



CA FOUNDATION NOV'19
SUBJECT- BUSINESS LAW AND
BUSINESS CORRESPONDENCE AND
REPORTING

Test Code – CFN 9221

(Date :)

(Marks - 100)

PART A : BUSINESS LAW

Question 1 is Compulsory.

Answer any Four questions from the remaining Five questions.

QUESTION 1(A)

(4 MARKS)

Krish, Kamyra and Ketan are partners in a firm. They jointly promised to pay Rs. 6,00,000 to Dia. Kamyra become insolvent and her private assets are sufficient to pay 1/5 of her share of debts. Krish is compelled to pay the whole amount to Dia. Examining the provisions of the Indian Contract Act, 1872, decide the extent to which Krish can recover the amount from Ketan.

QUESTION 1(B)

(4 MARKS)

Ravi Private Limited has borrowed Rs. 5 crores from Mudra Finance Ltd. This debt is ultra vires to the company. Examine, whether the company is liable to pay this debt? State the remedy if any available to Mudra Finance Ltd.?

QUESTION 1(C)

(4 MARKS)

Explain the difference between Sale and Agreement to sell under the Sale of Goods Act, 1930.

QUESTION 2(A)

(7 MARKS)

Explain the meaning of 'Contingent Contracts' and state the rules relating to such contracts.

QUESTION 2(B)

(5 MARKS)

What are the essential elements to form a LLP in India as per the LLP Act, 2008?

QUESTION 3(A) (I)

(4 MARKS)

Ram & Co., a firm consists of three partners A, B and C having one third share each in the firm. According to A and B, the activities of C are not in the interest of the partnership and thus want to expel C from the firm. Advise A and B whether they can do so quoting the relevant provisions of the Indian Partnership Act, 1932.

QUESTION 3(A) (II)

(2 MARKS)

Examine with reason that the given statement is correct or incorrect "Minor is liable to pay for the necessaries supplied to him".

QUESTION 3(B)

(6 MARKS)

P sells by auction to Q a horse which P knows to be unsound. The horse appears to be sound but P knows about the unsoundness of the horse. Is this contract valid in the following circumstances:

- (a) If P says nothing about the unsoundness of the horse to Q.
- (b) If P says nothing about it to Q who is P's daughter who has just come of age.
- (c) If Q says to P "If you do not deny it, I shall assume that the horse is sound." P says nothing.

QUESTION 4(A)

(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 4(B)

(6 MARKS)

What do you mean by "implied authority" of the partners in a firm? Point out the extent of partner's implied authority in case of emergency, referring to the provisions of the Indian Partnership Act, 1932.

QUESTION 5(A)

(6 MARKS)

Mr. D sold some goods to Mr. E for Rs. 5,00,000 on 15 days credit. Mr. D delivered the goods. On due date Mr. E refused to pay for it. State the position and rights of Mr. D as per the Sale of Goods Act, 1930.

QUESTION 5(B)

(6 MARKS)

There are cases where company law disregards the principle of corporate personality or the principle that the company is a legal entity distinct from its shareholders or members. Elucidate.

QUESTION 6(A)

(5 MARKS)

Point out with reason whether the following agreements are valid or void:

- (a) Kamala promises Ramesh to lend Rs. 500,000 in lieu of consideration that Ramesh gets Kamala's marriage dissolved and he himself marries her.
- (b) Sohan agrees with Mohan to sell his black horse. Unknown to both the parties, the horse was dead at the time of agreement.
- (c) Ram sells the goodwill of his shop to Shyam for Rs. 4,00,000 and promises not to carry on such business forever and anywhere in India.
- (d) In an agreement between Prakash and Girish, there is a condition that they will not institute legal proceedings against each other without consent.
- (e) Ramamurthy, who is a citizen of India, enters into an agreement with an alien friend.

QUESTION 6(B)

(4 MARKS)

X and Y are partners in a partnership firm. X introduced A, a manager, as his partner to Z. A remained silent. Z, a trader believing A as partner supplied 100 T.V sets to the firm on credit. After expiry of credit period, Z did not get amount of T.V sets sold to the partnership firm. Z filed a suit against X and A for the recovery of price. Advise Z whether he can recover the amount from X and A under the Indian Partnership Act, 1932.

QUESTION 6(C)

(3 MARKS)

Flora Fauna Limited was registered as a public company. There are 230 members in the company as noted below:

- | | |
|-----------------------------------|-----|
| (a) Directors and their relatives | 190 |
| (b) Employees | 15 |

(c) Ex-Employees (Shares were allotted when they were employees	10
(d) 5 couples holding shares jointly in the name of husband and wife (5*2)	10
(e) Others	5

The Board of Directors of the company propose to convert it into a private company. Also advise whether reduction in the number of members is necessary.

PART B: BUSINESS CORRESPONDENCE AND REPORTING

QUESTION 1(A)

(5 MARKS)

Read the passage carefully and answer the questions that follow:

A sanctuary may be defined as a place where Man is passive and the rest of Nature active. Till quite recently Nature had her own sanctuaries, where man either did not go at all or went only as a tool-using animal in comparatively small numbers. But now, in this machine age, there is no place left where man cannot go with overwhelming forces at his command. He can strangle to death all the nobler wild life in the world to-day. Tomorrow he certainly will have done so, unless he exercises due foresight and self-control in the meantime.

There is not the slightest doubt that birds and mammals are now being killed off much faster than they can breed. And it is always the largest and noblest forms of life that suffer most. The whales and elephants, lions and eagles, go. The rats and flies, and all mean parasites, remain. This is inevitable in certain cases. But it is wanton killing off that is of concern. Civilized man begins by destroying the very forms of wild life he learns to appreciate most when he becomes still more civilized. The obvious remedy is to begin conservation at an earlier stage, when it is easier and better in every way, by enforcing laws for close seasons, game preserves, the selective protection of certain species, and sanctuaries.

I have just defined a sanctuary as a place where man is passive and the rest of Nature active. But this general definition is too absolute for any special case. The mere fact that man has to protect a sanctuary does away with his purely passive attitude. Then, he can be beneficially active by destroying pests and parasites, like bot-flies or mosquitoes, and by finding antidotes for diseases like the epidemic which periodically kills off the rabbits and thus starves many of the carnivores to death. But, except in cases where experiment has proved his intervention to be beneficial, the less he upsets the balance of Nature the better, even when he tries to be an earthly Providence.

1. What can man do to avoid killing all wild life in the future?
 - (a) Experiment more
 - (b) Have a foresight
 - (c) Maintain self control
 - (d) Both a and b
2. What according to the author is a sanctuary?
 - (a) A place where Man is active and so is Nature
 - (b) A place where Man is passive and so is Nature
 - (c) A place where Man is passive but Nature is active
 - (d) A place where Man and Nature do not co exist.

3. What according to the author can lead to the death of carnivores?
 - (a) Finding antidotes for epidemics, which might kill animal that are food for carnivores
 - (b) Conservation at a later stage
 - (c) Carnivores can die anytime.
 - (d) Man is egoistic and wants to be powerful than carnivores.
4. Find the word in the passage that means 'unprovoked' or 'deliberate'
 - (a) Beneficially
 - (b) Wanton
 - (c) Inevitable
 - (d) Providence
5. What does the author mean by the phrase 'earthly Providence' in the last line of the passage?
 - (a) The Earth is God.
 - (b) Man is inferior to God.
 - (c) God will not take care of the Earth
 - (d) Man wants to be like God on Earth.

QUESTION 1(B)

Read the passage:

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

(3 Marks)

(ii) Write Summary.

(2 Marks)

Anything printed and bound in a book size can be called a book, but the quality or mind distinguishes the value of it.

What is a book? This is how Anatole France describes it: "A series of little printed signs essentially only that. It is for the reader to supply himself the forms and colors and sentiments to which these signs correspond. It will depend on him whether the book be dull or brilliant, hot with passion or cold as ice. Or if you prefer to put it otherwise each word in a book is a magic finger that sets a fibre of our brain vibrating like a hard string and so evokes a note from the sounding board of our soul No matter how skillful, how inspired the artist's hand, the sound it makes depends on the quality of the strings within ourselves"

Until recently books were the preserve of a small section _____ the urban upper classes. Some, even today, make it a point to call themselves intellectuals. It would be a pity if books were meant only for intellectuals and not for housewives, farmers, factory workers, artisans and, so on.

In India there are first generation learners, whose parents might have been illiterate. This poses special challenges to our authors and to those who are entrusted with the task of disseminating knowledge. We need much more research in the use of language and the development of techniques by which know ledge can be transferred to these people without transmission loss. Publishers should initiate campaigns to persuade people that a good book makes a beautiful present and that reading a good book can be the most relaxing as well as absorbing of pastimes. We should aim at books of quality no less than at quantitative expansion in production and sale. Unless one is constantly exposed to the best, one cannot develop a taste for the good.

QUESTION 2(A)

Define visual communication.

(2 MARKS)**QUESTION 2(B)****(3 MARKS)**

(i) Choose the word which best expresses the meaning of the given word:

Perpetual

- (1) General
- (2) Emotional
- (3) Stubborn
- (4) Continuous**

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

Disparage

- (1) Eulogise
- (2) Belittle
- (3) Alert
- (4) Defame**

(iii) Change the following sentence to indirect speech:

The policeman said to the stranger who are you.

QUESTION 2 (C)**(5 MARKS)**

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

The word 'gender', originally a grammatical term, has come to refer to the social roles and behaviour of individuals arising from their classification as biologically male or female. In other words, Gender is general terms is imported from the social sciences for the sex or sexuality of human beings. Hence 'gender difference', of a difference in speech between men and women; language and gender, as a branch of sociolinguistics dealing with such differences. This is a huge complex embracing virtually all aspects of social behaviour of which language is only one. Recently, intensive research has been carried out about the relationship of language and gender, largely by female scholars who have felt drawn to the topic because of the obvious discrimination against women that has taken place in the past and which can still be observed today. The initial impulse was the work of the American linguist Robin Lakoff, who in the early 1970s focussed her attention on certain themes with the language and gender complex above those that she rightly felt required rectification. Her work stimulated other scholars to engage in this study and soon language and gender was a burgeoning research area in universities across the western world. Various opinions emerged on this relationship with two gaining particular focus. One is the difference approach which established that male and female language is dissimilar in spoken as well as written without attributing this to the nature of the social relationship between men and women. The other is the dominance approach which saw language usage by females and males as reflecting established relationship of social control of the latter over the former. With the maturation of research on language and gender the simple 'difference – dominance' dichotomy was increasingly regarded as unsatisfactory and insufficiently nuanced. For example, to maintain that men have a competitive style of social behaviour in western countries is a generalisation that everyone would agree. However, there are men who are not competitive in this respect. There are common tendencies that one comes across such as men interrupt women more, women are more communicative than men, women gossip more than men, men speak more comfortably in public and are good in calculation than women.

QUESTION 3(A) What is network in communication. **(1 MARK)**

QUESTION 3(B) **(4 MARKS)**

(i) Choose the word which best expresses the meaning of the given word.

Inherent

(a) Intrinsic (b) Inevitable (c) Innovation (d) Intent

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

Serene

(a) Valley (b) Young (c) Unrest (d) Harmless

(iii) Change the following sentences into passive voice

Rajesh uses a pen to sketch figures.

(iv) Change the following sentence to indirect speech.

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

QUESTION 3(C) **(5 MARKS)**

As the HR Manager of your organization, draft a circular for all the employees of your company, informing them about a charity cultural event being organized over the weekend in the office campus. Mention a few events and request for active participation.

QUESTION 4(A) **(2 MARKS)**

(i) Discuss "Cultural barrier in communication.

OR

(ii) What do you mean by (A) Vertical and (B) Horizontal formal communication?

QUESTION 4(B) **(3 MARKS)**

Choose the word which best expresses the meaning of the given word:

(i) **Fiction**

(1) Fantasy (2) Story

(3) Fact (4) Reality

(ii) **Demote**

(1) Rise (2) Upgrade

(3) Decline (4) Downgrade

(iii) Change the following sentence into indirect speech :

Shalini gave order to her younger sister, "Go home immediately."

QUESTION 4(C) **(5 MARKS)**

Write an article of about 250 words on the topic "Global warming".

QUESTION 5(A) **(1 MARK)**

What do you mean by completeness in effective communication?

QUESTION 5(B)

(4 MARKS)

(i) Choose the word which best expresses the meaning of the given word.

Divulge

(a) Dig into (b) Varied (c) Reveal (d) Deep

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

Cumbersome

(a) Manageable (b) Clumsy (c) Quantitative (d) Moderate

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

(a) Acid test

- Difficult job
- Useless task
- Decisive test
- Unknown work

(b) Sell like hotcakes

- A difficult campaign
- Controversial marketing
- Good baker
- Fast selling / in huge number

QUESTION 5(C)

(5 MARKS)

As a HR manager, prepare the **agenda** of an upcoming meeting regarding staff matters.