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TEST-1

CA FOUNDATION

(26-12-2021)

Business Law

Roll No

Total No. of Question: 5

Time allowed: 3 hours

Total No. of Printed Pages: 6

Maximum Marks: 100

IMPORTANT INSTRUCTIONS TO CANDIDATES

1. Question in Section – A are to be answered in the medium opted by the candidate. If a candidate has not opted for Hindi medium, his/her answers in Hindi, will not be evaluated.
2. Answer to both the Sections are to be written in the same answer book.

Question :1

All parts carry 5 marks each

(a)

A offers to buy B's house on certain terms; an answer to be given within six weeks. B within that time writes to A a letter purporting to accept but in fact containing a material alteration of the terms. A then withdraws his offer. B writes again still within six weeks correcting the error in his first letter and accepting the terms originally proposed by A. Is there a contract between A and B?

(b)

Distinction between Voidable Contract and Void Contract.

(c)

Define an offer. Explain the essentials of a valid offer. How an offer is different from an invitation to offer?

(d)

“All contracts are agreements, but all agreements are not contracts”. Comment.

Question :2**All parts carry 5 marks each**

(a)

Define the term acceptance under the Indian Contract Act, 1872. Explain the legal rules regarding a valid acceptance.

(b)

Explain the meaning of ‘Quasi-Contracts’. State the Examples which are identified as quasi contracts by the Indian Contract Act,1872.

(c)

Mr. Pratham applied for a job as principal of a school. The school management decided to appoint him. One member of the school management committee privately informed Mr. Pratham that he was appointed but official communication was not given from the school. Later, the management of the school decided to appoint someone else as a principal. Mr. Pratham filed a suit against the school for cancellation of his appointment and claimed damages for loss of salary. State with reasons, will Mr. Pratham be successful in suit filed against school under the Indian Contract Act, 1872?

(d)

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

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

Question :3

(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 upto 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.

5 marks

(b)

C orally offered to pay A, an auto mechanic, ₹50 for testing a used car which C was about to purchase from D. A agreed and tested the car. C paid A ₹50 in cash for his services.

Is the agreement between C and A

- (a) express or implied,
- (b) executed or executory,
- (c) valid, void, voidable or unenforceable?

5 marks

(c)

State with reason(s) whether the following agreement/contract are

valid Contract / Agreement

or

void Contract/ Agreement

or

voidable Contract :

- (i) X offers to sell his Maruti car to Y. Y believes that X has only Wagon R Car but agrees to buy it.
- (ii) X promise to sell his scooter to Y for ₹ 1 Lac. However, the consent of X has been procured by Y at a gun point.
- (iii) Mr.X agrees to write a book with a publisher, After few days, X dies in an accident.
- (iv) A takes a Seat in public vehicle.
- (v) A invites B to a Card Party .B accepts the invitation.

(2Marks each)

2*5= 10 marks

Question :4

All parts carry 5 marks each

(a)

The law of contract is the law of those agreements which create obligations, and those obligations which have their sources in agreements.

(b)

Mohit offered to sell his land to Neha for ₹ 12,80,000/-. Neha replied purporting to accept the offer and enclosed a cheque for ₹ 80,000/-. She also promised to pay the balance of ₹ 12,00,000/- in monthly installments of 50,000/- each.

(c)

Examine what is the legal position, as to the following:

Aditya offered to sell his house to Babban for ₹ 10,00,000/-. Babban replied that he can accept the house for only ₹ 8,00,000/-. Aditya rejected Babban's counter offer to buy the house for ₹ 8,00,000/-. Babban later changed his mind and is now willing to buy the house for ₹ 10,00,000

(d)

“Fair Girl” skin crème company advertised that it would give a reward of Rs. 1,00,000 to anyone who developed skin disease after using their crème for a certain period according to the printed directions. Miss Sakshi purchased the advertised “Fair Girl” and developed skin disease in spite of using it according to the printed instructions. She staked her claim for Rs. 1,00,000 reward. The company refused the reward to Miss Sakshi on the ground that the offer was not made to her and that in any case she had not communicated her acceptance of the offer. Decide whether Miss Sakshi can claim the reward or not. Refer the relevant case law, if any.

Question :5

(a)

State with reason whether the following constitute a valid offer to sell.

- (a) A notice stated that the goods included in the notice will be sold by tender.
- (b) An advertisement in a newspaper that a sale of office furniture by auction will be held at 2 P.M. On 9th August, 2018 at Pragati Maidan, Stall no. 420, New Delhi.
- (c) The display of articles with a price in a shop having “self service” system.

6 marks

(b)

State with reason whether there is a valid contract in the following cases:

- (a) X invited Y for dinner and Y accepted the invitation.
- (b) X makes a promise to his wife Y to give her pocket money of ₹ 10,000 per month.
X appointed Y an agent, by an agreement which shall not be subject to legal jurisdiction in the law courts.

6 marks

(c)

- (a) Specific offer can be accepted by anyone. comment with reference to relevant case law?
- (b) Cross offer and counter offer are same comment?

6 marks

2 marks

Total: 6 + 2 = 8 marks

SPACE FOR ROUGH WORK

