

# **M.K.G CA EDUCATION**

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## **TEST-6**

### **CA FOUNDATION**

**(28-11-2021)**

#### **Business Law**

#### **Covering topic :**

**Full course**

**Time allowed: 3 hours**

**Maximum Marks: 100**

#### **Question :1**

**All parts carry 5 marks each**

##### **(a)**

PQR, a hospital in Delhi, recruits Dr. A, on contract basis for a period of 3 months. The hospital management promises to pay Dr. A, a lumpsum amount of ₹ 1,00,000 if Dr. A test positive for noval corona virus (Covid 19) during the contract period of 3 months.

Identify the type of contract and highlight the rule of enforcement. Also, what will happen if Dr. A does not contract Covid19.

##### **(b)**

Mr. A is an Indian citizen and his stay in India during immediately preceding financial year is for 115 days. He appoints Mr. B as his nominee who is a foreign citizen but has stayed in India for 130 days during immediately preceding financial year.

- (i) Is Mr. A eligible to be incorporated as a One Person Company (OPC). If yes, can he give the name of Mr. B in the memorandum of Association as his nominee to become the member after Mr. A's incapacity to become a member.
- (ii) If Mr. A has contravened any of the provisions of the Act, what are the consequences?

##### **(c)**

When can an unpaid seller of goods exercise his right of lien over the goods under the Sale of Goods Act? Can he exercise his right of lien even if the property in goods has passed to the buyer? When such a right is terminated? Can he exercise his right even after he has obtained a decree for the price of goods from the court?

**Question :2****All parts carry 6 marks each****(a)**

Rahul goes to super market to buy a washing machine. He selects a branded washing machine having a price tag of 15000 after a discount of 3000. Rahul reaches at cash counter for making the payment, but cashier says, "Sorry sir, the discount was up to yesterday. There is no discount from today. Hence you have to pay 18000. Rahul got angry and insists for 15000. State with reasons whether under Indian Contract Act, 1872, Rahul can enforce the cashier to sale at discounted price i.e.15000.

**(b)**

What do you mean by Designated Partner? Whether it is mandatory to appoint Designated partner in a LLP?

**Question :3****All parts carry 6 marks each****(a)**

Sohan, Rohan and Jay were partners in a firm. The firm is dealer in office furniture. They have regular dealings with M/sABandCo. For the supply of furniture for their business. On 30<sup>th</sup> June 2020, one of the partners, Mr. Jay died in a road accident. The firm has ordered M/s ABandCo. To supply the furniture for their business on 25<sup>th</sup> May 2020, when Jay was also alive.

Now Sohan and Rohan continue the business in the firm's name after Jay's death. The firm did not give any notice about Jay's death to the public or the persons dealing with the firm. M/s ABandCo. Delivered the furniture to the firm on 25<sup>th</sup> July 2020. The fact about Jay'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/sABandCo. Now M/sABandCo. 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 Jay's private estate is also liable for the price of furniture purchased by the firm?

**(b)**

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.

**Question :4****All parts carry 6 marks each****(a)**

Mr.P was running a shop selling good quality washing machines. Mr.Q came to his shop and asked for washing machine which is suitable for washing woolen clothes. Mr.P showed him a particular machine which Mr. Q liked and paid for it. Later on, when the machine was delivered at Mr.Q's house, it was found that it was wrong machine and also unfit for washing woolen clothes. He immediately informed Mr.P about the delivery of wrong machine. Mr.P refused to exchange the same, saying that the contract

was complete after the delivery of washing machine and payment of price. With reference to the provisions of Sale of Goods Act, 1930, discuss whether Mr.P is right in refusing to exchange the washing machine?

**(b)**

“Indian Partnership Act does not make the registration of firms compulsory nor does it impose any penalty for non-registration. ” In light of the given statement, discuss the consequences of non-registration of the partnership firms In India?

**Question :5**

**All parts carry 5 marks each**

**(a)**

Akansh purchased a Television set from Jethalal, the owner of Gada Electronics on the condition that 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. Jethalal demands the price of Television set from Akansh. Whether Akansh is liable to pay the price under the Sale of Goods Act,1930? If not, who will ultimately bear the loss?

**(b)**

“The Doctrine of Indoor Management always protects the persons (outsiders) dealing with a company.” Explain the above statement. Also, state the exceptions to the above rule.

**Question :6**

**All parts carry 5 marks each**

**(a)**

Define the term ‘reciprocal promise’ .What are the various kinds of reciprocal promises? State the rules for the performance of reciprocal promises along with their order of performance.

**(b)**

X,YandZ are partners in a Partnership Firm. They were carrying their business successfully for the past several years. Due to expansion of business, they planned to hire another partner MrA. Now the firm has 4 partners X,Y,Z and A. The business was continuing at normal pace. In one of formal business meeting, it was observed that Mr.Y misbehaved with Mrs.A (wife of Mr.A ). Mr. Y was badly drunk and also spoke rudely with Mrs.A.

Mrs.A felt very embarrassed and told her husband Mr.A about the entire incident. Mr.A got angry on the incident and started arguing and fighting with Mr.Y in the meeting place itself. Next day, in the office Mr.A convinced X and Z that they should expel Y from their partnership firm. Y was expelled from partnership without any notice from X, A 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?

**(c)**

The Articles of Association of a Limited Company provided that 'X' shall be the Law Officer of the company and he shall not be removed except on the ground of proved misconduct. The company removed him even though he was not guilty of misconduct. Decide, whether company's action is valid?

**Question :7**

**All parts carry 6 marks each**

**(a)**

A and B were friends. Now they have plans of setting up a supermarket in their locality. They are confused as to whether to register as a traditional partnership or as a Limited Liability Partnership. As an advisor, enumerate the differences between the two forms of business highlighting the compliances and other legal formalities.

**(b)**

"Nemo Dat Quod Non Habet" – "None can give or transfer goods what he does not himself own." Explain the rule and state the cases in which the rule does not apply under the provisions of the Sale of Goods Act, 1930.

**(c)**

"The Memorandum of Association is a charter of a company". Discuss. Also explain in brief the contents of Memorandum of Association.

**(d)**

Ms. Lucy while drafting partnership deed taken care of few important points. What are those points? She wants to know the list of information which must be part of partnership deed drafted by her. Also, give list of information to be included in partnership deed?