



CA FOUNDATION NOV'19
SUBJECT- BUSINESS LAW,
CORRESPONDENCE AND REPORTING
Test Code – CFP 4015
(Date :)

(Marks - 100)

SECTION – A

BUSINESS LAW

Question No. 1 is compulsory.

Attempt any **four** questions from the remaining **five** questions.

QUESTION NO.1

- A. Mr. X and Mr. Y entered into a contract on 1st August, 2018, by which. Mr. X had to supply 50 tons of sugar to Mr. Y at a certain price strictly within a period of 10 days of the contract. Mr. Y also paid an amount of Rs. 50,000 towards advance as per the terms of the above contract. The mode of transportation available between their places is roadway only. Severe flood came on 2nd August, 2018 and the only road connecting their places was damaged and could not be repaired within fifteen days. Mr. X offered to supply sugar on 20th August, 2018 for which Mr. Y did not agree. On 1st September, 2018, Mr. X claimed compensation of Rs. 10,000 from Mr. Y for refusing to accept the supply of sugar, which was not there within the purview of the contract. On the other hand, Mr. Y claimed for refund of Rs. 50,000 which he had paid as advance in terms of the contract. Analyse the above situation in terms of the provisions of the Indian Contract Act, 1872 and decide on Y's contention. **(4 MARKS)**
- B. What is meant by delivery of goods under the Sale of Goods Act, 1930? State various modes of delivery. **(4 MARKS)**
- C. 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. **(4 MARKS)**

QUESTION NO.2

- A. What are the consequences of Non-Registration of a Partnership Firm? Discuss. **(6 MARKS)**
- B. 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? **(6 MARKS)**

QUESTION NO.3

- A. Explain the essential elements to incorporate a Limited Liability Partnership and the steps involved therein under the LLP Act, 2008. **(6 MARKS)**
- B. M Ltd., contract with Shanti Traders to make and deliver certain machinery to them by 30.6.2017 for Rs. 11.50 lakhs. Due to labour strike, M Ltd. could not manufacture and deliver the machinery to Shanti Traders. Later, Shanti Traders

procured the machinery from another manufacturer for Rs. 12.75 lakhs. Due to this Shanti Traders was also prevented from performing a contract which it had made with Zenith Traders at the time of their contract with M Ltd. and were compelled to pay compensation for breach of contract. Advise Shanti Traders the amount of compensation which it can claim from M Ltd., referring to the legal provisions of the Indian Contract Act, 1872. **(6 MARKS)**

QUESTION NO.4

- A. What is appropriation of goods under the Sale of Goods Act, 1930? State the essentials regarding appropriation of unascertained goods. **(6 MARKS)**
- B. X, Y and Z are partners in a Partnership Firm. They were carrying their business successfully for the past several years. Spouses of X and Y fought in ladies club on their personal issue and X's wife was hurt badly. X got angry on the incident and he convinced Z to expel Y from their partnership firm. Y was expelled from partnership without any notice from X and Z. Considering the provisions of the Indian Partnership Act, 1932, state whether they can expel a partner from the firm. What are the criteria for test of good faith in such circumstances? **(6 MARKS)**

QUESTION NO.5

- A. Mr. X had purchased some goods from M/s ABC Limited on credit. A credit period of one month was allowed to Mr. X. Before the due date Mr. X went to the company and wanted to repay the amount due from him. He found only Mr. Z there, who was the factory supervisor of the company. Mr. Z told Mr. X that the accountant and the cashier were on leave, he is in-charge of receiving money and he may pay the amount to him. Mr. Z issued a money receipt under his signature. After two months M/s ABC Limited issued a notice to Mr. X for non-payment of the dues within the stipulated period. Mr. X informed the company that he had already cleared the dues and he is no more responsible for the same. He also contended that Mr. Z is an employee of the company to whom he had made the payment and being an outsider, he trusted the words of Mr. Z as duty distribution is a job of the internal management of the company. Analyse the situation and decide whether Mr. X is free from his liability. **(3 MARKS)**
- B. State any four grounds on which Court may dissolve a partnership firm in case any partner files a suit for the same. **(4 MARKS)**
- C. 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?

(5 MARKS)

QUESTION NO.6

- A. X, Y and Z are partners in a firm. They jointly promised to pay Rs. 3,00,000 to D. Y become insolvent and his private assets are sufficient to pay 1/5 of his share of debts. X is compelled to pay the whole amount to D. Examining the provisions of the Indian Contract Act, 1872, decide the extent to which X can recover the amount from Z. **(4 MARKS)**
- B. Distinguish between wagering agreement and contract of insurance. **(4 MARKS)**
- C. What do you mean by Limited liability Partnership ? What are the advantages for forming a Limited Liability Partnership for doing business ? **(4 MARKS)**

SECTION – B

BUSINESS CORRESPONDENCE AND REPORTING

Question No. 7 is compulsory

Attempt any **three** questions from the remaining **four** questions.

QUESTION NO.7

- A. Read the passage carefully and answer the questions given below :

"Your room is so ugly that no one can enter your room except yourself, son. Please take care of yourself at least. "Harish's mother was simply shouting at Harish. It was a beautiful Sunday morning and. Harish was in no mood to get up from bed even it was already 9.00 A.M. His mother had completed cleaning the whole house except Harish's Room. Harish got up and finished his daily routine. Still, he was only at the receiving end. "All your friends have finished morning walk, breakfast and completed their weekly homework given in the college. Just clean your room and take the whole garbage and throw outside." Harish was surprised. What is mom speaking about? Yesterday only his mom was teaching him about "Swachh Bharat Abhiyan" and today asking him to throw the garbage outside ! "What's this Mom? You advised me so much and today asking to throw garbage outside?" Harish had two options, either to follow his mother's last night advice or to follow her present order. He decided to follow the first and raised objection. His Mom said, "It was just a book son, I was teaching from that only. "Harish still objected and threw the garbage inside a dustbin, located around 200 metres away from his house.

Is it only a matter of reading only? Is really cleanliness not, necessary? Is it a duty of the politicians and Government servants? Harish asked himself all the questions to himself and decided to do what he thought to be proper. If all of us with a little effort try it in our daily life, slowly, but surely we can clean our environment. Only we are responsible for all this non-sense. Therefore we have to act. We have to avoid the use of polythene bags to save our environment; we have to give up our habit of throwing garbage and used plastic bags and bottles here and there. Otherwise day will come, when we and our future generation will be struggling to find a clean road to walk. Think seriously and act accordingly.

- (i) What was the subject matter of the book, which Harish's mother was teaching him last night? **(1 Mark)**

(ii) Who has to act properly to ensure a clean environment?

(1 Mark)

(iii) Who will suffer if we do not ensure clean environment?

(1 Mark)

(iv) Write a summary of the above paragraph.

(2 Marks)

B. Read the passage:

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

(3 Marks)

(ii) Write Summary.

(2 Marks)

(i) 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 fiber 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 knowledge 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 NO.8

A. Describe the term "paralanguage", a mode of communication.

(2 Marks)

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

(1 Mark)

Perpetual

(1) General

(2) Emotional

(3) Stubborn

(4) Continuous

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

(1 Mark)

Disparage

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

(iii) Change the following sentence into indirect speech:

Suchi asked Sunil, "Are you interested to visit the temple?"

(1 Mark)

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

Teaching is the noblest of professions. A teacher has a sacred duty to perform. It is he on whom rests the responsibility of moulding the character of young children. Apart from developing their intellect, he can inculcate in them qualities of good citizenship, remaining neat and clean, talking decently and sitting properly. These virtues are not easy to be imbibed. Only he who himself leads a life of simplicity, purity and rigid discipline can successfully cultivate these habits in his pupils.

Besides a teacher always remain young. He may grow old in age, but not in spite. Perpetual contact with budding youths keeps him happy and cheerful. These are moments when domestic worries weigh heavily on his mind, but the delightful company of innocent children makes him overcome his transient moods of despair.

(5 Marks)

QUESTION NO.9

A. Write any four barriers to effective communication?

(2 Marks)

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

(i) Fiction

- (1) Fantasy (2) Story
- (3) Fact (4) Reality

(1 Mark)

(ii) Illicit

- (1) Storage
- (2) Emotional
- (3) Unlawful
- (4) Grand

(1 Mark)

(iii) Change the following sentence into indirect speech:

The Shopkeeper says, "prices are shooting up alarmingly.

(1 Mark)

C. Write a circular addressing to the employees regarding re-organization of manpower and their responsibility in finance department of the company.

(5 Marks)

QUESTION NO.10

A. How do Technology barriers effects communication? Explain.

(2 Marks)

B. (i) Complete the expression by supplying a suitable preposition or adverb particle. Choose your answer from the options given in brackets.

We will take _____ this issue when we meet next week. (up/on/over)

(1 Mark)

(ii) Rewrite the following sentence in Passive Voice

The customer should receive the delivery by Friday.

(1 Mark)

(iii) Rewrite the following sentence in Active Voice.

He will be given a ticket for over speeding by the police officer. **(1 Mark)**

C. Write a Newspaper Report in 250 words on the topic:

"Daughter of Gardener Tops Board Exams."

(5 Marks)

QUESTION NO.11

A. Non-verbal is also one of the Broad Categories of Communication? Explain.

(2 Marks)

B. Select the correct meaning of the following idioms/phrases among the alternatives given below

a. Out of the blue

i. Something happens that was unexpected.

ii. Something happens that was very much expected.

iii. From the sky

iv. From the Ocean

(1 Mark)

b. Day in and day out

i. Coming and returning in day time

ii. The day of importance.

iii. Continuously

iv. Within a day

(1 Mark)

c. Rewrite the following sentences in the active voice:

The entire district was destroyed by cyclone.

(1 Mark)

C. Write a memo letter informing the employees of all branches about the suspension order of Mr. Z, cashier, on charge of misappropriation of fund of the same office.

(5 Marks)