THE FINAL SANJEEVNI

CA (FOUNDATION)

1. MOST EXPECTED QUESTIONS
2. CALENDAR NOTES
3. TOP CASE STUDIES



Contract Act – Unit 1 & 2

ca_Shaan_gupta

Unit 1

1. Define Contract ✓
2. Types of Contract ✓
3. Offer ✓
4. Acceptance ✓
5. Communication ✓ → Offer, Acceptance, Performance
6. Revocation → Modes

Unit 2

1. Consideration (Define + Legal Rules) (7) ✓
2. Privity of Contract (Exceptions) (7) ✓
3. Agreement w/o Consideration (7)

Indian Contract Act

- 1 – 75 : Introduction (ca Foundation)
- 76 – 123 : SOGA / IPA
- 124 – 238 : Special kinds of Contract (ca Inter)

Contract = Agreement + Enforceability by Law
Agreement = Offer + Acceptance
Promise

On basis of formation

- Express Contract = Can be expressed in words spoken or written.
- Implied Contract = Comes into existence by A (Acceptor) C (Accepted) D (Contract)
  - ATM ← Tacit Contracts

Types of Offer

1. General offer (Carill vs Smokeball)
2. Special / Specific offer
3. Cross Offer (Medical + Simultaneously + Ignorance) IST
4. Counter offer (Modification – Simple law)
5. Standing offer / Open offer (time)

Legal Rules

1. Acceptance by Person to whom offer is made
2. Acceptance Absolute & Unqualified
3. Acceptance communicate
4. Prescribed mode
5. Time
   - (Petitioner vs Binny) Silence is NOT acceptance
6. Acceptance by conduct

Modes of Revocation (7)

1. By Notice of Revocation
2. Lapse of Time
3. Death or Insanity
4. Non fulfilment on Condition
5. Counter offer
6. Prescribed Mode
7. Illegal

Privity of Contract

Exceptions
- Consideration Stranger ✓
- Case by Stranger ✗

1. Benefiting of a trust
2. family settlement
3. Marriage Contracts
4. Assignment of Contract
5. Agent → Sue / Principal / Sue / 3rd Party
6. Covenant attach to Land
7. Estoppel ↔ of Partner of LLP

Quasi Contract (Unit-6)

Resembles a contract + obligation created by law.

E-Contract

Entered by Electronic data inter-change.

Valid Essentials of Offer

1. Legal Relationship
2. Certain Not Vague
3. Must be Communicated to offeree
4. It may be conditional
5. It is given to obtain consent of party
6. No reply is not Accept
7. What is NOT Offer?

(Lalman Shukla & Gauri Dutt)

Communication

(A)
- Offer — When it comes in Knowledge of offeree
- Acceptance — mode: Conduct, Omission, words spoken or written
  - Offeror — When it is put in course of transmission
  - Offeree — when it comes in Knowledge of offeror

Unit 1 Over

Part I

Contract

2(h)

1. Two Parties
2. Legal Relationship (Offeror vs Offeree)
3. Legal formalities ✓
4. Certainty ✓
5. Performance Possible
6. Legal Object
7. Lawful Consideration
8. Consistency
9. Agreement
10. Not Void

On basic of Performance

- Executed Contract = Act is executed + forebearance is recorded
- Executory Contract = Consideration is reciprocal and to be performed in future.
  - Unilateral
  - Bilateral

What is NOT Offer?

1. A statement of intention is NOT offer
2. Answer to Question is NOT offer (Chinery vs Forte)
3. A statement of price is not offer
4. An Invitation to Offer is NOT offer

Strangi (Special Conditions)

- Airtravel (Reasonable) Valid [Mukul Dalla vs Indian Mailmen]
- LILY White (Unreasonable) Invalid [Lily white vs Manusukumar]

Consideration

1. Define ✓
2. Legal Rules (7) ✓
3. Privity (7)
4. Agreement without Contract (7)

Agreements without Consideration

1. Natural Love Affection
   - Writing
   - Registered
   - Close Relation
   - Natural love
2. Compensation for Past Voluntary Service
   - Voluntarily
   - Promisor
   - Existence of Promisor
   - Promisor → Compensation → Promisee

Over

Types of Contracts

A. Validity or enforceability
- Valid Contract = Binding + Enforceable
- Void Contract = Enforceable then ceases → void
- Voidable Contract = Aggrieved Party can cancel
- Illegal Contract = It is a contract which law forbids to make.
  - Illegal Agreement → void
  - All Void → NOT Illegal
- Unenforceable Contract = technical defect

Offer 2(a)

Proposal
- Promisor → Promisee
- Assent Approve
- Promisor final willingness
- Offer Positive & Negative

Acceptance

1. Define ✓
2. Legal Rules (7)

(C) Performance

Offer → Accept → Performed → Communicated to the Offeror
- When offeree knows about it
- When he becomes aware of such knowledge

Define

- Something in Return
- Quid Pro Quo
- Can be to do something
- Abstain from doing something

112 minutes

3. Promise to Pay time barred
4. Agency
5. Completed Gift
6. Bailment → gratuitous (free of cost)
7. Charity

Offer → Define + Types (5) ✓ + Valid Essential (7) ✓ + (4) What is Not Offer ✓

Define

Section 2(b)
- → Giving Approval to an Offer
- → Promisee / Acceptor

Revocation of Offer and Acceptance

(A)
1. Offer → until the Acceptance is posted
2. Acceptance → until the Acceptance comes to the knowledge of the offeror (same time (Revoke))
   - Main office + Revocation
   - Post + Telephone (No disturbance)

Elements of Consideration

1. Consideration is act of doing Something
2. Consideration can be abstain from something
3. Consideration moves from the promisee
4. Consideration may move from Promisee or other
5. Past (Passed) Future
6. Not Adequate
7. Should be lawful

Should be Real; Executed; Executory

Done 2nd May

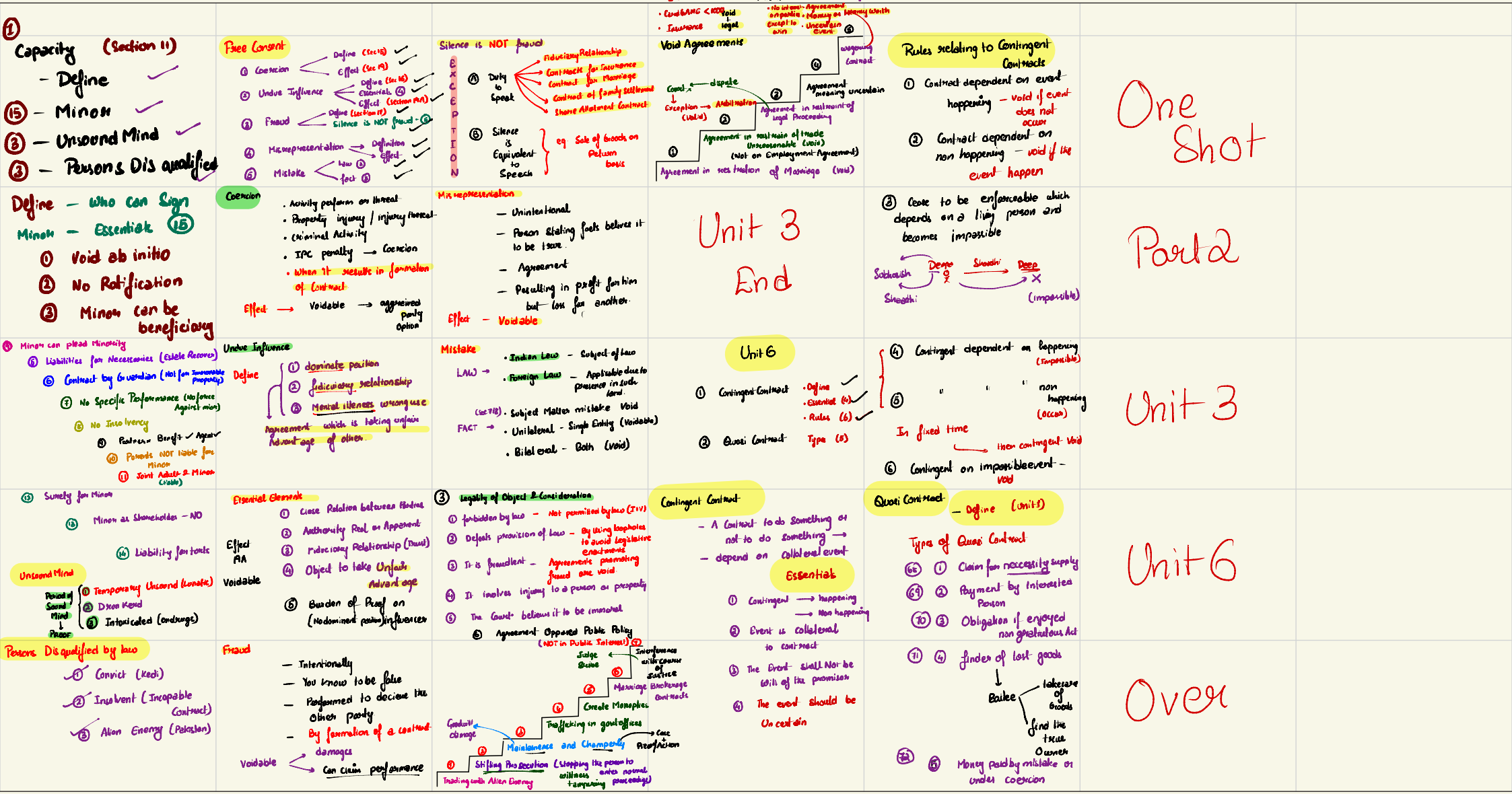
Contract Unit 3 & 6

Unit 3

1. Capacity
   - Minor (15)
   - Sound Mind (2)
   - Disqualified Person (3)
2. Free Consent (5)
3. Legality of Object and Consideration (7)
4. Void Agreements (5)

Unit 6

1. Contingent Contract
   - Define
   - Elements (4)
   - Rules (6)
2. Quasi Contract
   - Define
   - Types (5)



Contract Unit 4 & 5

Unit 4

1. Who is liable for Performance? — 37 – Obligation; 38 – Refusal (A); 39 – Refusal (Part Accept); 40/41 – Who Performs (3)
2. Liability of Joint Promisor — 42 – Division of liability; 43 – Anyone is compelled; 44 – Release one Promisor (3)
3. Time & Place of Performance [46 – 50] (5)
4. Reciprocal Promise [51 – 58] (8)
5. Appropriation of Payments
6. Contracts Not to Perform (6)
7. Discharge of Contract (9)

Unit 5

1. Types of Breach (2)
2. Remedies of Breach
   - Damages → Ordinary, Special, Vindictive, Nominal, Pre fixed
   - Specific Performance
   - Injunction
   - Quantum Meruit
   - Pre fixed → Damages / Penalty

Unit 4

① Who is liable for Performance?

37 – Both Promisor & Promisee shall perform the contract unless the contract is discharge

- Actual Performance
- Attempted Performance

38 – If Promisor offered to perform but Promisee refused → Promisor (discharge)
- ✓ Unconditional
- ✓ proper place + proper time
- ✓ offer to deliver something
- Promisee should be given Opportunity to verify

39 – Continuance
Promisee accepts continuance of performance where the promisor has failed to discharge the initial performance he cannot deny later.

40 – Personal skill → Promisor himself
No Personal skill → Agent / Legal Representative

41 – Performance by third Person → the responsibility of the Promisor → extinguish
He cannot hold Promisor liable ✗

41 – Joint Promisors
- → More than One Promisors ✓
- → Each one is liable together ✓
- → Legal Representative ✓

43 – → Can Recovery be from Only One Promisor ✓

45 – → But can recovery be only from one LR ✗

44 – → If Promisee release one Promisor
- Promisee → Only that Promisor
- Right to recover contribution from us.

② Time & Place of Performance?

46 – Time ✗ No Need to Apply Before Performance ✗
Approach – during business hours (Reasonable time)

47 – Time ✓ Place ✓ No Need to Apply ✗
Given → Usual Business hours – Perform (as stated in Contract)

48 – Apply Before Performance ✓
Apply → decide – Place ✓ / Time ✗

49 – Place ✗ Apply Before Performance ✓
Apply → decide → Reasonable Place

50 – Manner ✓ (Taneere)
Performance should be in Prescribed manner.

Reciprocal Promise

51 – Simultaneous Performance (Cash – Cash)
Promisor is required to Perform only when Promisee is willing

52 – Order of Performance
The Order shall be in such a way as stated in the contract.

53 – Prevention of Performance
If one party prevents the other party from Performing his promise such party can recover compensation from other

54 – Effect of default of one party to perform his obligation
where a party fails to fulfill his own duty in the contract because of which the other party does not perform the contract

55 – Effect of failure to Perform within fixed time
the other party is discharged

56 – Agreement to do impossible Act
Initial impossibility – void ab initio
(Supervening subsequent impossibility – void Impossibility)

57 – Reciprocal to do Something
- – legal – void
- + – illegal Void

58 – Alternative Promise
- – legal – Alternative – Valid or
- – illegal – Alternative – Void

Appropriation of Payment

59 – Debtor instruction creditor for order of settlement – (creditor will comply)

60 – Debtor silent Creditor can adjust in order of time – Barred – NOT time barred; – NOT Disputed Debt

61 – Debtor ✗ Creditor ✗ Court shall adjust in order of time – Time barred ✓

Contracts Need NOT be Performed

62
- Novation – Party Change, Contract Same, Contract Change, Party Same
- Recision – Cancellation of Contract
- Alteration – Terms of the contract are changed, old terms are discharged

63 – Remission (waiver of Performance by Promisee, Promisee is discharged.

64 – Restoration of any benefit under voidable contract
Return to rightful owner and he cannot claim return any consideration recieved

66 – Restoration under a void contract (Sec 72)
Restore any benefit which owner from such contract

66 – Communication of the fact of rescission

67 – If Promisee fails to provide reasonable facilities to Promisor for performance the Contract is changed.

Discharge of Contract

① Performance – Actual / Attempted

② Mutual Agreement → Section 62 (N/A/A)

③ Impossibility Performance – Initial / Supervening
- New Change
- Subject matter (FIR)
- War (Alien Enemy)

④ Discharge by lapse of time (time barred → discharge from Payment)

⑤ By Operation of law (Death of Promisor contract Personal skill)

⑥ Breach of Contract → damages (unit 6)

⑦ By Remission (Section 63)

⑧ By absence of Reasonable facilities (Section 67)

⑨ Merger of Rights – A superior right will replace an inferior right

② Recision of Contract – for Cancellation of Contract

③ Suit for Quantum Meruit – Quantity of work done
→ Pay me for the amount of work done
- void
- cancel other than person asking merit

④ Suit for specific Performance – Amount the Right of Performance only with Court

⑤ Suit for Injunction (Companies Act – Ultra Vires)
→ Restrain Order

Unit 4 Over

Unit 5

Breach

- **Actual Breach** → On due date of Performance or any time after
- **Anticipatory Breach** → Before the due date
  - Immediately Breach
  - Promisee – Continue and fulfill his end of the promise → sue the promisor

Remedies

① Damages
- ① Ordinary damages – Actual loss + Naturally occur
- ① Special damages – When they are known to the other party
- ② Exemplary damages – Reputation loss → banker cheque dishonour, message promise → Refuse
- ④ Nominal damages – No Actual loss + Charged as a punishment
- ⑤ Damages for deterioration Caused by delay – wrongful refusal to accept
- ⑥ Pre fixed damages (*) goods on delivery → goods damages → damages are recoverable

English law: (Liquidated) Pre fixed damage vs Penalty

Indian law: Pre fixed damages / Penalty → decided by Court → Penalty / damages

Penalty	damages
• fixed	• case to case basis differ
• Extravagent	• justified
• Unreasonable	• actual loss equal

Contract Act Ends

All 6 Units Over.

A B C ... Z — A B C Z

Unit 1

1. Elements of Partnership (5) ✓
2. True Test of Partnership (3) ✓
3. Partnership vs Others (5) ✓
4. Kinds of Partnership (2) ✓
5. Types of Partners (5) ✓

16 marks

Indian Partnership Act 1932

Unit 1 & Unit 3

Unit 3

1. Registration of firm ✓
2. Dissolution of firm ✓
   - By Self (4) ✓
   - By Court (7) ✓
3. Distribution of Assets (5) ✓

Partner – Individual members of the firm.

Firm – Collection of Partners are called firm

Firm name – The name under which they conduct business is called firm name

Elements of Partnership

1. **Association of two or more people** – 2 Major Person, 2 Company ✓ (Voluntary)
2. **Agreement of Partnership** – Deed / Oral ← written → Preferred
3. **Business** – Profit Oriented + Lawful
4. **Sharing of Profits** – (Exists in Partners that only share Profits (Latter will on Contract))
5. **Mutual Agency** – Conclusive Evidence
   One for all and All for One
   Most Imp Element – Central Principle of Partnership (Section 6)

True test of Partnership (MAP)

1. Agreement – Partnership arises by Agreement and Not by Status
2. Sharing of Profit – It is a Prima facie Evidence but NOT a conclusive evidence.

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1. Mutual Agent – Principal Agent Relationship
   Agent is All Activities → Principal is liable
   Central Principal (Real Owner) + Conclusive Evidence

Difference of Partnership vs Others

	Partnership	vs	Joint Stock Company
1	No	LLP	Yes
	NO	PS	Yes
	No	CS	Yes
	NO	Separation in owners & Mgt	Yes

	Partnership	vs	Co-ownership
2	Agreement (C / I)	Relations	Inheritance
	Yes	Agency	No
	P&L Share	Intent of Sharing	Not Necessary
	NO (subject to 29)	Transfer	Yes

	Partnership	vs	Club
3	Profit	Purpose	Welfare
	Yes	Agency	NO
	Yes Interested	Interest in Property	No Interest of Members
	Death of Partner → Closed	Dissolution	Unaffected by Partners life

	Partnership	vs	HUF
4	Agreement	Mode	Status
	Dissolve	Death	Continues
	Self by Partner	Management	Karta
	Unlimited	Liability	Only Karta Unlimited
	IPA Act 1932	Law	Hindu Law
	Partners	Minor	Share time to time by Govt
	Fixed	Capital	Fluctuating

All Partnership are association but all association are not partnership

	Partnership	vs	Association
6	Profit	Motive	Profit / Community Service
	Mandate	Agency	May or May Not exist

5. Sleeping Partner / Dormant – Does not
   - participate in business.
   - Shares Profit & Losses
   - Liable to third party
6. Partners in Profit Only – Minor, there can be active or sleep.
   – They are liable to third party but often been minor.

Kinds of Partnership

Duration

- **Will** – Not fixed Period (Section 7)
  - No Provision to determine existence of partnership
  - If any one of the Partners notice to other partners from dissolve.
- **Fixed** – The time period of partnership is fixed
  - It is Automatically dissolved on completion of such period

Purpose

- **General** – where the partnership continues for indefinite period.
- **Particular Purpose** – It is formed for completion of
  - Adventure
  - Undertaking
  (Particular Partnership)

  Automatically dissolved on completion of Purpose.

7. Incoming Partner – Admission of a partner, profit & Losses are shared. Outside responsibility after Admission.
8. Holding Out by estoppel
   - Not a p. partner as per deed
   - Represents himself as a partner
   - Liable to the third party.

Unit 1 Complete

Registration

It is NOT Compulsory

Application – Section 58 (No Singapore, Mutual Convention)

1. Firm Name
2. Place of business (HO)
3. Other Branches Address
4. date when Partner Joined
5. Name + Address of Partner
6. duration of firm

↓

Section 59 → Register of firms

↓

Particulars → To attach words "Registered"

Unique Point (ATP)

1. Firm Registered – Partners died.
   - Continue firm in same name.
   - Without ROF informed

   A D → X (ROF) → Consent ✓ It is Valid ← Sue like in the party in firm name

2. Demise
   - On death of New Partner it dissolved
   - ROF is Not informed
   - Firm cannot sue in same name

   A B D → X Demise

Consequences for Non Register (4)

for Upto 2100

1. No relief to partners to set off claim
2. No suit in a civil court by firm or by partners
3. Aggrieved partners cannot sue other partners
4. Right which is Unaffected whether firms is registered or Not.

Third Party can sue the firm.

Dissolution of Firm

Business Close (BAND)

Self

40 – Dissolution by Agreement – Mutually Agree to Close business

41 – Compulsory dissolution
- business unlawful
- Partner becomes insolvent (dead is Silent)

42 – Contingencies
- Fixed term period over
- Particular purpose complete
- death of a partner (dead & silent)
- By Adjudication of partner as insolvent.

43 – Dissolution by Notice
- Any Partner can dissolve the firm by Notice to other partners.

Dissolution by Court

1. Insanity / Unsound Mind – Permanent mental illness
2. Permanent Incapacity – Permanent disability (Physical)
3. Misconduct – Business of the Partnership firm is impacted.
4. Breach of Agreement – Embezzlement, Erroneous Accounts, Holding more cash than allowed, refusal to submit Account
5. Transfer of Interest – If interest is transferred without permission of partners the firm can be dissolved.
6. Perpetual losses – Continuous losses
7. Any other just & Equitable grounds
   Deadlock in management, Misconduct among partners, Addiction of Drugs, Gambling

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Distribution of Assets

45 – Dissolution by Self → Public Notice
Dissolution Not Active Until PN
(Not responsible → Retire, Dead, Insolvent)

46 – Right of Partners → Self Assets Firm → Liability
Surplus Assets → distribute in P&R

47 – Authority while winding up
1. Complete the Incomplete transaction
2. Winding by selling Assets and Pay off Liability

48 – Mode of settlement
Accumulated Losses → i. accumulated Profits then Partners capital
ii. Insufficient → Partners will contribute

Assets
1. debts owed to outsiders
2. paying each partners amount related to (capital (loan))
3. payment of partners Capital
4. Any Surplus distributed in P&R.

(4A) Firm Property → Property Etc → Firm Debts
Partner Property → 1st Own Debts of Partners, 2nd Towards Debts of the firm

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One Shot Unit 1 & 3

Complete

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1. by sharing of profit with heirs.
2. remuneration to servant
3. widow or child of deceased Partner (Section 37)
4. Seller of Goodwill

Indian Partnership Act - Unit 2

Section Wise — 9 to 38

9 - General duties of Partner
- Business Participate
- Common Advantage
- Just & faithful
- Accounts + Complete info
- Submit books to partners (on)

10 - Duty to Indemnify
- If any Partner commits a fraud shall indemnify other partners.

11 (1) - Right & Duties → Partners → guide, caper ← Mutual Agreement between Partners

(2) - Agreements in restrain of trades → No partner can do any business apart from business of firm.
- Exception Sec 16(b): Sec 27 of ICA (after Partnership from You) can do competing business or any business but share all profits with firm

12 -
- (a), (b), (c) Same as section 9
- Business - Fundamental decision - Consent of all; normal day to decision - majority of all partners
- (d), (e) Same as section 9

13 - In Absence of these Points in Agreement [Deed is Silent]
- No Remuneration for partners
- The partners shall share P&L equally
- Int on capital will be only out of profits
- Loan to firm → Int @ 6% pa
- Emergency expenses paid by partner are included.
- Partner due to his negligence activity loss to firm entitled to repay such amount.

14 - Property of the firm
- → If any Asset is purchased from funds of the firm it shall be property of firm
- → Goodwill is property of firm, Can be sold separately.
- → firm → Asset → Partner that is the partner's property

15 - Apply firm property for business of the partnership firm

16 (a) - Secret Profit
- Partners can make secret profit unless it?
- Make complete disclosure
- N - Applying Name of firm
- U - use of Property
- T - transaction of firm
- Conn - Connections of the firm

(b)

17 - What will be change in R&D if
- ① New Partner enter
- ② Retirement / Death
- ③ Purpose change
- ④ Fixed Procedure
- → It will remain Same

18 - Every Partner is Agent of the firm's business. (Jointly & Severally liable)

19 & 22 - Implied Authority - C - Common, U - Usual, N - Name
- Activities Outside Implied Authority
- Contract entered into a partnership
- IPL was won World Cup final is played between Delhi and Bangalore.
- Immovable Property Buy/Sell
- Assets/Liability
- dispute cannot file for arbitration
- Open a bank Account in own Name

20 - Extension & Restriction of Partners Authority
- Express Contract
- Implied
- Partners
- Restrict
- Extend
- Outsider Unaware
- Outsider Aware
- Firm is Not responsible
- Firm is Responsible to him
- Partner Known about restriction
- does not Know about dealing with the partner.

21 - That he shall be indemnified for any losses incurred in course of emergency

23 - If a partner is admitted to a partnership he shall be responsible for all activities after his Admission whether or Not he is aware about it.

24 - Any Notice (Information) conveyed by any party to an active partner shall be notice to firm, however if such partner participant to fraud or abetted fraud.

25 - All partners are Jointly & Severally liable for all acts of the firm.

26 - within Authority of firm → normal course of business → wrongful Act / omission → Firm's Assets are responsible

27 - ① Firm becomes money misapplied by A partner.
- Firm's Borrowing in name of the business
- ② Firm becomes money misapplied by All partners
- Result → Firm is responsible for recovery (from whom)

28 - Death of a partner
- In case of death all liabilities cease to exist
- No Need for Public Notice

29 - Rights of transferee (Transfer of Interest)
- → Can You transfer Int in a firm? NO
- → But even interest can be sold, mortgaged or pledge to other person → Consent of all Partners
- Rights of transferee
- During Continuance of Relation
  - Cannot participate in business
  - Cannot inspect books of A/c
  - CAN share in Profit & Loss
- End of Relation
  - Can inspect books to determine Share of Settlement

30 - Section 30 - Can minor be a partner? NO
- Can be admitted to the benefits of Partnership
- Rights of Minor
  - Profit/Loss
  - Books Inspect
  - Business Participate
- Liability of minor
  - Only upto Share of profit
  - No personal liability
  - Cannot be insolvent
- Rights of Major
  - Liable for activities from Admission
- Other Rights
  - Relation of partnership end
  - Can sue partners for his Share
- within 6 months can majority convey his election whether or not to become partner.

Reconstitution

31 - Introduction of New Partner
- Liable for Activities - After date of Admission

32 - Retirement of Partner
- Partner can retire
- Consent + Public Notice → After valid → After Public Notice

33 - Expulsion of a partner
- G - Good faith
- E - Express Agreement
- M - Majority of partners
- Inform firm
- Notice to partner
- Opportunity of being heard

34 - Insolvency of Partner
- No future liability for any claim
- Neither estate is liable
- No Public Notice Needed

37 - Choice in Case of Death, Retire, Expulsion or Insolvency
- When firm is unable to settle accounts
- ① Share in future profit & Loss or
- ② treat the amount as loan @ 6% pa.

38 - Continuing guarantee
- Unless Agreement provides otherwise
- Death / Insolvency / Retire → Shall result in end of continued for future
- But if Agreement States to Continue then we shall Continue.

Partnership Unit 2 Complete

Notes
Lunch
HUM

Final

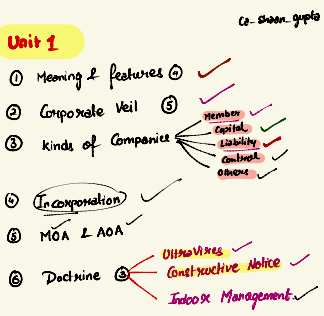
Whether Unacademy Student or Not ? Free For All

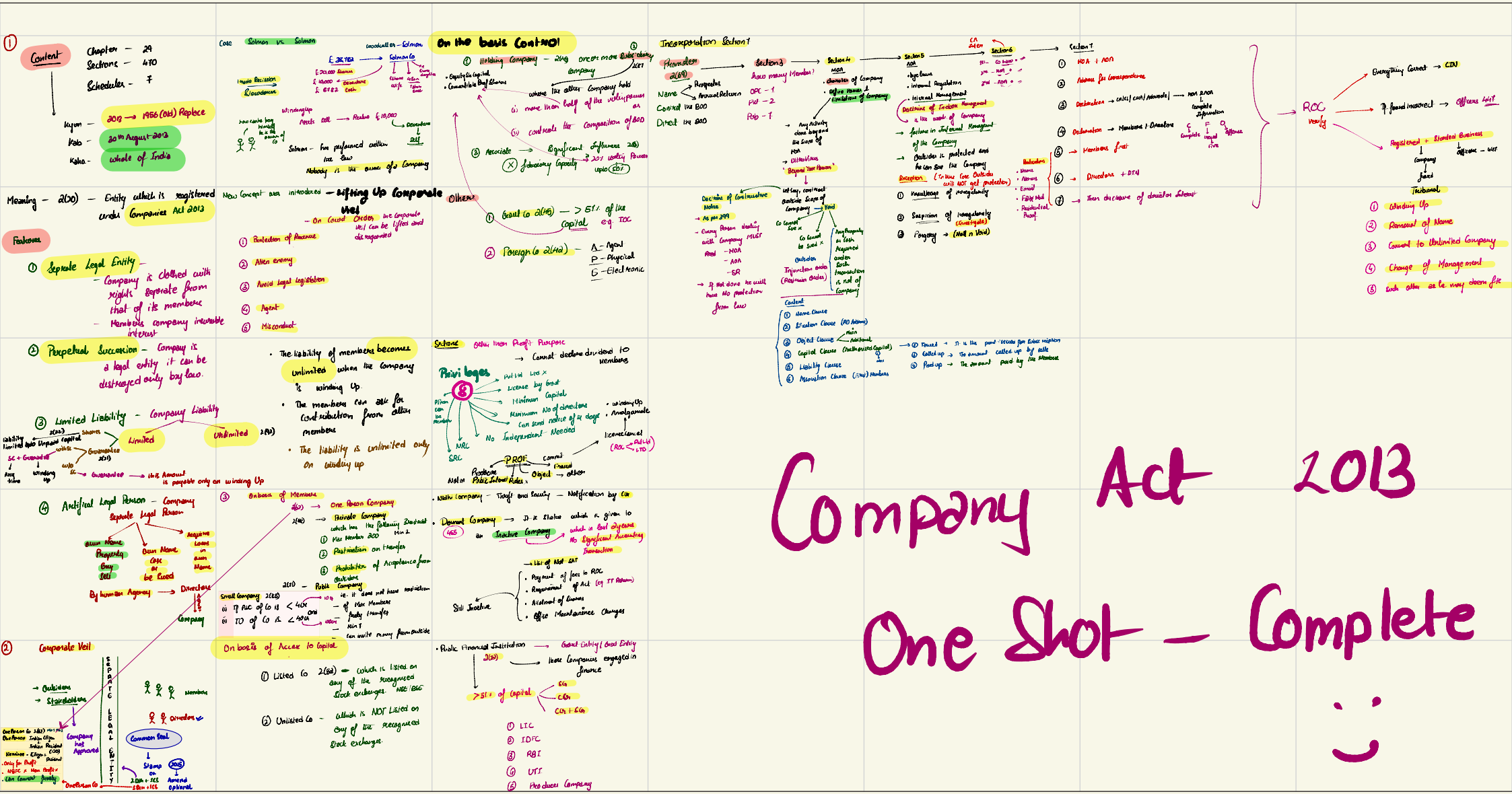
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	Date	9:30am ↓ 7:00pm	Purpose	Team
Kolkata	27 - 28 (May)		Marathon + Meet Up	Me + Nakul
Delhi	30 - 31 (May) 1st June		— Meet Up (Class 11 + Class 12 CA + CUET)	Jatin / Nakul / Ankit Me
Indore	3rd - 4th (June)		Marathon + Meetup	Me Jatin / Nakul / Adi
Patna	5 - 6 (June)		Marathon + Meetup + DJ	Me Jatin + Nakul

Companies Act – 2013

10 – 13 marks





Company Act 2013

One Shot – Complete

☺

LLP 2008

Chapters 14
Sections 81
Schedule 4 — RRDof Partners; PF → LLP; Private → LLP; Pubco → LLP

Meaning
- Alternate Corporate Vechicle
- Seprate Legal Entity
- Limited Liability
- Liability shifted to LLP
- flexible structuree

Section 4 – IPA 1932 Not Applicable on LLP

Section 5 – Any Individual or Body Corporate can be Partner
Except – U – Unsound Mind
U – Undischarged Insolvent
I – Insolvent Application pending

Section 6 – Minimum 2 Partners
(If Number falls below 2 replace within 6 months or liability unlimited)

Section 7 – Atleast 2 natural Person as DP
↓
1 → Resident in India (120 days in India)

– 2 Body Corporates can form LLP by Appointing 2 Nominee or 2 Partners or DP (Natural Person)

Characteristics

Company	Firm	Unique
• Seprate Legal Entity • Body Corporate • Artifical Legal Person • Common Seal • Limited Liability	• Management of business • Mutual Agency • Min – 2 Max – No limit	• Investigation • e-filing of documents • Foreign LLP

Section 11 – Incorporation document + 2 partners + Business + Profit
⊕
Statement by CA/ICS/CMA/Advocate
• Penalty → Prison 2 years and → 10,000 to 5 lakhs

Section 12 – The LLP shall recieve the incorporation document within 14 days of submission.
→ Conclusive Evidence of Registration

Section 13 – LLP → Inform → ROC (Registered office)
Any change also communicate
→ Penalty 500 per day upto 50,000

Section 14 – Effect of Registration
1. Can Sue or be sued.
2. Common Seal.
3. Own, dispose, charge, mortgage immovable property.
4. Such other acts as applicable to LLP

Section 15 – • LLP added to the Name
• Name not to be undesirable or Identical

Section 16 – • Name reservation can apply for 3 months

Section 17 – • CG can order for change of Name
• LLP to Comply in 3 months
On failure → CG Shall suomoto change Name
→ Penalty LLP – 1000 to 25000 then 1000 for each day
DP – 500 to 5000 then 500 for each day

Section 22 – The agreement contains Rights & Duties

Section 23 – • Any changes in agreement shall be ratified by all partners
• However for matters not mentioned in the agreement follow Schedule I.

Section 24 – • Partner 30 days Notice LLP
• Automatic End U – Unsound, I – Insolvent, D – Death → ROC
• Partners Capital, Profits – Losses = NET

Note: NO Interference of retired Partners

Section 25 – • Partner change • Name • Address Inform LLP 15 days → ROC in 30 days
• Partners Enter on Leave
ROC → Confirm with LLP (15 days)
LLP → in 30 days → ROC
• Penalty 10,000

Section 26 – • Every Partner is the agent of the LLP.

Section 27 – • Activity performed within Authority + Purpose of business.
• LLP is responsible for all wrongful Act or omission.
• Liabilities to be met out of LLP Assets

Section 28 – • Partner shall make the LLP liable for Any of the → Authority → Purpose of Business → LLP Shall take responsibility

Section 29 – Holding Out
• Where a person by words spoken or written
• represent himself, as a partner
• Any credit given to the LLP for this representation
• The LLP shall be responsible to refund the amount.
• Any benefit arising from such amount shall be restored

Section 30 – Fraud
• Where the LLP is involved in fraud or
• Any of the partners along with partners are involved in fraud.
Partners → Compensate; Penalty → Prison 2 years + Fine 50,000 to 5,00,000

Section 31 – • Whistle Blowing involves waiver of penalty.
• If such information leads to conviction.

Section 34 – • Proper Books of Account = Accrual/Cash + Double Entry
• Statement of Solvency + Statement of Account
in 6 months → Audit → ROC
LLP – 25000 to 5 lakhs; DP – 10,000 to 5 lakh

Section 35 – LLP → Annual Return → ROC in 60 days
Penalty → 100 per day upto 50,000

Section 52 –
Old Registration: • Notional Partnership Firm • Company Act
New Registration: LLP
Inform old Registrar in 15 days
• Assets • Liabilities • Pending Cases → LLP

Section 63 – Partners can dissolve LLP with approval of tribunal.

Section 64 – Cases in which tribunal can dissolve the firm.
• If LLP decides to wind up
• If LLP continues > 6 months with one partner.
• If LLP is unable to pay Debts
• It is against the S I S of India → Sovereignty, Integrity, Security
• LLP defaults in filing of Statement of Solvency or annual Return in 5 consecutive Years

END of LLP

Unit 1

1. Define Contract ✓
2. Types of Contract ✓
3. Offer ✓
4. Acceptance ✓
5. Communication ✓ → Offer, Acceptance, Performance
6. Revocation → Modes

Contract Act - Unit 1 & 2

ca_shaan_gupta

Unit 2

1. Consideration (Define + Legal Rules) (7) ✓
2. Privity of Contract (Exceptions) (7) ✓
3. Agreement w/o Consideration (7)

Indian Contract Act

- 1 - 75 : Introduction (& Formation)
- 76 - 123 : SOGA / IPA
- 124 - 238 : Special kinds of Contract (& Indem)

Contract 2(h) = Agreement + Enforceability by Law
Offer + Acceptance = Promise

@ On basis of formation

- Express Contract = Can be expressed in words spoken or written.
- Implied Contract = Comes into existence by A (Cashier) C (Cashier) D (Cashier) → Tacit Contracts (ATM)

Types of Offer

1. General offer (Carill vs Smokeball)
2. Special / Specific offer
3. Cross Offer (Medical + Simultaneously + Ignorance) IST
4. Counter offer (Modification - Simple law)
5. Standing offer / Open offer (time)

Legal Rules

1. Acceptance by Person to whom offer is made
2. Acceptance Absolute & Unqualified
3. Acceptance communicate
4. Prescribed mode
5. Time (Postbox Vs. Binding) 6. Silence is NOT acceptance
7. Acceptance by conduct

(B) Modes of Revocation (7)

1. By Notice of Revocation
2. Lapse of Time
3. Death or Insanity
4. Non fulfilment on Condition
5. Counter offer
6. Prescribed Mode
7. Illegal

Privity of Contract

Exceptions
- Consideration Stranger ✓
- Case by Stranger ✗

1. Beneficiary of a trust
2. family settlement
3. Marriage Contracts
4. Assignment of Contract
5. Agent → Sue / Principal / Sue → 3rd Party
6. Covenant attach to Land
7. Estoppel ↔ of Partner of LLP

Quasi Contract (Unit-6)

Resembles a contract + obligation created by law.

E-Contract

Entered by Electronic data inter-change.

Valid Essentials of Offer

1. Legal Relationship
2. Certain Not Vague
3. Must be Communicated to offeree
4. It may be conditional
5. It is given to obtain consent of party
6. No reply is not Accept
7. What is NOT Offer?

(Lalman Shukla & Gauri Dutt)

Communication

(A)
- Offer — When it comes in Knowledge of offeree
- Acceptance — Conduct / Omission / words spoken or written
  - Offeror — When it is put in course of transmission
  - Offeree — When it comes in Knowledge of offeror

Unit 1 Over

Part I

Contract

1. Two Parties
2. Legal Relationship (Offeror vs Offeree)
3. Legal formalities ✓
4. Certainty ✓
5. Performance Possible
6. Legal Object
7. Lawful Consideration
8. Consistency ✓
9. Agreement
10. Free Consent
11. Not Void

© On basis of Performance

- Executed Contract = Act is executed + forbearance is recorded
- Executory Contract = Consideration is reciprocal and to be performed in future.
  - Unilateral
  - Bilateral

What is NOT Offer?

1. A statement of intention is NOT offer
2. Answer to Question is NOT offer (Chewy is toxic)
3. A statement of price is not offer
4. An Invitation to Offer is NOT offer

(D) Attempt (Special Conditions)

- Air travel (Reasonable) Valid [Mukul Dalla vs Indian Railway]
- Lily White (Unreasonable) Invalid [Lily white vs Manusuwamy]

Consideration

1. Define ✓
2. Legal Rules (7) ✓
3. Privity (7)
4. Agreement without Contract (7)

Agreements without Consideration

1. Natural Love Affection
   - Writing
   - Registered
   - Close Relation
   - Natural Love
2. Compensation for Past Voluntary Service
   - Voluntarily
   - Promisor
   - Existence of Promisor Compensation → Promisee
   - Promisee

Over

Types of Contracts

(A) Validity or enforceability ✓
- Valid Contract = Binding + Enforceable
- Void Contract = Enforceable then ceases → void
- Voidable Contract = Aggrieved Party can cancel
- Illegal Contract = It is a contract which law forbids to make.
  - Illegal Agreement → void
  - All Void → NOT Illegal
- Unenforceable Contract = Technical defect

Offer 2(a)

Proposal
- Promisor → Promisee
- Assent Approve
- Promisor final willingness
- Offer Positive & Negative

Acceptance

1. Define ✓
2. Legal Rules (7)

(C) Performance

Offer → Accept → Performed → Communicated to the Offeror
- When offeree knows about it
- When he becomes aware of such knowledge

Define

- Something in Return
- Quid Pro Quo
- Can be to do something
- Abstain from doing something

3. Promise to Pay time barred
4. Agency
5. Completed Gift
6. Bailment → gratuitous (free of cost)
7. Charity

112 minutes

Offer → Define + Types (5) ✓ + Valid Essential (7) ✓ + (4) What is Not Offer ✓

Define

Section 2(b)
- → Giving Approval to an Offer
- → Promisee / Acceptor

Revocation of Offer and Acceptance

(A)
1. Offer → until the Acceptance is posted
2. Acceptance → until the Acceptance comes to the knowledge of the offeror (same time (Revoke))
   - Main offer + Revocation
   - Post + Telephone (No deliverance)

Elements of Consideration

1. Consideration is act of doing Something
2. Consideration Can be abstain from something
3. Consideration moves from the promisee
4. Consideration may move from Promisee or other
5. Past (Present) Future
6. Not Adequate
7. Should be lawful

Should be Real / Executed → Executory

Done 2nd May

Unit 1 -

1. Definitions ✓
2. Essentials of SOGA 5 ✓
3. Difference Sale vs ATS ✓
4. Sale Compared with Others 3 ✓
5. 5 2 6 2 7 28 → Extra ✓
6. Price

Unit - 2

Sales of Good Act

Kyun - Consumer cheating Protection

Kab - 1st July 1930

Kaha - Whole of India

(SOGA → ICA

- ICA vs SOGA inconsistent SOGA ✓
- ICA = SOGA Both comply
- SOGA (widest) follow ICA

2(1) - Buyer - Buys or Agrees to Buy → Sale / ATS

2(12) - Seller - Sells or Agrees to Sell

2(7) - Goods → Movable / Market able (Not include) / Actionable Claims / Money

Include: G - Growing Crops; S - Stock & Shares; T - Things attached to Land

Essentials of Sale Contract

4(1) - COS define < TOW: agree to transfer Ownership of Goods

4(2) - Absolute - (Clear)
Conditional - (Some other term)

4(3) - COS → Sale < TOW today / TOW later; Sale Contract / Agreement to Sale

4(4) - with the lapse of time / ATS → transform → Sale Contract

1. Contract - valid essentials (Free consent, lawful consideration)
2. Goods - Subject Matter < M + NM + G&T (excluded A M)
3. Transfer of Ownership < Absolute / Conditional
4. Two Party 2(1)/2(12)
5. Price 2(10)

5 How is Contract of Sale made?

Offer + Accept
- Immediate delivery
- Payment (P) + D(D)
- P + D
- D + D (D)
- P + D (Installment)

6

Existing Goods - Specific Goods → Sale Contract
- Unascertain → ATS
- Future

7

Goods damage → Before Agreement / After Agreement → Subject Matter Goods ✗ → Void
Assurance ARE after ATS
Self Invoice expiry → Choice
Impossibility

8

Agreement to Sale: damage due to flood → After Agreement
Goods damages → Void → Impossibility

9 Price

Manner < Auction / Bargain
Contract → MRP
Dealing → Regular

10 Valuation

B S → 3rd Party → decide price

If Anyone 3rd Party → Influence → void
B/S can sue the party default

6

- Existing goods - 2(14) Specific Goods - Identify + Agree
  - Available at the point of Sale
  - Unascertain Goods - ATS only by description
  - Ascertain Goods - when goods are identify after ATS
- 2(6) Future Goods - those goods which will be available with seller at a future date
- 6(3) Contingent Goods - The availability of goods with Seller depends upon uncertain events.

Sale		ATS
Ownership	Today	at a later date
Risk	Buyer	Seller
Liability	Loss of Buyer	Loss of Seller
Nature of Right	Jus in Rem	Jus in Personam
Nature of Contract	Executed	Executory
Resale	Seller cannot Resale	Seller can Resale
Seller	Offered Assignee can recover price from buyer	can exercise contract own goods.
Buyer	Offered Assignee will have control over goods	Offered Assignee cannot do anything.

transfer

2(6) - Delivery - Voluntary transfer of Possession.

- Actual delivery - hand to hand / offered from buyer or his Agent
- Constructive delivery - No change of custody just it is in possession of a person in buyer behalf
- Symbolic delivery - where the token in goods is transferred

Document of title
- Railway - Railway Receipt
- Airplane - Airway Bill
- Ship - Bill of Lading

Owner → Name Mention → Possession / Right

2(8) - Mercantile agent → behalf in ordinary course of business goods or services buy or sell

2(d) - Price - Goods → Money ✓ / Money + Goods ✓ / Goods ✗ (Barter)

2(c) - Property < Specific Property - Only Partial Rights (Pledge); General Property - All rights of Use

1 Sale vs Hire Purchase

TOW	TOP
Buyer can Resale	Hire Pur cannot resale
Buyer cannot Cancel Contract	Hire Purchaser can cancel Contract
Transfer of title Yes	No transfer of title.
Me ← Hire Purchaser (Buyer)	Sale → Hire Vendor (Seller)

Sale vs Bailment

Sale	Bailment
• TOW	TP
• No Return Goods	Bailee Shall return Goods
• Money is compulsory	Gratuitous or Non-gratuitous

Item Supply - G → Contract of Service
Service - S → SOGA ✗
Item - S
Service - S → Contract for Sale of Goods SOGA ✓

Unit 2

1. Condition vs Warranty
2. Implied — Condition (7) / Warranty (4)
3. Caveat Emptor (11)

Sales of Goods Act

Unit 2 2 3 2 4

Stipulation → Representation (Section) [2(1)]
- time
- Delivery (essence → impotent)
- Payment

12(1) → Contract of Sale → Stipulation → Condition (primary) / Warranty (secondary)

12(2) → Condition → Main → breach → Contract Cancel

12(3) → Warranty → Additional → breach → Only Stipulation damages

12(4) → In a contract whether stipulation & ② Condition or warranty depends on the circumstances

Condition	vs	Warranty
• Main Stipulation		• Collateral Stipulation
• Repudiate the Contract		• Only damages
• Condition can be converted to warranty		• Cannot be converted

xc ✓ ω - Waiver by buyer (Express / Implied)
I - Impossible by law (eg. Non Delivery)
S - Non Severable in nature
E - Elected by the buyer (c → ω)

Condition → Implied Condition

① Condition as to title 14(b) — No one should sell something to which
(i) he is not the Owner or
(ii) he does not have right to sell

② Sale by description 15(a) — If Sale has been made in line with description of the goods → final Product → comply with description
- defect
- failure

③ Sale by Sample 17
- a bulk should comply with sample
- b the seller should give reasonable time to compare goods
- c defect → unmerchantable (latent defect) which is only noticable after use

④ Sample as well as description — The goods shall comply with both (1+2)

⑤ Condition as to quality & fitness 16(a)
S - a Relies on the skill and Judgement of the seller
P - b Buyer should define his purpose
D - c Seller is in regular dealing of same goods

⑥ Condition as to merchantability 16(b)
- Normal Course of business
- Resale
- Selling goods
- Self use

Subsidiary
⑦ Condition as to wholesomeness — to eatables exclusively

Warranty Implied

① Warranty as to Undisturbed Possession 14(b)
→ That the buyer shall have the right to enjoy quite possession of the goods if he is disturbed he can sue the Seller

② Warranty as to non - existence of encumbrances 14(c)

Indian Contract Act — Types of Basic Contract

When goods are hypothecated to another person they should not have a charge in favour of the third party.

③ 16(c) Warranty as to quality or fitness by 16(3) usage of trade — Some warranties which arise due to regular trading between buyer and seller (Annexed)

Seller Silent | Silence will amount to fraud IPA

④ Disclosure as to Dangerous Nature of Goods — If seller is aware about the dangerous nature of his goods and knows that the buyer is ignorant he Shall disclose the same.

Caveat Emptor — Latin term → let the buyer beware

In the normal course of business seller can sell to the buyer, whatever goods he pleases it shall be the buyer responsibility to ensure at correct selection

Exceptions - Buyer will be protected and seller will be punished

All implied Condition and all implied warranties are exceptions of Caveat emptor

① Fitness for quality Purpose
② Sold by description
③ Condition as to Merchantability
④ Sale by Sample
⑤ Sample + description
⑥ Trade Usage
⑦ Seller Actively Conceals the defect — Seller is aware about defect in goods and still actively conceals it.

Unit 2

Oven

Passing of Property = Identification (14) + Ascertainment of Goods + Appropriation (17)

Specific Goods (20.1)
Unascertain Goods (18)
Sale on Approval (24)
Reservation of title of disposal (26)

20(2) Specific Goods → Ownership transfer
(1) Goods should be deliverable State
(2) If not deliverable state bring the same in deliverable state

MMD Buying — weigh and decide choice

20(3) Unascertain Goods
- Description
- Deliverable State
- Unconditional Appropriation
- Unconditional Transfer
- Assent

DUA

24 Sale on Approval or return basis
① Approval convey
② Expiry of time or reasonable time
③ he does something with goods (pledge)

Sale for Cash or Return (Cash Basis)
- Further sale can only occur after buyer pays off the Seller

Reservation of Title of disposal
- 25(1) DOT to own name or name of his Agent
- 25(2) BOE is attached alongwith DOT

Two stages to which ownership is delayed

26 Risk is Borne fide transferred with Property
Owner - Risk & Reward Factor
delay in delivery & caused due the fault of any of the party.

Section 26: does not apply to e-bike

Transfer of title by Non Owners
Nemo dat quod Non habet
"No one can give what he has not"

Exceptions to the Rule Above
① Sale by a Mercantile Agent — possession, Deed, Good faith
② Sale by Joint Owners — One of Joint owners in possession, goods purchase valid title

② Sale under Voidable Contract — Voidable, Cancelled, Good faith
④ Sale by the person in possession of goods Good faith
⑤ Sale by buyer in possession (Sale on Approval) (When item have purchase) Yes Buyer receiving valid title
⑥ Effect to Estoppel — The Seller cannot deny the right to sell of the transferee

⑦ Sale by Unpaid Seller — Unpaid seller has the right to resell the goods

Rules regarding delivery
- → Buyer to Apply for delivery
- → Seller Responsible to deliver
- → offer and tender of delivery to be at reasonable time
- → Expenses of delivery
- → Wrong quantity delivery — more → Return / Accept-ship; short → Accept / sue for; Mix → Return
- → Deterioration on Transit → to specify location → buyer is responsible

43 If wrong goods are delivered to the buyer the buyer has the powers to return the goods by refusing delivery
44 If refusal of buyer is incorrect seller will recover damages for any loss of goods.

Unit 3 - Oven

12:12

Unpaid seller - who has not received consideration for the goods sold by him

Goods
- 0-B P-S
- 0-S P-S

Buyer
① Suit for Price
② Suit for Repudiation of Contract
③ Suit for damages
④ Suit for Interest

① Right of Lien — Retain Possession
C - Contract → Cash & unpaid
C - Credit Sale → Credit Given
I - Insolvent

End
1 → Delivery to carrier
2 → Buyer obtains possession
3 → obtains by seller

② Stoppage in Transit — Regain Possession
T - Transit
I - Insolvent
P - Price Unpaid

Transit End
① Delivery to Carrier or Buyer
② Interception by buyer
③ Delivery to buyer's carrier
④ Carrier refuses to accept delivery
⑤ Delivery of goods on a ship chartered by buyer

③ Right of Resale — Seller can resale if purchaser with out notice to buyer
- Left to Seller Cannot Recover
- Profit on Sale the Buyer will take

Economics by Ekta

Right of buyer
① Damage for Non delivery
② Suit for Specific Performance
③ Suit for breach of Contract
Rotate with Implied Warranty
④ Suit for Breach for Warranty — damages - circumstances of price
⑤ Suit for Interest - Buyer can also sue for interest if price paid in advance.

SOGA
Complete
One Shot