons clearly. **(5M)**
11. The Articles of Association of MSW Ltd. contained a provision that upto 4% of issue price of the shares as under writing commission may be paid to the underwriters. The Board of directors decided to pay 5% underwriting commission. Can the Board of directors do so? State the provisions of law in this regard as stated under the Indian Companies Act, 1956. **(5M)**
12. What is meant by "Shelf prospectus"? Who can file a 'Shelf prospectus' to the Registrar of Companies? Stating the provisions of Companies Act, 1956 point out the circumstances under which such prospectus is required to be filed with the Registrar of Companies. **(5M)**

PART-II

**Question No. 13 is compulsory.
Attempt any two questions from rest.**

- 13.(a) To pay proper attention to the business ethics is certainly beneficial in the interest of business. Describe such four benefits which may be obtained by paying attention to the business ethics. **(5M)**
(b) Explain, how the corporate social responsibility minimizes the ecological damages and helps in achieving the long-term objectives so that the business may gain long-term profit maximization. **(5M)**
14. A retailer was purchasing goods regularly from XYZ Ltd. for the purpose of resale. There were defects in the goods in one of the purchase lot and as a result the retailer suffered loss of his share in competition. The retailer sued the said company for this purpose. The company contended that the goods were purchased for the purpose of resale and therefore, not bound. Is, it a valid contention? Explain clearly the provisions of Competition Act, 2002 in this regard. **(5M)**
15. Answer any **two** out of four. You are required to State whether the statement is correct or incorrect with brief reasons **(2x2 ½ =5M)**
a. The Governance Model Position Management is accountable solely to investors.
b. Business does not subserve the environmental ethics.
c. Consumer for personal use and consumer for commercial use are synonymous.
d. Water pollution is also a kind of resource depletion.
16. State, how far a sound ethical environment in a company may be created and corporate scandals may be avoided. **(5M)**

PART-III

Question Nos. 17 are compulsory.

Attempt any two questions from rest.

- 17.** (a) Explain clearly the advantages of a formal Communication. **(5M)**
(b) As a Secretary of AB Forgings Ltd. draft a notice of a Board of Directors meeting to consider any five items as agenda of the meeting, to be held on November 15, 2008 at the registered office of the Company at Mysore. **(5M)**
- 18.** What is meant by "Negotiation"? Name the various steps which can be identified in the process of Negotiation from start to the completion of the process. **(5M)**
- 19.** ABC Ltd. wants to hold its Annual General Meeting on 15th December, 2008 to discuss the matters relating to ordinary business. Draft a notice, along with notes in brief, for calling Annual General Meeting of its Shareholders. **(5M)**
- 20.** State the various components which are required to draft a Partnership deed. **(5M)**