West Bengal Judicial Service (Mains) 2021

Partnership Act · optional paper

Time: 3 hours · Full marks: 100

Group A: answer all questions

1. "As a company can become a Partner in the firm, there can be a partnership between two firms" — offer your view against the statement as per Partnership Act. (20)

2. (a) State the need for registration of a firm.
(b) In the absence of a contract to the contrary how the mutual relations of partners are determined? Explain.
(c) State the circumstances in which the firm is automatically dissolved. (5+5+5=15)

3. (a) What are the needs for the determination of partnership property?
(b) What things are included in partnership property?
(c) What are rights and duties of partners after change in the Constitution of a firm? (5+5+5=15)

Group B: answer Question No. 4 and any two from the rest

4. (a) Spell out the provisions of the Indian Partnership Act, with regard to non-partnership interest.
(b) A and B two Partners carrying on a trading business in partnership under the name and style of Fortune Traders. After sometime B retired from the business, but A continues to carry on the same business under the same name. Whether the business carried on by A alone is said to be carried on in partnership as the same name is being used? Give reasons.
(c) A is the sole proprietor of a firm. He admits B as a partner on the following terms: (i) B is not to bring any capital; (ii) B is not to be responsible for any loss; (iii) B is to receive ₹3 Lakhs per annum in lieu of profit; (iv) B is not to enter any contract on behalf of the firm. Discuss the legal position of B. (10+5+5=20)

5. (a) What is a partnership deed? State its contents.
(b) A, B and C started a cloth business in Hati Bagan market on 1st January, 2018, for a period of Five Years. The business resulted in a loss of ₹10,000 in the first year, ₹15,000 in the second year and ₹18,000 in the third year. B and C wish to dissolve the firm while A wants to continue the business. Advise B and C. (10+5=15)

6. (a) Write a short note on agreement in restraint of trade in the event of dissolution of the firm.
(b) A firm of grocers dissolved partnership and sold the goodwill of their business to X, Y and Z, who are now carrying on the same business at the same address. Subsequently, the old partners P, Q and R again entered into partnership as grocers, set up a competing business next door to X, Y and Z, and solicited customers of their old firm. Advise X, Y and Z. (15)

7. (a) Discuss the settling of account of a partner upon dissolution of a firm when he becomes insolvent.
(b) Discuss the settling of account of a partner who have both firm debts and private debts.
(c) A, B and C are three partners in a firm. Their capital contributions are A - ₹20,000, B - ₹5,000 and C - ₹1,000. They share profits and losses equally. Upon dissolution it is found that realisable assets are ₹30,000 and debts payable are ₹10,000. Thus after paying the debts, assets available for partners are worth only ₹20,000 and as such there is a capital deficiency of ₹6,000. Determine the amount which each partner must contribute in this situation as prescribed under Partnership Act. (5+5+5=15)