

**CA FOUNDATION**  
**CORPORATE AND OTHER LAWS**  
**SERIES - 1**

**Time : 3 Hours**  
**(100% Course)**  
**Vol.: 27 & 28**

**M. Marks: 100**  
**Date : 18.04.2024**  
**(JUNE - 2024)**

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**Questions 1 is compulsory, attempt any 5 from the remaining**

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- 1(a)** Discuss the various types of implied warranties as per the Sales of Goods Act, 1930? **4**
- (b)** Mr. Chetan was appointed as Site Manager of ABC Constructions Company on a two years contract at a monthly salary of ₹ 50,000. Mr. Pawan gave a surety in respect of Mr. Chetan's conduct. After six months the company was not in position to pay ₹ 50,000 to Mr. Chetan because of financial constraints. Chetan agreed for a lower salary of ₹ 30,000 from the company. This was not communicated to Mr. Pawan. Three months afterwards it was discovered that Chetan had been doing fraud since the time of his appointment. What is the liability of Mr. Pawan during the whole duration of Chetan's Appointment. **4**
- (c)** ABC Limited was into sale and purchase of iron rods. This was the main object of the company mentioned in the Memorandum of Association. The company entered into a contract with Mr. John for some finance related work. Later on, the company repudiated the contract as being ultra vires. With reference to the same, briefly explain the doctrine of "ultravires" under the Companies Act, 2013. What are the consequences of ultravires acts of the company? **4**
- (d)** A promoter who has borrowed a loan on behalf of company, who is neither a director nor a person-in-charge, sent a cheque from the companies account to discharge its legal liability. Subsequently, the cheque was dishonoured and the complaint was lodged against him. Is he liable for an offence under section 138? **4**
- (e)** Differentiate between Novation and Alteration as per the Indian Contract Act, 1872. **4**
- 2(a)** (i) "An anticipatory breach of contract is a breach of contract occurring before the time fixed for performance has arrived". Discuss stating also the effect of anticipatory breach on contracts. **7**
- (ii) Chandan was suffering from some disease and was in great pain. He went to Dr. Jhunjhunwala whose consultation fee was ₹ 300. The doctor agreed to treat him but on the condition that Chandan had to sign a promissory note of ₹ 5000 payable to doctor. Chandan signed the promissory note and gave it to doctor. On recovering from the disease, Chandan refused to honour the promissory note. State with reasons, can doctor recover the amount of promissory note under the provisions of the Indian Contract Act, 1872?

- (b)** Difference between LLP and Partnership (Any 10) **5**
- (c)** State with reasons whether each of the following instruments is an Inland Instrument or a Foreign Instrument as per The Negotiable Instruments Act, 1881: **4**
- (i) Ram draws a Bill of Exchange in Delhi upon Shyam a resident of Jaipur and accepted to be payable in Thailand after 90 days of acceptance.
- (ii) Ramesh draws a Bill of Exchange in Mumbai upon Suresh a resident of Australia and accepted to be payable in Chennai after 30 days of sight.
- (iii) Ajay draws a Bill of Exchange in California upon Vijay a resident of Jodhpur and accepted to be payable in Kanpur after 6 months of acceptance.
- (iv) Mukesh draws a Bill of Exchange in Lucknow upon Dinesh a resident of China and accepted to be payable in China after 45 days of acceptance.
- 3 (a)** “Whether a group of persons is or is not a firm, or whether a person is or not a partner in a firm.” Explain the mode of determining existence of partnership as per the Indian Partnership Act, 1932? **5**
- (b)** A shop-keeper displayed a pair of dress in the show-room and a price tag of ₹2,000 was attached to the dress. Ms. Lovely looked to the tag and rushed to the cash counter. Then she asked the shop-keeper to receive the payment and pack up the dress. The shop-keeper refused to hand-over the dress to Ms. Lovely in consideration of the price stated in the price tag attached to the Ms. Lovely seeks your advice whether she can sue the shop-keeper for the above cause under the Indian Contract Act, 1872. **4**
- (c)** “No Consideration No Contract”. Comment with exceptions. **3**
- (d)** Mr. Shankar sold 1000 Kgs wheat to Mr. Ganesh on credit of 3 months. Wheat was to be delivered after 10 days of contract. After 5 days of contract, a friend of Mr. Shankar secretly informed him that Mr. Ganesh may default in payment. On the information of friend, Mr. Shankar applied the right to lien and withheld the delivery. With referring to the provisions of the Sale of Goods Act, 1930:  
 (i) State, whether Mr. Shankar was right in his decision?  
 (ii) What would be your answer if Mr. Ganesh became insolvent within five days of contract? **4**
- 4 (a)** Differentiate between sales and agreement to sales. **3**
- (b)** “The Memorandum of Association is a charter of a company”. Discuss. Also explain in brief the contents of Memorandum of Association. **6**
- (c)** A agrees to buy a new TV from a shop keeper for Rs. 30,000 payable partly in cash of Rs. 20,000 and partly in exchange of old TV set. Is it a valid Contract of Sale of Goods? Give reasons for your answer. **3**
- (d)** Mrs. A delivered her old silver jewellery to Mr. Y a Goldsmith, for the purpose of making new a silver bowl out of it. Every evening she used to receive the unfinished good (silver bowl) to put it into box kept at Mr. Y’s Shop. She kept the key of that box with herself. One night, the silver bowl was stolen from that box. Was there a contract of bailment? Whether the possession of the goods (actual or constructive) delivered, constitute contract of bailment or not? **4**

- 5(a)** (i) Ravi sold 500 bags of wheat to Tushar. Each bag contains 50 Kilograms of wheat. Ravi sent 450 bags by road transport and Tushar himself took remaining 50 bags. Before Tushar receives delivery of 450 bags sent by road transport, he becomes bankrupt. Ravi being still unpaid, stops the bags in transit. The official receiver, on Tushar's insolvency claims the bags. Decide the case with reference to the provisions of the Sale of Goods Act, 1930. 5
- (ii) A sold carpets to the Company which were required to be laid. The carpet was delivered to the company's premises but was stolen before it could be laid. Does ownership of goods is transferred to the company?
- (b)** State the legal consequences of the following as per the provisions of the Indian Partnership Act, 1932: 6
- (i) Discuss the provisions regarding personal profits earned by a partner under the Indian Partnership Act, 1932?
- (ii) A, B and C are partners. C retires after selling his share in the partnership firm. A and B fail to pay the value of the share to C as agreed to. State the rights of C as per the provisions of the Indian Partnership Act, 1932.
- (c)** Hastprat Ltd. is an unlisted public company, having five directors in its board which includes two independent directors. 5
- Sankul (P) Ltd., is subsidiary company of Hastprat Ltd., actively carrying on its business, having paid up capital of ₹ 1.5 crore with 40 members and turnover of ₹ 18 crore, respectively and the said company is not a start-up company.
- In the context of aforesaid case-scenario, please answer category of companies:-
- (i) One person company, (ii) Small company, (iii) Dormant company and (iv) Private company, respectively.
- 6(a)** Rohan is running a grocery store in Delhi. He sells his grocery business, including goodwill worth ₹ 1,00,000 to Rohit for a sum of ₹ 5,00,000. After the sale of goodwill, Rohit made an agreement with Rohan. As per this agreement, Rohan is not to open another grocery store (similar kind of business) in the whole of India for next ten years. However, Rohan opens another store in the same city two months later. What are the rights available with Rohit regarding the restriction imposed on Rohan with reference to Indian Contract Act, 1872? 4
- (b)** What are the various types of law? 4
- (c)** Mr. Abhi is a Chartered Accountant and MBA by profession, has been appointed as an Executive Director on the Board of XYZ Limited. His job profile includes advising the Board of Directors of the company on various compliance matters, strategies, business plans, and risk matters relating to the company. Keeping in view of above position whether Mr. Abhi can be classified as the Promoter of XYZ Limited? Please examine the same under the provisions of the Companies Act, 2013. 4
- (d)** Moni and Tony were partners in the firm M/s MOTO & Company. They admitted Sony as partner in the firm and he is actively engaged in day- to-day activities of the firm. There is a tradition in the firm that all active partners will get a monthly remuneration of ₹ 20,000 but no express agreement was there. After admission of Sony in the firm, Moni and Tony continued getting salary from the firm but no salary was given to Sony from the firm. Sony claimed his remuneration but denied by existing partners by saying that there was no express agreement for that. Whether under the Indian Partnership Act, 1932, Sony can claim remuneration from the firm? 4

- 7(a) A rented his house to B on lease for 3 years. The lease agreement is terminable on 3 month notice by either party. C, the son of A, being in need of a separate house to live, served a notice on B, without any authority, to vacate the house within a month and requested his father A to ratify his action. Examine whether it shall be valid for A to ratify the action of C taking into account the provisions of the Indian Contract Act, 1872? 3
- (b) State the Provisions of NI Act, 1881 under which presentment of a negotiable instrument is not necessary. 6
- (c) Distinguish between dissolution of firm and dissolution of partnership. 4
- (d) What are the effects of registration of LLP? 3

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**LIVE GUIDANCE FOR CA FOUNDATION STUDENTS FROM**

**Dr. CA R C SHARMA**

**ON 18-04-2024 AT 06:30PM**