

THF-H

02/01/2024
(5.25 pm)

Roll No.

Total No. of Printed Pages : 20

Total No. of Questions : 11

Maximum Marks : 100

Time allowed : 3 Hours

IMPORTANT INSTRUCTIONS TO CANDIDATES

1. Questions 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.
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3. Answer to both the Sections are to be written in the same answer book.

SECTION A — (60 Marks)

Question No. 1 is compulsory.

Answer any **FOUR** questions out of the remaining **FIVE** questions. **Marks**

1. (a) T owes G, the following debts as per the table given below :

Amount of the Debt (in ₹)	Position of Debt
5,000	Time barred on 01 st July, 2023 as per the provisions of the Limitation Act, 1963
3,000	Time barred on 01 st July, 2023 as per the provisions of the Limitation Act, 1963
12,500	Due on 1 st April, 2022
10,000	Due on 15 th July, 2023
7,500	Due on 25 th November, 2023

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SEAL

(2)

THF-H

Marks

G makes payment on 1st April, 2023, mentioned as below without any notice regarding how to appropriate the amount/payment.

(i) A cheque of ₹ 12,500

(ii) A cheque of ₹ 4,000.

In such a situation how the appropriation of the payment is done against the debts as per the provisions of the Indian Contract Act, 1872 by assuming that T also has not appropriated the amount received towards any particular debt.

4

(b) The State Government of X, a state in the country is holding 48 lakh shares of Y Limited. The paid-up capital of Y Limited is ₹ 9.5 crore (95 lakh shares of ₹ 10 each). Y Limited directly holds 2,50,600 shares of Z Private Limited which is having share capital of ₹ 5 crore in the form of 5 lakh shares of ₹ 100 each. Z Private Limited claimed the status of a subsidiary company of Y Limited as well as a Government company. Advise as a legal advisor, whether Z Private Limited is a subsidiary company of Y Limited as well as a Government company under the provisions of the Companies Act, 2013?

4

(c) Discuss the various types of implied warranties as per the Sale of Goods Act, 1930.

4

2. (a) Explain the terms "Trafficking relating to public offices and titles" and "Stifling prosecution" as per the Indian Contract Act, 1872.

7

(b) Explain the provisions relating to the registration of changes in partners under the Limited Liability Partnership Act, 2008.

5

THF-H

(3)

THF-H

Marks

3. (a) Discuss the rule regarding a partner's implied authority to bind the firm for his acts. Also, explain the situations when the partner has no implied authority to bind the firm.

6

(b) (i) A mobile phone was displayed in a shop with a price tag of ₹ 10,000 attached to the mobile display box. As the price displayed was very less as compared to M.R.P. of the mobile phone, Y, a customer rushed to the cash counter and asked the shopkeeper to receive the payment and pack up the mobile phone. The shopkeeper refused to hand over the mobile phone to Y in consideration of the price indicated in the price tag attached to the mobile phone. Y seeks your advice whether he can sue the shopkeeper for the above cause under the Indian Contract Act, 1872.

3

(ii) On 1st March 2023, T Readymade Dress Garments, Shimla enters into a contract with J Readymade Garments, Jaipur for the supply of different sizes of shirts 'S' (Small), 'M' (Medium), and 'L' (Large). As per the terms of the contract, 300 pieces of each category i.e. 'S' @ ₹ 900; 'M' @ 1,000 and 'L' @ 1,100 per piece have to be supplied on or before 31st May, 2023.

However, on 1st May, 2023, T Readymade Dress Garments, Shimla informed J Readymade Garments, Jaipur that the firm is not willing to supply the shirts at the above rate due to the rise of prices in the raw material cost. In the meantime, prices for similar shirts have gone up in the market to the tune of ₹ 1,000; ₹ 1,100; and ₹ 1,200 for 'S', 'M' and 'L' sizes respectively.

Examine the rights of J Readymade Garments, Jaipur in this regard as per the provisions of the Indian Contract Act, of 1872.

3

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P.T.O.

4. (a) Can an unpaid seller who has possession of goods exercise the Right of lien? If yes, mention such circumstances. When does he lose his right of lien as per the provisions of the Sale of Goods Act, of 1930? 6
- (b) State giving reasons whether the following are partnerships as per the provisions under the Indian Partnership Act, 1932:
- (i) X, Y, and Z agree to divide the profits equally, but the loss, if any, is to be borne by X alone. Is it a case of partnership?
- (ii) X, a publisher, agrees to publish a book at his own expense written by Y and to pay Y, half of the net profit. Does this create a relationship of partnership between X and Y? Is Y liable to a paper-dealer for paper supplied to X to print Y's book?
- (iii) A and B purchase a tea shop and incur additional expenses for purchasing utensils etc. each contributing half of the total expense. The shop is leased out on daily rent which is divided between both. Does this arrangement constitute a partnership between A and B? 3 × 2 = 6
5. (a) (i) X, a furniture dealer, delivered furniture to Y under an agreement of sale, whereby Y had to pay the price of the furniture in three instalments. As per the terms of the agreement, the furniture will become the property of Y on payment of the last instalment. Before Y had paid the last instalment, he sold the furniture to Z, who purchased it in good faith. X brought a suit against Z for the recovery of the furniture on the ground that Z had no title to it. Decide the case on the basis of the provisions as per the Sale of Goods Act, 1930. 4

(5)

THF-H

Marks

- (ii) Against B's tender, R agrees to sell and deliver 1,000 kg tomatoes @ ₹ 100 per kg which shall be delivered on 15th July, 2023. Due to the rise of the prices of tomatoes in the market, R delivered only 700 kg of tomatoes on 15th July, 2023 and agrees to deliver the balance quantity in the next month. B accepted 700 kg of tomatoes sent by R. Later, R failed to deliver the balance quantity and so B refused to pay the price of 700 kg of tomatoes to R as he had failed to fulfill the tender conditions stipulated in the contract of sale.

Can B refuse to pay R as per the provisions of the Sale of Goods Act, 1930?

2

- (b) Explain the kinds of share capital as per the Companies Act, 2013. Also, explain when the capital shall be deemed to be preference capital.

6

6. (a) "Mere silence does not amount to fraud." Explain the statement as per the provisions contained in the Indian Contract Act, 1872.

5

- (b) State the rules that should be observed by the partners in settling the accounts of the firm after dissolution under the Indian Partnership Act, 1932?

4

- (c) MTK Private Limited is a company registered under the Companies Act, 2013 on 5th January, 2021. The company has not started its business till now. On 7th April, 2023, a notice has been received from ROC for non-filing of FORM No-INC-20A. Identify under which category MTK Private Limited company is classified. Explain the definition of the category of the company in detail.

3

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P.T.O.

Roll No.

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SECTION A — (60 Marks)

Question No. 1 is compulsory.

Answer any **FOUR** questions out of the remaining **FIVE** questions. **Marks**

1. (a) Radha invited her ten close friends to celebrate her 25th birthday party on 1st January, 2023, at 7.30 P.M. at a well-known "Hi-Fi Restaurant" at Tonk Road Jaipur. All invited friends accepted the invitation and promised to attend the said party. On request of the hotel manager, Radha deposited ₹ 5,000/- as non-refundable security for the said party. On the scheduled date and time, three among ten invited friends did not turn up for the birthday party and did not convey any prior communication to her. Radha, enraged with the behaviour of the three friends, wanted to sue them for loss incurred in the said party. Advise as per the provisions of the Indian Contract Act, 1872.

Would your answer differ if the said party had been a "Contributory 2023 New Year celebration Party" organized by Radha?

4

PMQ-H



(2)

PMQ-H

Marks

- (b) ABC Limited has allotted equity shares with voting rights to XYZ Limited worth ₹ 15 crores and convertible preference shares worth ₹ 10 crores during the financial year 2022-23. After that the total share capital of the company is ₹ 100 crores.

Comment on whether XYZ Limited would be called an Associate Company as per the provisions of the Companies Act, 2013? Also define an Associate Company.

4

- (c) Mr. A contracted to sell his swift car to Mr. B. Both missed to discuss the price of the said swift car. Later, Mr. A refused to sell his swift car to Mr. B on the ground that the agreement was void being uncertain about the price. Does Mr. B have any right against Mr. A under the Sale of Goods Act, 1930?

4

2. (a) As per the general rule, "Stranger to a contract cannot file a suit in case of breach of contract". Comment and explain the exceptions to this rule as per the provisions of the Indian Contract Act, 1872.

7

- (b) Discuss the liabilities of Limited Liability Partnership (LLP) and its partners in case of fraud as per the provisions of the Limited Liability Partnership Act, 2008.

5

PMQ-H

(3)

PMQ-H

Marks

3. (a) Explain about the registration procedure of a partnership firm as prescribed under the Indian Partnership Act, 1932. 6

(b) (i) Mr. A, the employer induced his employee Mr. B to sell his one room flat to him at less than the market value to secure promotion. Mr. B sold the flat to Mr. A. Later on, Mr. B changed his mind and decided to sue Mr. A. Examine the validity of the contract as per the provisions of the Indian Contract Act, 1872. 2

(ii) Mr. S promises Mr. M to paint a family picture for ₹ 20,000 and assures to complete his assignment by 15 March, 2023. Unfortunately, Mr. S died in a road accident on 1 March, 2023 and his assignment remains undone. Can Mr. M bind the legal representative of Mr. S for the promise made by Mr. S? Suppose Mr. S had promised to deliver some photographs to Mr. M on 15 March, 2023 against a payment of ₹ 10,000 but he dies before that day. Will his representative be bound to deliver the photographs in this situation?

Decide as per the provisions of the Indian Contract Act, 1872. 4

4. (a) Describe in brief the rights of the buyer against the seller in case of breach of contract of Sale. 6

(b) P, Q and R are partners in a partnership firm. R retires from the firm without giving public notice. P approached S, an electronic appliances trader, for purchase of 25 fans for his firm. P introduced E, an employee of the firm, as his partner to S. S believing E and R as partners supplied 25 fans to the firm on credit. S did not receive the payment for the fans even after the expiry of the credit period. Advise S, from whom he can recover the payment as per the provisions of the Indian Partnership Act, 1932. 6

PMQ-H

P.T.O.

(4)

PMQ-H

Marks

5. (a) (i) An auction sale of the certain goods was held on 7 March, 2023 by the fall of hammer in favour of the highest bidder X. The payment of auction price was made on 8 March, 2023 followed by the delivery of goods on 10 March, 2023. Based upon on the provisions of the Sale of Goods Act, 1930, decide when the auction sale is complete. 2
- (ii) Certain goods were sold by sample by J to K, who in turn sold the same goods by sample to L and L by sample sold the same goods to M. M found that the goods were not according to the sample and rejected the goods and gave a notice to L. L sued K and K sued J. Can M reject the goods? Also advise K and L as per the provisions of the Sale of Goods Act, 1930. 4
- (b) Explain the concept of 'Corporate Veil'. Briefly state the circumstances when the corporate veil can be lifted as per the provisions of the Companies Act, 2013. 6
6. (a) Distinguish between Void Contract and Voidable Contract according to the Indian Contract Act, 1872. 5
- (b) What are the rights of partners with respect to conduct of the business of a firm as prescribed under the Indian Partnership Act, 1932? 4
- (c) ABC Private Limited is a registered company under the Companies Act, 2013 with paid up capital of ₹ 35 lakhs and turnover of ₹ 2.5 crores. Whether the ABC Private Limited can avail the status of a Small Company in accordance with the provisions of the Companies Act, 2013? Also discuss the meaning of a Small Company. 3

PMQ-H

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SECTION A — (60 Marks)

Question No. 1 is compulsory.

Answer any **FOUR** questions from the remaining **FIVE** questions. **Marks**

1. (a) X agrees to pay Y ₹ 1,00,000/-, if Y kills Z. To pay Y, X borrows ₹ 1,00,000/- from W, who is also aware of the purpose of the loan. Y kills Z but X refuses to pay. X also refuses to repay the loan to W. Explain the validity of the contract.
 - (i) Between X and Y.
 - (ii) Between X and W

4

XWC-H

(2)

XWC-H

Marks

- (b) Mr. R, a manufacturer of toys approached MNO Private Limited for supply of raw material worth ₹ 1,50,000/-. Mr. R was offered a credit period of one month. Mr. R went to the company prior to the due date and met Mr. C, an employee at the billing counter, who convinced the former that the payment can be made to him as the billing-cashier is on leave.

Mr. R paid the money and was issued a signed and sealed receipt by Mr. C. After the lapse of due date, Mr. R received a recovery notice from the company for the payment of ₹ 1,50,000/-.

Mr. R informed the company that he has already paid the above amount and being an outsider had genuine reasons to trust Mr. C who claimed to be an employee and had issued him a receipt.

The Company filed a suit against Mr. R for non-payment of dues. Discuss the fate of the suit and the liability of Mr. R towards company as on current date in consonance with the provision of The Companies Act 2013? Would your answer be different if a receipt under the company seal was not issued by Mr. C after receiving payment?

4

- (c) Discuss the essential elements regarding the sale of unascertained goods and its appropriation as per the Sales of Goods Act, 1930.

4

2. (a) Explain the following statements in the light of provisions of Indian Contract Act, 1872:

(i) "Agreements made out of love and affection are valid agreements."

(ii) "Promise to pay a time barred debt cannot be enforced."

7

- (b) "A LLP (Limited Liability Partnership) is a type of partnership in which participants' liability is fixed to the amount of money they invest whereas a LLC (Limited Liability Private/Public Company) is a tightly held business entity that incorporates the qualities of a corporation and a partnership".

In line of above statement clearly elaborate the difference between LLP and LLC. 5

XWC-H

(3)

XWC-H

Marks

3. (a) Can a partner be expelled? If so, how? Which factors should be kept in mind prior to expelling a partner from the firm by the other partners according to the provision of Indian Partnership Act, 1932? 6
- (b) Mr. Y aged 21 years, lost his mental balance after the death of his parents in an accident. He was left with his grandmother aged 85 years, incapable of walking and dependent upon him. Mr. M their neighbour, out of pity, started supplying food and other necessaries to both of them. Mr. Y and his grandmother used to live in the house built by his parents. Mr. M also provided grandmother some financial assistance for her emergency medical treatment. After supplying necessaries to Mr. Y for four years, Mr. M approached the former asking him to payback ₹ 15 Lakhs inclusive of ₹ 7 Lakhs incurred for the medical treatment of the lady (grandmother). Mr. Y pleaded that he has got his parent's jewellery to sell to a maximum value of ₹ 4 Lakhs, which may be adjusted against the dues. Mr. M refused and threatened Mr. Y of legal suit to be brought against for recovering the money.
- Now, you are to decide upon based on the provisions of The Indian Contract Act, 1872:
- (i) Will Mr. M succeed in filing the suit to recover money? Elaborate the related provisions?
- (ii) What is the maximum amount of money that can be recovered by Mr. M?
- (iii) Shall the provisions of the above act also apply to the medical treatment given to the grandmother? 6
4. (a) What are the rights of unpaid seller in context to re-sale the goods under Sale of Goods Act, 1930? 6
- (b) "Indian Partnership Act does not make the registration of firm's 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. Also, explain the rights unaffected due to non-registration of firms. 6

XWC-H

P.T.O.

5. (a) Mr. K visited M/S Makrana Marbles for the purchase of marble and tiles for his newly built house. He asked the owner of the above shop Mr. J to visit his house prior to supply so that he can clearly ascertain the correct mix and measurements of marble and tiles. Mr. J agreed and visited the house on the next day. He inspected the rooms in the first floor and the car parking space. Mr. K insisted him to visit the second floor as well because the construction pattern was different. Mr. J ignored the above suggestion. Mr. J. supplied 146 blocks of marble as per the size for the rooms and 16 boxes of tiles with a word of caution that the tiles can bear only a reasonable weight. Marble and Tiles were successfully laid except on second floor due to different sizes of the marble. The tiles fitted in the parking space also got damaged due to the weight of the vehicle came for unloading cement bags. Mr. K asked Mr J for the replacement of marble and tiles to which Mr. J refused, taking the plea that the marble were as per the measurement and it was unsafe to fit tiles at the parking area as it cannot take heavy load. Discuss in the light of provisions of Sales of Goods Act 1930:
- (i) Can Mr. J refuse to replace the marble with reference to the doctrine of Caveat Emptor? Enlist the duties of both Mr.K. and Mr. J.
- (ii) Whether the replacement of damaged tiles be imposed on M/S Makrana Marbles? Explain. 6
- (b) (i) Mr. Anil formed a One Person Company (OPC) on 16 April, 2018 for manufacturing electric cars. The turnover of the OPC for the financial year ended 31 March, 2019 was about ₹ 2.25 crores. His friend Sunil wanted to invest in his One Person Company (OPC), so they decided to convert it voluntarily into a private limited company. Can Anil do so, as per the provisions of The Companies Act, 2013? 4
- (ii) Explain listed company and unlisted company as per the provisions of The Companies Act, 2013. 2
6. (a) Differentiate between Novation and Alteration as per The Indian Contract Act, 1872. 5
- (b) What is the difference between partnership and co-ownership as per The Indian Partnership Act, 1932? 4
- (c) Mike LLC incorporated in Singapore having an office in Pune, India. Analyse whether Mike LLC would be called as a foreign company as per the provisions of The Companies Act, 2013? Also explain the meaning of foreign company. 3

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SECTION A — (60 Marks)

Question No. 1 is compulsory.

Answer any **FOUR** questions from the remaining **FIVE** questions. **Marks**

1. (a) Sheena was a classical dancer. She entered into an agreement with Shital Vidya Mandir for 60 dance performances. As per the contract, she was supposed to perform every weekend and she will be paid ₹10,000/- per performance. However, after a month, she was absent without informing, due to her personal reasons. Answer the following questions as per the Indian Contract Act, 1872. **4**
 - (i) Whether the management of Shital Vidya Mandir has right to terminate the contract?
 - (ii) If the management of Shital Vidya Mandir informed Sheena about its continuance, can the management still rescind the contract after a month on this ground subsequently?
 - (iii) Can the Shital Vidya Mandir claim damages that it has suffered because of this breach in any of the above cases?

CGS-H

(2)

CGS-H

Marks

- (b) The Articles of Association of Aarna Limited empowers its managing agents to borrow loans on behalf of the company. Ms. Anika, the director of the company, borrowed ₹18 Lakhs in name of the company from Quick Finance Limited, a non-banking finance company. Later on, Aarna Limited refused to repay the money borrowed on the pretext that no resolution authorizing such loan have been actually passed by the company and therefore the company is not liable to pay such loan. 4
- Decide whether the contention of Aarna Limited is correct in accordance with the provisions of the Companies Act, 2013?
- (c) What are the consequences of destruction of specified goods, before making of contract and after the agreement to sell under the Sale of Goods Act, 1930. 4
2. (a) "The general rule is that an agreement made without consideration is void." 7
State the exceptions of this general rule as per the Indian Contract Act, 1872.
- (b) Explain the incorporation by registration of a Limited Liability Partnership and its essential elements under the LLP Act, 2008. 5
3. (a) (i) What do you mean by 'Partnership for a fixed period' as per the Indian Partnership Act, 1932? 2
- (ii) Can a minor become a partner in a partnership firm? Justify your answer and also explain the rights of a minor in a partnership firm. 4

CGS-H

- (b) Srishti, a minor, falsely representing her age, enters into an agreement with an authorised Laptop dealer Mr. Gupta, owner of SP Laptops, for purchase of Laptop on credit amounting ₹ 60,000/- for purchasing a laptop on 1st August 2021. She promised to pay back the outstanding amount with interest @ 16% p.a by 31st July 2022. She told him that in case she won't be able to pay the outstanding amount, her father Mr. Ram will pay back on her behalf. After One year, when Srishti was asked to pay the outstanding amount with interest she refused to pay the amount and told the owner that she is minor and now he can't recover a single penny from her. She will be adult on 1st January 2024, only after that agreement can be ratified. Explain by which of the following way Mr. Gupta will succeed in recovering the outstanding amount with reference to the Indian Contract Act, 1872.
- (i) By filing a case against Srishti, a minor for recovery of outstanding amount with interest?
- (ii) By filing a case against Mr. Ram, father of Srishti for recovery of outstanding amount?
- (iii) By filing a case against Srishti, a minor for recovery of outstanding amount after she attains maturity?
4. (a) What are the implied conditions in a contract of 'Sale by sample' under the Sale of Goods Act, 1930? Also state the implied warranties operative under the Act? 6
- (b) M/S ABC Associates is a partnership firm since 1990. Mr. A, Mr. B and Mr. C were partners in the firm since beginning. Mr. A, Being a very senior partner of aged 78 years transfers his share in the firm to his son Mr. Prateek, a Chartered Accountant. Mr. B and Mr. C were not interested that Mr. Prateek join them as partner in M/S ABC Associates. After some time, Mr. Prateek felt that the books of accounts were displaying only a small amount as profit despite a huge turnover. He wanted to inspect the book of accounts of the firm arguing that it is his entitlement as a transferee. However, the other partners believed that he cannot challenge the books of accounts. Can Mr Prateek, be introduced as a partner if his father wants to get a retirement? As an advisor, help them resolve the issues applying the necessary provisions from the Indian Partnership Act, 1932. 6

- (b) Srishti, a minor, falsely representing her age, enters into an agreement with an authorised Laptop dealer Mr. Gupta, owner of SP Laptops, for purchase of Laptop on credit amounting ₹ 60,000/- for purchasing a laptop on 1st August 2021. She promised to pay back the outstanding amount with interest @ 16% p.a by 31st July 2022. She told him that in case she won't be able to pay the outstanding amount, her father Mr. Ram will pay back on her behalf. After One year, when Srishti was asked to pay the outstanding amount with interest she refused to pay the amount and told the owner that she is minor and now he can't recover a single penny from her. She will be adult on 1st January 2024, only after that agreement can be ratified. Explain by which of the following way Mr. Gupta will succeed in recovering the outstanding amount with reference to the Indian Contract Act, 1872.
- (i) By filing a case against Srishti, a minor for recovery of outstanding amount with interest?
- (ii) By filing a case against Mr. Ram, father of Srishti for recovery of outstanding amount?
- (iii) By filing a case against Srishti, a minor for recovery of outstanding amount after she attains maturity?
4. (a) What are the implied conditions in a contract of 'Sale by sample' under the Sale of Goods Act, 1930? Also state the implied warranties operative under the Act? 6
- (b) M/S ABC Associates is a partnership firm since 1990. Mr. A, Mr. B and Mr. C were partners in the firm since beginning. Mr. A, Being a very senior partner of aged 78 years transfers his share in the firm to his son Mr. Prateek, a Chartered Accountant. Mr. B and Mr. C were not interested that Mr. Prateek join them as partner in M/S ABC Associates. After some time, Mr. Prateek felt that the books of accounts were displaying only a small amount as profit despite a huge turnover. He wanted to inspect the book of accounts of the firm arguing that it is his entitlement as a transferee. However, the other partners believed that he cannot challenge the books of accounts. Can Mr Prateek, be introduced as a partner if his father wants to get a retirement? As an advisor, help them resolve the issues applying the necessary provisions from the Indian Partnership Act, 1932. 6

5. (a) Sonal went to a Jewellery shop and asked the sales girl to show her diamond bangles with Ruby stones. The Jeweller told her that we have a lot of designs of diamond bangles but with red stones if she chooses for herself any special design of diamond bangle with red stones, they will replace red stones with Ruby stones. But for the Ruby stones they will charge some extra cost. Sonal selected a beautiful set of designer bangles and paid for them. She also paid the extra cost of Ruby stones. The Jeweller requested her to come back a week later for delivery of those bangles. When she came after a week to take delivery of bangles, she noticed that due to Ruby stones, the design of bangles has been completely disturbed. Now, she wants to terminate the contract and thus, asked the manager to give her money back, but he denied for the same. Answer the following questions as per the sale of Goods Act, 1930.
- (i) State with reasons whether Sonal can recover the amount from the Jeweller.
- (ii) What would be your answer if Jeweller says that he can change the design, but he will charge extra cost for the same?
- (b) Explain the 'doctrine of ultra vires under the Companies Act, 2013. What are the consequences of 'ultra vires' acts of the company?
6. (a) "Liquidated damage is a genuine pre-estimate of compensation of damages for certain anticipated breach of contract whereas Penalty on the other hand is an extravagant amount stipulated and is clearly unconscionable and has no comparison to the loss suffered by the parties". Explain the statement by differentiating between liquidated damages and penalty with reference to provisions of the Indian Contract Act, 1872.
- (b) Explain the grounds on which court may dissolve a partnership firm in case of any partner files a suit for the same.
- (c) Mr. R is an Indian citizen, and his stay in India during the immediately preceding financial year, is for 130 days. He appoints Mr. S, a foreign citizen, as his nominee, who has stayed in India for 125 days during the immediately preceding financial year. Is Mr. R eligible to be incorporated as a One-Person Company (OPC)? If yes, can he give the name of Mr. S in the memorandum of Association as his nominee? Justify your answers with relevant provisions of the Companies Act, 2013.

15/12/21
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SECTION A — (60 Marks)

Question No. 1 is compulsory.

Answer any **FOUR** questions from the remaining **FIVE** questions.

1. (a) A, B, C and D are the four partners in a firm. They jointly promised to pay ₹ 6,00,000 to F. B and C have become insolvent. B was unable to pay any amount and C could pay only ₹ 50,000. A is compelled to pay the whole amount to F. Decide the extent to which A can recover the amount from D with reference to the provisions of the Indian Contract Act, 1872. (4 Marks)

PDZ-H

P.T.O.

(2)

PDZ-H

- (b) AK Private Limited has borrowed ₹ 36 crores from BK Finance Limited. However, as per memorandum of AK Private Limited the maximum borrowing power of the company is ₹30 crores. Examine, whether AK Private Limited is liable to pay this debt? State the remedy, if any available to BK Finance Limited. (4 Marks)
- (c) "A breach of condition can be treated as a breach of warranty". Explain this statement as per relevant provisions of the Sale of Goods Act, 1930. (4 Marks)
2. (a) Explain any five circumstances under which contracts need not be performed with the consent of both the parties. (7 Marks)
- (b) State the rules regarding registered office of a Limited Liability Partnership (LLP) and change therein as per provisions of the Limited Liability Partnership Act, 2008. (5 Marks)
3. (a) Define partnership and name the essential elements for the existence of a partnership as per the Indian partnership Act, 1932. Explain any two such elements in detail. (3 + 3 = 6 Marks)
- (b) Examine the validity of the following contracts as per the Indian Contract Act, 1872 giving reasons. (6 Marks)
- (i) X aged 16 years borrowed a loan of ₹ 50,000 for his personal purposes. 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.
- (ii) J contracts to take in cargo for K at a foreign port. J's government afterwards declares war against the country in which the port is situated and therefore the contract could not be fulfilled. K wants to file a suit against J.

PDZ-H

PDZ-H

4. (a) Distinguish between 'Sale' and 'Hire Purchase' under the Sale of Goods Act, 1930. (6 Marks)
- (b) State whether the following are partnerships: (6 Marks)
- (i) A and B jointly own a car which they used personally on sundays and holidays and let it on hire as taxi on other days and equally divide the earnings.
 - (ii) Two firms each having 12 partners combine by an agreement into one firm.
 - (iii) A and B, co-owners, agree to conduct the business in common for profit.
 - (iv) Some individuals form an association to which each individual contributes ₹ 500 annually. The objective of the association is to produce clothes and distribute the clothes free to the war widows.
 - (v) A and B, co-owners share between themselves the rent derived from a piece of land.
 - (vi) A and B buy commodity X and agree to sell the commodity with sharing the profits equally.
5. (a) (i) TK ordered timber of 1 inch thickness for being made into drums. The seller agreed to supply the required timber of 1 inch. However, the timber supplied by the seller varies in thickness from 1 inch to 1.4 inches. The timber is commercially fit for the purpose for which it was ordered. TK rejects the timber. Explain with relevant provisions of the Sales of Goods Act, 1930 whether TK can reject the timber. (3 Marks)

PDZ-H

P.T.O.

(4)

PDZ-H

- (ii) AB sold 500 bags of wheat to CD. Each bag contains 50 Kilograms of wheat. AB sent 450 bags by road transport and CD himself took remaining 50 bags. Before CD receives delivery of 450 bags sent by road transport, he becomes bankrupt. AB being still unpaid, stops the bags in transit. The official receiver, on CD's insolvency claims the bags. Decide the case with reference to the provisions of the Sale of Goods Act, 1930. (3 Marks)
- (b) What do you mean by the term Capital? Describe its classification in the domain of Company Law. (1 + 5 = 6 Marks)
6. (a) What is meant by 'Quasi-Contract'? State any three salient features of a quasi-contract as per the Indian Contract Act, 1872. (5 Marks)
- (b) "Sharing in the profits is not conclusive evidence in the creation of partnership". Comment. (4 Marks)
- (c) BC Private Limited and its subsidiary KL Private Limited are holding 90,000 and 70,000 shares respectively in PQ Private Limited. The paid-up share capital of PQ Private Limited is ₹ 30 Lakhs (3 Lakhs equity shares of ₹ 10 each fully paid). Analyse with reference to provisions of the Companies Act, 2013 whether PQ Private Limited is a subsidiary of BC Private Limited. What would be your answer if KL Private Limited is holding 1,60,000 shares in PQ Private Limited and no shares are held by BC Private Limited in PQ Private Limited? (3 Marks)

PDZ-H

Foundation (New Syllabus)

Paper - 2

JUL 2021

Roll No.

Business Law & Business
Correspondence and Reporting

Total No. of Questions – 11

Total No. of Printed Pages – 16

Time Allowed – 3 Hours

Maximum Marks – 100

PYC-H

Questions 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.

Questions in Section-B, are to be answered in English only, by all the candidates, including those who have opted for Hindi medium.

Answer to both the Sections are to be written in the same answer book.

SECTION-A

Question No. 1 is compulsory.

Answer any four questions out of the remaining five questions.

PYC-H

P.T.O.

Section A

1. (a) State with reason(s) whether the following agreements are valid or void : 4
- (i) A clause in a contract provided that no action should be brought upon in case of breach.
 - (ii) Where two courts have jurisdiction to try a suit, an agreement between the parties that the suit should be filed in one of those courts alone and not in the other.
 - (iii) X offers to sell his Maruti car to Y. Y believes that X has only Wagon R Car but agrees to buy it.
 - (iv) X, a physician and surgeon, employs Y as an assistant on a salary of ₹ 75,000 per month for a term of two years and Y agrees not to practice as a surgeon and physician during these two years.
- (b) Y incorporated a "One Person Company (OPC)" making his sister Z as nominee. Z is leaving India permanently due to her marriage abroad. Due to this fact, she is withdrawing her consent of nomination in the said OPC. Taking into considerations the provisions of The Companies Act, 2013 answer the questions given below : 4
- (i) Is it mandatory for Z to withdraw her nomination in the said OPC, if she is leaving India permanently ?
 - (ii) Can Z continue her nomination in the said OPC, if she maintained the status of Resident of India after her marriage ?
- (c) "Risk Prima Facie passes with property." Elaborate in the context of The Sales of Goods Act, 1930. 4

(3)

PYC-H

Marks

2. (a) Explain the term Contingent Contract with reference to The Indian Contract Act, 1872 with the help of an example. Also discuss the rules relating to enforcement of a contingent contract. **7**
- (b) Limited Liability Partnership (LLP) gives the benefits of limited liability of a company on one hand and the flexibility of a partnership on the other. Discuss. **5**
3. (a) Define Implied Authority. In the absence of any usage or custom of trade to the contrary, the implied authority of a partner does not empower him to do certain acts. State the acts which are beyond the implied authority of a partner under the provisions of The Indian Partnership Act, 1932 ? **6**
- (b) X, Y and Z jointly borrowed ₹ 90,000 from L. Decide each of the following in the light of The Indian Contract Act, 1872 : **6**
- (i) Whether L can compel only Y to pay the entire loan of ₹ 90,000 ?
- (ii) Whether L can compel only the legal representatives of Y to pay the loan of ₹ 90,000, if X, Y and Z died ?
- (iii) Whether Y and Z are released from their liability to L and X is released from his liability to Y and Z for contribution, if L releases X from his liability and sues Y and Z for payment ?
4. (a) Discuss the rights of an unpaid seller against the buyer under The Sales of Goods Act, 1930. **6**
- (b) Mr. M is one of the four partners in M/s XY Enterprises. He owes a sum of ₹ 6 crore to his friend Mr. Z which he is unable to pay on due time. So he wants to sell his share in the firm to Mr. Z for settling the amount. **6**
- In the light of the provisions of The Indian Partnership Act, 1932, discuss each of the following :

PYC-H

P.T.O.

(4)

PYC-H

Marks

- (i) Can Mr. M validly transfer his interest in the firm by way of sale ?
- (ii) What would be the rights of the transferee (Mr. Z) in case Mr. M wants to retire from the firm after a period of 6 months from the date of transfer ?
5. (a) Mr. Das, a general store owner went to purchase 200 kg. of Basmati Rice of specific length from a whole seller. He saw the samples of rice and agreed to buy the one for which the price was quoted as ₹ 150 per kg. While examining the sample Mr. Das failed to notice that the rice contained a mix of long and short grain of rice. The whole seller supplied the required quantity exactly the same as shown in the sample. However, when Mr. Das sold the rice to one of his regular customers she complained that the rice contained two different qualities of rice and returned the rice. With reference to the provisions of The Sales of Goods Act, 1930, discuss the options open to Mr. Das for grievance redressal. What would be your answer in case Mr. Das specified his exact requirement as to length of rice ? **6**
- (b) Explain the classification of the companies on the basis of control as per The Companies Act, 2013. **6**
6. (a) Explain what is meant by 'Supervening Impossibility' as per The Indian Contract Act, 1872 with the help of an example. What is the effect of such impossibility ? **5**
- (b) Subject to agreement by partners, state the rules that should be observed by the partners in settling the accounts of the firm after dissolution under the provisions of The Indian Partnership Act, 1932. **4**
- (c) What is the main difference between a Guarantee Company and a Company having Share Capital ? **3**

PYC-H