

TEST - CA - FOUNDATION - BUSINESS LAWS

Time – 3 Hours

Marks – 100

Instruction: Question Number 1 is compulsory and any 4 questions from the remaining questions.

1. (A)

Titu owes Guddu, the following debts as per the table given below:

Amount of the Debt (in INR)	Position of Debt
5,000	Time barred on 01 st July, 2023 as per the provisions of the Limitation Act, 1963
3,000	Time barred on 01 st July, 2023 as per the provisions of the Limitation Act, 1963
12,500	Due on 1 st April, 2022
10,000	Due on 15 th July, 2023
7,500	Due on 25 th November, 2023

Guddu makes payment on 1st April, 2023 mentioned as below without any notice regarding how to appropriate the amount/ payment.

- i. A cheque of Rs 12,500
- ii. A cheque of Rs 4,000.

In such a situation how the appropriation of the payment is done against the debts as per the provisions of the Indian Contract Act, 1872 by assuming that Titu also has not appropriated the amount received towards any particular debt.

(6 Marks)

1. (B)

A mobile phone was displayed in a shop with a price tag of Rs 10,000 attached to the mobile display box. As the price displayed was very less as compared to M.R.P. of the mobile phone, Biru, a customer rushed to the cash counter and asked the shopkeeper to receive the payment and pack up the mobile phone. The shopkeeper refused to hand over the mobile phone to Biru in consideration of the price indicated in the price tag attached to the mobile phone. Biru seeks your advice whether he can sue the shopkeeper for the above cause under the Indian Contract Act, 1872.

(4 Marks)

1. (C)

On 1st March 2023, T Readymade Dress Garments, Shimla enters into a contract with J Readymade Garments, Jaipur for the supply of different sizes of shirts 'S' (Small), 'M' (Medium), and 'L' (Large). As per the terms of the contract, 300 pieces of each category i.e. 'S' @ Rs 900; 'M' @ 1,000 and 'L' @ Rs 1,100 per piece have to be supplied on or before 31st May, 2023.

However, on 1st May, 2023, T Readymade Dress Garments, Shimla informed J Readymade Garments, Jaipur that the firm is not willing to supply the shirts at the above rate due to the rise of prices in the raw material cost. In the meantime, prices for similar

shirts have gone up in the market to the tune of Rs 1,000; Rs 1,100; and Rs 1,200 for 'S', 'M' and 'L' sizes respectively.

Examine the rights of J Readymade Garments, Jaipur in this regard as per the provisions of the Indian Contract Act, of 1872.

(5 Marks)

1. (D)

"Mere silence does not amount to fraud". Explain the statement as per the provisions contained in the Indian Contract Act, 1872.

(5 Marks)

2. (A)

Radha invited her ten close friends to celebrate her 25th birthday party on 1st January, 2023 at 7.30 P.M. at a well-known "Hi-Fi Restaurant" at Tonk Road, Jaipur. All invited friends accepted the invitation and promised to attend the said party. On request of the hotel manager, Radha deposited Rs 5,000/- as non-refundable security for the said party. On the scheduled date and time, three among ten invited friends did not turn up for the birthday party and did not convey any prior communication to her. Radha, enraged with the behaviour of the three friends, wanted to sue them for loss incurred in the said party. Advise as per the provisions of the Indian Contract Act, 1872.

Would your answer differ if the said party had been a "Contributory 2023 New Year celebration Party" organized by Radha?

(4 Marks)

2. (B)

As per the general rule, "Stranger to a contract cannot file a suit in case of breach of contract". Comment and explain the exceptions to this rule as per the provisions of the Indian Contract Act, 1872.

(6 Marks)

2. (C)

What is Law and what is the process of making a law?

(5 Marks)

2. (D)

What are Negotiable Instruments? Explain its essential characteristics under the Negotiable Instruments Act, 1881.

(5 Marks)

3. (A)

Manoj purchased some goods from Sagar. He issued a cheque to Sagar for the sale price on 14th June, 2023. Sagar presented the cheque in his bank and his bank informed him on 19th June, 2023 that cheque was returned unpaid due to insufficiency of funds in the account of Manoj. Sagar sued against Manoj under section 138 of the Negotiable Instruments Act, 1881. State with reasons, whether this suit is maintainable?

(5 Marks)

3. (B)

HP Polytech Limited has a paid-up share capital divided into 6,00,000 equity shares of Rs 100 each. 2,00,000 equity shares of the company are held by the Central Government and 1,20,000 equity shares are held by the Government of Maharashtra. Explain with reference

to relevant provisions of the Companies Act, 2013, whether HP Polytech Limited can be treated as a Government Company.

(4 Marks)

3. (C)

State whether the following are partnerships under the Indian Partnership Act, 1932:

- (i) A and B buy commodity X and agree to sell the commodity with sharing the profits equally.
- (ii) Two firms each having 12 partners combine by an agreement into one firm.
- (iii) A and B, co-owners, agree to conduct the business in common for profit.
- (iv) Some individuals form an association to which each individual contributes Rs 5000 annually. The objective of the association is to produce clothes and distribute the clothes free to the war widows.
- (v) A and B, co-owners share between themselves the rent derived from a piece of land.

(5 Marks)

3. (D)

Explain the type of contracts in the following agreements under the Indian Contract Act, 1872:

- (i) Rahul contracts with Bhanu (owner of the factory) for the supply of 10 tons of sugar, but before the supply is effected, the factory catches fire and everything is destroyed.
- (ii) A coolie in uniform picks up the luggage of Rohan to be carried out of the railway station without being asked by Rohan and Rohan allows him to do so.
- (iii) Obligation of finder of lost goods to return them to the true owner.

(6 Marks)

4. (A)

Amit, a minor was studying in a college. On 1st July, 2023 he took a loan of Rs 1,00,000 from Bhavesh for payment of his college fees and to purchase books and agreed to repay by 31st December, 2023. Amit possesses assets worth Rs 9 lakhs. On due date, Amit fails to pay back the loan to Bhavesh. Bhavesh now wants to recover the loan from Amit out of his (Amit's) assets. Referring to the provisions of Indian Contract Act, 1872 decide whether Bhavesh would succeed.

(4 Marks)

4. (B)

Samuel purchased a Television set from Arun, the owner of Gada Electronics, on the condition that for the first three days he will check its quality and if satisfied he will pay for that otherwise he will return the Television set. On the second day, the Television set was spoiled due to an earthquake. Arun demands the price of Television set from Samuel. Whether Samuel is liable to pay the price under the Sale of Goods Act, 1930? Who will ultimately bear the loss?

(6 Marks)

4. (C)

Suraj sold his car to Sohan for Rs 1,75,000. After inspection and satisfaction, Sohan paid Rs 75,000 and took possession of the car and promised to pay the remaining amount within a month. Later on, Sohan refuses to give the remaining amount on the grounds that the car was not in good condition. Advise Suraj as to what remedy is available to him against Sohan under the Sale of Goods Act, 1930.

(7 Marks)

4. (D)

Akash purchased 100 Kgs of wheat from Bhaskar at Rs 80 per kg. Bhaskar says that wheat is in his warehouse in the custody of Kishore, the warehouse keeper. Kishore confirmed to Akash that he can take the delivery of wheat from him and till then he is holding wheat on Akash's behalf. Before Akash picks the goods from warehouse, the whole wheat in the warehouse has flowed in flood. Now Akash wants his price on the contention that no delivery has been done by seller. Whether Akash is right with his views under the Sale of Goods Act, 1930.

(3 Marks)

5. (A)

Make any 5 comparisons between PROMISSORY NOTE and BILL OF EXCHANGE.

(5 Marks)

5. (B)

Mention the importance of delivery in negotiation under the provisions of Negotiable Instruments Act, 1881.

(5 Marks)

5. (C)

Sahil, Amit and Kunal were partners in a firm. The firm is a dealer in office furniture. They have regular dealings with M/s AB and Co. for the supply of furniture for their business. On 30th June 2023, one of the partners, Mr. Kunal died in a road accident. The firm ordered M/s AB and Co. to supply the furniture for their business on 25th May 2023, when Kunal was also alive.

Now Sahil and Amit continue the business in the firm's name after Kunal's death. The firm did not give any notice about Kunal's death to the public or the persons dealing with the firm. M/s AB and Co. delivered the furniture to the firm on 25th July 2023. The fact about Kunal's death was known to them at the time of delivery of goods. Afterwards the firm became insolvent and failed to pay the price of furniture to M/s AB and Co. Now M/s AB and Co. has filed a case against the firm for recovery of the price of furniture. With reference to the provisions of Indian Partnership Act, 1932, explain whether Kunal's private estate is also liable for the price of furniture purchased by the firm?

(4 Marks)

5.(D)

AB Cloth House, a firm dealing with the wholesale and retail buying and selling of various kinds of clothes, customized as per the requirement of the customers. They dealt with Silk, Organdie, cotton, khadi, chiffon and many other different varieties of cloth.

Mrs. Reema, a customer, came to the shop and asked for a specific type of cloth suitable for making a suit for her daughter's birthday. She specifically mentioned that she required cotton silk cloth which is best suited for the purpose.

The Shop owner agreed and arranged the cloth pieces cut into as per the buyers' requirements.

When Reema went to the tailor to get the suit stitched, she found that seller has supplied her cotton organdie material, cloth was not suitable for the said purpose. It was heavily starched and not suitable for making the suit that Reema desired for. The Tailor asked Reema to return the cotton organdie cloth as it would not meet his requirements.

The Shop owner refused to return the cloth on the plea that it was cut to specific requirements of Mrs. Reema and hence could not be resold.

With reference to the doctrine of "Caveat Emptor" explain the duty of the buyer as well as the seller. Also explain whether Mrs. Reema would be able to get the money back or the right kind of cloth as per the requirement?

(6 Marks)

6. (A)

When does dissolution of a partnership firm take place under the provisions of the Indian Partnership Act, 1932? Explain.

(7 Marks)

6. (B)

What do you mean by Dormant Company under Companies Act, 2013?

(3 Marks)

6. (C)

What are the advantages of Advantages of LLP?

(6 Marks)

6. (D)

What will be rights with the promisor in following cases under the Indian Contract Act, 1872? Explain with reasons:

- (a) Sunil promised to bring back Jatin to life again.
- (b) Aman agreed to sell 50 kgs of apples to Raman. The loaded truck left for delivery on 15th March but due to riots in between reached Raman on 19th March due to which the apples were rotten.
- (c) An artist promised to paint on the fixed date for a fixed amount of remuneration but met with an accident and lost his both hands.
- (d) Abhishek entered into contract of import of toys from China. But due to disturbance in the relation of both the countries, the imports from China were banned.

(4 Marks)