

PCC NOV 2007 (LAW, ETHICS AND BUSINESS COMMUNICATION)

PART I

1. (a) A, B and C are partners in a firm. They jointly promise to pay Rs.1,50,000 to P.C became insolvent and his private assets are sufficient to pay only 1/5 of his share of debts. A is compelled to pay the whole amount to P. Examining the provisions of the Indian Contract Act, 1872, decide the extent to which A can recover the amount from B. **(5 Marks)**
- (b) (i) State whether the following statements are correct or incorrect: **(2 X 1 = 2)**
(a) A minor cannot be appointed as an agent.
(b) Where there are co-sureties a release by the creditor of one of them does not discharge the others.
- (ii) Pick – up the correct answer from the following:
(a) In case of void agreement, collateral transactions are
(1) Also void
(2) Unenforceable.
(3) Not affected.
(4) Illegal
- (b) A contract of insurance is
(1) Contingent contract.
(2) Wagering agreement.
(3) Contract of guarantee
(4) Unilateral agreement.
- (c) 'A' signs the instrument in the following manner. State the instrument which cannot be considered as Promissory note:
(1) I promise to pay B or order Rs.500.
(2) I acknowledge myself to be indebted to B Rs.1,000, to be paid on demand.
(3) I promise to pay B Rs.10,000 after three months.
(4) I promise to pay B Rs.500 seven days after my marriage with C. **(3 X 1 = 3)**
2. (a) XYZ Limited called its Annual General meeting on 28th September, 2007. The notice of the meeting was posted on 6th September, 2007. With reference to the provisions of the Companies Act, 1956 examine whether the notice given by the company was valid. **(5 Marks)**
- (b) (i) State whether the following statements are true or false: **(2 X 1 = 2)**
(a) Proxy has no right speak at the general meeting of a company.
(b) A public company cannot issue equity shares with differential rights as to dividend.
- (ii) Pick – up the correct answer from the following:
(a) Share certificate are to be issued by a company within.
(1) Two months after allotment
(2) One month after allotment
(3) Three months after allotment.
- (b) Alteration of object clause of Memorandum of Association of company requires
(1) Special resolution.
(2) Approval of register of companies.
(3) Approval of company law board.
(4) Special resolution and approval of company law board.
- (c) The financial year of AVD Company Ltd. ended on 31st March, 2007. The Annual General Meeting of the company was held on 10th October, 2007. As per requirements of the Companies Act, 1956, the Annual Return of the company should be filed with the Registrar of Companies within.
(1) 60 days from 10th October, 2007
(2) 60 days from 30th September, 2007
(3) 90 days from 30th September, 2007
(4) 90 days from 10th October, 2007. **(3 X 1 = 3)**

3. State with reasons whether the following persons are entitled to receive Bonus under the payment of Bonus Act, 1965.
- (i) An apprentice under the Apprentice Act.
 - (ii) A probationer
 - (iii) An employee employed through contractors on building operations
 - (iv) A retrenched employee
 - (v) A dismissed employee reinstate with back wages. **(5 Marks)**
- 4) Explain as to why shall the combination of 'not negotiable' with 'Account Payee' crossing be considered as the safest form of crossing a cheque. **(5 Marks)**
- 5) State the provisions of the Employee' Provident Funds and Miscellaneous Provisions Act. 1952 regulating the quantum of contribution to be made by the employer and employee to the provident fund. Is it possible for an employee to increase the amount of his contribution to the provident fund more than the minimum contribution as statutorily prescribed? **(5 Marks)**
- 6) What is meant by maturity of a Bill of Exchange or Promissory Note? Calculate the date of maturity of the following bills of exchange explaining the relevant rules relating to determination of the date of maturity as provided in the Negotiable Instruments Act, 1881:
- (i) A Bill of Exchange dated 31st August, 2007 is made payable three months after date.
 - (ii) A Bill of Exchange drawn on 15th October, 2007 is payable twenty days after sight and the bill is presented for acceptance on 31st October, 2007. **(5 Marks)**
7. Explain the manner in which the gratuity payable to employee in a seasonal as well as other establishments is calculated under the Payment of Gratuity Act, 1972. State also the maximum amount of gratuity payable under the act. **(5 Marks)**
8. What is meant by 'Pre-Incorporation Contracts'? Can these contracts be enforced by the prospective company after its incorporation against the third parties with whom the promoters had entered into certain contracts? Explain. **(5 Marks)**
9. Mr. V, along with six other persons desires to float a company for charitable purposes, as permissible under Section 25 of the Companies Act, 1956. He seeks your advise about the procedure to be followed to give effect to the above proposal. Advise him. **(5 Marks)**
10. Board of Directors of a private company decided to convert it into a public company. State the steps to be taken for such conversion in order to comply with the requirements under the Companies Act, 1956. **(5 Marks)**
11. The quorum for a General meeting of a public company is 15 members personally present according to the provisions of the articles of the articles of association of the company. Examine with reference to the provisions of the Companies Act, 1956 whether there is proper quorum at a General meeting of the company which was attended by the following persons:
- (i) 13 members personally present
 - (ii) 2 members represented by proxies who are not members of the company
 - (iii) One person representing two members companies. **(5 Marks)**
12. ADJ Company Limited decides to buy – back its own shares. Advise the company's Board of Directors about the sources out of which the company can buy – back its own shares. What conditions are attached to the buy-back scheme of the company in accordance with the provisions of the Companies Act, 1956? Explain. **(5 Marks)**

Part – II

- 13)
- (a) What is meant by 'Corporate Governance'? State the major 'characteristics' of good corporate Governance. **(5 Marks)**
 - (b) Finance and accounting professional working as an employee in an organization have to face various threats which make it difficult for them to comply with fundamental principles relating to ethics. Explain the safeguards in the work environment which may be created by business enterprises to overcome such threats. **(5 Marks)**
- 14) Explain the meaning of the terms 'ethics' and 'business ethics' and also state the requirements of 'business ethics' **(5 Marks)**

- 15) Answer any two out of four. You are required to state whether the statement is correct or incorrect with brief reasons: **(5 Marks)**
- (a) Company management has responsibility only towards its shareholders.
 - (b) Window – dressing of financial statements will not be useful in the long run.
 - (c) Ethics and morals are synonymous.
 - (d) Competition Act, 2002 protects the interest consumers.
- 16) What is meant by 'Environmental ethics'? How does its non-adoption leads to 3 Ps viz., Polluter, Pay and Principles? Explain. **(5 Marks)**

Part – III

17. (a) What is meant by 'Critical thinking? How shall you develop critical thinking?
(b) J desires to gift out her flat to Mumbai in City Cooperative Society registered under the Maharashtra Cooperative Societies Act, 1960, to her brother A. Stating the legal requirements to be complied with, draft a Gift Deed. Take your own data regarding date, flat no., floor area etc. **(5 Marks)**
18. Third Annual General Meeting of ABC Limited was held on 28th September, 2007. Several business was transacted at the meeting including the adoption of annual accounts for the year ended 31st March, 2007. The meeting was attended by 30 members in person and 5 members in proxy. Draft the minutes of the Annual General meeting indicating how shall the adoption of accounts', being one of the business transacted at meeting, be recorded. **(5 Marks)**
19. What do you understand by 'Group conflicts'? How shall these be managed effectively? Explain? **(5 Marks)**
20. You have been assigned the job of composing business messages. What check-list would you prepare for organizing the message? **(5 Marks)**

Encindia.com