

SECTION - I

CHOOSE THE CORRECT ANSWER

20 X 1 = 20

1	A	Board Organisation	11	B	Official Liquidator
2	A	Coparceners	12	D	Special Resolution
3	C	Sole Trading Concern	13	D	Issue of Debentures
4	A	Can keep his business secrets	14	D	21
5	C	Joint venture	15	A	Broker - Taraniwala
6	D	10	16	C	(1) - (ii) (2) - (iii) (3) - (iv) (4) - (i)
7	A	Agreement	17	A	Co-operative Societies
8	C	Memorandum of Association	18	A	Goods
9	A	Model of Articles of Association	19	D	Companies Act, 1956
10	D	All of the above	20	C	51%

SECTION - II

ANSWER ANY 7 QUESTIONS, IN WHICH QUESTION NO.20 IS COMPULSORY

7 X 2 = 14

21. Management of Public Corporation:(any two points)

- Public corporation is managed by the Board of Directors.
- Generally, the Board of nominated by the government.
- The Board of directors of these corporation consists of experienced persons representing various section of society.
- So, the interest of all sections of the society are safe guarded.

22. Board Organisation – Meaning:

- In this organisation management is carried on by a government nominated independent board.
- It has its own rules and regulations.
- Examples: Tamilnadu Electricity Board, Tamilnadu Housing Board, Tamilnadu Water and Drainage Board.

23. Definition Sole Proprietorship – P.K.Ghosh and Y.K. Bhushan:

- According to P.K.Ghosh and Y.K.Bhushan, “ The sole proprietorship is a form of organisation in which an individual introduces his own capital, uses his own skill and intelligence, and is entirely responsible for the results of its operations”

24. Sub-Partner – Meaning:

- When a person makes an arrangement with a partner to share his profits, he is known as a sub-partner.
- Such a sub-partner has no rights against the firm, as he is not liable for the debts of the firm.

25. Irredeemable Preference Shares:

- Any preference share that cannot be redeemed during the lifetime of the company is known as Irredeemable Preference Shares.

26. Minimum Subscription – Meaning :

- A company can proceed to allot shares only if minimum subscription specified in the prospectus has been collected in cash.

27. Promotor – Meaning:

- Who gets the idea of starting a company and undertakes all the preliminary work necessary for its promotion is called “Promotor”. (or)
- Palmer explains the significance of the promoter in the following words, “ A promoter starts a scheme of forming a company, gets together the Board of Directors, retains bankers and solicitors, prepares or gets prepared memorandum and articles of association, provides the preliminary expenses, drafts the prospectus; in a word undertaken to form a company with reference to a given project and takes the necessary steps to get in going”.

28. Letter of regret – Examples:

- Letters of regret to those to whom no allotment has been made.
- When allotment is made, it results in a valid contract between the company and the applicants who now became the shareholders of the company.

29. Distribution Surplus – Meaning:

- The payment of dividend on shares to members will be at the rate of 14% per annum on the paid up value of shares.
- The surplus of the profit is used to give bonus to members or rebate on the sales effected by them.
- This is known as “Distribution Surplus”.

30. Organisation – Definition – Lewis H.Haney :

According to Lewis H.Haney, “Organisation is a harmonious adjustment of specialized parts for the accomplishment of some common purpose or purposes:

SECTION – III

ANSWER ANY 7 QUESTIONS, IN WHICH QUESTION NO.40 IS COMPULSORY

7 X 3 = 21

31. Share premium amount can be used the following certain specified purposes:

- Issue of fully paid bonus shares;
- Writing off preliminary expenses of the company; and
- Adjusting it against premium payable on redemption of redeemable preference shares or debentures.

32. Features of Public Corporation:

- **Separate Legal Entity:**
 1. A public corporation is established by a separate legislative Act passed by government (Central or State).
- **Management:**
 1. It is managed by a Board of Directors.
 2. Generally, board is nominated by the government of the basis of their experience and skill.
- **Service Motive:**
 1. The motive of public corporation is to provide service to the public at a reasonable price.

33. Limited Partnership:

- A partnership in which the liability of the partner is limited is called limited partnership.
- The law does not permit the formation of a limited partnership in India.
- But in Europe and USA limited partnership is allowed.
- A limited partnership firm must have at least one partner whose liability is unlimited.
- The liability of remaining partners is limited.
- The limited partnership consists of two types of partners, general and limited partners.

34. Difference between Convertible Preference Shares and Non-convertible Preference Shares:

<u>Convertible Preference Shares</u>	<u>Non-convertible Preference Shares</u>
Where preference shares entitle their shareholders to convert their preference shares into equity shares within a specified period, they are known as convertible preference shares.	Where preference shares cannot be converted into equity shares, they are called non-convertible preference shares. Once issued as preference share they continue to be only preference shares throughout the life time of the company without any change in their characteristics. If the articles are silent regarding this right to convert, the preference shares will be considered to be only non-convertible preference shares.

35. Share Certificate – Meaning:

- Share certificate is a certificate issued by a company under its common seal signed by one or more of its directors and its secretary, specify in the number of shares held by named member and showing the distinctive numbers of the shares.
- It is an evidence of title to the shares.
- It can be issued even when the shares are partly paid up
- A holder of a share certificate is a member of a company enjoying all the rights of membership.
A share certificate discloses:
 - 1) The name of the shareholder,
 - 2) The number of shares,
 - 3) Distinctive number of the shares,
 - 4) Amount paid up on the value of shares
- Share certificate must be issued with in three months from the date of allotment of shares.

36. The Director can be removed for the following circumstances:

- A director can be removed from office by the company by an ordinary resolution before the expiry of his term, when such a director has acted in fraudulent manner or abused his fiduciary position.
- The Central Government can remove a director under certain circumstances.
- The company Las Tribunal may also order for removal of a director where an application has been made to it on charges of oppression and mismanagement of the company's affairs.

37. Important Functions of Business Organisation:

- Production function
- Marketing function
- Finance function
- Personnel function
- Purchase function
- Public Relation function
- Legal function.

38. Operators at a stock exchange:

Members of stock exchange:

- **Jobbers:**
 - ✓ Jobbers are security merchants dealing in shares, debentures as independent operators.
 - ✓ They buy and sell securities on their own behalf and try to earn through price changes.
 - ✓ Jobbers cannot deal on behalf of the public.
- **Brokers:**
 - ✓ Brokers are commission agents, who act as intermediaries between buyers and sellers of securities.
 - ✓ They do not purchase or sell securities on their behalf.
 - ✓ They bring together the buyers and sellers and help them in making deal.
 - ✓ Brokers charge a commission from both the parties.

Non-members of the stock exchange:

- **Remiser:**
 - ✓ He acts as an agent of a member of a stock exchange.
 - ✓ He obtains business for his principal i.e. the member and gets a commission for that service.
- **Authorised clerk:**
 - ✓ The authorised clerks are mere employees of the members.
 - ✓ He is appointed by the member of stock exchange.
 - ✓ They are paid a salary, plus a commission.

39. Merits of Co-operative Societies::

Easy Formation:

- It is easy and less costly to form a co-operative society.
- Procedure for registration is very simple.

Unlimited Membership:

- There is no restriction in respect of maximum number of members.
- Every person is at liberty either to enter or to leave the organisation as and when he likes.

Cheaper Service:

- It offers better service at cheaper costs.
- Service is the primary objective, while profit is secondary.

40. Merits of Sole Trading form of Organisation:

1) Development of Personality:

- ✓ It facilitates the development of personal qualities like self-reliance, initiative and independent judgment.

2) Inexpensive Management:

- ✓ The sole trader is the owner, manager and controller of the business.
- ✓ He does not appoint specialists for various functions.
- ✓ He personally supervises various activities and can avoid wastage in the business.
- ✓ This is the way managerial expenses are reduced to a large extent.

3) Equal Distribution of Economic Wealth:

- ✓ It provides an equal opportunity to every one for self development.
- ✓ It promotes decentralization of business and helps to avoid concentration of economic wealth in a few hands.

ANSWER ALL THE QUESTIONS

41) a) **Multinational Company - Meaning:**

- The ‘multi’ means many, and the ‘national’ means countries.
- The multinational company is the company that operates in several countries.
- It is also called ‘Global giant’ or ‘World enter price’ or ‘International enterprise’.

Definition:

According to Neil H. Jacoby “A multinational corporation owns and manages business in two or more countries”.

Features:

- i. A multinational company is operated in more than one country simultaneously.
- ii. It is generally very large in size.
- iii. Its purpose is to reduce transport costs and to make use of raw materials, labour, capital and market of foreign countries.

MNC:

- There are 500 to 700 MNC operating in the world today.
- The USA have the largest share of foreign direct investment.
- It is followed by the U.K, Germany, Japan, Switzerland, France and Canada.
- In underdeveloped countries the investment and employment created by the MNC in 12 countries.
- They are namely Brazil, Mexico, Hongkong, Philippines, Singapore and South Korea. [OR]

41) b) **Statutory Meeting - Meaning:**

- The first meeting of the shareholders of a public limited company which is mandatory as per the Companies Act is known as statutory meeting.
- This is held only once in the life time of the company.

Content of Statutory Report:

- Total amount of cash received on account of shares and other sources.
- An abstract of receipts and payments up to a date within 7 days of the report.
- An account or an estimate of the preliminary expenses.
- Particulars of contracts for approval and proposed modifications.
- Particulars about directors, managing directors, manager and secretary.
- Particulars of calls due from directors, managing director, etc.

42) a) **Difference between Sole Trader and Partnership:**

- It has said that one-man control is the best in the world only when the business is small indeed, to allow one actually to know and supervise everything in the business. - **William R. Basset**

Some of the points in favour of one man control:

1. Easy and quick formation.
2. Direct control.
3. Retaining business secrets.
4. Close touch with the consumers.
5. Enjoying all profits.
6. Inexpensive management.
7. No legal restrictions.
8. Direct contact with the employees.
9. Social desirability.

Limitations of one-man control:

1. Limited capital
2. Limited managerial ability
3. Unlimited liability
4. Absence of large scale business operation
5. Risky decisions
6. Uncertainty

Conclusion:

- One-man control is the best from the point of view of profitability and efficiency, provided that one man is able to manage everything efficiently. [OR]

42) b). Circumstances under which a partnership firm is dissolved

1) Dissolution by Agreement (Sec.40):

- A partnership is created and dissolved by an agreement.
- A firm may be dissolved by an agreement either with the consent of all partners or in accordance with the contract among the partners.

2) Compulsory Dissolution (Sec.41):

- A firm is compulsory dissolved wither by the agreement of all the partners or on the insolvency of all the partners except one.
- It may also be dissolved on the happening of an event which makes the object of the firm unlawful.

3) Dissolution on the happening of certain contingencies (Sec.42):

- Death of a partner.
- Expiry of the time, if partnership is for a fixed period.
- Completion of the venture for which the firm was formed.
- Adjudication of a partner as an insolvent.

4) Dissolution by notice of partnership-at-will (Sec.43):

- Where the partnership is at will, the firm may be dissolved by any partner by giving a notice in writing to all the other partners of his intention to dissolve the firm.

5) Dissolution through court (Sec.44):

The court may order dissolution of a firm at a suit of a partner in any of the following circumstances.

✓ **Partner's insanity:**

If any partner becomes insane, the court may order dissolution.

✓ **Permanent incapacity:**

When a partner becomes permanently incapable of doing business the court may order dissolution.

✓ **Misconduct of any partner:**

If any partner is guilty of misconduct (misuse of money) then any partner can file a suit for dissolution of the firm.

✓ **Transfer of Shares:**

When a partner transfer his share in the business to a third party without the consent of other partners, then the other partners can move the court may order for dissolution.

✓ **Continuous loss:**

When the business of the firm cannot be carried on except at a loss, the court may order for dissolution.

43) a) Difference between Memorandum of Association and Articles of Association:

Basis of Difference	Memorandum of Association	Articles of Association
Contents	It is the constitution of the company consisting of basic decisions.	It is the bundle of internal rules and regulations of the company.
Relationship	It is the charter of the company defining the relationship with the outsiders.	It defines the relationship between the members and the management.
Registration	It must be prepared and filed with the Registrar of Companies before the incorporation of the company	It need not filed for the purpose of registration.
Violation	Every outsider is expected to know the contents of Memorandum before he enters into contract with the company.	Outsiders are free to assume that the company has fulfilled the formalities mentioned in the Articles.
Nature	It being the charter of the company is the supreme document.	It is subordinate to Memorandum.

[OR]

43) b) Difference between Private Limited Company and Public Limited Company:

Basis of Difference	Private Limited Company	Public Limited Company
Name	The word "Private Limited" must be added at the end of the name of the private limited company.	The name of a public limited company must end with the word "Limited".
Issue of Prospectus	It is prohibited from issuing prospectus.	It can issue prospectus.
Transfer of Shares	There is restriction on the transfer of shares in this company.	Shares of public company are freely transferable.
Issue of subsequent shares	Rights issue does not arise.	It is new shares are offered first to the existing shareholders.
Issue of share warrants	A private company cannot issue share warrant.	It can issue share warrants.

44) a) **Functions and Duties of a Company Secretary:**

Functions:

- As a head of the Secretarial department, the secretary controls and supervises the activities of the department under his control.
- He ensures that the actions of the Board do not infringe the provisions of the Companies Act and are not beyond the scope of Memorandum and Articles of association.
- The secretary functions in the best interest of the shareholders.
- He has to deal with the shareholders with tact.
- As a chief officer closely connected with the Board, he has to coordinate the work of different departments.
- He has to inspire confidence in their staff and win their cooperation.

Statutory Duties:

- To sign any document requiring authentication under any statute.
- To arrange for filing statement in lieu of prospectus.
- To file notice of situation of the registered office of the company.
- To sign the annual return.
- To send notices of general meetings to every member of the company. **[OR]**

44) b) **44(b) Explain the Features of Co-operative super market.**

Meaning:

- Super Market refers to a type of large scale retailing.
- They are usually located only in cities and big towns.
- In India the first supermarket was started in New Delhi
- Super markets have a dominant provision section, with more varieties.
- The prices are fixed. There is no bargaining
- Door delivery of goods is also given. Sales are made only for cash.

Features:

- It is a form of large scale retailing
- There are wide variety of goods available
- The system of self - service is used
- Sales are on cash basis
- No adulteration is practiced.
- Scarce commodities are also supplied.

45) **(a) Objectives and Features of SEBI.**

SEBI:

- ❖ The SEBI was set up as an administrative body in April 1988.
- ❖ It was given statutory status on 30.1.92 by promulgation of SEBI ordinance.
- ❖ The ordinance is considered to be an Act of parliament.

Objectives:

- ❖ The basic purpose of establishing SEBI is to protect the interest of the investors in securities.
- ❖ To promote, develop and regulate the securities market and deal with the matters connected therewith or incident thereto.

Functions:

- ▶ Regulating the business in stock exchanges.
- ▶ Promoting and regulating self-regulatory organizations.
- ▶ Prohibiting fraudulent and unfair trade practice relating to securities market
- ▶ Promoting investor's education and training of intermediaries of securities market.
- ▶ Prohibiting insider trading in securities.
- ▶ Performing such functions as may be delegated to it by the central government.

[OR]

45) **b) Explanation:**

- (i) **Annual General Meeting**
- (ii) **Board Meeting**
- (iii) **Extraordinary General Meeting.**

i) Annual General Meeting:

- Every company is required to hold an annual general meeting in addition to any other meetings.
- The first annual general meeting must be held within a period of 18 months from the date of its incorporation.
- Subsequently the interval between two annual general meetings must not be more than 15 months.

The ordinary business at this meeting is:

- ❖ Consideration and adoption of the annual accounts
- ❖ Declaration of dividend
- ❖ Appointment of directors in place of those retiring
- ❖ Appointment of auditors and fixing remuneration to them

ii) Board Meeting:

- Meetings of directors are called Board meetings.
- They are very important because all important matters relating to the company and its policies are decided thereat.

Provisions regarding Board meetings:

- ❖ The Board meeting must be held at least once in every three calendar months.
- ❖ At least four such meetings should be held in every year.
- ❖ The notice of every Board meeting must be given in writing to every director who is present in India at his usual address.

iii) Extraordinary General Meeting:

- Any meeting other than the statutory meeting and the annual general meeting of the company is called extraordinary general meeting.
 - ❖ It may be convened by the Board of directors on its own.
 - ❖ Extraordinary General Meeting convened by the requisitions
 - ❖ Extraordinary General Meeting by Company Law Board

46) **a) Steps involved in forming a Co-operative Society**

- ✓ It must be registered under the Cooperative Societies Act, 1912 or any other state Co-operative law.
- ✓ It can be started with a minimum of 25 persons, having a common interest.
- ✓ The application form is known as Memorandum of Association.
- ✓ It should contain the name and address of the society.
- ✓ Its objectives, the capital and liability of the members. [OR]

46) (b) Definition - Stock Exchange:

Definition:

“Stock exchange or securities market comprises all the places where buyers and sellers of stock and bonds or their representatives, undertake transactions involving the sales of securities”. - Hastings

Functions of Stock Exchange:

i. Ready Market:

- ✓ Stock exchange ensures increased liquidity and ready market for the securities.
- ✓ This enables it to attract people who have surplus money even for a short period of time.

ii. Mobilisation of Savings:

- ✓ Stock exchange helps in mobilization of surplus funds of individuals, business firms and cooperatives for investment in popular securities.

iii. Evaluation of Securities:

- ✓ Stock exchange helps in determining the price of various securities.

iv. Capital Formation:

- ✓ Stock exchange not only mobilizes the existing savings but also induces the public to save money.
- ✓ This facilitates capital formation in the country.

v. Proper Channelization of Capital:

- ✓ Stock exchange directs the flow of savings into the most productive channels.
- ✓ When an existing company issues securities to raise more capital, it will be successful.

47. (a) Demerits of the Departmental Organisations.(any 5)

i). Centralisation of Powers

- ☼ All policies are decided at ministerial level ignoring business consideration.
- ☼ Since a Ministry is responsible for full control over the departmental organisations, there may not be continuity in policy

ii). Delay and Red-tapism

- ☐ There is too much of procedures which results n delay.
- ☐ Commercial organisation cannot afford delay in t king decisions.

iii). Inefficiency

- ▶ There is no competition to this business.
- ▶ Hence there is no economic compulsion to improve efficiency.
- ▶ Also, efficiency standards are not set for these undertakings.
- ▶ Losses in departmental undertaking are not taken seriously because they are run as government departments.

iv). Political Changes

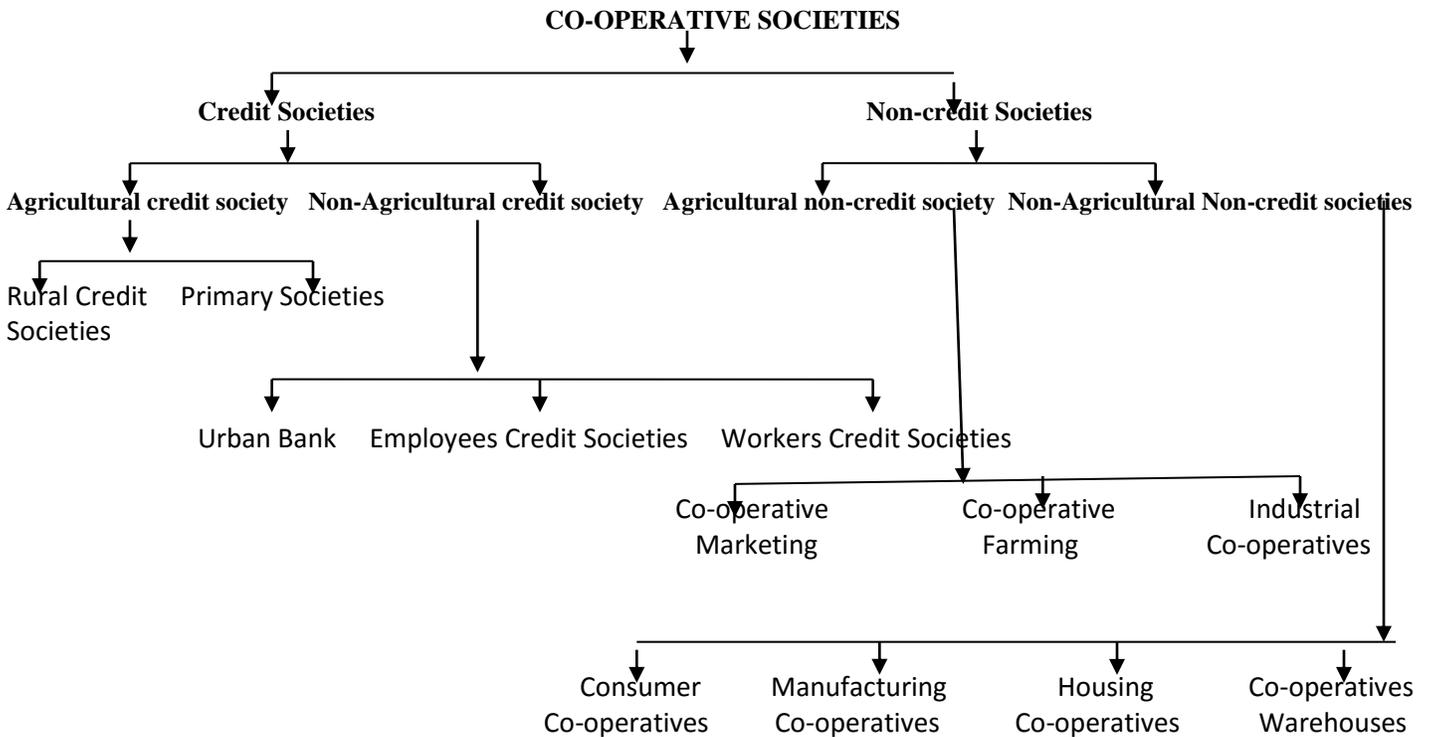
- ☐ Since a ministry has control over the department, there may be no continuity in policy i.e., the change in government involves shift in policies of departmental undertaking.

v). Tax Burden to public

- ☐ Losses suffered by these undertakings will mean additional tax burden to the public.
- ☐ Tax revenue can only make up such losses.

[OR]

47 (b) Draw the chart Showing the types of co-operative societies



*** All the Best ***