

Answer Key

Q1. A. Fill in the Blanks

(8)

- i) Executed
- ii) necessities
- iii) primary
- iv) Fraud
- v) Excluded
- vi) Void
- vii) Citizen
- viii) Private
- ix) Acceptance
- x) void

B. True or False

(7)

- i) True
- ii) True
- iii) False
- iv) True
- v) True
- vi) True
- vii) True
- viii) False
- ix) False
- x) False

Q2. Answer The Following

a)

(8)

Criteria	Agreement	Contract
i) Definition	Every promise and set of promises forming consideration for each other.	Agreement enforceable by law.
ii) Creation of legal obligation	May or may not	Does not create legal
iii) Scope	Wider	Narrower
iv) Essential	Only offer and acceptance is essential	Minimum ten essentials
v) Nature	Every agreement is not a	Every contract is an

	contract.	agreement.
vi) Example		

- b) **Acceptance** – When a person to whom the proposal is made signifies his assent thereto, the proposal is said to be accepted. A proposal when accepted becomes a promise. (7)

Rules:

- i) Who can accept
- ii) Absolute
- iii) Mode of acceptance
- iv) Communication
- v) Mental acceptance is no acceptance
- vi) Time limit
- vii) Before lapse of offer
- viii) No acceptance without knowledge of offer

OR

- a) **Implied conditions :** (8)

- i) As to title
- ii) As to description
- iii) As to sample
- iv) As to sample and description
- v) As to quality and fitness
- vi) As to merchantile quality
- vii) As to wholesomeness
- viii) As to trade usage

Implied warranties:

- i) As to quiet possession
- ii) As to freedom from encumbrance
- iii) To disclose dangerous nature of goods
- iv) By usage of trade

- b) **Unpaid seller :** One who is to get the price or consideration for goods. Against the buyer: i) Suit for Price, ii) Suit for damages, iii) Suit for interest iv) Suit for non-acceptance v) Suit for repudiation of contract before the due date (7)

Q3. Answer The Following

- a) Void – Not enforceable by law, Illegal agreement, Cannot become valid, Essential element of the contract is missing. **(8)**
 Voidable – Enforceable by law at the option of one or more parties, not illegal, can become valid, Consent is not free.

- b) (7)**
 1. Bearer instrument, 2. Order instrument, 3. Inland instrument, 4. Foreign instrument,
 5. Payable on Demand, 6. Time instrument, 7. Ambiguous instrument, 8. Inchoate instrument,
 9. Fictitious bill, 10. Escrow

OR

- a) **(8)**
 1. Writing, 2. Parties, 3. Promise to pay, 4. Definite & unconditional, 5. Money only, 6. Certain sum, 7. Parties Certain, 8. Signed by the maker, 9. Stamping, 10. Formalities.

- b) Various councils: (7)**
 District consumer protection council. State consumer protection council, Central consumer protection council.

Q4. Answer The Following

- a) **(8)**

BASIS FOR COMPARISON	PUBLIC COMPANY	PRIVATE COMPANY
Meaning	A public company is a company which is owned and traded publicly	A private company is a company which is owned and traded privately.
Minimum members	7	2
Maximum members	Unlimited	200
Minimum Directors	3	2
Suffix	Limited	Private Limited
Start of business	After receiving certificate of incorporation and certificate of commencement of business.	After receiving certificate of incorporation.

BASIS FOR COMPARISON	PUBLIC COMPANY	PRIVATE COMPANY
Statutory Meeting	Compulsory	Optional
Issue of prospectus / Statement in lieu of prospectus	Obligatory	Not required
Public subscription	Allowed	Not allowed
Quorum at AGM	5 members must present in person.	2 members must present in person.
Transfer of shares	Free	Restricted

b) Different kinds of meetings:

(7)

The meetings of a company can be broadly classified into four kinds.

1. Meetings of the Shareholders.
2. Meetings of the Board of Directors and their Committees.
3. Meetings of the Debenture Holders.
4. Meetings of the Creditors.

OR

a) Doctrine of Indoor Management means internal rules & regulation of the company. Royal British Bank VS Turquand. Exceptions: Knowledge of Irregularities, Suspicion of irregularities, Void Act, No knowledge of Articles. (8)

b) Advantages of incorporation:

(7)

- i) Incorporated association
- ii) Legal person
- iii) Corporate personality
- iv) Perpetual succession
- v) Hold and dispose of property
- vi) Transferability of shares
- vii) Seal
- viii) Sue and be sued

Disadvantages:

- i) Excessive formalities
- ii) Corporate Veil

iii) Not a citizen

Q5. Answer The Following

a) Trade mark – Visual symbol

Types: Service mark, Collective mark, Certification mark, Image mark, Sound mark. (8)

b) Patent – official document that confers ownership of the invention or improvement of an existing article. (7)

OR

a. **Doctrine of Constructive Notice** – Protects the interest of company. MOA and AOA are public documents. (5)

b. **Special Resolution:** atleast 75% of votes in favour of the order. (5)

C. Dishonour of a cheque under section 138 of Negotiable Instrument: Dishonour of cheque for insufficiency, etc., of funds in the account. (5)

Where any cheque drawn by a person on an account maintained by him with a banker for payment of any amount of money to another person from out of that account for the discharge, in whole or in part, of any debt or other liability, is returned by the bank unpaid, either because of the amount of money standing to the credit of that account is insufficient to honour the cheque or that it exceeds the amount arranged to be paid from that account by an agreement made with that bank, such person shall be deemed to have committed an offence

d. Abridged Prospectus: Memorandum containing salient features of prospectus (5)

e. Voting by Postal Ballot: **Postal voting** is **voting** in an election whereby **ballot** papers are distributed to electors or returned by **post**, in contrast to electors **voting** in person at a polling station or electronically via an electronic **voting** system. (5)