

**LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034**



**B.Com. DEGREE EXAMINATION – HONOURS**

**FIRST SEMESTER – NOVEMBER 2019**

**UBH 1502 – CORPORATE AND BUSINESS LAW -1**

Date: 06-11-2019

Dept. No.

Max. : 100 Marks

Time: 09:00-12:00

**PART - A**

**Answer ALL the questions:**

**(20 X 1= 20)**

**MULTIPLE CHOICE QUESTIONS:**

- 1) An agreement is a voidable contract when it is – (a) enforceable if certain conditions are fulfilled (b) enforceable by law at the option of the aggrieved party (c) enforceable by both the parties (d) not enforceable at all.
- 2) Acceptance may be revoked by the acceptor – (a) at any time (b) before the letter of acceptance reaches the offerer (c) after the letter of acceptance reaches the offerer (d) before the death of the acceptor.
- 3) Consideration must move at the desire of – (a) the promisor (b) the promisee (c) promisor or any third party (d) both the promisor and the promisee (e) any third party.
- 4) The Case of Mohiri Bibi V. Dharmodas Ghose deal with (a) communication of offer (b) communication of acceptance (c) a minor's agreement (d) fraud (e) a lunatic's agreement.
- 5) Consent given to a contract under some misrepresentation by the other party makes the contract – (a) void (b) invalid (c) unenforceable (d) voidable.
- 6) If time and place of performance are mentioned in the contract - a) reasonable time and usual place of business apply b) any time and place apply c) place of signing contract and time mentioned in contract apply d) none of these.
- 7) Consideration is - a) benefit to promisor b) detriment or loss to promisee c) detriment to both d) all of these.
- 8) A person of unsound mind - a) can contract during periods of lucidity b) can never contract c) can have a guardian d) a and c.
- 9) burden of proof in undue influence is a) on the party making the allegations to prove relationship b) on the party making the allegations to prove undue influence c) on the party being accused to prove that there is no undue influence d) a and c.
- 10) Phillips v. Brooks is a case of - a) unilateral mistake b) lack of consideration c) illegal object d) b and c.

**STATE WHETHER THE FOLLOWING STATEMENTS ARE TRUE OR FALSE:**

- 11) Past consideration is not law in UK.
- 12) Counter offer is not a new offer but an acceptance.
- 13) A is to sing at a concert. She falls sick. Her sister who also learns music should sing instead of her to fulfil the contract.
- 14) A wagering agreement is immoral and always illegal.
- 15) Clayton's rule refers to principle of severability.
- 16) A threat to commit suicide amounts to coercion.
- 17) An Agreement in restraint of trade is not void.
- 18) A contract of insurance is a wagering agreement.
- 19) Where the debtor does not intimate, the creditor has the right to appropriate payment to a time-barred debt.
- 20) Novation means substitution of a new contract for an old one.

**PART - B**

Answer any **FOUR** questions.

**(4 X 5=20)**

21. Over a cup of coffee in a restaurant, A invites B to dinner at his house on a Sunday. B hires a taxi and reaches A's house at the appointed time, but A fails to perform his promise, can B recover any damages from A? Substantiate your answer with relevant case law
22. Explain the legal rules relating to a valid offer and acceptance.
23. What is consideration? Explain the exceptions to the rule, 'A contract without consideration is void'.
24. Who is a minor? Explain the legal rules in respect of minor's agreements.
25. 'A' applies for a tender and wins it. The government however, after accepting his tender in writing decides not to pursue the contract. What is the nature of this contract and what are the essential elements? Does A have any remedy?
26. 'S' buys a CD with content. He then accesses the content on his computer and then shares all the information on it on his website. What are types of contracts formed and what can the CD company ask for in a suit against S?

27. Describe the conditions of appropriation under Clayton's rule. Give an example.

**PART - C**

Answer any **THREE** questions.

**(3 X 20 = 60)**

28. "All contracts are agreements, but all agreements are not contract" – Discuss the statement explaining the essential elements of a valid contract.

29. A) Explain with examples the agreements that are opposed to public policy

B) State the difference between a wagering agreement and a contingent contract.

30. A is a property developer and enters into a contract with B to demolish his independent house and build 4 flats. Both agree to the terms and one of the terms says 'time is of the essence of this contract.' There is also a clause that says that if A defaults and does not complete the development within a period of 18 months, he has to pay full rent amount of what B has been paying due to his relocation due to demolition of his own property, in addition to 15% interest on the new flat's value for every month of default. A defaults.

a. Is time of the essence of this contract? Why?

b. For 2 months after having entered into contract, B could not vacate the premises and the demolition was delayed. Due to this A could not complete his development on time. Does A have any defence if B sues him for non-compliance of contract?

c. What are the modes by which contracts may be discharged? Is there discharge of this contract?

d. B has not made payment of the last two instalments as his loan has not been sanctioned. Can B sue A for specific performance?

e. Floods completely removed the sand loaded on the property, which was needed for construction and ravaged parts of the structure. Can A claim additional costs from B for rebuilding the structure? What aspect of contract law applies here?

31. A gave Rs. 10,00,000 to B, an employee, to purchase raw materials for the company, which is engaged in timber business. He then calls B aside and gives him Rs 1,00,000 extra to buy sandalwood for his personal use from the blackmarket. B gets timber for Rs. 90,00,000 and does not get the sandalwood.

a. Can A sue B? What can he claim?

b. If A after giving B the money for the raw materials calls him back and asks C instead to purchase the raw materials, what are the principles that need to apply in this case?

c. If B is a stranger to the company instead of being an employee, and B knows that the shop from where he is directed to purchase raw materials has been infested with termites and he does not say this to A but purchases the timber for 80,000, while producing a bill for Rs.10,00,000, what can A do about this? How must he argue his case?

d. While leaving A's office, B finds the gold chain that A usually wears. Instead of giving it to A he pockets it. What should be his ability and what principle must apply?

e. If B is not an employee and he gets timber for Rs.10,00,000, can he keep the 1,00,000 as compensation for his work? Explain the principle that applies in this case.