

# MOCK TEST-1

## (FULL SYLLABUS)

### PAPER – 2: BUSINESS LAWS & BUSINESS CORRESPONDENCE AND REPORTING

#### SECTION A – BUSINESS LAWS

Question No. 1 is compulsory.

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

**Total Marks: 60**

#### Question 1

(a) Mr. S aged 58 years was employed in a Government Department. He was going to retire after two years. Mr. D made a proposal to Mr. S to apply for voluntary retirement from his post so that Mr. D can be appointed in his place. Mr. D offered a sum of ₹10 Lakhs as consideration to Mr. S in order to induce him to retire.

Mr. S refused at first instance but when he evaluated the amount offered as consideration is just double of his cumulative remuneration to be received during the tenure of two years of employment, he agreed to receive the consideration and accepted the above agreement to receive money to retire from his office.

Whether the above agreement is valid? Explain with reference to provision of Indian Contract Act, 1872.

**(4 Marks)**

(b) ABC Limited was registered as a public company. There were 245 members in the company. Their details are as follows:

Directors and their relatives	190
Employees	15
Ex-employees	
(shares were allotted when they were employees)	20
Others	20

(Including 10 joint holders holding shares jointly in the name of father and son)

The Board of directors of the company propose to convert it into a private company.

Advice whether reduction in the number of members is necessary for conversion.

**(4 Marks)**

(c) What are the rules which regulate the Sale by Auction under the Sale of Goods Act, 1930? **(4 Marks)**

#### Question 2

(a) Define the term acceptance under the Indian Contract Act, 1872. Explain the legal rules regarding a valid acceptance. **(7 Marks)**

(b) State the circumstances under which a LLP and its partners may face unlimited liability under the Limited Liability Partnership Act, 2008. **(5 Marks)**

#### Question 3

(a) (i) What do you mean by "Particular Partnership" under the Indian Partnership Act, 1932? **(2 Marks)**

**OR**

(ii) Who is a nominal partner under the Indian Partnership Act, 1932? What are his liabilities? **(2 Marks)**

(b) "Business carried on by all or any of them acting for all." Discuss the statement under the Indian Partnership Act, 1932. **(4 Marks)**

(c) Mr. B makes a proposal to Mr. S by post to sell his house for ₹ 10 lakhs and posted the letter on 10th April 2020 and the letter reaches to Mr. S on 12th April 2020. He reads the letter on 13th April 2020.

Mr. S sends his letter of acceptance on 16th April 2020 and the letter reaches Mr. B on 20th April 2020. On 17th April Mr. S changed his mind and sends a telegram withdrawing his acceptance. Telegram reaches to Mr. B on 19th April 2020.

Examine with reference to the Indian Contract Act, 1872:

- (i) On which date, the offer made by Mr. B will complete?
- (ii) Discuss the validity of acceptance.
- (iii) What would be validity of acceptance if letter of revocation and letter of acceptance reached together?

**(6 Marks)**

#### **Question 4**

(a) What are the differences between a 'Condition' and 'Warranty' in a contract of sale? Also explain, when shall a 'breach of condition' be treated as 'breach of warranty' under provisions of the Sale of Goods Act, 1930?

**(6 Marks)**

(b) M, N and P were partners in a firm. The firm ordered JR Limited to supply the furniture. P dies, and M and N continues the business in the firm's name. The firm did not give any notice about P's death to the public or the persons dealing with the firm. The furniture was delivered to the firm after P's death, fact about his death was known to them at the time of delivery. Afterwards the firm became insolvent and failed to pay the price of furniture to JR Limited.

Explain with reasons:

- (i) Whether P's private estate is liable for the price of furniture purchased by the firm?
- (ii) Whether does it make any difference if JR Limited supplied the furniture to the firm believing that all the three partners are alive?

**(6 Marks)**

#### **Question 5**

(a) Mr. T was a retail trader of fans of various kinds. Mr. M came to his shop and asked for an exhaust fan for kitchen. Mr. T showed him different brands and Mr. M approved of a particular brand and paid for it. Fan was delivered at Mr. M's house; at the time of opening the packet he found that it was a table fan. He informed Mr. T about the delivery of the wrong fan. Mr. T refused to exchange the same, saying that the contract was complete after the delivery of the fan and payment of price.

(i) Discuss whether Mr. T is right in refusing to exchange as per provisions of Sale of Goods Act, 1930?

(ii) What is the remedy available to Mr. M?

**(6 Marks)**

(b) Explain Doctrine of 'Indoor Management' under the Companies Act, 2013. Also state the circumstances where the outsider cannot claim relief on the ground of 'Indoor Management'.

**(6 Marks)**

#### **Question 6**

(a) The general rule is that an agreement without consideration is void. Discuss the cases where the agreement though made without consideration will be valid and enforceable as per Indian Contract Act, 1872. **(5 Marks)**

(b) Discuss the liability of a partner for the act of the firm and liability of firm for act of a partner to third parties as per Indian Partnership Act, 1932. **(4 Marks)**

(c) SK Infrastructure Limited has a paid-up share capital divided into 6,00,000 equity shares of INR 100 each. 2,00,000 equity shares of the company are held by Central Government and 1,20,000 equity shares are held by Government of Maharashtra. Explain with reference to relevant provisions of the Companies Act, 2013, whether SK Infrastructure Limited can be treated as Government Company. **(3 Marks)**