

BRAHMASTRA

series

ONE STOP SOLUTION
to Crack Jan 25 Exams

BRAHMASTRA

PANEL



CA Rakesh Kalra
ACCOUNTING



CA Shantam Gupta
BUSINESS LAWS



Shivani Sharma
QUANTITATIVE APTITUDE



CA Aditya Sharma
ECONOMICS

BRAHMASTRA

Business Laws | CA CS Shantam Gupta

DATE	TIME	SERIES
2nd Dec'24	11:00 PM	TOP QUESTIONS - Part I - Brahmastra Series
3rd Dec'24	11:00 PM	TOP Case Studies - Part I - Brahmastra Series
4th Dec'24	11:00 PM	TOP QUESTIONS - Part II - Brahmastra Series
5th Dec'24	11:00 PM	TOP Case Studies - Part II - Brahmastra Series
6th Dec'24	11:00 PM	TOP QUESTIONS - Part III - Brahmastra Series
7th Dec'24	11:00 PM	TOP Case Studies - Part III - Brahmastra Series
8th Dec'24	11:00 PM	ONE SHOT - SOGA
9th Dec'24	11:00 PM	TOP QUESTIONS - Part IV - Brahmastra Series



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DATE	TIME	SERIES
10th Dec'24	11:00 PM	TOP Case Studies - Part IV - Brahmastra Series
11th Dec'24	11:00 PM	TOP QUESTIONS - Part V - Brahmastra Series
12th Dec'24	11:00 PM	TOP Case Studies - Part V - Brahmastra Series
13th Dec'24	11:00 PM	TOP QUESTIONS - Part VI - Brahmastra Series
14th Dec'24	11:00 PM	TOP Case Studies - Part VI - Brahmastra Series
15th Dec'24	11:00 PM	One Shot - Negotiable Instrument
15th Dec'24	12:00 PM	One Shot - Partnership act
16th Dec'24	11:00 PM	TOP QUESTIONS - Part VII - Brahmastra Series



BRAHMASTRA

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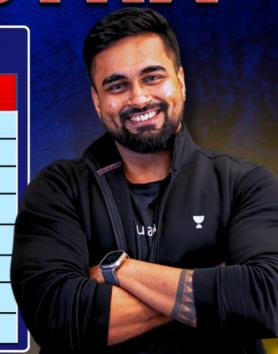
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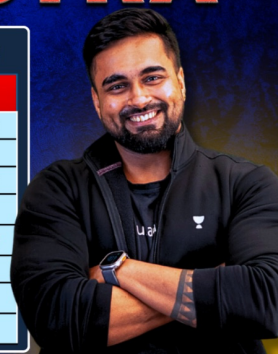
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Important Questions :)
Jan 2025

18 marks Q2

Contract Act

Q3(c) Q5(c) Q6(b)

Q1) What is bailment? What are the essential elements of Bailment

Follow on -
CA_shaan_gupta

Q2) Examine whether the following constitute a contract of 'Bailment' under the provisions of the Indian Contract Act, 1872:

(i) V parks his car at a parking lot, locks it, and keeps the keys with himself. No. Since keys are with Mr. V and the possession is not transferred.

(ii) Seizure of goods by customs authorities. Yes, since the goods are held by the Custom authority possession is transferred.

Q3) Difference between General Lien and Particular Lien?

Q4) Difference between wagering and contract of insurance.

Follow on -
CA_shaan_gupta

Q5) What is the meaning of contingent contract right briefly? It's essential also explain any three rules relating to enforcement of a contingent contract.

Q6) Who is considered as an agent under the Indian Contract Act, 1872, and what are the duties and obligations associated with this role?

Q7) What are the rights of the indemnity holder, when sued under a contract?

damages, costs & sums

③

Top Direct

June Sept 120

60 64 DQ

Questions

Mon

11:00pm

Wed

Fri

60 56

Top Case Study

Questions

Tue

11:00pm

Thu

Sat

Follow - ca_shaan_gupta

Q8) Agreements without Consideration are void. Discuss.

Q9) Explain Privivity of Contract? What are its exceptions?
(1 Page) To be done

Q10) Provisions with respect to joint Promisors in case of death or insolvency of promisors.
Already done

Q11) Explain in brief with reference to the provisions of the Indian contract act, what are the rights enjoyed by the surety against the creditor, principal, debtor and co-sureties
Write

Q12) Explain any five circumstances under which contract need not be performed with the consent of both parties
Already done

Q13) Explain the term of Quasi Contracts and state their characteristics. (Yesterday in NP)
To be done

Q14) "An anticipatory breach of contract is a breach of contract occurring before the time for performance has arrived". Also, discuss the effect of anticipatory breach of contracts under the Indian Contract Act, 1872.
Write

Q15) Define consideration. State the characteristics of a valid consideration to be done under the Indian Contract Act, 1872.

Q16) Explain the terms "Trafficking relating to public offices and titles" and "Stifling prosecution" as per the Indian Contract Act, 1872.

Q17) Define fraud. Whether silence will amount to fraud as per the Indian contract act.

(1/2 page)

to be done

Q18) Define possibility of performance, what are the different types of possibility, effect of possibility Initial Impossibility to be done (1/2 page)

Q19) Who is responsible to perform the contract

Q20) Define appropriation of payments

Q21) Define invitation to offer

Q22) Agreements against Public Policy are void. Why? to be done

Q23) Differentiate between fraud and misrepresentation

Q24) What do you mean by Quasi Contract? State any three features of a quasi contract?

Q25) Define term Acceptance and explain the legal rules.

Q26) Liquidated damages vs Penalty

Question 6

The Agency relation is established when the following test is actually completed

- (a) whether the Agent has the capacity to bind the principal to the third party.
- (b) whether he can create privity of contract between principal and third parties.

The duties and Obligation of the Agent are as follows:-

- ① Duty to follow instructions as given by the principal or which are implied by the customs of the trade.
 - ② Duty to take reasonable care of the business of his principal as a prudent person.
 - ③ Duty not to make secret profit in the business of agency
 - ④ Duty not to delegate work on to a sub Agent.
 - ⑤ Duty to render proper accounts to the principal
 - ⑥ Agents duty to communicate with principal in case of Problem
-
- ⑦ Agents duty to pay sums received for principal in course business
 - ⑧ Confidential information of Principal's business shall be kept secret by the Agent.
 - ⑨ ¹⁰ Duty not to deal on personal basis by Agent

Q4)

Question 4 The Law of Privity states that a stranger to a contract cannot sue the parties to the contract, however the consideration can move from a stranger.

However the law of privity runs through the following exceptions.

- ① In case of trust a beneficiary can sue parties to the contract.
 - ② In case of family settlement parties to the settlement can enforce their rights, if in writing.
 - ③ In case of marriage contracts where a provision may be made for a benefit of a third party, such party can sue under contract.
 - ④ Assignment of contract, the assignee can enforce the contract unless personal skill.
 - ⑤ Acknowledgement or estoppel - where the promisor acknowledges a person as an agent, such person can enforce rights.
-
- ⑥ In case of covenant running with Land - the person who purchases land with notice that the owner has certain duties affecting the land, the covenant is imposed on the successor.
 - ⑦ Contracts entered into through an agent: The principal can enforce any contract entered by the agent.

Q(2)

Section 62

- (a) **Novation** - It involves change of contract between existing parties or change of parties in the contract in both cases the original arrangement is discharged.
- (b) **Rescission** - It refers to repudiation of contract between parties, In case of rescission both the parties and contract comes to an end.
- (c) **Alteration** - Where the terms of the contract are changed subject to prior approval of all parties involved in the contract, the parties are discharged from the conditions previously stated in the agreement.
- (d) **Remission and waiver** - Where the promisee excuses performance of contract subject to acceptance of any other satisfaction, the promisor is discharged.

Q15

As per section 2(d) - Where at the desire of the promisor, the promisee or any other person has done or abstain from doing something, such act or abstinence or promise is called consideration

Legal rules related consideration

① Consideration may move at the desire of the promisor - Consideration in a contract is offered by the third party or promisee to the promisor.

② Consideration may move from the promisee or any other person - In India the consideration may be provided by the promisee or any third party on behalf of promisee

③ Executed and Executory consideration - A consideration which involves performance of an act is executed in nature, where performance is delayed it is executory in nature.

④ Consideration may be past, present or future - The consideration in a contract may be provided at the desire of the promisor in the past in exchange present performance or may be executory for future performance.

⑤ Consideration need not be adequate - Consideration need not be of adequate value, the requirement is that consideration should be of some value.

⑥ Consideration must be real and not illusory - It should something to which law attaches value. If it is impossible to execute it is not valid consideration.

Q17

- Section 17 defines fraud as an intentional concealment or statement of facts aimed at deceiving the other party resulting in a gain for the former.

Mere Silence does not amount to fraud.

However under certain circumstances silence is fraud

Duty to Speak - where the circumstances of the case make it the duty of the person to speak such silence shall be considered as fraud.

- (a) Fiduciary Relationship - where the parties are in a fiduciary relationship with one another they shall disclose all matters in utmost good faith.
 - (b) Contract of Insurance - In contracts of life, marine and fire Insurance there is an implied condition of full disclosure.
 - (c) Contract of marriage - Every material fact must be disclosed by the parties to a contract of marriage.
 - (d) Contract of family Settlement - These contracts require full disclosure of material facts
 - (e) Share Allotment contracts - Persons issuing Prospectus at the time of public issue require full disclosure of material facts.
- ② Where silence is equivalent to speech - In case of fraudulent silence contract are not voidable however where silence is equivalent to speech they are voidable

Q18

Impossibility as defined in s 56, renders the contract void. There are two types of impossibilities.

Initial Impossibility - It refers to impossibility of performance which is existent at the time of formation of contract, the agreement is void ab initio.
e.g. agreement with a minor.

Subsequent Impossibility - Where the contract becomes impossible to perform on happening of an event it renders the agreement void, it is also known as supervening impossibility e.g. business becoming unlawful due to change in law.

Q26

<u>Basic</u>	Liquidated damages	Penalty
Valuation	It is reasonable	It is large in excess of the damages.
Reason	Actual damage caused to party	It may not result in actual damage to the parties involved
Decision	Reasonable and decided by the court	Extravagant, the court shall regard as penalty
Intention	To compensate the party in loss	To create terror in the party in default
The english law makes a clear distinction between penalty & damages, but indian law does not create any such distinction, it is for the court to decide reasonability of the compensation.		



Q25

When the person to whom the proposal is made signifies his assent thereto, proposal is said to be accepted. The proposal, when accepted becomes a promise.

Legal Rules related to acceptance

- ① Acceptance can be given only by the person to whom the offer is made.
- ② Acceptance must be absolute and unqualified i.e. the offer shall be accepted as it is presented to the offeree without any changes.
- ③ The acceptance must be communicated - the offeree is responsible to communicate his acceptance to the offeror, then only it can materialise into a contract.
- ④ Acceptance to be made in prescribed mode - where the mode of acceptance is indicated by the offeror, the acceptance should be in the same manner unless otherwise stated.
- ⑤ Time: Acceptance shall be made within the time period stated in the contract, if no time is mentioned the acceptance shall be in reasonable time.
- ⑥ Mere Silence not Acceptance - The acceptance of an offer is not implied from silence of the offeree, unless the offeree has previously indicated that silence will amount to acceptance.
- ⑦ Acceptance may be express or implied - Acceptance can be made by an express agreement or implied by conduct of the offeree.

Q23

Basis	Fraud	Misrepresentation
Intention	To deceive the other party	No intention to deceive
Knowledge of truth	Complete knowledge of the statement	The person believes it to be true
Rescission of contract	Party can cancel contract and claim damages	Party can cancel contract but no claim for damages
Means to discover the truth	The party committing the fraud cannot state that means were present to identify fraud.	Party can always plead the fact that it was easily discoverable

Q24

Quasi Contract is not an actual contract, it is an obligation which the law creates, it resembles a contract and is based on the principle that "No man must grow rich out of other person's loss."

The following are the features

In the first place, such a right is always a right to money.

Secondly, it does ^{not} matter whether or not there is any agreement

It is a right against a person and not against entire world. (Jus in Personam)

Only Questions

not done

in Class

are Included here !)

for next WATCH

the lecture on 360

Foundation

6 marks

Limited Liability Partnership

Q2(c)

In all questions of LLP start by giving definition of LLP.

Q1) Define following characteristics of LLP Act 2008

- Body Corporate
- Mutual Agency
- Foreign LLPs
- Artificial legal Person

⑥ → ⑥

table

⑥ + 2 = 8

Q2) Difference between Partnership and LLP?

Q3) State rules regarding registered office of a limited liability and change therein as per provisions of LLP Act 2008.

Section 13
Already done

Q4) Discuss the procedure for registration of a LLP Act 2008.

Q5) Discuss the procedure of change of name or trade mark when the same is found identical?

Question 3

if for 6 marks — Include definition LLP

Every LLP shall have a registered office and the same shall be communicated by the partner or LLP or designated partner by use of registered post acknowledgement due within 30 days of LLP being registered.

A LLP may change the place of its registered office and file the notice of such change to the registrar

within 30 days of such change.

If the LLP fails to fulfill such requirement, the LLP and every partner shall be liable to a penalty of 500 per day maximum upto 50,000.

6 marks

IRF

Q4(c)

~~Q1)~~ What is law and what is the process of making a law?

~~Q2)~~ What do you understand by Indian Judicial System?

~~Q3)~~ Write short Note

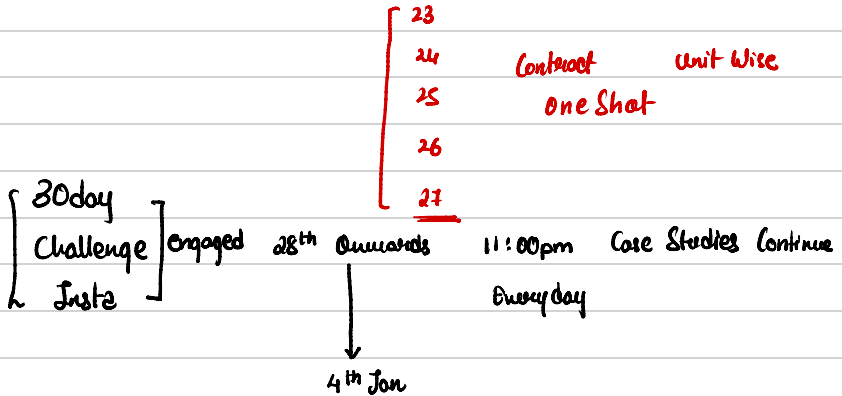
- SEBI
- RBI
- IBBI

To be done

- Today Congrats :) All direct Done 100%

- Tomorrow Onwards

OneShot Contract



12:00pm 5th Jan Sunday → Full day Marathon Case Studies

7th Jan - Full Syllabus (All India test)



and guarantee credit facilities

Securities Exchange Board of India

- it is a regulatory body which control the securities market in the country
- It is under the ministry of finance
- To regulate the investors, stock brokers, companies etc.
- It was established on 12th April 1988 as a body, the powers were granted on 30th Jan 1992 under Sebi Act 1992

Reserve Bank of India

- It is the apex bank in the Indian banking system.
- It is under the ownership of the ministry of finance
- The RBI has the following three departments.

BRBNM

Bharatiya Reserve Bank Note Manthan - which handles the printing of currency with two offices in Central and Western India.

NPCI

National Payments Corporation of India - which deals with settlement and clearance of payments.

DICGC

Deposit Insurance and Credit Guarantee Corporation - providing insurance of deposits

IBBI

- It is a body formulated for overseeing the process of insolvency and bankruptcy
- The regulator for overseeing these operations are i) Insolvency Professional Agencies
(ii) Insolvency Professionals
(iii) Information Utilities.
- They handle cases related to NCLT and Debt recovery tribunal
- The code was established on 1st Oct 2016.

7 marks

SOGA

In MTP Q6(c)

In the attempt of June 2024, there has been no direct Questions, so Parts of Questions not mentioned

Q1) Discuss provisions of Auction Sale ✓

Q2) What are the essentials for the appropriation of unascertain goods? ✓

Q3) Rights of unpaid seller against buyer ✓
4 (5/6) → Define Unpaid Seller (45) ✓

Q4) Rights of the buyer against the Seller. ✓ (61) ✓

Q5) Discuss the doctrine of Caveat Emptor and State Exceptions of the rule. ✓
Already done

Q6) Sale by Sample (Case Study) ✓
Already done

Q7) Discuss the provisions of sales and return as per section 24? ✓

Q5

According to section 16 of the Sale of Goods Act 1930, the doctrine of caveat emptor means "let the buyer beware", i.e. the buyer shall be responsible for his own choice of goods, selected at the time of sale, he cannot hold the seller liable for his own inadequacy to identify the suitability of the goods for his own purpose. However the above doctrine runs through various exceptions.

The exceptions to the doctrine of Caveat Emptor are as follows:-

16(1)

Fitness as to quality or use: Where the buyer makes known to the seller the particular purpose of his purchase the seller becomes liable to supply goods as per requirement.

Goods sold by description - where goods are sold by description the rule of caveat emptor does not apply.

16(2)

Goods sold by sample - where the goods are brought by sample the bulk of the goods shall comply with the sample.

16(3)

Trade Usage - An implied condition or warranty attached to contract due to regular trade between the parties is to be complied by both the parties.

16(4)

Goods sold by sample as well as description - where the goods are sold by sample as well as description the implied condition requires compliance of both caveat emptor does not apply.

Q6

Sale by Sample

According to Section 17 of the Sales of Goods 1930, the goods are sold by sample the following conditions shall be fulfilled:

- (i) the bulk of the goods shall correspond with the sample.
- (ii) the seller shall give the buyer a reasonable opportunity to compare the bulk with the sample.
- (iii) the goods shall be free from any hidden defects which can be identified only after use and not by examination i.e. latent defect.

Already done

(27)

Q8) Explain any 6 circumstances in detail
— where ownership can be transferred by nonowner

Q9) Destruction of Goods under section 7 & 8?

Already done

10) What are the right of the seller
— in relation to goods, for an unpaid seller

11) Discuss the provisions of transfer of ownership
as per section 26.

12) When can condition be treated by warranty.
Differentiate between condition and warranty.

Question 9

Section 7

Specific

where the goods are destroyed or damaged prior to the contract of sale without the fault of the buyer or seller, the agreement is void due to impossibility of performance.

Section 8

where there is an agreement to sale of specific goods and the goods are destroyed after such agreement to sale, the contract is void due to initial impossibility of performance.

In the event of future goods which are specific, the destruction of such goods will amount to supervening impossibility and the contract shall be void.

Q10

Unpaid seller is a person who has not received valuable consideration for his goods.

The rights of the unpaid seller in relation to goods are as follows:

Pro
sti
re

Answer

Right of lien (Section 47)

Where the ownership in goods is transferred to the buyer the seller has the right to retain possession of such goods if:

- (a) where the goods have been sold without any stipulation to credit
- (b) where the goods have been sold on credit, but credit period expires
- (c) where the buyer becomes insolvent

Right of Stoppage of transit (Section 50)

Where the seller has parted with the possession, the right to stoppage in transit arises only when:

- (a) Goods are in Transit T
- (b) Price is unpaid
- (c) Buyer is insolvent I
- (d) Seller has parted with Possession P

Right of Resale (Section 54)

The right of resale is valuable right given to an unpaid seller, where the seller can transfer the goods to another buyer after giving a notice of resale to the owner.

The notice ensures that the seller is protected against any loss arising due to subsequent sale and retains any benefit

13 marks

Partnership

Q1(c) Q5(b)

Q1) Distinguish between dissolution of firm and dissolution of partnership?

Q2) ^{Already done} What are the consequences of non-registration?

Q3) Expulsion of Partner.

Q4) ^{Already written} Rights & liabilities of a Minor in a partnership act 1932.

Q5) ^{Already written} Under what circumstances can a firm be dissolved by Court? (Section 44)

Q6) Effect of Public notice and nature of liability in case of retirement.

Q7) ^{Already Done} Provisions of transfer of interest under the partnership act. (29)

Q8) Discuss the various types of partnership basis of time & purpose.

Already done

→ Imp for case Study

~~Q1)~~ Liability of partners in case of misapplication of loan funds. (Q7)

~~Q10)~~ Rights & Liabilities of Nominal Partner? (2)

~~Q11)~~ Define Implied Authority, and discuss acts outside implied authority.

~~Q12)~~ Difference between Partnership & Co-Ownership
ip (write Now)

~~Q13)~~ Sharing of profit is not conclusive evidence in the creation of partnership

~~Q14)~~ Discuss the provisions w.r.t personal profits.

- Q1) Implied Authority stated under section 19 Subject to section 22, means any activity performed by the partners
- (i) in the normal course of business
 - (ii) in usual manner and
 - (iii) with the name of the firm
- In such case the firm shall be liable.

The following transactions are however outside Implied Authority

~~IPR~~ World Cup Final is played between Delhi and Bangalore

- ① Acquire immovable property.
- ② Transfer immovable property.
- ③ enter into a partnership on behalf of firm
- ④ admit any liability in a suit against the firm.
- ⑤ With draw from a suit or proceeding filed by the firm
- ⑥ Compromise or give up claim in favour of the firm
- ⑦ Firm's Bank account in own name of the partner.
- ⑧ Submit a dispute in arbitration.

Question 10

A Nominal Partner is a partner of the firm who does not introduce any capital, does not participate in business,

Question 14

Section 16 states that partners shall not make secret profits out of

NUT Case

- (i) use of firm's property
- (ii) name of the firm
- (iii) transaction of the firm
- (iv) Use of Connection the firm

where any such secret profit arises, the partners are required to account for such profits to other partners.

Question 10

A Nominal Partner is a partner of the firm who does not introduce any capital, does not participate in business, has no relation in the management of affairs of the business but has only lend his name to the partnership firm, with out any entitlement of profit or losses.

Provided that such nominal partner shall be liable to outsiders for all liabilities of the firm.



Question 13

Sharing of profit is an essential element of partnership, however it is only a persuasive evidence of the existence of partnership, since mere sharing of profit does not result in creating the partnership relation.

The mere receipt of payment or share in profit by -

- (i) by a lender of money in relation to business.
- (ii) by a servant or agent as remuneration
- (iii) by a widow or child of deceased partner.
- (iv) by a previous owner or part owner who sells his goodwill in consideration of share of profit.

As stated above profit is only a prima facie evidence of partnership but not conclusive.

~~SOP~~ ~~IP~~ ~~IP~~ LIP

Break Resume at

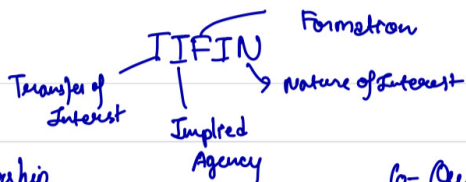
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(Reel dekh lena)

Question 12



Question 12)



Partnership

Co-Ownership

Formation

it is a result of a
Voluntary Agreement
express or implied
between

Co-Ownership may
either arise from
agreement or
inheritance

Implied
Agency

Partner is the Agent
of other partners

No Agency relation
exists.

Nature of
Interest

The Partners have
interest in the partnership
property

Co-Ownership does
not have any
sharing of
profits.

Transfer of
Interest

Share in the partnership
cannot be transferred
unless with consent of
other partners.

A Co-owner can
easily transfer his
interest in favour of
another person.

Q4

As per section 27 of the Indian Partnership Act where any

- (a) partner acting within authority receives money or property from a third party and misapplies it, or
- (b) a firm in the course of its business receives money or property from a third party and the money is misapplied by any one or all of partners.

where such amount is borrowed in the name of the firm, the firm is responsible to the outsider.

10 marks

Company Law

Q2(b) Q3(b)

Q1) Define OPC and State rules regarding forming an OPC ✓ ③
① void ② recovery ③ injunction

Q2) Define Ultra Vires? Effects of Ultra Vires transactions. ✓ ③
Already done ④ creditor / lender

Q3) Define doctrine of Indoor Management? State its limitations. ✓

Q4) Define Section 8 Company (7 marks)

① Dividend

② Privileges

③ Revocation of License

④ Action against violation ✓

Q5) Meaning of Corporate Veil, cases under which it can be lifted? ✓
Already done

Q6) Holding / Subsidiary / Associate Company? ⑥
Control

Q7) Define MOA. What are the Contents of MOA? ✓
Already done

Q8) Define

- Small Co

- Foreign Co

Q6

Holding Company 2(46) is a company having one or more subsidiary companies.

Subsidiary Company - a company shall be a subsidiary to another holding company where such holding 2(87) company :-

- (a) holds more than one half of the total voting power or
- (b) has the authority or control over the composition of directors of such other company on its own or together with one or more subsidiaries.

Associate Company 2(6)

A company is an associate of another company where it holds significant influence over the affairs of another company, does not include a subsidiary company includes a joint venture.

Provided that,

significant influence shall arise from holding at least twenty percent of the voting power.

Provided further that

The voting power shall arise from holding

- Equity Share Capital or
- Convertible Preference Share Capital

Q8)

Small company - Is a private company defined under section 2(85) of the Companies Act 2013 where

- The paid up share capital does not exceed four crores or such higher amount as may be prescribed not exceeding ten crores, and
- The turnover as per previous ^{Year's} balance sheet does not exceed forty crores or such higher amount not exceeding hundred crores.

Provided that, the following shall not be small company

- public company
- section 8 company (non profit organisation)
- company registered under special Act
- holding & Subsidiary.

Note: Associate Company can be small company.

Foreign company 2(42) - A company incorporated outside India and having a place of business in India either

- physical place
- Agent
- electronic mode or

does any business in India by any other means

Q5)

Corporate Veil means the separate legal existence of the company independent of its members in the eyes of law. It protects the shareholders from the actions of the company acting as a corporate insulation.

However in case of order of the court the corporate veil can be lifted and the person responsible for any mismanagement can be held liable

Under the following circumstances corporate Veil can be lifted :-

- ① Alien Enemy - As held in the case of *Daimler vs Continental Tyres* where the separate legal entity was disregarded to disclose the enemy nature of the company was a case of corporate Veil being lifted.
- ② Protection of Revenue - As held in the case of *Dinshaw Mackenjee Pitrite vs Commissioners of Income tax* where private companies were used to circumvent tax liability, the corporate veil was lifted and Dinshaw was penalised
- ③ Misconduct - In case of *Gliford Motors vs Horne Ltd* where the defendant had solicited the customers of Gliford Motors in the disguise of Horne Ltd, was misutilisation of corporate Veil and hence separate existence was disregarded.

insta

ca-shan-gupta follow

Bio → drive

④ Agency - use of company as an Agent to obtain a license to practice trade in name of the parent company, held in case of Merchandise Transport Limited vs British Transport Commission, was misutilisation of separate existence of the company.

⑤ Legal Obligation - In case a subsidiary company was used to avoid the legal obligation of paying bonus to its employees, by transferring its investment in shares to another company without consideration was a means to evade liability of paying bonus, the labour union's complain resulted in lifting up the veil as held in case of Associated Rubber Industry

Q4 Define (common)

A section 8 company is a company which is engaged in promotion of art, science, culture, religion, sports, etc, for the mutual benefit of the society

A section 8 company cannot declare dividend to any of its members, as it is a non profit organisation (Dividend)

The following are the privileges of a section 8 company

- A section 8 company does not use the words private limited or limited after its name
- It operates under a special license of the Central Government
- Registration with the registrar is done without any minimum capital requirement.
- A section 8 company can call a general meeting with a 14 day notice.
- No requirement of minimum number of directors
- A company being section 8 company is not required to have independent directors
- No need to form nomination and remuneration committee or stakeholder grievances committee
- A partnership firm can be a member of section 8.

first

YTPe

OneShot

8th Dec Sunday

1:00pm

Sales of Goods Act

12:30

A license of a section 8 company can be revoked on the following grounds :

- P - Activities Performed are against Public Interest.
- R - Requirements of the law are not followed.
- O - Objective not complied with.
- F - fraud conducted by members.

(Revocation of license)

Where a section 8 company has defaulted the following actions can be taken:

- license of such section 8 company is revoked.
- the registrar shall attach the words private limited or limited to its, after giving an opportunity of being heard.
- the tribunal may order for winding up of section 8 or amalgamate it with a company having **Similar objective.**
- the officers involved in fraud shall be liable for punishment under section 447.

(Action)

Q7

Section 2(56) of the Companies Act 2013 defines, a memorandum of association as the charter of the company, it is the guiding force which defines the scope and powers of the company. Any Activity beyond the scope of the memorandum of association is void, the memorandum provides the members information with respect to the use of funds invested by the members.

The content of the memorandum is given under Section 4 of the Companies Act.

The clauses are

- (i) Name Clause - it contains the name of the company with or without the words public or private limited.
- (ii) Situation Clause - it contains the name of the state where the registered office is located.
- (iii) Object Clause - Contains the object for which the company has been formed, alongwith ancillary and supportive objectives.
Where the name of the company contains its objectives, then change of objective shall result in change of name.

Follow

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↓
Bio

- (iv) Capital Clause - It contains the Authorised Capital of the Company, which is the maximum amount of the capital which the company can issue.
- (v) Liability - the nature of liability ie- whether it is limited by shares, guarantee or unlimited company.
- (vi) Association - It contains the names of the first members of the company, along with shares taken up by them.

Q1

According to section 2(62) of the Companies Act 2013 a one person company is a special type of private company having one person to manage and control its affairs.

The rules regarding formation of a one person company are as follows:-

- Only a natural person who is an Indian Citizen can incorporate an OPC in India, however such person shall be required to be a natural person whether or not resident in India, but shall reside in India for 180 days in the previous year.
- The single member shall appoint a nominee who is also an Indian citizen and natural person.
- The one person company can engage in any business for the purpose of profit other than a non profit organisation or a non banking financial corporation.
- OPC can freely convert itself into a public or a private company without any restriction to turnover.
- A person can be nominee in one OPC and member of another OPC however can be member in one OPC during his lifetime. ✖

what if this question is for 6 marks

- A one person company's memorandum of association shall contain the name of its nominee, and change of such nominee shall not be regarded as alteration of memorandum.
- The name of a one person company shall contain the words private limited with the words OPC. ✓

what if this question is 7 marks

- There is only one director in a one person company
- An OPC is exempted from preparing a cash flow Statement containing details about inflows and outflows of cash.

Question 2

The doctrine of Ultra Vires stands for "beyond their power" i.e. the doctrine provides that any activity or transaction which is beyond the scope of powers of the company shall be ultra vires the company and the same shall be void, i.e. without any legal effect. An ultra vires transaction cannot be ratified, however a transaction which is ultra vires the directors but intra vires the company can be ratified by the members. Also held in the case of Ashbury railway carriage vs riche

The consequences of an ultra vires transaction are as follows.

1. Any transaction which is ultra vires is neither binding on the company or the outsiders.
2. An ultra vires transaction is void and does not create any legal obligation.
3. A company can neither sue or be sued on an ultra vires transactions.
4. The outsider can file an injunction against the company to restrain the company from use of any property acquired in an ultra vires transactions.
5. The company does not acquire any rights against a property received in an ultra vires transaction.
6. Where the company has utilised amount received under an ultra vires transaction to pay off a creditor, the outsider shall replace himself as in place of such creditor.

Jignas Chup hoja event Live hoqa Youtube Pe

Question 3

The Doctrine of Indoor Management is the exception of Constructive notice. The doctrine is based on the fact that, the outsiders cannot be deemed to have notice of the internal affairs of the company. The doctrine protects the outsiders from mismanagement of affairs as there is no legal formalities of which the outsiders are aware of as held in the case of Royal British Bank vs Turquand, it is popularly known as the "Turquand" rule.

The exception to the above doctrine of Indoor Management are as follows :

Actual or constructive knowledge - where the person dealing with the company has actual or constructive knowledge of the irregularity the doctrine does not protect the outsider in event of any loss.

Suspicion of irregularities - where there are doubts with respect to irregularity and the outsider did not investigate and acted negligently on such transaction the doctrine does not provide any protection

Forgery

- Forgery is a nullity a company cannot be held liable on forgery, only the officers or the directors involved can be held liable on such forged document

- Listed & Unlisted ✓
- Government Company ✓
- Private Company ✓

Q9) Discuss the procedure for registration of company? ✓

Q10) what are the different classification of capital (least expected)

Yeh stream 12 bajे khatam hogi apne sabhi question
comment mein dal dena I will reply.

Ans 10

Capital is the total amount of money invested in the establishment of the company. The smallest unit of capital is called a share. Defined in section 2(84) a share is a share in the share capital of the company and it includes stock.

The Capital is further classified into the following:

(i) Authorised Capital or Nominal Capital or Registered Capital -

It is the maximum amount of capital with which a company is registered in its memorandum of association.

(ii) Issued Capital - It is the part of the Authorised Capital which is issued in the public for subscription by the company.

(iii) Subscribed Capital - It consists of part of the capital which has been applied for by the public and allotted against such application by the company.

(iv) Called up - It is the part of the subscribed capital called by the company in the course of regular business.

(v) Paid Up - It is the portion of the called up capital which is paid by the members, difference between called up and paid up signifies calls in Arrears.

Q4

The procedure for Registration of a Company is defined section 7 of the Companies Act 2013

The promoter of the company shall submit the following documents to get the company registered.

- ① Memorandum and Articles of association
- ② Address of Correspondence
- ③ Declaration by a CA/Cs/ Cost Accountant or Advocate that all information provided in the memorandum and Articles is complete and true.
- ④ Declaration by the members and directors that all information in the articles and memorandum is complete, none of the members have committed any fraud in the last five years and no offence has resulted in any conviction relating promotion, formation or management of the company.
- ⑤ Particulars with respect to name, address, nationality, birth certificate etc of the members of the company
- ⑥ Particulars with respect to name, address, nationality, birth certificate and director identification number of the directors
- ⑦ Particulars of any directorship interest, if any.

The following documents are submitted to the registrar and after due verification the registrar shall issue the incorporation certificate containing the corporate identification number of the company which is the conclusive evidence of registration

If any detail is false in registration document

(A) Prior to registration

- If any information submitted for registration is false or contains any misrepresentation or omission of material facts all officers in default shall be charged for fraud under section 447.

③ Registration complete and company commenced business.

- The registrar shall punish the officers in default for false statement of fact under section 447.
- The registrar shall forward the case of the company to the National Company Law Tribunal, which after giving an opportunity of being heard:
 - (i) direct change of management in public interest.
 - (ii) strike off the name of the company.
 - (iii) order for winding up of the company.
 - (iv) extend the liability to unlimited.
 - (v) take such other measures as it may deem fit.

Listed Company

A company as defined under section 2(52) of the Companies Act 2013 means a company whose securities are listed on any recognised stock exchange in India or is in the process of getting listed on the stock exchange.

Provided that, where a company is listing securities other than recognised securities on the stock exchange with the Securities exchange board of India shall not be listed entity.

Unlisted Company

Any company which does not have its securities on any recognised stock exchange in India, is an unlisted company.

Government Company

A company is a government company where atleast fifty one percent of the total share capital is held by

- Central Government or
- State Government or,
- a combination of Central Government and one or more state Governments.

[Section 2(45)]

- A Subsidiary of a government company is a deemed government company.

Private Company 2(68)

According to section 2(68) of the Companies Act 2013 a company is a private company which has the following restrictions in the articles of association

- Restricts transfer of securities
- Maximum number of members cannot exceed 200
- Prohibits issue of securities to public

Provided that,

- current employees or those employees who have received shares during the course of employment and continue to hold such securities even when employment ceased to exist
- joint holders shall be considered as one.

7 marks

Negotiable

Q4(b)

Q1) Under what circumstance a promissory note is dishonoured without being presented?

Q2) What are Negotiable Instruments? Explain its essential characteristics under Negotiable Instrument Act 1881?

Q3) What is a cheque under the Negotiable Instrument Act 1881? Who are the parties? What are these essential elements of Cheque.

To be done

Q4) Difference between Promissory Note and Bills of Exchange?

Q5) State the rules of Compensation in case of dishonour of instrument. (117)

Q6) What do mean by foreign bill and inland bill?

to be done

to be done



Question 3

A cheque is a bill of exchange drawn on a specified banker and not expressed to be payable otherwise than on demand and it includes the electronic image of a truncated cheque and a cheque in electronic form.

Parties to the cheque

Drawer - he is the maker of the cheque

Drawee - it is the bank on which the cheque is drawn

Payee - The person who is named in the cheque

Essential Characteristics of a cheque

A cheque has all the essential characteristics of a negotiable instrument in addition to

- i) Must be drawn on a specified banker
- ii) It must be payable on demand

The above distinguish cheque from a bill of exchange

Q6/Q7

Inland

A promissory note or bill of exchange or a cheque which is drawn in India

And

(i) is payable in India; OR

(ii) drawn on a person

resident in India is a

Inland Bill

foreign

A promissory note or bill of exchange or a cheque which is drawn outside India;

(i) drawn in India

and

payable outside India

and Resident outside India

Ambiguous

Where an instrument may be constructed either as a PN or as a BOE, the holder may at his discretion elect to treat it as either a BOE or PN, the decision taken shall be fallowed there with.

Indorse

It means an instrument that is incomplete in certain respects. The drawer/maker/acceptor/indorser of the instrument may sign and deliver the instrument to another person in his capacity leaving the instrument blank either completely or with some incomplete words. The holder can withdraw upto specified limits.