



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

Test Code – CFN 9249
(Date :)

(Marks -100)

TOPIC: FULL Business Law and Business Correspondence and Reporting

PART A : BUSINESS LAWS

Question 1 is Compulsory. Attempt any 4 out of remaining 5 Questions.

Question 1(A)

(4 MARKS)

Mr. Sohanlal sold 10 acres of his agricultural land to Mr. Mohanlal on 25th September 2018 for Rs. 25 Lakhs. The Property papers mentioned a condition, amongst other details, that whosoever purchases the land is free to use 9 acres as per his choice but the remaining 1 acre has to be allowed to be used by Mr. Chotelal, son of the seller for carrying out farming or other activity of his choice. On 12th October, 2018, Mr. Sohanlal died leaving behind his son and life. On 15th October, 2018 purchaser started construction of an auditorium on the whole 10 acres of land and denied any land to the son.

Now Mr. Chotelal wants to file a case against the purchaser and get a suitable redressed.

Discuss the above in light of provisions of Indian Contract Act, 1872 and decide upon Mr. Chotelal's plan of action?

Question 1(B)

(4 MARKS)

State briefly the essential element of a contract of sale under the Sale of Goods Act, 1930.

Question 1(C)

(4 MARKS)

"Indian Partnership Act does not make the registration of firms compulsory nor does it impose any penalty for non-registration." Explain. **Discuss the various disabilities or disadvantages that a non-registered partnership firm can face in brief?**

Question 2(A)

(6 MARKS)

Referring to the provisions of the Sale of Goods Act, 1930, **state the rules provided to regulate the "Sale by Auction."**

Question 2(B)

(6 MARKS)

X, Y and Z jointly borrowed Rs. 50,000 from A. The whole amount was repaid to A by Y. **Decide in the light of the Indian Contract Act, 1872 whether:**

- (i) Y can recover the contribution from X and Z,
- (ii) Legal representatives of X are liable in case of death of X,
- (iii) Y can recover the contribution from the assets, in case Z becomes insolvent.

Question 3(A)

(5 MARKS)

Explain the modes of revocation of an offer as per the Indian Contract Act, 1872.

Question 3(B)

(7 MARKS)

Define OPC (One Person Company) and state the rules regarding its membership. Can it be converted into a non – profit company under Section 8 or a private company ?

Question 4(A)

(5 MARKS)

State the **essential elements to incorporate a LLP** ?

Question 4(B)

(3 MARKS)

Explain the meaning of '**Quasi-Contracts**'.

Question 4(C)

(2 MARKS)

What is the **provision** related to the **effect of notice to an acting partner of the firm** as per the Indian Partnership Act, 1932?

Question 4(D)

(2 MARKS)

Though a minor cannot be a partner in a firm, he can nonetheless be admitted to the benefits of partnership."

State the legal position of a minor partner after attaining majority, **When he opts to become a partner of the same firm.**

Question 5(A)

(6 MARKS)

F, an assessee, was a wealthy man earning huge income by way of dividend and interest. He formed three Private Companies and agreed with each to hold a bloc of investment as an agent for them. The dividend and interest income received by the companies was handed back to F as a pretended loan. This way, F divided his income into three parts in a bid to reduce his tax liability.

Decide, for what purpose the three companies were established ? Whether the legal personality of all the three companies may be disregarded.

Question 5(B)

(6 MARKS)

What do you understand by the term "**unpaid seller**" under the Sale of Goods Act, 1930? **When can an unpaid seller exercise the right of stoppage of goods in transit?**

Question 6(A)

(4 MARKS)

Mr. A, Mr. B and Mr. C were partners in a partnership firm M/s ABC & Co., which is engaged in the business of trading of branded furniture. The name of the partners was clearly written along with the firm name in front of the head office of the firm as well as on letter-head of the firm. On 1st October, 2018, Mr. C passed away. His name was neither removed from the list of partners as stated in front of the head office nor from the letter-heads of the firm. As per the terms of partnership, the firm continued its operations with Mr. A and Mr. B as partners. The accounts of the firm were settled and the amount due to the legal heirs of Mr. C was also determined on 10th October, 2018. But the same was not paid to the legal heirs of Mr. C. On 16th October, 2018, Mr. X, a supplier supplied furniture worth Rs. 20,00,000 to M/s ABC & Co. M/s ABC & Co. could not repay the amount due to heavy losses. Mr. X wants to recover the amount not only from M/s ABC & Co., but also from the legal heirs of Mr. C.

Analyses the above situation in terms of the provisions of the Indian Partnership Act, 1932 and decide whether the legal heirs of Mr. C can also be held liable for the dues towards Mr. X.

Question 6(B)

(4 MARKS)

Mr. M, Mr. N and Mr. P were partners in a firm, which was dealing in refrigerators. On 1st October, 2018, Mr. P retired from partnership, but failed to give public notice of his retirement. After his retirement, Mr. M, Mr. N and Mr. P visited a trade fair and enquired about some refrigerators with latest techniques. Mr. X, who was exhibiting his refrigerators with the new techniques was impressed with the interactions of Mr. P and requested for the visiting card of the firm. The visiting card also included the name of Mr. P as a partner even though he had already retired. Mr. X supplied some refrigerators to the firm and could not recover his dues from the firm. Now, Mr. X wants to recover the dues not only from the firm, but also from Mr. P.

Analyse the above case in terms of the provisions of the Indian Partnership Act, 1932 and decide whether Mr. P is liable in this situation.

Question 6(C)

(4 MARKS)

Discuss the essentials of Undue Influence as per the Indian Contract Act, 1872.

PART B : BUSINESS CORRESPONDENCE AND REPORTING

Question 7 is Compulsory. Attempt any 3 out of remaining 4 Questions.

Question 7(A)

(5 MARKS)

Read the following comprehension passages and answer the following questions

The great Acharyas have said that having discovered a great goal, **surrender** yourself to that goal and act towards it drawing your inspiration from that goal whereby you will get a new column of energy. Do not allow this energy to be **dissipated** in the **futile** memories of past regrets or failures nor in the imagined sorrow of the future or the present and thus bring the entire energy focussed into activity. That is the highest creative action in the world outside. Thereby the individual who is till now considered most **inefficient** finds his way to the highest achievement and success.

This is said very easily in a second. But in order to train our mind to this attitude it needs **considerable** training because we have already trained the mind wrongly to such an extent that we have become perfect in imperfection. Not knowing the art of action, we have been master artists in doing the wrong thing. The totality of activity will bring the country to a wrong end indeed.

If each one is given a car, to achieve an ideal socialistic pattern, and nobody knows driving but everybody starts driving, what would be the condition on the road ? Everybody has equal right on the public road. Then each car must necessarily dash against the other, and there is bound to be a jumble. This seems to be the very apt pattern of life that we are heading to. Everyone of us is a vehicle. We know how to go forward. The point is that intellect is very powerful and everyone is driving but nobody seems to know how to control the mental energy and direct it properly or guide it to a proper destination.

(1) Which of the following will cause the country to perish?

- (a) Driving cars without proper driving knowledge and skill
- (b) Directing mental energy to the right destination
- (c) Wrong deeds performed without proper knowledge
- (d) Memories of past regrets and failures

(2) What is the effect of the wrong training of the mind ?

- (a) The art of action is too much emphasised.
- (b) We have become perfect in all aspects.
- (c) Each of us could become a master artist.
- (d) We have become perfect in imperfections.

(3) The author's chief concern is

- (a) The car accidents resulting from lack of driving skill.
- (b) Regulation of energy in a proper direction
- (c) Discovery of a great goal in life
- (d) Establishment of socialistic pattern

(4) Which of the following is the source of energy ?

- (a) Stimulation obtained from a set aim
- (b) Highest creative action
- (c) A column that supports a building
- (d) Proper training of the mind to achieve perfection

(5) Which of the following could lead to success ?

- (a) Preparing oneself to face the probable sorrows of the future
- (b) Cherishing the memories of the past
- (c) Bringing all the energy into activity
- (d) Being alert about the excitement of present

Question 7(B)

Read the passage given below.

- (i) Make notes, using headings, sub-headings, and abbreviations wherever necessary.**

(3 Marks)

- (ii) Write summary.**

(2 Marks)

The small village of Somnathpur contains an extraordinary temple, built around 1268 A.D. by the Hoyasalas of Karnataka – one of the most prolific temple builders. Belur and Helebid are among their better-known works. While these suffered during the invasion of the 14th century, the Somnathpur temple stands more or less intact in near-original condition. The small temple captivates with the beauty and vitality of its detailed sculpture, covering almost every inch of the walls, pillars and even ceilings. It has three shikaras and stands on a star-shaped raised platform with 24 edges. The outer walls have a profusion of detailed carvings: the entire surface run over by carved plaques of stone. There were vertical panels covered by exquisite figures of God and Goddesses, with many incarnations being depicted. There were nymphs too, some carrying an ear of maize, a symbol of plenty and prosperity. The elaborate ornamentation, very characteristic of Hoyasala sculptures was a remarkable feature. On closer look – and it is worth it – the series of friezes on the outer walls revealed intricately carved caparisoned elephants, charging horsemen, stylized flowers, warriors, musicians, crocodiles and swans.

The temple was actually commissioned by Soma Dandanayaka or Somnath (he named the village after himself), the minister of the Hoyasala king, Narasimha the Third. The temple was built to house three versions of Krishna – Venugopala, Janardana and Prasanna Keshava, though only two remain in their original form. In the darkness of the sanctum sanctorum, its interesting to discern the different images. The temple's sculptural perfection is amazing and includes the doors of the temple and the three elegantly carved towers.

Question 8(A)

(2 MARKS)

Define Vertical & Chain Network under network in communication?

Question 8(B)**(1*3 = 3 MARKS)**

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

Crooked

- (a) Straight (b) Tapering (c) Twisted (d) Circle

(ii) Select a suitable **antonym** for the word given under:

Predicament

- (a) Injury (b) Ease (c) Accident (d) Horrifying

(iii) Change the following sentence to **indirect speech**:

Pari said to me "I have been living in London since last December"

Question 8(C)**(5 MARKS)**

Write a precis and give appropriate title to the 'passage given below':

India has witnessed great expansion of educational opportunities since the attainment of independence. However, the disabled children have not yet benefited in any substantial manner from the growth in educational facilities.

Education of handicapped children, ultimately become more dependent and non productive. It is therefore believed that scarce national resources should not be wasted on them. Further, it has been our misconceived notion that the education of handicapped children requires highly specialized people and as such, it must essentially be very costly. Maybe, precisely for these wrong notions we have not been able to involve clinical and educational specialization programmers of training and education exclusively 'meant 'for handicapped children. It is encouraging to note that the new National Policy on Education has recommended the placement of such children in Regular schools so as to provide them integrated education along with normal students. The integrated education will take care of the different needs of various categories and types of disabled children. The objective is to place the disabled children in ordinary schools for imparting education in the help of special teachers, aids and other resources. For fulfilling this objective an array, of the necessary infrastructure by way of training of teachers, provision of equipment and book etc. are some of the basic pre-requisition. Hopefully, the parents and their handicapped children will be greatly relieved when the latter are transferred to regular schools.

Question 9(A)**(1 MARK)**

What do you mean by **completeness in effective communication**?

Question 9(B)**(1*4 = 4 MARKS)**

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

Cry over spilled milk

- (a) Drain milk
(b) Complain about something that cannot be rectified
(c) Get into altercation with someone
(d) Misbehave with someone

(ii) **Select the correct meaning of idioms/phrases** given below:

Judge a book by its cover.

- (a) Reading a book (b) To detect a fraud
(c.) Rely on outward appearances (d) To be intimated by appearances .

(iii) **Change the sentence into Active Voice:** The Grand Canyon is visited by thousands of tourists every year.

(iv) Choose the **word** which best **expresses the meaning** of the given word:
Mesmerized

(a) Enthrall

(b) Gruesome

(c) Scary

(d) Harmony

Question 9(C)

(5 MARKS)

Write a **letter** from xyz pvt ltd **confirming the order placed** and other details.

Question 10(A)

(2 MARKS)

"The listener has to be objective, practical and control his emotions" Explain with reference to importance of listening in communication?

Question 10(B)

(1*3 = 3 MARKS)

(i) Change the sentence from **Active to Passive Voice.**

The teacher always answers the students' questions.

(ii) Change the sentence from **Passive to Active Voice;**

Every night the office is vacuumed and dusted by the cleaning crew.

(iii) Change the following sentence to **indirect speech.**

She said "My Father came yesterday".

Question 10(C)

(5 MARKS)

Write an **Article** of about 250-300 words on the topic "What is more important—**Physical fitness or Mental fitness?**"

Question 11(A)

(2 MARKS)

What are the **main steps** in the process of communication?

Question 11(B)

(1* 3 = 3 MARKS)

(i) Select the suitable **synonym** for the given words:

Contingency

(a) Existence (b) Evidence (c) Rebel (d) Emergency (e) Announce

(ii) Select the suitable **antonym** for the given word:

Vigilant

(a) Inattentive (b) Curious (c) Concerned (d) Careful

(iii) Change the following **Direct speech into Indirect speech.**

The athlete said, 'I can break old records'

Question 11(C)

(5 MARKS)

Your company, has witnessed a gradual decline in a consumer product over the one year.

Prepare the minutes of the meeting for the same. Members in the meeting; Head of the Sales and Marketing, Product head, Product lead and concerned team members.