

SHRIMATHI DEVKUNVAR NANALAL BHATT VAISHNAV COLLEGE FOR WOMEN  
(AUTONOMOUS)

(Affiliated to the University of Madras and Re-accredited with 'A+' Grade by NAAC)  
Chromepet, Chennai - 600 044.

B.Com. PA - END SEMESTER EXAMINATIONS - APRIL 2025  
SEMESTER - II

**24UPACT2005 - Legal Framework of Business - II**

Total Duration : 2 Hrs.30 Mins.

Total Marks : 60

### Section B

Answer any **TWENTY** questions (20 × 2 = 40 Marks)

1. The bidder at an auction sale can withdraw his bid
  - (a) Any time during auction
  - (b) Before fall of hammer
  - (c) Before payment of price
  - (d) None of these
2. Lien means\_\_\_\_\_
  - (a) To retain goods in his possession
  - (b) Rights to sell the goods
  - (c) Right to purchase the goods
  - (d) Right to destroy the goods
3. XYZ Limited is having 15% share capital held by X limited and 50% held by Central Government and 10% held by State Government and 25% held by other people then that company will be
  - (a) Government company
  - (b) Private company
  - (c) Public company
  - (d) Dormant company
4. An instrument which is vague and cannot be clearly identified either as a bill of exchange, or as a promissory note is called as:
  - (a) Bearer instrument
  - (b) Ambiguous instrument
  - (c) Order instrument
  - (d) Inland instrument
5. Agent should not to deal on his own account without first obtaining the consent of the principal, otherwise the principal may:
  - (a) Repudiate the transaction
  - (b) Claim from the agent any benefit which may have resulted to him from the transaction
  - (c) Either (a) or (b)
  - (d) Both (a) & (b)
6. X give guarantee to the extent of ₹50,000 for the loans given from time to time by A to B. A gave a loan of ₹10,000 to B. Afterwards, X gives notice of revocation. Which is the correct option:
  - (a) X is discharged from all liability to A for any loan granted
  - (b) X is liable to A for ₹10,000 on default of B
  - (c) X is liable to A for ₹50,000 on default of B
  - (d) X is liable to A for ₹40,000 on default of B

**Contd...**

7. Only a natural person who is an Indian citizen and who has stayed in India for a period of at least \_\_\_\_\_ days during the immediately preceding financial year shall be eligible to incorporate an OPC.
- (a) 180 days
  - (b) 181 days
  - (c) 120 days
  - (d) 183 days
8. A negotiable instrument is an instrument which is freely transferable from one person to another by:
- (a) Simple delivery
  - (b) Indorsement and delivery
  - (c) Indorsement
  - (d) Registered post
9. Where the buyer wrongfully neglects or refuses to accept and pay for the goods:
- (a) The seller may sue buyer for damages for non-acceptance
  - (b) The seller cannot sue buyer for damages for non-acceptance
  - (c) The seller can sue buyers' banker for damages
  - (d) None of the above
10. Under which circumstances agent become personally responsible
- (a) Beyond authority
  - (b) Fraudulent transactions
  - (c) Fraud
  - (d) All of the above
11. The doctrine which advocates the fact that company cannot act beyond the scope of its memorandum of association is:
- (a) Doctrine of constructive notice
  - (b) Doctrine of Indoor Management
  - (c) Doctrine of ultra vires
  - (d) Doctrine of intra vires
12. Order instrument can be negotiated by:
- (a) By delivery only
  - (b) By endorsement only
  - (c) By endorsement & delivery
  - (d) None of above
13. Where the seller wrongfully neglects to deliver the goods to the buyer, then the buyer:
- (a) Cannot sue the seller for damages for non-delivery
  - (b) May sue the seller for damages for non-delivery
  - (c) Either (a) or (b)
  - (d) None of the above
14. Where 'A' obtains housing loan from LIC Housing and if 'B' promise to pay LIC housing in the event of 'A' failing to repay, it is a contract of:
- (a) Indemnity
  - (b) Guarantee
  - (c) Wagering
  - (d) None of the above
15. Which one of the following is not the content of the Memorandum of Association?
- (a) Name clause
  - (b) Registered office clause
  - (c) Objects clause
  - (d) Board of Directors clause

**Contd...**

16. Negotiable instrument which can be treated either P/N or BOE, is known as:
- (a) Inland instrument
  - (b) Inchoate instrument
  - (c) Ambiguous instrument
  - (d) Foreign instrument
17. A substituted agent acts on behalf of \_\_\_\_\_
- (a) Principal
  - (b) Sub-Agent
  - (c) Agent
  - (d) None of these
18. A contract by which one party promises to save the other from loss caused to him by the conduct of the promisor himself or by the conduct of any other person is called:
- (a) Surety contract
  - (b) Simple contract
  - (c) Contract of indemnity
  - (d) None of the above
19. Maximum number of members under a private company as provided under the Companies Act, 2013:
- (a) 50
  - (b) 150
  - (c) 200
  - (d) No limit
20. Which is not essential characteristics of Bill of Exchange:
- (a) Must be in writing
  - (b) Must contain an express promise to pay
  - (c) Instrument must be signed
  - (d) Must be stamped
21. Under which circumstances, the right of stoppage can be exercised by an unpaid seller:
- (a) The buyer has become insolvent
  - (b) The goods are in transit
  - (c) The seller must be unpaid
  - (d) All of the above
22. In case there are two or more joint owners of the goods, the Bailee has to deliver them back to \_\_\_\_\_. In absence of any agreement to the contrary:
- (a) Any of the Joint owners
  - (b) Such joint owner for which all the joint owners have consented
  - (c) All the joint owners collectively
  - (d) None of the above
23. A private company which is subsidiary of a Public company is treated as:
- (a) Public company
  - (b) Private company
  - (c) Holding company
  - (d) Dormant company
24. A sell to B 100 bags of wheat lying in C's warehouse. A orders to C to deliver the wheat to B. C agrees to hold the 100 bags on behalf of B and makes the necessary entry in his books. This is a:
- (a) Actual delivery
  - (b) Constructive delivery
  - (c) Symbolic delivery
  - (d) None of the above

**Contd...**

25. In contract of sale of goods, if the seller is not the owner of goods, then the title of the buyer shall:
- (a) Not be same as that of the seller
  - (b) Be same as that of the seller
  - (c) Be better than that of the seller
  - (d) None of the above

### **Section C**

Answer any **FOUR** questions (4 × 5 = 20 Marks)

26. What is Doctrine of Caveat Emptor? And also explain its exceptions?
27. Define Bailment and also Explain the Rights & Duties of Bailor?
28. What is MOA and Explain the contents of MOA?
29. What is Doctrine of Indoor Management? And also explain its Exception in detail.
30. Explain the classifications of Share Capital of the company.
31. Explain the classifications of Negotiable instruments.

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