



CA FOUNDATION
SUBJECT-BUSINESS LAW AND BUSINESS
CORRESPONDENCE AND REPORTING

Test Code – CFN 9341
(Date :)

(Marks - 100)

PART A :BUSINESS LAW (60 MARKS)

Question 1 is Compulsory.

Answer any Four questions from the remaining Five questions.

QUESTION 1(a)

(4 MARKS)

Shambhu Dayal started “self service” system in his shop. Smt. Prakash entered the shop, took a basket and after taking articles of her choice into the basket reached the cashier for payments. The cashier refuses to accept the price. Can Shambhu Dayal be compelled to sell the said articles to Smt. Prakash? Decide as per the provisions of the Indian Contract Act, 1872.

QUESTION 1(b)

(4 MARKS)

Naveen incorporated a “One Person Company” making his sister Navita as the nominee. Navita is leaving India permanently due to her marriage abroad. Due to this fact, she is withdrawing her consent of nomination in the said One Person Company. Taking into considerations the provisions of the Companies Act, 2013 answer the questions given below.

- (a) If Navita is leaving India permanently, is it mandatory for her to withdraw her nomination in the said One Person Company?
- (b) If Navita maintained the status of Resident of India after her marriage, then can she continue her nomination in the said One Person Company?

QUESTION 1(c)

(4 MARKS)

How would be the inclusion of increased or decreased taxes in contract of sale under section 64 A of “The Sale of Goods Act, 1930”?

QUESTION 2(a)

(7 MARKS)

“An anticipatory breach of contract is a breach of contract occurring before the time fixed for performance has arrived”. Explain the statement and also the effect of anticipatory breach on contracts.

QUESTION 2(b)

(5 MARKS)

Discuss the conditions under which LLP will be liable and not liable for the acts of the partner.

QUESTION 3(a) (i)

(2 MARKS)

When the continuing guarantee can be revoked under the Indian Partnership Act, 1932?

OR

QUESTION 3(a) (ii)**(2 MARKS)**

Distinguish between Partnership vs. Hindu Undivided Family. Write any two points.

QUESTION 3(b)**(6 MARKS)**

What are the implied conditions in a contract of 'Sale by sample' under the Sale of Goods Act, 1930? State also the implied warranties operative under the said Act.

QUESTION 3(c)**(4 MARKS)**

P, X, Y and Z are partners in a registered firm A & Co. X died and P retired. Y and Z filed a suit against W in the name and on behalf of firm without notifying to the Registrar of firms about the changes in the constitution of the firm. Is the suit maintainable?

QUESTION 4(a)**(6 MARKS)**

Mr. Sonumala wealthy individual provided a loan of Rs.80,000 to Mr. Datumalon 26.02.2019. The borrower Mr. Datumal asked for a further loan of Rs.1,50,000. Mr.Sonumalagreedbutprovidedtheloaninpartsatdifferentdates.HeprovidedRs. 1,00,000 on 28.02.2019 and remaining Rs. 50,000 on 03.03.2019.

On 10.03.2019 Mr. Datumal while paying off part Rs.75,000 to Mr. Sonumal insisted that the lender should adjusted Rs.50,000 towards the loan taken on-03.03.2019 and balance as against the loan on26.02.2019.

Mr. Sonumal objected to this arrangement and asked the borrower to adjust in the order of date of borrowal of funds.

Now you decide:

- (i) Whether the contention of Mr. Datumal correct or otherwise as per the provisions of the Indian Contract Act,1872?
- (ii) What would be the answer in case the borrower does not insist on such order of adjustment of repayment?
- (iii) What would the mode of adjustment/appropriation of such part payment in case neither Mr.Sonumal nor Mr.Datumal insist any order of adjustment on their part?

QUESTION 4(b)**(6 MARKS)**

Master X was introduced to the benefits of partnership of M/s ABC & Co. with the consent of all partners. After attaining majority, more than six months elapsed and he failed to give a public notice as to whether he elected to become or not to become a partner in the firm. Later on, Mr. L, a supplier of material to M/s ABC &Co., filed a suit against M/s ABC &Co. for recovery of the debt due.

In the light of the Indian Partnership Act, 1932, explain:

- (i) To what extent X will be liable if he failed to give public notice after attaining majority?

(ii) Can Mr. L recover his debt from X?

QUESTION 5(a)

(6 MARKS)

Mr. G sold some goods to Mr. H for certain price by issue of an invoice, but payment in respect of the same was not received on that day. The goods were packed and lying in the godown of Mr. G. The goods were inspected by H's agent and were found to be in order. Later on, the dues of the goods were settled in cash. Just after receiving cash, Mr. G asked Mr. H that goods should be taken away from his godown to enable him to store other goods purchased by him. After one day, since Mr. H did not take delivery of the goods, Mr. G kept the goods out of the godown in an open space. Due to rain, some goods were damaged. Referring to the provisions of the Sale of Goods Act, 1930, analyse the above situation and decide who will be held responsible for the above damage. Will your answer be different, if the dues were not settled in cash and are still pending?

QUESTION 5(b)

(6 MARKS)

"The Memorandum of Association is a charter of a company". Discuss. Also explain in brief the contents of Memorandum of Association.

QUESTION 6(a)

(5 MARKS)

"To form a valid contract, consideration must be adequate". Comment.

QUESTION 6(b)

(4 MARKS)

What is the conclusive evidence of partnership? State the circumstances when partnership is not considered between two or more parties.

QUESTION 6(c)

(3 MARKS)

A, an assessee, had large income in the form of dividend and interest. In order to reduce his tax liability, he formed four private limited company and transferred his investments to them in exchange of their shares. The income earned by the companies was taken back by him as pretended loan. Can A be regarded as separate from the private limited company he formed?

PART B: BUSINESS CORRESPONDENCE AND REPORTING (40 MARKS)

Question no.7 is compulsory and attempt any three from the remaining four questions.

QUESTION 7(a)

(5 MARKS)

Read the passage carefully and answer the questions that follow:

Have you ever thought of how many ways there are to make musical sounds? You can make music with your own body. You can sing, clap and snap your fingers or whistle. Musical instruments allow us to make music beyond what our bodies are capable of. They allow us to make rhythmic precise sounds, pleasing to the ears. Bands or orchestras are made up of groups or families of musical instruments. Each family of instruments adds something unique to the music. Strings are one family of musical instruments like the guitar. It is played by the strings being struck with fingers. A violin has strings too, but a violin player uses a bow to make music. A bow is a smooth tool that slides over the strings and makes different sounds.

Wind instruments make up another family. Wind instruments produce music by moving currents of air. The flute, saxophone are such instruments. They are tube shaped and a flute player will blow air into it through a hole while playing it.

Have you ever seen or heard the clarinet? It is a wind instrument too. Clarinet players blow on a reed in the mouthpiece. The reed vibrates and sets the air inside the clarinet tube in motion.

Another family of musical gadgets is percussion instruments. Drums, tablas, dholkas etc. fall under the category. Skins of animals are stretched over an empty container and struck to make rhythmic sounds.

- (1) Find a word from the passage that means 'exclusive or special'
 - (a) Percussion
 - (b) Unique
 - (c) Rhythmic
 - (d) Snap

(1Mark)
- (2) A band is a _____
 - (a) An empty container used to play music
 - (b) A tube shaped instrument
 - (c) A musical gadget
 - (d) A group of musical instruments

(1Mark)
- (3) Which of the following is not true as per the passage?
 - (a) We cannot make music beyond what our bodies are capable of.
 - (b) A reed is required for clarinet players
 - (c) Saxophone is an example of a wind instrument
 - (d) String instruments can be played using a bow.

(1Mark)
- (4) What are percussion instruments?
 - (a) Clarinets, dholaks and drums
 - (b) Tablas, flutes and clarinets
 - (c) Drums, tablas and dholaks

(d) Saxophone, guitar, dholaks.

(1Mark)

(5) Give the passage a suitable title

(a) Different types of musical instruments

(b) Bands and Orchestras

(c) Families of musical instruments

(d) Body can make music

(1Mark)

QUESTION 7(b)

Read the passage:

(i) Make Notes, using headings, subheadings, and abbreviations whenever necessary.

(3Marks)

(ii) Write Summary.

(2Marks)

People do not always do the things we want them to do. No matter' how reasonable or minimal our expectations may be, there are times when we are let down. Naturally, we feel upset and hurt when our expectations are not met. We dread confrontations because they are unpleasant and can damage relationships.

Yet not confronting a person does not solve the problem because unresolved issues also affect relationships in an adverse way. Actually, the real problem lies in our style of confrontation, not in the issue.

Typically, we use character-based confrontations. They help in venting our anger and hurt, but that is the only thing they do. They lead to angry show downs and bring all discussions to a grinding halt. It is important to remember that self- image is the most important possession of all human beings.

It is the way we view and regard ourselves in our own eyes and in the eyes of others. As self-conscious beings, we are actually aware of our image and constantly work towards protecting it from any damage.

We also seek approval from others about our own self-image. We feel distraught if we sense that there is even a slight threat to our self image, because our character is the essence of our lives. To ensure a rational dialogue over dashed expectations, we need to deploy issued based confrontations. They involve an explanation of which actions have bothered us, in what manner and what changes we would like from the other person.

QUESTION 8(a)

(2 MARKS)

What do you mean by an "Attitude Barrier"?

QUESTION 8(b)

(3 MARKS)

(i) Select the suitable synonym for the given word:

Stimulate

(a) Effects (b) Activate (c) Irritate (d) Captivate

(ii) Select a suitable antonym for the word given in question:

Drastic

- (a) Severe (b) Useless (c) Forceless (d) Emergency

(iii) Change the sentence from Active to Passive Voice.

The audience loudly cheered the Prime Minister's speech

QUESTION 8©

(5 MARKS)

Read the following passages and write a précis for the same.

DNA degrades quickly after an animal dies, so researchers once believed it impossible to find ancient genetic material. The search for primeval vestiges of DNA took off in the late 1980s after the development of a technique called polymerase chain reaction (PCR), which copies minute quantities of DNA. Armed with PCR, scientists could look for tiny fragments of DNA that might have weathered the millennia unharmed.

In recent years, researchers have isolated DNA from 20-million-year-old magnolia leaves and extracted DNA from a 135-million-year-old weevil found in amber. Recently, a team extracts DNA from bone dating back millions of years for the first time. In the frenzied hunt for ancient DNA, microbiologist Scott R. Woodward may have bagged the biggest quarry. Drawing on lessons learned while growing up among the fossil-rich rocks of eastern Utah, Woodward and his team became the first people to find genetic material belonging to a dinosaur.

Woodward, whose grandfather was a coal miner, knew that mines in the area often contained dinosaur traces. After six months of looking Woodward pulled two bone fragments from a Cretaceous siltstone layer directly atop a coal seam. Impeded by an unstable mine roof, Woodward's team could not recover any more bone samples.

The siltstone apparently inhibited fossilization and preserved much of the original cell structure in the bone. Researchers isolated strands of DNA from both fragments and used PCR to copy a segment that codes for a protein called cytochrome b. Once they had made many copies, they could determine the DNA sequence.

Throughout their work, the biologists took precautions to avoid contaminating the samples with modern DNA or ancient material found within the coal. According to Woodward, circumstantial evidence indicates that the bone fragments belong to one or two species of dinosaurs. Dinosaur tracks are abundant in this 'coal formation, and the bones visible in the mine were larger than those of a crocodile the biggest non-dinosaur known in these rocks.

QUESTION 9(a)

(1 MARK)

What is network in communication.

QUESTION 9(b)

(4 MARKS)

(i) Select the suitable synonym for the given word.

Indispensable

- a. Decisive b. Crunchy c. Responsible d. Momentary

(ii) Choose the appropriate antonym (opposite) for the word.

Vague

- a. Disgrace b. Distribution c. Cogent d. Credit

(iii) Change the following sentences into active voice.

The test must be completed by you in one hour.

(iv) Change the following sentence to indirect speech.

The principal said, 'you can go'.

QUESTION 9(c)

(5 MARKS)

You are a manager in a firm called Your Own Office Supplies Ltd. dealing with office supplies. Draft a formal letter to your client apologizing for the delay in shipping its order due to unforeseen reasons.

QUESTION 10(a)

(2 MARKS)

Discuss the process of communication.

QUESTION 10(b)

(3 MARKS)

(i) Select the correct meaning of the idioms/phrases given below.

Food for thought

- (a) Incomplete information
(b) Good knowledge
(c) Uncensored words
(d) Baseless facts

(ii) Fill in the blanks with the most suitable choice:

His first move was to _____ the enemy team and then behead each one.

- (a) Announce (b) Seize (c) Complete (d) Harvest

(iii) Change the following sentence into indirect speech:

Elders always say, 'If you work hard, you will succeed'

QUESTION 10(c)

(5 MARKS)

Write an article of about 250 words on the topic "The Importance of water conservation".

QUESTION 11(a)

(1 MARK)

What do you mean by completeness ineffective communication?

QUESTION 11(b)

(4 MARKS)

(i) Select the suitable synonym for the given word:

Alliance

(a) Associate (b) Estranged (c) Revert (d) Unwillingness (e) Possibility

(ii) Choose the appropriate antonym (opposite) for the word:

Proximity

(a) Approximation (b) Assumingly (c) Remoteness (d) Cure

(iii) Select the correct meaning of the idioms/phrases given below.

Save for the rainy day

- (a) Use an umbrella
- (b) Prevention is better than cure
- (c) Life is full of problems
- (d) Save for difficult times

(iv) Fill in the blanks with the most suitable choice:

This one suffers from _____.

(a) draughts (b) drafts (c) dwarfs (d) droughts

QUESTION 11(c)

(5 MARKS)

Draft a cover letter in reply to the below advert., published in The Hindustan Times, dated 13/2/2020

Applications are invited for the post of an Accountant in a private firm, Agro Power Ltd, New Delhi.

The applicant must have an experience of about four years in a similar role with good knowledge of Tally. Salary offered will be competitive with the industry. Please send your detailed CV's with a cover letter to the following address:

Agro Power Ltd, Sukhdev

Vihar New Delhi 110025

For any queries, drop a mail to hr@agropower.com