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TEST-2 CA FOUNDATION BUSINESS LAW (30-01-2022)

Covering topic :

1. Consideration
2. Capacity to Contract
3. Quasi Contract
4. Nature of Contract
5. Offer and Acceptance

Roll No

Total No. of Question: 7

Time allowed: 3 hours

Total No. of Printed Pages: 4

Maximum Marks: 100

Question :1

(a)

An agreement can be ratified by a minor on attaining the age of majority. Comment

5 MARKS

(b)

Distinction between Void and Illegal Agreements.

5 MARKS

(c)

A minor cannot be held liable in a tort. Comment

5 MARKS

Question :2**(a)**

Examine the validity of the following contract as per the Indian Contract Act, 1872 giving reasons.

- (i) X aged 16 years borrowed a loan of ₹ 50,000 for his personal purpose. Few months later he had become major and could not pay back the amount borrowed on due date. The Lender wants to file a suit against X.

5 MARKS**(b)**

A stranger to a contract cannot sue, however in some cases even a stranger to contract may enforce a claim. Explain.

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

Rahul, a minor, falsely representing his age, enters into an agreement with a shopkeeper for a loan amount for purchasing a laptop. He gave his expensive watch as a security and took a loan of ₹ 40,000. He was very happy to get ₹ 40,000 and quickly went to the market and purchased a laptop worth ₹ 30,000. He happily spent the rest of the amount with his friends on a pleasure trip.

Later on, Rahul realized that his watch was an expensive watch and he should not have given like this to the shopkeeper. So, he went back to the shopkeeper and asked for his watch back. Also, he refused to repay the loan amount. The shopkeeper disagrees to this and files a case against minor for recovery of the loan amount. Can the shopkeeper succeed in revering the loan amount under the Indian Contract Act, 1872?

(b)

Ram invites Madhuri (a well-known film actress) to his daughter's engagement and dinner party. Madhuri accepts the invitation and promised to attend. Ram made special arrangements for Madhuri at the party but she did not turn up. Ram enraged with Madhuri's behaviour, wanted to sue for the loss incurred in making special arrangements. Ram is seeking your advice.

(c)

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

Mr. A offered to sell his house to Mr. B for ₹ 15, 00,000. Mr. B accepted the offer by post. On the very next day Mr. B sent a telegram revoking the acceptance which reached Mr. A before the letter of acceptance. Is the revocation of acceptance valid? Would it make any difference if both the letter of acceptance and the telegram of revocation of acceptance reach Mr. A at the same time?

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

Can X recover anything from Y in the following case?

X picked up a diamond from the floor of Y's shop and handed it over to Y to keep it till owner is founded, y did his best to find out the owner but true owner could not be found. After sometime, X offered Y the lawful charges incurred by Y for finding out the true owner and asked him to return the diamond to him. Y refused to do so.

(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.

(c)

“To form a valid contract, consideration must be adequate”. Comment.

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

D, a minor, borrowed a sum from M by executing a mortgage of his property in favour of M. Can M recover the sum advanced to D in the following cases?

Case (a) If lending of money was not for the necessities.

Case (b) If lending of money was for meeting the cost of education.

Case (c) If lending of money was for buying eleven fancy coats for minor's own use

Case (d) If D, a minor, borrowed by misrepresenting himself to be of 19 years.

(b)

Enumerate the rights of the finder of lost goods.

(c)

X, by a registered deed gifted certain property to Y, his daughter with a direction that she should pay ₹10,000 per month to Z, her uncle (father's brother). On the same day the daughter entered into an agreement with her uncle to pay ₹ 10,000 per month. Later she refused to pay on the ground that she did not receive any consideration from her uncle. Advise her.

Question :6**All parts carry 5 marks each****(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

(b)

“Though a minor is not competent to contract, nothing in the Contract Act prevents him from making the other party bound to the minor”. Discuss.

(c)

Who are disqualified persons to do the contract?

Question :7**All parts carry 5 marks each****(a)**

“A person who is usually of unsound mind, but occasionally of sound mind may make a contract when he is of sound mind”. Explain.

(b)

A husband executed a registered document in favour of his wife. After referring to quarrels and disagreement between them, he promised to pay for her separate maintenance and residence. On his failure to pay, the wife seeks your advice. Advise her.

(c)

A Left his carriage on B’s Premises. B’s landlord seized the carriage as distress for rent. A paid the rent to obtain the release of his carriage. Can A recover the amount from B?