

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) What are acts beyond implied authority of partner? **(6 Marks)**
- (b) M promised to pay N for his services at his (M) sole discretion found to be fair and reasonable. However, N dissatisfied with the payment made by M and wanted to sue him. Decide whether N can sue M under the provisions of the Indian Contract Act, 1872? **(3 Marks)**
- (c) 'X' agreed to become an assistant for 5 years to 'Y' who was a Doctor practicing at Ludhiana. It was also agreed that during the term of agreement 'X' will not practice on his own account in Ludhiana. At the end of one year, 'X' left the assistantship of 'Y' and began to practice on his own account. Referring to the provisions of the Indian Contract Act, 1872, decide whether 'X' could be restrained from doing so? **(3 Marks)**

Question 2:

- (a) Mr. Sonumal a wealthy individual provided a loan of Rs. 80,000 to Mr. Datumal on 26.02.2019. The borrower Mr. Datumal asked for a further loan of Rs. 1,50,000. Mr. Sonumal agreed but provided the loan in parts at different dates. He provided Rs. 1,00,000 on 28.02.2019 and remaining Rs. 50,000 on 03.03.2019. On 10.03.2019 Mr. Datumal while paying off part Rs. 75,000 to Mr. Sonumal insisted that the lender should adjusted Rs. 50,000 towards the loan taken on 03.03.2019 and balance as against the loan on 26.02.2019. Mr. Sonumal objected to this arrangement and asked the borrower to adjust in the order of date of borrowal of funds. Now you decide:
- (i) Whether the contention of Mr. Datumal correct or otherwise as per the provisions of the Indian Contract Act, 1872?
 - (ii) What would be the answer in case the borrower does not insist on such order of adjustment of repayment?
 - (iii) What would the mode of adjustment/appropriation of such part payment in case neither Mr. Sonumal nor Mr. Datumal insist any order of adjustment on their part?
- (6 Marks)**
- (b) 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 3:

- (a) What are the steps to incorporate LLP?

(6 Marks)

- (b) Explain Doctrine of Indoor Management and also give its exception?

(6 Marks)

Question 4:

- (a) ABC Pvt. Ltd., is a Private Company having five members only. All the members of the company were going by car to Mumbai in relation to some business. An accident took place and all of them died. Answer with reasons, under the Companies Act, 2013 whether existence of the company has also come to the end?

(5 Marks)

- (b) When can an unpaid seller of goods exercise his right of lien over the goods under the Sale of Goods Act? Can he exercise his right of lien even if the property in goods has passed to the buyer? When such a right is terminated? Can he exercise his right even after he has obtained a decree for the price of goods from the court?

(7 Marks)

Question 5:

- (a) X, Y and Z are partners in a Partnership Firm. They were carrying their business successfully for the past several years. Spouses of X and Y fought in ladies club on their personal issue and X's wife was hurt badly. X got angry on the incident and he convinced Z to expel Y from their partnership firm. Y was expelled from partnership without any notice from X and Z. Considering the provisions of the Indian Partnership Act, 1932, state whether they can expel a partner from the firm. What are the criteria for test of good faith in such circumstances?

(5 Marks)

- (b) Ram sells 200 bales of cloth to Shyam and sends 100 bales by lorry and 100 bales by Railway. Shyam receives delivery of 100 bales sent by lorry, but before he receives the delivery of the bales sent by railway, he becomes bankrupt. Ram being still unpaid, stops the goods in transit. The official receiver, on Shyam's insolvency claims the goods. Decide the case with reference to the provisions of the Sale of Goods Act, 1930.

(5 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?

(2 Marks)

Question 6:

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

(a) Directors and their relatives	190
(b) Employees	15
(c) Ex-Employees (Shares were allotted when they were employees	10
(d) 5 couples holding shares jointly in the name of husband and wife (5*2)	10
(e) 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.

(4 Marks)

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

(4 Marks)

(c) Distinguish between right of lien and stoppage in transit?

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

A mere 14 per cent of the 58.3 million business in operations in India when the Sixth Economic Census was carried out in 2013-14 were owned by women, across formal and informal sectors in both rural and urban India. This is not a flattering statistic. A sizable number of the 8.05 million women-owned business -over 83 per cent- did not have any hired workers; the corresponding number for male-owned business was about 70 per cent. Also, on average, women-run businesses are smaller than those run by men. However, there are many shining examples of women entrepreneurs who have not only set up successful ventures but have also carved out a niche for themselves. Kiran Mazumdar Shaw is one such women entrepreneur. There are also some who gave up very successful corporate careers to turn entrepreneurs such as Falguni Nayar, a well-regarded investment banker who set up an e-commerce venture as she was turning 50 years of age. There are also the likes of Ritu Dalmia, who broke out of conservative industrialist families, to venture into the world of gourmet food and fine dining with a chain of restaurants. Each of them is trailblazer and an inspiration for others. More recently, the start-up boom in India has seen many young, professionally qualified women taking the plunge. Self-help groups and non-profit focusing on skill development in rural areas have helped women entrepreneurs bloom. Setting up a business is not easy in India. It is even tougher for a woman. A would-be woman entrepreneur has to overcome socio-cultural biases, which requires her to prioritize home and family above all else and sacrifice her own aspirations. Access to finance is that much more difficult, whether from formal banking channels or from venture capitalists. Managing a male workforce entrenched in a patriarchal society poses its own challenges. Many men are not supportive of womens' ambitions and even attempt to break their confidence. Another problem unique to women is their failure to network with business associates as easily as men. Policy interventions have tended to be sporadic, superficial or poorly thought through, like the Centre's failed experiment with a women-only bank.

However, these issues are addressable. Mentoring of women entrepreneurs by specialist in various fields can encourage women who are tentative about taking that first step. Networking platforms for women entrepreneurs can provide some support. Most of all, socio-cultural changes need to be engineered to encourage women to set up business ventures.

(5 Marks)

- (b) Change the following sentences into passive voice.

1. They will finish the work in a fortnight.
2. Why did your friend write such a message?
3. The examiner will give you instructions.

(3 Marks)

- (c) What are the language barriers in communication?

(2 Marks)

Question 8:

- (a) Write a letter of promotion for opening new branch of the XYZ Bank. **(5 Marks)**
- (b) Describe various characteristics of effective communication? **(3 Marks)**
- (c) Select the suitable antonym for the given words.
1. Abstention
 - (a) Orgy
 - (b) Binge
 - (c) Spree
 - (d) Obscure
 2. Harmony
 - (a) Hilarious
 - (b) Imbroglio
 - (c) Complexity
 - (d) Separation
- (2 Marks)**

Question 9:

- (a) Your Company is launching a new product in the next year. Prepare the minutes of the meeting for the same. Members in the meeting; Head of the Sales and Marketing, Product head, and concerned Team Member. **(5 Marks)**
- (b) What is the 'chain of command' in communication? What are its drawbacks? **(3 Marks)**
- (c) Change the following sentences into passive voice.
1. They will finish the work in a fortnight.
 2. The examiner will give you instructions.
- (2 Marks)**

Question 10:

- (a) You are Prashant Kumar/Laxmi Ahuja, a resident of Juinagar, Mumbai. You have recently come across an advertisement in Hindustan Times (News Paper) for Trainee Article in Finance at S.R. Pvt Ltd. Draft a cover letter in response to the advertisement and enclose your Curriculum Vitae. **(5 Marks)**
- (b) Select the correct meaning of the given idioms:
- (1) Face the music
 - (a) Escape from the situation
 - (b) Act violently
 - (c) Enjoy the music
 - (d) Face the challenges/ consequences
 - (2) Food for thought
 - (a) Incomplete information
 - (b) Good knowledge
 - (c) Uncensored words
 - (d) Baseless facts

- (3) Sell like hotcakes
- (a) A difficult campaign
 - (b) Controversial marketing
 - (c) Good baker
 - (d) Fast selling / in huge numbers

(3 Marks)

- (c) Explain the Star Network in the channel of communication.

(2 Marks)

Question 11:

- (a) Read the following comprehension passages and answer the following questions.

PASSAGE 1

In the present era of globalisation and liberalisation, the world has become an economic village. The globalization of the business world, the attendant structure and the regulations, which support it, as well as the development of e-commerce make it imperative to have a single globally accepted financial reporting system. Several multi-national companies are establishing their businesses in various countries with emerging economic and vice versa. The entities in emerging economies are increasingly accessing the global markets to fulfill their capital needs by getting their securities listed on the stock exchanges outside the country. Capital markets are, thus, becoming integrated consistent with this world-wide trend. More and more Indian companies are being listed on overseas stock exchanges. The use of different accounting frameworks in different countries, which requires inconsistent treatment and presentation of the same underlying economic transactions, creates confusion for users of financial statements. This confusion leads to inefficiency in capital markets across the world. Therefore, increasing complexity of business transactions and globalization of capital markets call for a single set of high-quality accounting standards.

High standards of financial reporting underpin the trust investors place in financial and non - financial information. Thus, the case for a single set of globally accepted accounting standards has prompted many countries to pursue either adoption or convergence of national accounting standards with IFRS.

International Financial Reporting Standards (IFRS) are considered a "principles-based" set of standards. In fact, they establish broad rules rather than dictating specific treatments. Every major nation is moving toward adopting them to some extent. Large number of authorities requires public companies to sue IFRS for stock-exchange listing purposes, and in addition, banks, insurance companies and stock exchanges may use them for their statutorily required reports. So ever the next few years, thousands of companies will adopt the international financial reporting standards while preparing their financial statements.

Q.1. What trends are forcing capital markets across the world for integration?

Q.2. Which creates confusion for users in financial statements?

- (a) Different accounting framework
- (b) Different capital market framework
- (c) Globalisation and business regulations
- (d) Development of e-commerce

- Q.3. Which is not considered as a 'principle-based set of standards for preparation of financial reporting?
- (a) Indian Accounting Standards
 - (b) International Accounting Standards
 - (c) International Financial Reporting Standards
 - (d) International Economic Standards

- Q.4. Which standards are taken as basis for preparing financial statements?
- (a) International Economic Standards
 - (b) International Financial Reporting Standards
 - (c) Standard Stock Exchange
 - (d) Business structures and regulations standards

- Q.5. Why there is need for single set of global financial reporting standards?

(5 Marks)

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

(3 Marks)

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

1. Indispensable
 - (a) Decisive
 - (b) Crunchy
 - (c) Responsible
 - (d) Momentary
2. Hypocrisy
 - (a) Signifier
 - (b) Cant
 - (c) Sauna
 - (d) Gunky

(2 Marks)

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