

[This question paper contains 3 printed pages.]

Sr. No. of Question Paper : 2552

Roll No.....

Unique Paper Code : 101302

Name of the Course : Bachelor of Financial and Investment Analysis 2013

Name of the Paper : Legal Aspects of Business II

Semester : III

Duration : 3 Hours

Maximum Marks : 75

Instructions for Candidates

1. Write your Roll No. on the top immediately on receipt of this question paper.
2. Attempt **all** questions.
3. Quote the decided cases.

PART A

1. State whether the following statements are true or false with reasons :
 - (a) A company has no physical existence. So company cannot file a suit against an individual.
 - (b) A Private Company need not file it's Articles of Association.
 - (c) A Public Company can commence it's business after getting Certificate of Incorporation.
 - (d) A company has to get permission from Registrar of Companies to shift Registered Office from one state to another.
 - (e) Any profit making company can make contribution to promote art and literature.

P.T.O.

- (f) A company by altering Articles of Association can increase the liability of members.
- (g) An offer to subscribe for shares made to a group of 60 Professors of Delhi University is a private offer.
- (h) A minor cannot become a member of the company.
- (i) A Partnership Firm can be nominated as a director of the company.
- (j) A Private Limited Company has to hold its statutory meeting soon after incorporation. (2×10=20)

PART B

1. A, B, & C formed a private limited company. C has extended a loan of Rs. 5 lakhs to the company. B & C died together in an accident. What will happen to the existence of the company and the loan extended by C ?
2. A Public Limited Company had 10 members and 4 of them sold their shares to one of the existing member on 1st January 2011. The company continued its business and incurred debts on 28th February 2011, 1st June 2011, & 31st August 2011. Discuss about the status of the debts and liability of members.
3. A notice convening the Annual General Meeting had the agenda for the removal of a director before the expiry of the term. Out of the 100 members present in the AGM 30 members abstained from voting, 40 voted in favour and 30 voted against the resolution. Decide whether the resolution can be passed ?
4. The Managing Director and the Company secretary forged the signature of two directors as per the requirements of the Articles of Association and purchased the property in the name of the company. Can the company claim the ownership of the property ?
5. Swaraj India Ltd was registered in the state of Maharashtra. A company by name Swaraj Bharat Ltd applied to register its name in state of Karnataka. Do you think Registrar can refuse to register this name ? (3×5=15)

PART C

Attempt any **three** questions.

1. Under what circumstances the courts lift the corporate veil ? Discuss with the help of decided cases.
2. Explain the significance of Object Clause of the Memorandum of Association. How it can be altered ? What are the limitations laid down by the Act ?
3. Explain how the Articles of Association bind the members to the company, company to the members, members to members but not to outsiders. Support the answer with decided cases.
4. Discuss in detail the crucial role of the promoter in the formation of the company. Why do they stand in a fiduciary position ? How they are rewarded for this role ?
(10×3=30)

PART D

5. Write short note on any **two** of the following :

- (i) Pre-incorporation Contract
- (ii) Misleading Prospectus
- (iii) Annual General Meeting

(5×2=10)

[This question paper contains 2 printed pages.]

Sr. No. of Question Paper : 1223

Roll No.....

Unique Paper Code : 101302

Name of the Paper : Legal Aspects of Business II

Name of the Department : Faculty of Applied Social Sciences

Name of the Course : Bachelor of Financial and Investment Analysis

Semester : III

Duration : 3 Hours

Maximum Marks : 75

Instructions for Candidates

1. Write your Roll No. on the top immediately on receipt of this question paper.
2. Attempt **all** questions.

PART A

State true or false, with reasons. (2×10=20)

1. There is no statutory limit as to the number of members in a public limited company.
2. The terms statutory company and government company are synonymous.
3. A public company cannot be converted into a private company.
4. The liability of a partner being unlimited, a company cannot become a partner in a partnership firm.
5. The term invitation to public, cannot include only a section of public with regard to the issue of the prospectus.
6. The public limited company must hold its AGM soon after its incorporation.
7. There is no upper limit to the number of directorships that can be held by an individual.
8. A partnership firm can be nominated as a director on the board of a company.
9. A partnership firm can become a member of another company.
10. Issue of Sweat Equity Shares can be authorized by an ordinary resolution.

P.T.O.

PART B

Answer **all** questions and support with the decided cases and sections. (3×5=15)

1. ABC Ltd. was a company, incorporated to run hotels in tourist resorts. Without amending the object clause, the directors decided to add a fleet of buses to serve the clients. One such bus driver injured a pedestrian due to negligent driving. Can the pedestrian claim compensation from the company ?
2. A private company was formed with 5 members and the registrar issued a certificate of incorporation. Three of the members were minors. Do you think the certificate of incorporation is valid ?
3. A public limited company wants to re-appoint the auditors in the AGM. The total number of persons present in the meeting were 75. Out of them 30 people abstained from voting. 25 members voted in favour and 20 against the resolution. Can the resolution be passed ?
4. Mr. X is the director of 15 public limited companies. Can he accept directorship in the following companies :
 - (a) An alternate directorship in SRR Co. Ltd.
 - (b) An automobile association
 - (c) Megamart Private Ltd.
5. The majority of the group of share holders holding 95% of the shares, want to pass a resolution to alter the articles. According to that resolution, they could compel the 5% of minority share holders to sell the shares to the nominee of majority share holders at face value. Can such resolution be passed to alter the articles ?

PART C

Answer **all** questions, quoting the decided cases and sections. (8×4=32)

1. Explain about the conversion of private company into a public company.
2. "A contract with regard to a company, which has not come into existence, cannot bind the company". Discuss.
3. What are the powers vested in the Boards of Directors ? Can the shareholders intervene and exercise the power vested in the Board ?
4. Explain the statutory and procedural limits laid down by the Companies Act, 1956 for altering the object clause of memorandum.

PART D

Write a short note on any **two** of the following. (4×2=8)

1. Shifting of registered office in Tamil Nadu, from Chennai to Coimbatore.
2. Legal position of promoters.
3. Nomination of shares and debentures.

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Your Roll No.

BFIA / III Sem. – 2011

BACHELOR OF FINANCIAL & INVESTMENT ANALYSIS – Paper 302

(Legal Aspects of Business – II)

Time : 3 hours

Maximum Marks : 75

(Write your Roll No. on the top immediately on receipt of this question paper.)

Attempt all questions.

Part A

1. State whether the following statements are true or false, with reasons:
 - a) Company being a legal personality cannot own property.
 - b) A company can be imprisoned for the violation of law.
 - c) Filing of articles of association is compulsory for companies limited by shares.
 - d) Company comes into existence when the memorandum of association is signed by the required number of members.
 - e) Subscriber to the memorandum can withdraw his name before the registration of memorandum.

(2*5=10)

Part B

1. A public limited company has only 10 share holders. 4 of these share holders sold all their shares to the existing 6 share holders in an auction sale according to the order of the court. Thereafter, they continued the business for more than 6 months. Discuss the liability of the share holders.

2. The promoters of the company incorporated on 9th December, 2010 entered into a contract with an interior designer for the supply of furniture on 5th December, 2010. After the incorporation, the company doesn't want to proceed with the contract. As a company secretary, advise the company.
3. The object clause of the memorandum of the company empowered the company to carry on the business of developing housing societies with modern facilities. The company wants to alter the memorandum and include the developing of shopping malls. Advise the company.
4. A is the director of 15 public limited companies. Can he accept directorship in the following companies? :
 - a) XYZ co. ltd.
 - b) Automobile association
 - c) ABC Pvt. Ltd.
5. Annual general meeting of the company is attended by 75 members, in which they had to pass a resolution for shifting the registered office from one state to another state. 15 of the members abstained from voting and 46 of the members voted in favour and 14 of them voted against the resolution. Can the resolution be passed?

(3*5=15)

P.T.O.

Part C

Answer any 4 questions.

1. Distinguish between partnership and a company form of organization. What is an illegal association and what are its legal implications?
2. A company is an entity separate from that of its members. Do you agree with this statement? Under what circumstances this statement is over ruled?
3. Briefly explain the doctrine of ultra vires under the Companies Act, 1956. What are the consequences of ultra vires acts of the company?
4. What is a misleading prospectus? What are the remedies available to the person for mis-statement and omission in the prospectus?
5. Distinguish between memorandum and articles. Power of altering the articles is subject to certain limitations. Discuss.

(4 x10=40)

Part D

Write short notes on any 2 of the following:

- a) Transfer and transmission of shares
- b) Legal position of promoters
- c) Statutory meeting

(2x5=10)