

Pen & Paper : Examination

April 2010

CA IPCC-1: LAW, ETHICS & COMMUNICATION

SOLUTION

Time Allowed: 3 Hours

Max. Marks: 100

Ans. 1(a)

The problem as asked in the question is based on the provisions of the Indian Contract Act 1872, as contained in Section 130 relating to the revocation of a continuing guarantee as to future transactions which can be done mainly in the following two ways:

1. **By Notice:** A continuing guarantee may at any time be revoked by the surety as to future transactions, by notice to the creditor.
2. **By death of surety:** The death of the surety operates, in the absence of any contract to the contrary, as a revocation of a continuing guarantee, so far as regards future transactions. (Section 131)

The liability of the surety for previous transactions however remains.

Thus applying the above provisions in the given case, A is discharged from all the liabilities to C for any subsequent loan.

Answer in the second case would differ i.e. A is liable to C for Rs. 5,000 on default of B since the loan was taken before the notice of revocation was given to C.

Ans. 1 (b)- (i)

(a) Answer: Incorrect

Reason:

- It is simply a contract of hiring in which bank locker is hired. The ornaments are never delivered to the bank.
- The lockers key's are always with the hirer in bailment.
- Under section 148 only the possession of goods are changed. The ownership remains with the owner not with the bank in which it is kept.

(b) Answer: Incorrect

Reason: It is the responsibility of the bailee to deliver to the bailor any accretion or profit accruing from the goods bailed

Ans. 1 (b)- (ii)

(a) Answer: (1)

Reason: As per section 9 of Negotiable Instruments Act, 1881, a person who takes the instrument bonafide for value before it is overdue, in good faith, is known as holder in due course.

(b) Answer: (4)

Reason: As per illustration given in section 37 of the Indian Contract Act, 1872. A promises to paint a picture for B by a certain day, at a certain price. A dies before the day. The contract cannot be enforced either by A's representatives or by B.

(c) Answer: (2)

Reason: According to section 48 of the Negotiable Instruments Act, 1881 in order to negotiate i.e. to transfer title to an instrument payable to order, it is at first to be endorsed and then delivered by the holder. Thus, negotiation of an order instrument shall be valid only if both the conditions are satisfied:

1. The order instrument is endorsed by the holder
2. After endorsement the negotiable instrument is delivered to the transferee (i.e. endorser)

Ans.2

(a) Answer to the problem:

Every person who is competent to contract may become a member. A minor and a person of unsound mind, being incompetent to contract, cannot be members of the company. It has been held in *Mohri Bihi vs. Dharmadas Ghose* (1930) that since a minor has no contractual capacity, the agreement with the minor is void ab initio.

The Companies Act, 1956 prescribes no qualification for membership. Therefore, in India, the minor may be allotted shares. His name may remain on a company's register of members, but during minority he incurs no liability. In the given problem the company issued 20 partly paid shares and registered it in the minor's name. The transaction was void and the father who signed the application on the minor's behalf could not be treated as having contracted for the shares; as such he could not be placed on the list of contributions when the company goes in liquidation. The facts of this problem are related to *Palaniappa B. Official Liquidator* AIR 1942 Mod. 470).

(b)-(i)

- (a) The statement is incorrect, because as per Sec. 31 of Companies Act, 1956 Articles of Association can be altered by passing a **Special Resolution**.
- (b) The statement is incorrect, as the transferee can not become a member until his name is Entered by the company in the Register of Member

(b)-(ii)

- (a) **Answer: 4**
Reason: According to section 69(4) of the Companies Act, 1956, if the minimum subscription is not received by a company within 120 days from the date of issue of prospectus it should refund all the money of investor forthwith without interest
- (b) **Answer: 3**
Reason: Redeemable preference shares may be redeemed only out of profits available for dividends or out of the proceeds of a fresh issue of shares made for the purpose of redemption.
- (c) **Answer: 4**
Reason: According to section 169 of the Companies Act, 1956, directors should call EGM on the request of members and if they fail, by the requisitioners themselves. As per section 186, Tribunal calls EGM. As per articles (table A) board of directors can also call EGM at their own motion

Answer : 3

Entitlement for bonus under the Payment of Bonus Act, 1965

Every employee of an establishment covered under the Act is entitled to bonus from his employer in an accounting year provided he has worked in that establishment for not less than 30 working days in the year on a salary less than Rs. 3,500 per month. [Section 2(13) read with Section 8] **(This ceiling of Rs. 3,500 has been now revised to Rs. 10,000, with effect from Nov 2007).**

If an employee is prevented from working subsequently reinstated in service, employer's statutory liability for bonus cannot be said to have been lost and the employee concerned shall be entitled to the bonus. (ONGC v. Sham Kumar Sahegal)

Thus based on the above ruling and the provisions of the Act as contained in Section 8, the refusal by the employers to pay bonus to X is not valid and he (X) is entitled to get bonus in the given case for the reasons given above in the provisions, i.e. he has worked for more than 30 days in a year, drawing salary of less than Rs. 3500 **(from November 2007, this amount has been revised to Rs. 10,000)** and not disqualified for any other reason.

Answer : 4

Transfer of accounts of an employee and liability of transferee employer under employees' Provident Funds and Misc. Provisions Act, 1952:

Transfer of Accounts: (Section 17-A)

Section 17A of the Act provides for the transfer of accounts of an employee in case if his leaving the employment and taking up employment in another establishment and to deal with the case of an establishment to which the Act applies and also to which it does not apply. The option to get the amount transferred is that of the employee.

Where an employee of an establishment to which the Act applies leaves his employment and obtains re-employment in another establishment to which the Act does not apply, the amount of accumulations to the credit of such employee in the Fund or, as the case may be, in the provident fund in the establishment left by him shall be transferred to the credit of his account in the provident fund of the establishment in which he is re-employed. If the employee so desires and the rules in relation to that provident fund permit such transfer. This transfer has to be made within such time as may be specified by the Central Government in this behalf.

Conversely, when an employee of an establishment to which this Act does not apply leaves his employment and obtains re-employment in another establishment to which this Act applies, the amount of accumulations to the credit of such employee in the provident fund of the establishment left by him, if the employee so desires that the rules in relation to such provident fund permit, may be transferred to the credit of his account in the fund or as the case may be, in the provident fund of the establishment in which he is re-employed.

Liability of a transferee employer in case of transfer of establishment by the employer (Section 17-B)

Where an employer in relation to an establishment, transfers that establishment in whole or in part by sale, gift, lease or license or in any other manner whatsoever, the employer and the person to whom the establishment is so transferred shall jointly or severally be liable to pay the contribution and other sums due from the employer under any provisions of the Act or the Pension Scheme, as the case may be, in respect of the period up to the date of such transfer. It is provided that the liability of the transferee shall be limited to the value of the assets obtained by him by such transfer.

Section 17-B deals with the liability of transferor and transferee in regard to the money due under-

- (a) The Act: or
- (b) The Scheme;
- (c) Pension Scheme.

In the case of transfer of the establishment brought in by sale, gift, lease, or any other manner whatsoever, the liability of the transferor and the transferee is joint and several, but is limited with respect to the period upto the date of the transferor. Also the liability of the transferee

Answer : 5

Minor being a party to negotiable instrument: Every person competent to contract has capacity to incur liability by making, drawing, accepting, endorsing, delivering and negotiating a promissory note, bill of exchange or cheque (Section 26, Para 1, Negotiable Instrument Act, 1881).

As a minor's agreement is void, he cannot bind himself by becoming a party to a negotiable instrument. But he may draw, endorse, deliver and negotiate such instruments so as to bind all parties except himself (Section 26, Para 2).

In view of the provisions of Section 26 explained above, the promissory note executed by X and M is valid even though a minor is a party to it. M, being a minor is not liable; but his immunity from liability does not absolve the other joint promisor, namely X from liability [Sulochana v. Pandiyan Bank Ltd., AIR (1975) Mad. 70].

Answer : 6

Quantum of gratuity payable:

In case of an employee employed in a seasonal employment, the employer shall pay the gratuity @7 day's wages for each season [section 4 (2)]

For other who work throughout the year the employer shall pay gratuity for every completed years of service or part thereof in excess of 6 months @ 15 days wages

Calculation of 15 days wages:

- (i) For piece rated employees-Average of total wages received for a period of 8 months immediately preceding the termination of his employment.
- (ii) For months rated employees-The 15 days wages shall be calculated by dividing the monthly rate of wages last drawn by him by twenty six and multiplying the quotient by 15

The maximum amount of gratuity payable: As per section 4(3), the maximum amount of gratuity payable should not exceed Rs 3,50,000 lakhs

Answer: 7

Limits on the Alteration of Articles:

Every company has a right to alter its articles. A company cannot divest itself of these powers. Matters as to which the memorandum is silent can be dealt with by the alteration of articles. Such alteration is effective by passing a special resolution. The right to alter the article is subject to the following limitations:

- (i) The alteration must not exceed the powers given by memorandum or conflict with the provisions thereof.
- (ii) It must not be inconsistent with any provisions of the Companies Act or any other statute.
- (iii) It must not be illegal.
- (iv) It shall not be in fraud on minority or inflict a hardship on minority shareholders, without any corresponding benefits to the company as a whole.

- (v) It must not be inconsistent with any order of the court, under section 404 any subsequent alteration thereof which is inconsistent with such an order can be made by the company only with the leave of the court.
- (vi) It may have retrospective effect so long as it does not affect the things already done by the company (*Allen B. Gold Reef of West Africa [1909] SC 732*)
- (vii) If a public company is converted into a private company, then the approval of Central Government is necessary (Section 31(1)) In this regard an injunction cannot be granted to prevent the adoption of new article which constituted a breach of contract. But if the company acts on them it may be liable to damages [*Shirlaw Vs Southern Foundaries Ltd. 1940 AC 701 (760)*].
- (viii) An alteration should not increase the liability of a member unless he has agreed thereto in writing (Section 38)
- (ix) A reserve capital once created cannot be unreserved but may be cancelled on a reduction of capital (*Midland Railway Carriage Wagon Co. 1907*) Section 99.
- (x) Any irregular alteration which have been acted on for many years are binding.

Answer : 8

Meaning of holder under the Negotiable Instrument Act, 1881 and the privileges of a holder in due course:

The 'holder' of a negotiable instrument means any person entitled in his own name:

- (i) To the possession thereof, and
- (ii) To receive or recover the amount due thereon from the parties threat.

Where the instrument is lost or destroyed, its holder is the person so entitled at the lime of such loss of destruction.

Privileges of a Holder in Due Course:

1. A person signing and delivering to another a stamped but otherwise inchoate instrument is debarred from asserting, as against a holder in due course, that the instrument has not been filled in accordance with the authority given by him, the stamp being sufficient to cover the amount, (Section 20).
2. In case of a bill of exchange is drawn payable to the drawer's order in a fictitious name and is endorsed by the same hand as the drawer's signature, it is not permissible for acceptor to allege as against the holder in due course mat such name is fictitious. (Section 42)
3. In case of a bill or note is negotiated to a holder in due course, the other parties to the bill or note cannot avoid liability on the ground that the delivery of the instrument was conditional or for a special purpose only (Section 42 and 47).
4. The person liable in a negotiable instrument cannot set up against the holder in due course the defenses that the instrument had been lost or obtained from the former by means of an offence or fraud or for an unlawful consideration (Section 58).
5. 'No maker of a promissory note, and no drawer of a bill or cheque and no acceptor of a bill for the honour of the drawer shall, in a suit thereon by a holder in due course he permitted to deny the validity of the instrument as originality made or drawn. (Section 120)

No maker of a promissory note and no acceptor of a bill payable to order shall, in a suit thereon by a holder in due course, be permitted 10 deny the payee's capacity at the date of the note or bill, to endorse the same (Section 121). In short, a holder in due course gets a good title to the bill.

Answer : 9

Rights of the member in a company:

A member of a company has the following rights against the company:

1. Right to have the certificate of shares held or the certificate of stock issued to him within the prescribed time.
2. Right to have his name borne on the register of members.
3. Right to transfer shares subject to any restrictions imposed by the articles of the company.
4. Right to attend meeting of shareholders, received proper notice and to vote at the meetings.
5. Right to associate in the declaration of dividends and to apply to the Court for an injunction restraining the directors from paying dividends on an ultra virus declaration or out of capital.
6. Right to inspect the registers, indexes, returns and copies of a certificates etc. kept by the company and to obtain extracts or copy thereof.
7. Right to obtain copies of Memorandum and Articles on request and on payment of the prescribed fees.
8. Right to have the first option in case of issue of new shares or a further issue of shares (i.e. right to pre-emption) by the company.
9. Right to receive a copy of the Statutory Report.
10. Right to apply to the court to have any variation or abrogation to his rights set aside by the Court.
11. Right to have notice of any resolution requiring special notice.
12. Right to obtain on request minutes of proceedings at general meeting.
13. Right to remove directors by joining with others.
14. Right to obtain a copy of the profit and loss account and the balance sheet with the auditor's report.
15. Right to apply for the appointment of one or more competent inspectors by the Government to investigate into the affairs of the company as well as for reporting thereon.
16. Right to participate in the appointment of an auditor at the AGM.
17. Right to inspect the auditor's report-at the AGM of the company.
18. Right to receive a share in the capital of the company and in the surplus assets, if any, on the company's liquidation.
19. Right to participate in passing of the special resolution what the company may be wound up by the court or voluntarily.
20. Right to participate in the appointment and in fixation of remuneration of one or more liquidators in the case of a Member's voluntary Winding-up and to fill any vacancy in the office of a liquidators so appointed by him.

Answer : 10

The problem as asked in the question is based upon Section 111 of the Companies Act dealing with the refusal to register transfer and appeal against refusal.

On refusal to register a transfer or transmission by operation of law, of the right to any shares in, or debentures thereof, the company has to send notice of refusal giving reasons to the transferee or the transferor or to the person giving intimation of such transmission, or on delivery of transfer deed to the company, as the case may be within a period of 2 months from the date of the intimation or delivery of the transfer deed to the company. In the given case the company has failed to give such notice of refusal to the aggrieved parties within the stipulated time of 2 months. Failure to give notice of refusal gives right/remedies to the aggrieved parties.

Rights/remedies to aggrieved parties:

The aggrieved parties may apply to the Company Law Board (Tribunal) under sub-section (2) or (4) of Section 111 against refusal or for rectification of the register of members, if his name is entered in the register without sufficient cause, or for omission of his name from the register or default in making an entry of his name in the register. The time of filing such appeal is 4 months from the date of lodgments of transfer application. There is no limitation period provided for making an application for rectification of register of members, under subsection (4). The company is also punishable under sub-section (12) with a fine upto Rs.500 per day.

Answer : 11

Meaning of Share Warrant: Share warrant is a document which a public company issues in conformity with statutory requirements, under the common seal of the company and slates that the holder of the warrant is entitled to certain number of shares specified therein. Share warrant is a bearer document and the title to the shares specified therein can be transferred by mere delivery of the share warrant. To that extent, it is a negotiable instrument.

Under Section 114 of the Companies Act, 1956 the issue of such shares warrant can be made only if the company is so authorized by its articles and permission of the Central Government has been obtained. (Table A contains regulations permitting issue of shares warrants). Further, share warrants to bearer can be issued only in respect of fully paid shares. Dividend coupons are attached to the share warrants providing for the payment of future dividends on the shares specified in the warrants.

Distinction between a share warrant and a share certificate:

- (i) All companies, whether public or private are required to issue share certificates. Share warrant can be issued only by public companies.
- (ii) A share warrant can be issued by a public company if it is empowered to do so by its Articles of Association and has obtained prior approval of the Central Government. There is statutory obligation on every company issuing shares to issue a share certificate. No such power need be taken in the articles of Association, nor is the approval of the Central Government required.
- (iii) A share warrant can be issued only with respect of fully paid up shares, A share certificate is to be issued even where the shares are partly paid-up.
- (iv) The holder of a share certificate is a member of the company but the holder of a share warrant is not a member unless the Articles otherwise provide.
- (v) A share warrant is by mercantile usage a negotiable instrument. A share certificate is not.
- (vi) A share warrant can be transferred by mere delivery and no registration of transfer with the company is required. The shares can be transferred by execution of a transfer deed and its delivery along with the share certificate. The transfer is complete when it is registered by the company,
- (vii) No stamp duty is payable on transfer of a share warrant whereas stamp duty is payable on transfer of shares specified in a share certificate.
- (viii) Where a director is required to hold some qualification shares, a share warrant does not constitute such a qualification whereas a share certificate does.
- (ix) A share certificate is a document showing prima facie title to the shares represented thereby. A share warrant is the share security itself, transformed for the purpose of negotiation into a different character.
- (x) The holder of a share certificate can present a petition for winding up of the company. The holder of a share warrant cannot do so.
- (xi) Dividend is paid to the holder of a share certificate by the issue of a dividend warrant in his favors. Dividend due on a share warrant is advertised in newspapers and is payable to the holder of the dividend warrant on presentation of the relevant coupon attached to the share warrant.

Answer : 12

False Statement in Prospectus, the Companies Act, 1956

- (i) Yes, X is liable to pay the unpaid amount on the shares. As X has purchased partly paid shares, so he is liable for the remaining part of the shares. At the time of winding up he is liable to contribute a contributory. The related case law in this subject matter is *Peak vs. Gurney*.
- (ii) No, X cannot sue the directors to recover damages for the misstatement. The shareholder must have relied on the statement in the prospectus in applying for shares. If a person purchases shares in open market, the prospectus ceases to be operative. In the present case, Mr. X purchased shares in good faith on the stock exchange. He had not relied on the statement in prospectus. So he cannot sue.

Answer : 13-(a)

Meaning of the term ethics:

- The term ethics is derived from the Greek word 'ethos' which means character.
- It is concerned with the norms for conduct of people as members of society as it relates to what is good or bad, and having to do with moral duties and obligations.

Meaning of the term Business Ethics:

- Ethics in business organization relates to corporate culture of values, leadership, programs and enforcement.
- It is that set of principles or reasons which governs the conduct of business at the individual or collective level by the application of ethical reasoning to specific business situations and activities.

Requirement of business ethics:

1. The need for complying with the rules such as

- Policies of the organization
- Customs and expectations of the community
- Policies of the organization
- Principles of morality
- General concerns such as needs of others and fairness

2. How the products and service of an organization and the actions of its members, affects its shareholders (employees, customers, shareholders, suppliers, community and society as a whole), either positively and negatively.

Answer : 13-(b)

Pragmatic reasons for maintaining ethical behavior:

- (a) **To reverse declining public confidence in marketing:** Periodically we hear about misleading package labels, false claims in ads, phony list prices, and infringements of well established trademarks. Though such practices are limited to only a small proportion of all marketing, the reputations of all marketers are damaged. To reverse this situation, business leaders must demonstrate convincingly that they are aware of their ethical responsibility and will fulfill it.

Companies must set high ethical standards and enforce them. Moreover, it is in management's interest to be concerned with the well-being of consumers, since they are the lifeblood of a business.

- (b) **To avoid increases in government regulation:** Our economic freedoms sometimes have a high price, just a sour political freedoms, do. Business apathy, resistance, or token responses to unethical behavior simply increase the probability of more government regulation. Indeed, most of the governmental limitations on marketing are the result of management's failure to live up to its ethical responsibilities at one time or other. Moreover, once some form of government control has been introduced, it is rarely removed.

- (c) **To regain the power granted by society:** Marketing executives wield a great deal of social power as they influence markets and speak out on economic issues. However, there is responsibility tied to that power. If marketers do not use their power in a socially acceptable manner, that power will be lost in the long run.
- (d) **To protect the image of the organization:** Buyers often form an impression of an entire organization based on their contact with one person. More often than not, that person represents the marketing function. You may base your opinion of a retail store on the behavior of a single sales clerk. As Procter & Gamble put it in an annual report: “When a Procter & Gamble sales person walks into a customer’s place of business that sales person not only represents Procter & Gamble, but in a very real sense, that person is Procter & Gamble.”

Answer : 14

Environmental ethics:

Environmental ethics concerns the value system of societies-the value system that has brought the state of environmental to the present situation.

Impact:

Problems such as global warming, ozone depletion and disposal of hazardous waste affects the entire world. They require international cooperation and have to be tackled at the global level.

Pervasive:

Environmental ethics is a issue that concerns ethical behavior of all types of organizations ranging from international Bodies, National Governments, Opinion makers, media, intelligentsia, Public and Private enterprise and private enterprises and NGOs

Cause & effect:

The effect i.e. the problems relating to protection of environmental of environment or nature in terms of pollution, resource utilization or waste disposal

Ethical practices in business:

Ethical practices make good business sense especially the organizations engaged in exports of products and satisfy the importer in regard to the quality, ethics and environmental standards.

Development in India:

The Chipko movement in India is a proof of people’s concern about balance in ecosystem. Air-pollution measures were enacted through:

- (i) The factories Act 1948
- (ii) The industrial dispute Act 1951
- (iii) Mines & minerals act 1957
- (iv) Air (control & prevention of pollution) Act 1981
- (v) The motor vehicles Act

Answer : 15

(a) **Answer: correct**

(b) **Answer: Incorrect**

Reason: Business is closely linked with environment. Business organizations have now started recognizing the environmental management as a priority area. Many eco friendly business practices have been adopted by large business concerns. These practices include waste management, recycling process etc.

The business now no longer subserves environmental ethics but has incorporated it as an integral part of responsibilities

(c) **Answer: Incorrect**

Reason: Traditionally, the Government Model Position Management was accountable solely to investors (shareholders), but with the evolution of society and growing concern of business towards ethics. The Government Model Position Management is now accountable to all stakeholders which include:

- 1 *Employee*
- 2 *Trade Union*
- 3 *Customers*
- 4 *Shareholders and investors*
- 5 *Society, etc*

(d) **Answer: Incorrect**

Reason: The areas in which the consumers as a whole are benefitted is called consumer interest while the areas in which society as a whole has some interest is called public interest.

Consumer interest is a sub system of the large system i.e. general public or society.

Answer : 16

CSR is about how companies manage the business processes to produce an overall positive impact on society.

Companies need to answer to two aspects of their operations

1. The quality of their management - both in terms of people and processes (the inner circle)
2. The nature of and quantity of their impact on society in the various areas

Need in Indian Business Environment

- **Iron law of responsibility**
Society gives business its charter to exist and that charter can be amended or revoked at any time if it fails to live up to the expectations of society. In the long run who do not use power in a socially responsible manner, will tend to lose it
- **Long term self interest**
A better society would produce a better environment in which business can be profitable in the long run.
- **Better public interest**
Good public image is necessary for a business to secure more customers, better employees and higher profits.
- **Avoiding government regulation or control**
Regulation and control are costly to business both in terms of energy and money and also restricts its flexibility of decision-making Businessmen's failure to assume social responsibilities invites government to intervene and regulate or control their activities
- **Effective use of resources and power**
Businessman command considerable powers over the productive resources of a community. They are under an obligation to use those resources for the common good of society
- **Conversion of resistances into resources**
Business has the innovative ability to turn social problems into economic opportunities and functional capacity can be increased many times
- **Minimizing environmental damage**
The effluence of many businesses positively damages the surrounding environment. By their own socially responsible behavior, they can prevent government intervention by recognizing their ecological responsibility towards society.

Answer: 17

- (a) Communication cannot be effective without proper listening. Listening is an essential part of verbal communication. The listener should be attentive and receptive because poor listening defeats the very purpose of communication.

Listening can be classified as

- **Discriminative listening**
When the listener discriminates i.e. differentiates between different parts of the message he listens, it is called discriminative listening.
- **Evaluative listening**
When the listener tries to understand and evaluate the meaning of the message on several grounds such as the logic of argument, the strength of evidence, the validity of the conclusion, the implication of the message, the speaker's intentions and motives it is called evaluative listening.
- **Appreciative listening**
When the listener appreciates the speaker while he is speaking it is called appreciative listening.
- **Empathic listening**
When the listener puts himself in the position of the speaker and understands his feelings, needs and wants it is called empathic listening.

- (b) A basic partnership is executed on a stamp paper of prescribed value. The **copy of deed is sent to registrar of firms** along with a form duly completed for issue of 'ACKNOWLEDGEMENT' of firm. **All subsequent changes must be notified to the registrar**

Date: The date cannot be earlier than the date of stamp paper

Name of partners:

- A minor cannot be a partner except for his admission into the partnership for benefits
 - A HUF cannot be a partner but can be represented by a Karta, who can be a partner in his individual as well as representative capacity
 - A trust cannot be a partner
 - A company can be a partner
 - The number of partners should be limited to 20 members as a partnership can have more than 20 persons
- (c) **Preamble:** It is the introduction or preface to the partnership which sets out the details and basic purpose.
- (d) **Recitals:** A deed's preliminary part laying out circumstances leading to its existence
- (e) **Attestation:** It is the evidence, verification, testimony or conformation to the deed
- (f) **Custody:** It is the condition relating to the safe keeping and physical custody of the deed
- (g) **Special rules:** It deals with the special rules, terms agreed by partners of the deed in regard to partnership

Answer: 18

Notice

Notice is hereby given that the 10th Annual General Meeting of the members of ABC Ltd will be held on Thursday, the 15th day of December, 2008, at the registered office of Company at plot Nos. 16-18, New Electronics Complex, Chambaghat, Distt. Sloan (HP), at 10 a.m. to transact the following business-

Ordinary Business:

1. To receive, consider and adopt the audited balance sheet of the company as on 31st March, 2008 and the Profit & Loss Account for the year ended on that date and Auditor's and Directors' Reports thereon.
2. To declare dividend for the year ending 31st March, 2008
3. To appoint a director in place of Mr. _____ who retires by rotation and being eligible, offers himself for re-appointment
4. To appoint Statutory Auditors of the company, and fix their remuneration

Notes:

- A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the company
- The Register of members and the Share Transfer Books of the Company will remain closed from 8th day of December,2008 to 15th day of December, 2008 to 15th day of December ,2008 both inclusive
- Members are requested to notify immediately change of address, if any, to Company's Registered Office. While communicating to the company please quotes the folio number.

Registered Office:
16-18, New Electronics Complex
Chambaghat
Distt:Kirma(HP)

For and on behalf of Board of Directors

Chairman of the Meeting

Answer: 19

Notice is hereby given that a board meeting of the Board Members of M/s MN Limited will be held on Thursday, the 15th day of September, 2006, at the registered office of Company at Plot Nos.16-18,New Electronics Complex, Indore,(MP),at 10 a.m. to transact the following business:-

1. to appoint Mr. RS as an additional director on the board of the company
2. To buy back the equity share capital of the company to extent of 10% issued share capital

Regd. Office: For and on behalf of the Board of directors
16-18, New Electronics complex
Indore (MP)
Managing Director

Answer: 20**Meaning of Group Conflict:**

The word conflict conveys different meaning to different people. It may be regarded as disagreement, contradiction; hostility of incompatibility between individuals or the groups in the organizations .It expresses the sense of controversy, strife, battle, clash etc

Features of the Conflict:

- Divergent perceptions
- Deliberate Behavior
- Conflict differs from competition
- Insistence on their stands
- Implied or expressed
- Meaning of conflict:

Management of conflict:

Organizational conflicts are not bad. They may be constructive or destructive for the organization. Hence, conflicts which are conductive to the organization should be stimulated while those likely to yield negative results should be suppressed, avoided or resolved:

1. Conflict stimulating Techniques:

The following are some important stimulating strategies as suggested by S.P. Robbins:

- Communication
- Restructuring Organization
- Bringing in outsiders
- Promoting Competition

2. Conflict Resolution Techniques:

Some useful strategies in this connection have been suggested below:

- Persuasion
- Reduction in inter-independence
- Dominance through power
- Identifying common enemy
- Rotation of work
- Grievance handling procedure