



CA FOUNDATION
SUBJECT- CORPORATE AND & OTHER
LAW

Test Code – FJP 2406
(Date :)

(Marks - 100)

TOPIC : FULL COURSE PAPER

Question No. 1 is compulsory.

Attempt **any four** questions from the remaining **five questions**.

(TIME : 3 HOURS)

QUESTION: 1(A)

Ramaswami proposed to sell his house to Ramanathan. Ramanathan sent his acceptance by post. Next day, Ramanathan sends a telegram withdrawing his acceptance. Examine the validity of the acceptance according to the Indian Contract Act, 1872 in the light of the following :

- (a) The telegram of revocation of acceptance was received by Ramaswami before the letter of acceptance.
- (b) The telegram of revocation and letter of acceptance both reached together.

(7 MARKS)

QUESTION : 1(B)

Surprise Ltd. was incorporated under the Companies Act, 2013. The memorandum of association of the company in its objects clause stated that the company was established to make and sell or to carry on the business of mechanical engineers and general contractors. The company entered into a contract with Prominent Ltd., a firm of railway contractors to finance the construction of a railway line in Mumbai. The contract was ratified by the shareholders in general meeting. Subsequently, the contract was repudiated by the company on the ground that the contract was ultra vires the objects clause. Prominent Ltd. Filed a suit claiming damages for the breach of contract.

Explaining the meaning of doctrine of ultra vires, decide whether Prominent Ltd. will succeed.

(7 MARKS)

QUESTION : 1(C)

Suraj sold his car to Sohan for Rs. 75,000. After inspection and satisfaction, Sohan paid Rs. 25,000 and took possession of the car and promised to pay the remaining amount within a month. Later on, Sohan refuses to give the remaining amount on the ground that the car was not in a good condition. Advise Suraj as to what remedy is available to him against Sohan.

(6 MARKS)

QUESTION: 2(A)

“Nemo Dat Quod Non Habet” – “None can give or transfer goods what he does not himself own.” Explain the rule and state the cases in which the rule does not apply under the provisions of the Sale of Goods Act, 1930.

(7 MARKS)

QUESTION : 2(B)

Flora Fauna Limited was registered as a public company. There are 230 members in the company as noted below :

- (i) Directors and their relatives 190
- (ii) Employees 15
- (iii) Ex – Employees (Shares were allotted when they were employees 10)
- (iv) 5 couples holding shares jointly in the name of husband and wife (5 * 2) 10
- (v) Others 5

The Board of Directors of the company propose to convert it into a private company. Also advise whether reduction in the number of members is necessary.

(7 MARKS)

QUESTION: 2(C)

Explain the essential elements to incorporate a Limited Liability Partnership under the LLP Act, 2008.

(6 MARKS)

QUESTION : 3(A)

Distinguish between dissolution of firm and dissolution of partnership.

(5 MARKS)

QUESTION: 3(B)

(I) Naveen incorporated a “One Person Company” making his sister Navita as the nominee. Navita is leaving India permanently due to her marriage abroad. Due to this fact, she is withdrawing her consent of nomination in the said One Person Company. Taking into considerations the provisions of the Companies Act, 2013 answer the questions given below.

- (a) If Navita is leaving India permanently, is it mandatory for her to withdraw her nomination in the said One Person Company?
- (b) If Navita maintained the status of Resident of India after her marriage, then can she continue her nomination in the said One Person Company?

(5 MARKS)

(II) A company registered under section 8 of the Companies Act, 2013, earned huge profit during the financial year ended on 31st March, 2018 due to some favorable policies declared by the Government of India and implemented by the company. Considering the development, some members of the company wanted the company to distribute dividends to the members of the company. They approached you to advise them about the maximum amount of dividend that can be declared by the company as per the provisions of the Companies Act, 2013. Examine the relevant provisions of the Companies Act, 2013 and advise the members accordingly.

(4 MARKS)

QUESTION: 3(C)

Decide with reasons whether the following agreements are valid or void under the provisions of the Indian Contract Act, 1872:

- (i) Vijay agrees with Saini to sell his black horse for Rs. 3,00,000. Unknown to both the Parties, the horse was dead at the time of the agreement.

(ii) Sarvesh sells the goodwill of his shop to Vikas for Rs. 10,00,000 and promises not to carry on such business forever and anywhere in India.

(iii) Mr. X agrees to write a book with a publisher. After few days, X dies in an accident.

(6 MARKS)

QUESTION : 4(A)

(I) Mr. Ahuja of Delhi engaged Mr. Singh as his agent to buy a house in West Extension area. Mr. Singh bought a house for Rs. 20 lakhs in the name of a nominee and then purchased it himself for Rs. 24 lakhs. He then sold the same house to Mr. Ahuja for Rs. 26 lakhs. Mr. Ahuja later comes to know the mischief of Mr. Singh and tries to recover the excess amount paid to Mr. Singh. Is he entitled to recover any amount from Mr. Singh? If so, how much? Explain.

(6 MARKS)

(II) Mr. Ramesh promised to pay 50,000 to his wife Mrs. Lalli so that she can spend the sum on her 30th birthday. Mrs. Lalli insisted her husband to make a written agreement and the agreement was registered under the law. Mrs. Ramesh failed to pay the specified amount to his wife Mrs. Lalli. Mrs. Lalli wants to file a suit against Mr. Ramesh and recover the promised amount. Referring to the applicable provisions of the Indian Contract Act, 1872. Advise whether Mrs. Lalli will succeed.

(6 MARKS)

QUESTION : 4(B)

Rama executes a promissory note in the following form, 'I promise to pay a sum of Rs.10,000 after three months'. Decide whether the promissory note is a valid promissory note.

(3 MARKS)

QUESTION : 4(C)

What are the effects of registration of LLP?

(5 MARKS)

QUESTION : 5(A)

(I) A person purchased bread from a baker's shop. The piece of bread contained a stone in it which broke buyer's tooth while eating. What are the rights available to the buyer against the seller under the Sale of Goods Act, 1930?

(5 MARKS)

(II) Explain the term "Caveat-Emptor" under the Sale of Goods Act, 1930? What are the exceptions to this rule?

(5 MARKS)

QUESTION : 5(B)

State the legal consequences of the following as per the provisions of the Indian Partnership Act, 1932:

(i) Retirement of a partner

(ii) Insolvency of a partner

(5 MARKS)

QUESTION : 5(C)

'C' advances to 'B', Rs. 2,00,000 on the guarantee of 'A'. 'C' has also taken a further security for the same borrowing by mortgage of B's furniture worth Rs. 2,00,000 without knowledge of 'A'. 'C' cancels the mortgage. After 6 months 'B' becomes insolvent and 'C' 'sues 'A' his guarantee. Decide the liability of 'A' if the market value of furniture is worth Rs. 80,000, under the Indian Contract Act, 1872.

(5 MARKS)

QUESTION : 6(A)

Bholenath drew a cheque in favour of Surendar. After having issued the cheque; Bholenath requested Surendar not to present the cheque for payment and gave a stop payment request to the bank in respect of the cheque issued to Surendar. Decide, under the provisions of the Negotiable Instruments Act, 1881 whether the said acts of Bholenath constitute an offence?

(7 MARKS)

QUESTION : 6(B)

Mr. XU and Mr. YU are partners in a partnership firm. Mr. XU introduced MU (an employee) as his partner to ZU. MU remained silent. ZU, a trader believing MU as partner supplied 50 Laptops to the firm on credit. After expiry of credit period, ZU did not get amount of Laptop sold to the partnership firm. ZU filed a suit against XU and MU for the recovery of price. Does MU is liable for such purpose?

(5 MARKS)

QUESTION : 6(C)

Mr. Sohanlal sold 10 acres of his agricultural land to Mr. Mohanlal on 25th September 2018 for 25 Lakhs. The Property papers mentioned a condition, amongst other details, that whosoever purchases the land is free to use 9 acres as per his choice but the remaining 1 acre has to be allowed to be used by Mr. Chotelal, son of the seller for carrying out farming or other activity of his choice. On 12th October, 2018, Mr. Sohanlal died leaving behind his son and life. On 15th October, 2018 purchaser started construction of an auditorium on the whole 10 acres of land and denied any land to the son. Now Mr. Chotelal wants to file a case against the purchaser and get a suitable redressed. Discuss the above in light to provisions of Indian Contract Act, 1872 and decide upon Mr. Chotelal's plan of action ?

(5 MARKS)

QUESTION : 6(D)

Classify the following transactions according to the types of goods they are:

- (i) A wholesaler of cotton has 100 bales in his godown. He agrees to sell 50 bales and these bales were selected and set aside.
- (ii) A agrees to sell to B one packet of sugar out of the lot of one hundred packets lying in his shop.
- (iii) T agrees to sell to S all the apples which will be produced in his garden this year.

(3 MARKS)