

(ALL CA FOUNDATION BATCHES)**DATE: 29.10.2020****MAXIMUM MARKS: 100****TIMING: 3 Hours****BUSINESS LAW & BUSINESS CORRESPONDENCE & REPORTING**

Question No. 1 is Compulsory. Answer any four question from the remaining five questions. Wherever necessary, suitable assumptions should be made and disclosed by way of note forming part of the answer.

Working Notes should form part of the answer.

Question 1:

- (a) Shambhu Dayal started "self service" system in his shop. Smt. Prakash entered the shop, took a basket and after taking articles of her choice into the basket reached the cashier for payments. The cashier refuses to accept the price. Can Shambhu Dayal be compelled to sell the said articles to Smt. Prakash? Decide. **(4 Marks)**
- (b) F, an assessee, was a wealthy man earning huge income by way of dividend and interest. He formed three Private Companies and agreed with each to hold a bloc of investment as an agent for them. The dividend and interest income received by the companies was handed back to F as a pretended loan. This way, F divided his income into three parts in a bid to reduce his tax liability. Decide, for what purpose the three companies were established? Whether the legal personality of all the three companies may be disregarded. **(4 Marks)**
- (c) J the owner of a Fiat car wants to sell his car. For this purpose he hand over the car to P, a mercantile agent for sale at a price not less than Rs. 50,000. The agent sells the car for Rs. 40, 000 to A, who buys the car in good faith and without notice of any fraud. P misappropriated the money also. J sues A to recover the Car. Decide given reasons whether J would succeed. **(4 Marks)**

Question 2:

- (a) Mr. D sold some goods to Mr. E for Rs. 5,00,000 on 15 days credit. Mr. D delivered the goods. On due date Mr. E refused to pay for it. State the position and rights of Mr. D as per the Sale of Goods Act, 1930. **(6 Marks)**
- (b) What is true test of partnership. How will you determine whether a group of person is or is not a firm? **(6 Marks)**

Question 3:

- (a) Mr. G sold some goods to Mr. H for certain price by issue of an invoice, but payment in respect of the same was not received on that day. The goods were packed and lying in the godown of Mr. G. The goods were inspected by H's agent and were found to be in order. Later on, the dues of the goods were settled in cash. Just after receiving cash, Mr. G asked Mr. H that goods should be taken away from his godown to enable him to store other goods purchased by him. After one day, since Mr. H did not take delivery of the goods, Mr. G kept the goods out of the godown in an open space. Due to rain, some goods were damaged.

Referring to the provisions of the Sale of Goods Act, 1930, analyse the above situation and decide who will be held responsible for the above damage. Will your answer be different, if the dues were not settled in cash and are still pending?

(6 Marks)

- (b) What is the conclusive evidence of partnership? State the circumstances when partnership is not considered between two or more parties.
- (c) X buys from Y a painting which both believe to be the work of an old master and for which X pays a high price. The painting turns out to be only a modern copy. Discuss the validity of the contract?

(4 Marks)

(2 Marks)

Question 4:

- (a) What are the advantages of LLP form?

(6 Marks)

- (b) Alfa school started imparting education on 1.4.2010, with the sole objective of providing education to children of weaker society either free of cost or at a very nominal fee depending upon the financial condition of their parents. However, on 30th March 2018, it came to the knowledge of the Central Government that the said school was operating by violating the objects of its objective clause due to which it was granted the status of a section 8 company under the Companies Act, 2013. Describe what powers can be exercised by the Central Government against the Alfa School, in such a case?

(6 Marks)

Question 5:

- (a) Mr. X had purchased some goods from M/s ABC Limited on credit. A credit period of one month was allowed to Mr. X. Before the due date Mr. X went to the company and wanted to repay the amount due from him. He found only Mr. Z there, who was the factory supervisor of the company. Mr. Z told Mr. X that the accountant and the cashier were on leave, he is in-charge of receiving money and he may pay the amount to him. Mr. Z issued a money receipt under his signature. After two months M/s ABC Limited issued a notice to Mr. X for non-payment of the dues within the stipulated period. Mr. X informed the company that he had already cleared the dues and he is no more responsible for the same. He also contended that Mr. Z is an employee of the company to whom he had made the payment and being an outsider, he trusted the words of Mr. Z as duty distribution is a job of the internal management of the company. Analyse the situation and decide whether Mr. X is free from his liability.

(4 Marks)

- (b) Mr. M, Mr. N and Mr. P were partners in a firm, which was dealing in refrigerators. On 1st October, 2018, Mr. P retired from partnership, but failed to give public notice of his retirement. After his retirement, Mr. M, Mr. N and Mr. P visited a trade fair and enquired about some refrigerators with latest techniques. Mr. X, who was exhibiting his refrigerators with the new techniques was impressed with the interactions of Mr. P and requested for the visiting card of the firm. The visiting card also included the name of Mr. P as a partner even though he had already retired. Mr. X supplied some refrigerators to the firm and could not recover his dues from the

firm. Now, Mr. X wants to recover the dues not only from the firm, but also from Mr. P.

Analyse the above case in terms of the provisions of the Indian Partnership Act, 1932 and decide whether Mr. P is liable in this situation.

(4 Marks)

- (c) Explain the concept of 'misrepresentation' in matters of contract. Sohan induced Suraj to buy his motorcycle saying that it was in a very good condition. After taking the motorcycle, Suraj complained that there were many defects in the motorcycle. Sohan proposed to get it repaired and promised to pay 40% cost of repairs. After a few days, the motorcycle did not work at all. Now Suraj wants to rescind the contract. Decide giving reasons.

(4 Marks)

Question 6:

- (a) Mr. X and Mr. Y entered into a contract on 1st August, 2018, by which. Mr. X had to supply 50 tons of sugar to Mr. Y at a certain price strictly within a period of 10 days of the contract. Mr. Y also paid an amount of Rs. 50,000 towards advance as per the terms of the above contract. The mode of transportation available between their places is roadway only. Severe flood came on 2nd August, 2018 and the only road connecting their places was damaged and could not be repaired within fifteen days. Mr. X offered to supply sugar on 20th August, 2018 for which Mr. Y did not agree. On 1st September, 2018, Mr. X claimed compensation of Rs. 10,000 from Mr. Y for refusing to accept the supply of sugar, which was not there within the purview of the contract. On the other hand, Mr. Y claimed for refund of Rs. 50,000 which he had paid as advance in terms of the contract. Analyse the above situation in terms of the provisions of the Indian Contract Act, 1872 and decide on Y's contention.

(4 Marks)

- (b) 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.

(4 Marks)

- (c) What is meant by 'Undue Influence'? 'A' applies to a banker for a loan at a time where there is stringency in the money market. The banker declines to make the loan except at an unusually high rate of interest. A accepts the loan on these terms. Whether the contract is induced by undue influence? Decide.

(4 Marks)

PAPER : BUSINESS CORRESPONDENCE & REPORTING

The Question Paper comprises of 5 questions of 10 marks each.
Question No. 7 is compulsory. Out of questions 8 to 11, attempt any three.

SECTION-B : BUSINESS CORRESPONDENCE & REPORTING (40 MARKS)**Question 7:**

- (a) Explain "Gender Barriers".

(2 Marks)

- (b) Convert the following sentences into active voice:

- (i) A story was written on the wall by Rohit.
- (ii) A song was sung by Ravi.
- (iii) What was eaten by you for breakfast ?

(3 x 1 M Each = 3 Marks)

- (c) Read the passage carefully and answer the questions that follow:

Three years ago, technophobic Sushmi Ghosh refused to exchange her feature phone for a smart phone. But last month, the 45-years-old high schoolteacher ordered a front-loading washing machine through an e-retailer's app on her iPhone. "I was pleasantly surprised," she said, "It was not only delivered in a day but also installed immediately. I didn't have to walk to a shop in this heat. I saved some money too because I bought it during a sale." Online sales of large appliances have boomed in the past two years as e-retailers have addressed buyers' delivery and installation concerns. While they also offered discounts earlier, delivery took days and installation was another waiting game, with further uncertainty about warranty.

During its recently concluded sale, Amazon claimed in the first day it sold around half (20,000 units) of the average daily TV sales in India. "There has been a huge shift in the number of brands that want to do business with us," said Manish Tiwary, VP (category management), Amazon India. Some manufacturers have even teamed up with e-retailers to offer TVs, refrigerators and washing machines with specific features. "This helps bring down prices," said Sandeep Karwa, head of large appliances at Flipkart. From being a negligible part of its business, the large appliances category has become one of the top three earners for Flipkart. It acquired Jeeves, a repair services and maintenance company, for providing after-sales services. At present, Flipkart offers one-day delivery on 72% of large appliances through 10 dedicated warehouse. "We are working on a pilot that will enable installation of 70% of our large appliances at the time of delivery," said Karwa. Exchange offers and financing options provided by e-retailers have also pushed sales. "During our last sale 35% of shoppers opted for no-interest EMIs," said Karwa. Amazon has also created a home services arm to synchronise delivery and installation of products. Amazon's Tiwary said, "We created our group of technicians who will get the installation done according to the convenience of the customer. In smaller towns, this is a big help since many brands don't have a robust presence." Amazon has nine warehouses from which it can reach 80% of the country. Most manufacturers, however, are tight-lipped about online sales as e-retailers' discounts and freebies eat into the margins of their brick-and-mortar dealers. While a spokesperson for LG turned down an interview request for this story, Samsung India did not reply to an email.

Ajay Seth, director of sales and service at Panasonic India, said, "It's still early days for online. Customers want to have a look and feel of the product before buying. Most of our online sales consist of small appliances." Companies such as BPL, Vu and TCL, which follow an online- first model, are optimistic, though of favourable

response from buyers.. Devita Saraf, founder of Vu Technologies, which sells 40% of all TVs sold on Flipkart, said, "When I started selling Vu televisions we did a business of Rs. 35 crore in 2013-14. After going online, we ended 2016-17 at Rs 500 crore."

- Q1. Sushma Ghosh says, "I was pleasantly surprised." She was surprised
- a) By the promptness of the service for the washing machine.
 - b) Because she managed to save money while buying the washing machine.
 - c) By the warranty offered for the washing machine.
 - d) By the quick delivery and instant installation of the washing machine.
- Q2. Some manufacturers have even teamed up with e-retailers to
- a) Give special discounts
 - b) Have special sale officers on large appliances like T.V.s with specific features
 - c) Get discounts from e retailers
 - d) To give discounts to e retailers
- Q3. One of the top three earners of Flipkart is
- a) Household goods
 - b) Clothes brands
 - c) Large appliances
 - d) Mobile phones
- Q4. The two factors that are promoting sales of e retailers are
- a) Exchange officers and easy financing options available.
 - b) Quick delivery and good products.
 - c) Ease of service and no disturbance of any kind.
 - d) Many options to choose from and ability to view products from home
- Q5. Brick and mortar stores are affected by e retailers
- a) Promoting their sales
 - b) In no major way
 - c) By starting a price war
 - d) By eating into their profits

(5 x 1 M Each = 5 Marks)

Question 8:

(a) Précis Writing

Read the following passages and write a précis for the same.

There are approx. 6000 languages spoken worldwide. Out of them only some languages have script while others exist only in spoken form. Language diversity is common phenomena to the human. But Language death is equal to human death. In this regard, we need to work for language documentation, making new language policy, and new application to enhance the vitality of languages. A language is endangered when it is on a path toward extinction. Indeed, without proper documentation, a language that is extinct can never be revived. A language is in danger when its speakers cease to use it, use it in an increasingly reduced number of communicative domains, and cease to pass it on from one generation to the next. That is, there are no new speakers, adults or children. About 97% of the world's people speak about 4% of the world's languages; and conversely, about 96% of the world's languages are spoken by about 3% of the world's people (Bernard 1996: 142). Many indigenous peoples, associating their disadvantaged social position with their culture, have come to believe that their languages are not worth retaining. For linguist, each language is unique and each language is a unique expression of the

human experience of the world. Thus, the knowledge of any single language may be the key to answering fundamental questions of the future. Every time a language dies, we have less evidence for understanding patterns in the structure and function of human language, human prehistory, and the maintenance of the world's diverse ecosystems. Raising awareness about language loss and language diversity will only be successful when meaningful contemporary roles for minority languages can be established, for the requirements of modern life within the community as well as in national and international contexts. External Specialists and Speech Communities
External language specialists, primarily linguists, educators, and activists see their first task as documentation.

(5 Marks)

- (b)** Describe various characteristics of effective communication?

(3 Marks)

- (c)** Change the following Direct speech into Indirect speech

- (1) He said, 'I have passed the examination.'
(2) 'Call the second witness,' said the judge.

(2 Marks)

Question 9:

- (a)** Your company, has witnessed a gradual decline in a consumer product over the one year. Prepare the minutes of the meeting for the same. Members in the meeting; Head of the Sales and Marketing, Product head, Product lead and concerned team members.

(5 Marks)

- (b)** What is the 'chain of command' in communication? What are its drawbacks?

(3 Marks)

- (c)** Select the suitable synonym for the given words:

- (i) Rife
(a) Unknown
(b) Widespread
(c) Accountable
(d) General
(e) Survive
(ii) Oppressive
(a) Grand
(b) Publish
(c) Tolerance
(d) Proactive
(e) Distressful

(2 Marks)

Question 10:

- (a)** Growing health problems in the youth today: Causes and Consequences.
Include words: lifestyle, lethargy, physical work, internet, obsession

(5 Marks)

- (b)** Based on communication channels, what are the different kinds of communication methods? Explain.

(3 Marks)

- (c) Fill in the blanks with the most suitable choice:
- (1) The judge ordered a death sentence when the accused was found_____
- (a) Transparent
 - (b) Abusing
 - (c) Culpable
- (2) His first move was to_____the enemy team and then behead each one.
- (a) Announce
 - (b) Seize
 - (c) Complete
 - (d) Harvest

(2 Marks)

Question 11:

- (a) You bought a printer a few days back from a leading chain of electronic stores. Now you found a few defects in its working. Write a letter to the dealer complaining about the problem and requesting him to rectify the problem or replace the printer.
- (5 Marks)**
- (b) Differentiate between the Vertical Network and the Wheel and spoke method of communication.
- (3 Marks)**
- (c) Change the following to Active voice
- (1) Results had to be declared by the school authorities.
- (2) The test must be completed by you in one hour.

(2 Marks)

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