

M.K.G CA EDUCATION

9811429230 / 9212011367

WEBSITE: WWW.MKGEDUCATION.COM

EMAIL: MKGCAEDUCATION@GMAIL.COM

Youtube channel: https://www.youtube.com/channel/UCUFLIGc27drK59pH_273UVw?view_as=subscriber

Facebook Page: <https://www.facebook.com/mkgcaeducation/> Instagram:

<https://www.instagram.com/mkguptacaeducation/?hl=en>

TEST-5

CA FOUNDATION

(24-10-2021)

Business Law

Covering topic :

Full course

Time allowed: 3 hours

Maximum Marks: 100

Question :1

(a)

State with reason(s) whether the following agreement are True or false :

- (i) A person who has stayed in India for a period of not less than 182 days during the immediately preceding financial year will be considered as resident in India.
- (ii) F found a purse in a mall. He deposited the purse to the manager of the mall, so that the true owner can claim it back. However, no one claimed the purse. F wants the purse back. F cannot succeed.
- (iii) A partner can be admitted in a firm by the consent of the majority of partners.
- (iv) The memorandum of association is an unalterable charter of a company.
- (v) A seller can never bid at an auction sale.

(2Marks each)

2*5= 10 marks

All parts (b), (c) & (d) carry 5 marks each

(b)

Define Small company as per the provisions of the companies act .

(c)

Distinguish between Right of Lien and Right of Stoppage in transit.

(d)

Distinguish between a Limited Liability Company and LLP.

Question :2**All parts carry 5 marks each****(a)**

X entered into an agreement with Y to deliver him X 10,000 bags to be manufactured in his factory. The bags could not be manufactured because of strike by the worker and X failed to supply the said bags to Y. Decide whether X can be exempted from liability under the provisions of the Indian Contract Act, 1872.

(b)

Enumerate the circumstances in which LLP may be wound up by Tribunal.

(c)

Pawan of Bombay enters into an agreement with Jyoti of New Delhi to supply five motor-cycles to be delivered to the later at New Delhi. Pawan sends these motor-cycles through Messers Deepak Transport Ltd., a leading transporter. The motor-cycle reaches New Delhi on time but Jyoti delays to take the delivery. M/s Deepak Transporter informs Jyoti that the motor cycles are lying at their godown at Jyoti's risk. Before taking the delivery of these motor-cycles, Jyoti becomes insolvent. Pawan wants to exercise his right of stoppage of goods in transit, under the Sale of Goods Act. Advice.

Question :3**All parts carry 5 marks each****(a)**

Kiran and Ravi are carrying on business in partnership. In the partnership deed it is provided that neither of the partners should borrow money except with the consent of both. Kiran borrowed a sum of `10,000 from Suresh for the business of the firm without the consent of Ravi. Is the firm liable? Give reasons for your answer.

(b)

Explain the validity of agreements in restraint of trade.

(c)

A, an assessee, had large income in the form of dividend and interest. In order to reduce his tax liability, he formed four private limited company and transferred his investments to them in exchange of their shares. The income earned by the companies was taken back by him as pretended loan. Can A be regarded as separate from the private limited company he formed?

Question :4**All parts carry 5 marks each****(a)**

Explain the provisions of the Indian Partnership Act, 1932 relating to the creation of Partnership by holding out.

(b)

J the owner of a car wants to sell his car. For this purpose, he hand over the car to P, a mercantile agent for sale at a price not less than c 50,000. The agent sells the car for c 40, 000 to A, who buys the car in good faith and without notice of any fraud. P misappropriated the money also. J sues A to recover the Car. Decide given reasons whether J would succeed.

(c)

X placed an order with Y for supply of Urid Dhall on 10.1.2018 at a contracted price of 80 per kg. The order was for the supply of 20 tonnes within a month's time viz. before 09.2.2018. On 05.02.2018 Y informed X that the price of Urid Dhall was sky rocketing to 100 Per. Kg. and he would not be able to supply as per original contract. The price of Urid Dhall rose to 106 on 09.02.2018. Advise X citing the legal position.

Question :5

(a)

Whether a minor may be admitted in the business of a partnership firm? Explain the rights of a minor in the partnership firm.

(b)

What are the significant points of Section 8 Company which are not applicable for other companies? Briefly explain with reference to provisions of the Companies Act, 2013.

(c)

What are the rules which regulate the Sale by Auction under the Sale of Goods Act, 1930?

Question :6

All parts carry 5 marks each

(a)

X, a minor was studying M.Com. in a college. On 1st July, 2005 he took a loan of 10,000 from B for payment of his college fees and to purchase books and agreed to repay by 31st December, 2005. X possesses assets worth c 2 lakhs. On due date X fails to pay back the loan to B. B now wants to recover the loan from X out of his (X's) assets. Referring to the provisions of the Indian Contract Act, 1872 decide whether B would succeed.

(b)

"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?

(c)

The Articles of Association of XYZ Ltd. provides the Board of Directors has authority to issue bonds provided such issue is authorized by the shareholders by a necessary resolution in the general meeting of the company. The company was in dire need of funds and therefore, it issued the bonds to Mr. X without passing any such resolution in general meeting. Can Mr. X recover the money from the company ? Decide.