



**J.K. SHAH**<sup>®</sup>  
**TEST SERIES**  
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**SUGGESTED SOLUTION**

**CA FOUNDATION**

**SUBJECT- BUSINESS LAWS AND BUSINESS  
CORRESPONDENCE AND REPORTING**

**Test Code – AJM 1070**

**BRANCH - () (Date :)**

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### Answer - 1

(a) Revocation of acceptance is valid because the Acceptor may revoke his acceptance at any time before the letter of acceptance reaches the Offeror.

If the letter of acceptance (e-mail) and the Fax of revocation of acceptance reach at the same time, the formation of contract will depend on the fact that which of the two is opened first by X. If X reads the Fax first, revocation is valid but if reads the e-mail first, revocation is not possible.

(3 Marks)

(b) Yes, the consideration or object of an agreement is lawful unless it is forbidden by Law, or (2) is of such a nature that if permitted it would defeat the provisions of any law or (3) is fraudulent or implies injury to the person or (4) property of another or (5) the court regards it as immoral or as opposed to public policy.

(3 Marks)

(c) A Minor can Act as Agent and bind the Principal. But, the Minor cannot be made liable for actions which results in loss to the Principal. Hence, sale by M (minor) to D is valid. But the difference of ₹350 (₹700 - ₹350) cannot be recovered from M by A (the Principal).

(4 Marks)

### Answer - 2

(a) The statutory rights of partners can be enumerated as under:

1. Right to take part in business [Section 12(a)].
2. Majority rights [Section 13(c)].
3. Access to books [Section 12(d)].
4. Right to indemnity [Section 13(e)].
5. Right to profits [Section 13(b)].
6. Right to interest on capital [Section 13(c) and (d)].
7. Right to remuneration [Section 13(a)].

(5 Marks)

(b) Yes. Reason: Pataudi is a partner by estoppel. Both the conditions of Section 28 are fulfilled.

1. Pataudi has knowingly permitted himself to be represented as a partner
2. Supplier has acted on the faith of such representation.

(5 Marks)

### Answer - 3

(a)

1. Void, being uncertain as to what oil is to be sold.
2. Valid. Implied that sale is of coconut oil only.
3. Valid, No uncertainty. Place and commodity have been mentioned.
4. Valid, because the price is capable of being made certain.
5. Void, because price is not certain, though the subject of Contract is certain.

(5 Marks)

(b)

Part (a): **Yes.**

Reason: Non-registration of a firm does not affect the right of a third party to sue an unregistered firm.

Part (b): **No.**

Reason: An unregistered firm cannot claim a set off exceeding ₹100 in value.

(5 marks)

### Answer - 4

(a)

1. Expensive
2. Cronies
3. Nosy
4. Noise
5. Crafty

6. Reserved
7. Miserly
8. Pushy

(4 Marks)

(b)

1. Consider the objective.
2. Assess the interest level of the Receiver.
3. Be sincere.
4. Use simple language, & familiar words.
5. Be brief and precise.
6. Avoid vagueness and generalities.
7. Differentiate between facts and opinions.
8. Give full facts.
9. Assume nothing.
10. Use polite words and tone.
11. Avoid insulting messages.
12. Present the facts in a manner interesting and pleasing to the Recipient.
13. Allow time for the Recipient to respond.

(5 marks)

Answer - 5

1. D
2. D
3. D
4. C
5. E

(5 marks)

Answer - 6

### Notes: Earthquakes - Their Causes and Impact

#### 1. Causes of Earthquakes

- a) braking & slipping of rocks along fault in earth
  - 1) deformation of outer, brittle portions of tectonic plates - earth's crust
  - 2) heating & cooling of rocks below plates due to convection
  - 3) adjacent overlying plates move & deform
  - 4) rates of plate movements - 2 to 12 cms/yr
  - 5) tremendous energy build up
  - 6) rocks break releasing energy.
- b) human activities
  - 1) filling or reservoirs
  - 2) injection of fluids into wells for oil recovery
  - 3) waste disposal

#### 2. Earthquake Zones

- a) Active faults - major tectonic plates of the earth
  - 1) 90% earthquakes in 10% surface of Earth
  - 2) 'Ring of Fire' circling the Pacific Ocean, including w. coast of Canada
- b) Human activity - a major reason in:
  - 1) United States
  - 2) China
  - 3) Japan
  - 4) India

#### 3. Measurement of Earthquakes

- a) Richter scale
  - 1) developed - Charles Richter
  - 2) measuring energy released by earthquake

- 3) seismograph record amplitude of shaking of ground
- b) Occurrence-
  - 1) Each day 1000 very small (magnitude 1 - 2 on the Richter scale) earthquakes
  - 2) Each year 800 earthquakes capable of damage (magnitude 5 - 5.9),
  - 3) Each year 18 earthquakes < 7
4. Damage caused by Earthquakes
  - a) shaking of ground
  - b) depends on
    - 1) magnitude of earthquake
    - 2) distance from earthquake focus
    - 3) type of fault
    - 4) depth & type of material
5. Prediction
  - a) As yet not possible
  - b) studies being conducted

**Key to Abbreviations**

- 1) earthquakes - earthquakes
- 2) breaking - breaking
- 3) earth - earth
- 4) deformation - deformation
- 5) releasing - releasing
- 6) reserves - reserves
- 7) injecting - injecting
- 8) heating - heating
- 9) cooling - cooling
- 10) yr-year
- 11) energy-energy
- 12) human-human
- 13) including - including
- 14) developed - developed
- 15) shaking - shaking
- 16) faulting - faulting

**Note:** A list of possible abbreviations has been given. Students can restrict the no. of abbreviations to 8 or 10 words.

**(6 Marks)**