

CA Foundation

Paper 2- Business Laws

Case Studies Questions

By - CA Shantam Gupta



Question 1

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ABC Limited was registered as a public company. There were 245 members in the company. Their details are as follows:

Directors and their relatives

190

Employees x

15

Ex-employees (shares were allotted when they were employees) x

20

Others

$$10 \times 2 = 20$$

10 =

200

20

(Including 10 joint holders holding shares jointly in the name of father and son)

The Board of directors of the company propose to convert it into a private company. Advice whether reduction in the number of members is necessary for conversion.

(4 Marks)

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2 3 fact x
4 + Marks fact ✓

Question 1

Law

As per Section 2(68) of the Companies Act-2013 a private company is a company where the articles of association contain following restrictions

- (i) maximum number of members do not exceed two hundred;
- (ii) there is restriction as to transfer of shares;
- (iii) ^{cannot} invite public to subscribe to securities

Provided that,

- the employees who received shares during employment and continue to hold such shares even when employment ceases to occur shall not be included as members
- joint holders shall be counted as one.

fact

ABC limited with 245 members wishes to convert itself into a private company.

Directors	190
Ex-Employee	NA
Employees	NA
Joint holders	10
	<hr/>
	200

Conclusion

Since ABC Limited has exactly 200 members reduction in members shall not be required for the purpose of conversion.

Question 2

Ayush, who is a minor, purchased 10 fancy coats for the wedding ceremony of his sister on credit from M/s Surjewala & sons. The cost of all coats was Rs 80,000. Not even a single coat was a necessity. Ayush has assets of worth of Rs. 1,00,000. M/s Surjewala & sons file a suit against Ayush for recovery of Rs. 80,000 out of his assets. Following the provisions of Indian Contract Act, 1872, whether Ayush is liable to pay ` Rs. 80,000 to M/s Surjewala & sons?
(6 Marks)

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Question 2

213

486

Law

According to Section 11 of the Indian Contract Act any agreement with a minor is void ab initio, i.e. it is unenforceable by law, provided that Section 68 of the Indian Contract Act 1872 allows use of minor estate to recover any debt incurred towards necessity.

Fact

Surajwala & Sone' have filed a suit against a minor for recovery of a debt of 80,000 in relation to suits acquired by Ayush from him.

Conclusion

Since any agreement with a minor is void ab initio there is no claim against Ayush, since costs are not

necessity there is no claim of Surajwala and Sone against the minor.

Question 3

Samar was in search of a second-hand car. For this purpose, he approached “Car Wala 007”, a dealer in pre-owned cars. The sales manager of “Car Wala 007” showed him three cars which were standing in the parking lane just outside the office. Samar finalised red Wagon R car. After completing the documenting formalities and receiving the price of car, sales manager of “Car Wala 007” handed over the key of car to Samar. But when Samar was coming to parking area for picking the car, the electric poll fell on the car which badly damaged the car. Samar claimed that repair expenses of the car should be borne by “Car Wala 007” as car was not delivered to him. Referring to the provisions of the Sales of Goods Act 1930, state who will be liable to get the car repaired?

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(6 Marks)

Question 3

Law

According to the relevant provisions of the sales of goods act 1930, where a token of the goods is transferred from the seller to the buyer symbolic delivery is complete.

where ownership i.e. risk and rewards are transferred

the person who is the owner of such goods, irrespective

of the fact that delivery was made or not, the buyer

shall bear the risk.

fact

In the car parking lot a light pole has struck the car which has damaged the car after the keys were handed over to Samar, Carwala - 007 denied any repair claiming ownership was already transferred.

Conclusion

Carwala - 007 is correct in his approach that the damage was done after symbolic delivery of the keys was completed and hence the loss is Samar's responsibility.

Tommorrow I am going back home

So my flight is at 10:05pm

therefore there is no session

tommorrow

Frome

Question 5

HIW

Mr. Samuel agreed to purchase 100 bales of cotton from Mr. Varun, out of his large stock and sent his men to take delivery of the goods. They could pack only 60 bales. Later on, there was an accidental fire and the entire stock was destroyed including 60 bales that were already packed. Referring to the provisions of the Sale of Goods Act, 1930 explain as to who will bear the loss and to what extent?

Answer

(6 Marks)

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