

(ALL CA FOUNDATION BATCHES)**DATE: 28.12.2020****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) Mr. X, in association with his relative formed a company to promote education for the children of poor section. A licence was issued by the Central Government allowing the said company to be registered under section 8 of the Company. Government aids and lot of funds were contributed by public for the fulfillment of the benevolent object. However, on the complaint against the company, CG came to know about the manipulation of the funds in the company and so order to revoke the licence of the company. Further, directed for the amalgamation with another company registered under this section with an object to save girl child. Examine the legal position as to the order passed by the Central government in the given situation in the light of the Companies Act, 2013.

(4 Marks)

- (b) X transferred his house to his daughter M by way of gift. The gift deed, executed by X, contained a direction that M shall pay a sum of Rs. 5,000 per month to N (the sister of the executor). Consequently M executed an instrument in favour of N agreeing to pay the said sum. Afterwards, M refused to pay the sum to N saying that she is not liable to N because no consideration had moved from her. Decide with reasons under the provisions of the Indian Contract Act, 1872 whether M is liable to pay the said sum to N.

(4 Marks)

- (c) Abhishek contracts to sell Bhusan, by showing sample, certain quantity of tea described as 'Best quality Darjeeling tea. The tea when delivered matches with the sample, but it is not Darjeeling tea. Referring to the provisions of Sale of Goods Act, 1930 advise the remedy, if any, available to Bhusan?

(4 Marks)

Question 2:

- (a) Explain the modes of revocation of offer?

(7 Marks)

- (b) Give differences between sale & hire purchase?

(5 Marks)

Question 3:

- (a) 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)

- (b)** When condition to be treated as warranty?

(4 Marks)

- (c)** 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)

Question 4:

- (a)** Give differences between LLP and Limited Liability Company?

(6 Marks)

- (b)** A & Co. is registered as a partnership firm in 2015 with A, B and C partners. In 2016, A dies. In 2017, B and C sue X in the name and on behalf of A & Co., without fresh registration. Now the first question for our consideration is whether the suit is maintainable. Now, in the above example, what difference would it make, if in 2017 B and C had taken a new partner, D, and then led a suit against X without fresh registration?

(6 Marks)

Question 5:

- (a)** Explain the term Public Financial Institution. What are the conditions for an institution to be notified as Public Financial Institution?

(7 Marks)

- (b)** Mr. Rich aspired to get a self-portrait made by an artist. He went to the workshop of Mr. C an artist and asked whether he could sketch the former's portrait on oil painting canvass. Mr. C agreed to the offer and asked for Rs. 50,000 as full advance payment for the above creative work. Mr. C clarified that the painting shall be completed in 10 sittings and shall take 3 months.

On reaching to the workshop for the 6th sitting, Mr. Rich was informed that Mr. C became paralyzed and would not be able to paint for near future. Mr. C had a son Mr. K who was still pursuing his studies and had not taken up his father's profession yet?

Discuss in light of the Indian Contract Act, 1872?

- (i) Can Mr. Rich ask Mr. K to complete the artistic work in lieu of his father?
(ii) Could Mr. Rich ask Mr. K for refund of money paid in advance to his father?

(5 Marks)

Question 6:

- (a)** Point out with reason whether the following agreements are valid or void:

- (i) Kamala promises Ramesh to lend Rs. 50,000 in lieu of consideration that Ramesh gets Kamala's marriage dissolved and he himself marries her.

- (ii) Sohan agrees with Mohan to sell his black horse. Unknown to both the parties, the horse was dead at the time of agreement.
- (iii) Ram sells the goodwill of his shop to Shyam for Rs. 4,00,000 and promises not to carry on such business forever and anywhere in India.
- (iv) In an agreement between Prakash and Girish, there is a condition that they will not institute legal proceedings against each other without consent.
- (v) Ramamurthy, who is a citizen of India, enters into an agreement with an alien friend.

(10 Marks)

- (b)** Mr. A Ambika an agent of a buyer obtained goods from Railways and loaded such goods on his truck on 02.11.2011. In the meantime, the Railways received a Notice from the seller (i.e. consignor) for stopping goods in transit as the Buyer became insolvent. Referring to the provisions of the Sale of Goods Act, 1930 decide whether the Railways can stop goods in transit as instructed by the seller?

(2 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 Wheel & Spoke network in communication.

(2 Marks)

- (b)** Select the correct meaning of Idioms / Phrases given below :

- (i) To be a mastermind
 - (1) To be a pioneer
 - (2) To be an entrepreneur
 - (3) To be an amateur
 - (4) To be a villain

(1 Mark)

- (ii) At wit's end
 - (1) Impoverished
 - (2) Drained
 - (3) Completed
 - (4) Perplexed

(1 Mark)

- (iii) Change the sentence into Passive voice :
Question – Will you tell me a story ?

(1 Mark)

- (iv) Choose the word which best expresses the meaning of the given word:
COMBAT
 - (1) Conflict
 - (2) Quarrel
 - (3) Feud
 - (4) Fight

(1 Mark)

- (c) Write a letter to an applicant informing him about the postponement of his interview date.

(4 Marks)

Question 8:

- (a) Mr. Ramesh, the HR Head of ABC Insurance Co. Ltd., who is having charge of training and development also, during his twelve years with the Company. He had the experience of training and developing numerous employees, only to see many of them leave the firm after getting their advanced degrees. The Company has a Policy of reimbursement of 90% of the cost incurred on tuition fee. books etc. for acquiring such qualifications. Only those employees who have taken prior permission of HR before enrolment in such program/degree and completed three years of service are eligible for seeking the reimbursement. A proof of its popularity was that most of the junior and middle level managers had availed this facility to advance their qualifications.

Mr. Kumar, a Sales Executive, who had joined the Company just three years ago had also availed the aforesaid facility for pursuing a course in Business Management and had recently completed his master's degree in business management and submitted the same to the Company for seeking reimbursement and recording additional qualifications acquired in official records.

Mr. Ramesh congratulated him and added the additional qualifications acquired by him in the Company records and assured him to consider him for higher position keeping in view his qualifications in near future and of course subject to availability of vacancy as per the approved Organisation Chart. Further Mr. Ramesh allowed reimbursement of 90% of the cost incurred as per the Policy. Mr. Kumar on his achievement when he came to see and thank HR Head, but was strongly taken aback when he expressed his intention to leave the Company in favour of a competitor because he did not see any future for himself in ABC Insurance Co. Ltd. Head HR was annoyed as this had happened so many times in the past. He immediately rushed to see the Marketing Director to seek support for reviewing and discontinuing the Policy of educational reimbursement with immediate effect or to put a condition that all those employees who acquired such qualifications and reimbursed 90% of the expenses shall at least serve the Company for a minimum of 3 years after seeking such reimbursement.

- (i) What could be the possible reasons behind employees quitting the Company after acquiring higher qualifications ?

(2 Marks)

- (ii) Is there any need to amend or abandon the Policy of educational reimbursement ?

(1 Mark)

- (iii) What measures do you suggest for overcoming high employee attrition problem ?

(2 Marks)

- (b) Read the Passage :

- (i) Make Notes, using Headings, Subheadings and abbreviations whenever necessary.

(3 Marks)

- (ii) Write Summary

Recycling is simply the process of reusing the items from which utility can still be derived. It is important to recycle waste so that we can at least conserve some of

our natural resources for the generations to come. Many products such as paper, cardboards, and cups come from trees. In fact trees are our natural assets: you can conserve trees by recycling the paper products as by doing so we can minimize the number of trees cut down a year. This is one form of waste recycling.

Recycling waste will not only save our natural resources but will also help save energy. By simply recycling an item or making a basic fix to it, we can save all the energy that would have been consumed in the process of making it. The same example can be taken with plastic items. A large amount of energy can be saved by simply reusing the plastic items. To recycle waste is to simply reduce pollution. By recycling plastic material, we can reduce air pollution as well as water pollution. Plastic factories produce a large amount of smoke while producing plastic material at same time; if we don't have a proper waste disposal system then those waste emissions will cause water pollution. Recycling helps reduce pollution too.

In simple words, recycling waste is essential for both the natural environment and humans. To sum up, recycling minimizes the need for raw materials so that the rainforests can be preserved. Great amounts of energy are used when making products from raw materials. Recycling requires much less energy and therefore helps to preserve natural resources. One needs to know the importance of recycling; at the same time being earth friendly can help make our planet a better place to live in.

(2 Marks)

Question 9:

- (a)** What is formal communication, explain.

(2 Marks)

OR

Encoding the matter is an important element of communication, comments?

(2 Marks)

- (b) (i)** Choose the word which best expresses the meaning of the given word :

Concise

- (1) Brief
- (2) Better
- (3) Important
- (4) Interesting

(1 Mark)

- (ii)** Choose the word which best expresses the meaning of the given word:

Cryptic

- (1) Pertinent
- (2) Common
- (3) Mysterious
- (4) Loyalty

(1 Mark)

- (iii)** Change the following sentence to indirect speech:

"Do you suppose you know better than your own father?" jeered his angry mother.

(1 Mark)

- (c)** Draft Newspaper Report on "Project to interconnect rivers in India" to be published in a national newspaper.

(5 Marks)

Question 10:

- (a) Body language speaks the truth while speaker may play with words to hide the truth, comment?

(2 Marks)

- (b) (i) Choose the word which best expresses the meaning of the given word :

SCINTILLATING

- (1) Smouldering
- (2) Glittering
- (3) Touching
- (4) Warming

(1 Mark)

- (ii) Select a suitable antonym for the word given under:

FIDELITY

- (1) Commitment
- (2) Inconstancy
- (3) Ambitious
- (4) Devotion

(1 Mark)

- (iii) Change the following sentence to indirect speech :
Varun Said, "Every Kid should learn coding".

(1 Mark)

- (c) Write a precis and give an appropriate title to the passage given below :

These days, it is not unusual to see people listening to music or using their electronic gadgets while crossing busy roads or travelling on public transport, regardless of the risks involved. I have often wondered why they take such risks, is it because they want a sense of independence, or is it that they want to tell everybody to stop bothering them ? Or is it that they just want to show how cool they are? Whether it is a workman or an executive, earphones have become an inseparable part of our lives, sometimes even leading to tragicomic situations.

The other day, an electrician had come to our home to repair iron. We told him in detail what the fault was and needed to be done. But after he left, I found that the man had done almost nothing and iron was not working even after repair. It later turned out that he could not hear our directions clearly because he had an earphone on. Many of such earphones addicts commute by the Metro every day. While one should not be grudge anyone their moments of privacy or their love for music, the fact is 'iPod oblivion' can sometimes be very dangerous.

Recently. I was travelling with my wife on the Metro, Since the tram WAS approaching the last station, there weren't too many passengers In our compartment, other than us, there were only two women sitting on the other side of the aisle. And then suddenly. I spotted a duffel bag. The bomb scare(' lasted for several minutes, 'Then suddenly, a youth emerged from nowhere and picked up the bag. When we tried to stop him, he looked at us, surprised, Then he took off his earpieces, lifted the bag, and told us that the bag belonged to him and that he was going to get off at the next station.

We were stunned but recovered in time to ask him where he was all this while. His answer was that in the compartment, leaning against the door totally involved in the music, He had no clue about what was going on around him. When he got off. earplugs in his hand, we could hear strains of the song.

(5 Marks)

Question 11:

- (a) Explain how listening for Understanding helps in communication. **(2 Marks)**
- (b) (i) Change the sentence from Active to Passive Voice.
Question – The crew cleaned the entire stretch of highway. **(1 Mark)**
- (ii) Change the sence from Passive to Active Voice.
Question – The house was remodelled by the homeowners to help it sell. **(1 Mark)**
- (iii) Change the following sentence to indirect speech.
Question – Socrates said, "Virtue is its own reward." **(1 Mark)**
- (c) Write an article of about 250 words on the topic, "The Pros and cons of online education in India". **(5 Marks)**

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