

MOCK TEST PAPER 1

FOUNDATION COURSE

PAPER 2: BUSINESS LAWS AND BUSINESS CORRESPONDENCE AND REPORTING

SECTION A: BUSINESS LAWS

Question No. 1 is compulsory.

Answer any four questions from the remaining five questions.

QUESTIONS

1. (i) Mr. Ram Lal Birla was a big businessman of Pune City having two sons and one married daughter. He decided to gift his house to his daughter. For this purpose, he called his lawyer at his house and made a written document for such gift. The lawyer advised him to get the transfer document properly registered. When they both were going for registration of document, they met with an accident, and both of them died. Later, the daughter found the document and claimed the house on the basis of that document. Explain, whether she can get the house as gift under the Indian Contract Act, 1872?

(4 Marks)
- (ii) Articles of Association of XYZ Private Limited provides that Board of Directors can take the loan upto ₹ 50,00,000 for company by passing the Board Resolution. In the case where the loan amount is in excess of the said limit, Special Resolution is required to be passed in general meeting. Due to urgent need of funds, Board of Directors applied for loan in a reputed bank for ₹ 60,00,000 without passing the Special Resolution in the general meeting. Board of Directors gave an undertaking to bank that Special Resolution has been passed for such loan. The bank on believing on such undertaking lend the money. On demanding the repayment of loan, company denied the payment as the act was *ultra vires* to company. Advise.

(4 Marks)
- (iii) "*Nemo Dat Quod Non Habet*" – "None can give or transfer goods what he does not himself own." Explain the rule and state the cases in which the rule does not apply under the provisions of the Sale of Goods Act, 1930.

(4 Marks)
2. (i) Explain the type of contracts in the following agreements under the Indian Contract Act, 1872:
 - (a) A coolie in uniform picks up the luggage of A to be carried out of the railway station without being asked by A and A allows him to do so.
 - (b) Obligation of finder of lost goods to return them to the true owner.
 - (c) A contract with B (owner of the factory) for the supply of 10 tons of sugar, but before the supply is affected, the fire caught in the factory, and everything was destroyed.

(4 Marks)
- (ii) "To form a valid contract, consideration must be adequate". Comment.

(3 Marks)
- (iii) What is Small Limited Liability Partnership as per Limited Liability Partnership (Amendment) Act, 2021?

(5 Marks)
3. (i) Mr. A (transferor) transfer his share in a partnership firm to Mr. B (transferee). Mr. B is not entitled for few rights and privileges as Mr. A (transferor) is entitled therefor. Discuss in brief the points for which Mr. B is not entitled during continuance of partnership?

(4 Marks)
- (ii) What is Particular Partnership as per Indian Partnership Act, 1932?

(2 Marks)
- (iii) Seema was running a boutique in New Delhi. She was to deliver some cloth to her friend Kiran who was putting up an exhibition at Mumbai. Seema delivered the sewing machine and some cloth to a railway company to be delivered at a place where the exhibition was to be held. Seema

expected to earn an exceptional profit from the sales made at this exhibition however she did not bring this fact to the notice of the railway's authorities. The goods were delivered at the place after the conclusion of the exhibition. On account of such breach of contract by railways authorities, can Seema recover the loss of profits? **(6 Marks)**

4. (i) Explain the term "Delivery and its forms" under the Sale of Goods Act, 1930. **(6 Marks)**
- (ii) P & Co. is registered as a partnership firm in 2018 with A, B and P as partners dealing in sale and purchase of motor vehicles. In April 2019, A dies. Now only B and P continue the firm and same business with same firm name P & Co.

In the month of December 2019, firm felt the need of expansion of business and sharing the burden of expenditure and investment. They thought of hiring a new partner with a mutual consent with each other. Hence in December 2019, the firm took a new partner S in the firm P & Co.

The firm has supplied large amount of material to one of the clients Mr. X for business purposes. In spite of regular reminders, X failed to pay the debts due to the firm.

In January 2020, firm filed a case against X in the name and behalf of P & Co. without fresh registration. With reference to Indian Partnership Act, 1932, discuss if the suit filed by the firm is maintainable? **(6 Marks)**

5. (i) Mr. X, a retailer is running a shop dealing in toys for children. Once, he purchased from a wholesaler number of toy cars in a sale by sample. A boy came to the retailers shop to buy few toys. The retailer sold one of those toy cars to a boy. When the boy tried to play with it, it broke into pieces because of a manufacturing defect therein and the boy was injured. Mr. X, the retailer was held bound to pay compensation to the boy because the child got injured due to the defective toy in his shop. Due to this incident, the retailer in his turn sued the wholesaler to claim indemnity from him.

With reference to the provisions of Sale of Goods Act, 1930 discuss if the retailer can claim compensation from wholesaler? **(6 Marks)**

- (ii) Can a non-profit organization be registered as a company under the Companies Act, 2013? If so, what procedure does it have to adopt? **(6 Marks)**
6. (i) What is Quasi Contract? Elaborate the cases which are deemed as Quasi Contract. **(5 Marks)**
- (ii) Ms. Lucy while drafting partnership deed taken care of few important points. What are those points? She wants to know the list of information which must be part of partnership deed drafted by her. Also, give list of information to be included in partnership deed? **(4 Marks)**
- (iii) Mr. Sunny sold his business of cotton production to a cotton production company CPL Private Limited in which he held all the shares except one which was held by his wife. He is also the creditor in the company for a certain amount. He also got the insurance of the stock of cotton of CPL Private Limited but in his own name not in the name of company. After one month, all the stocks of the cotton of CPL Private Limited were destroyed by fire. Mr. Sunny filed the claim for such loss with the Insurance company. State with reasons that whether the insurance company is liable to pay the claim? **(3 Marks)**

SECTION-B: BUSINESS CORRESPONDENCE AND REPORTING

Max Marks: 40 Marks

Instructions

The Question paper comprises of 5 questions of 10 Marks each. Question 1 is compulsory. Out of 2 to 5, attempt any three.

1. (a) Read the passage below and answer the questions that follow:

Given the standing of some of its institutions of higher learning, the IITs and IIMs, India is a potential knowledge power. Realising the potential, however, is not going to be easy. The impressive strides made by Sarva Shiksha Abhiyan (SSA) notwithstanding, universal access to quality school education a minimum necessary condition for any progress towards making India a knowledge society', as the 2006 report of the National Knowledge Commission (NKC) puts it remains a distant goal.

There is yet no legislation at the national level to affirm the right to education, a fundamental right under the Constitution. The number of school buildings for elementary and secondary education falls far short of requirements and so does the number of qualified teachers. The pressure on government budgets, which forces governments to hire teachers on contract paying a pittance of a salary, is playing havoc with quality. While the incursion of the private sector in the field is providing some competition, mechanisms to enforce the required standards are lacking.

Not that there are no national standards or standards-enforcing agencies. We have the National Council for Educational Research and Training (NCERT) to bring out textbooks in various subjects for school education. The central government runs several model schools. The Central Board of Secondary Education (CBSE) conducts examinations for schools affiliated to it across the country. The states too have their school boards to conduct exams and enforce minimum standards. How even the standards vary widely. In their anxiety to show spectacular performance, some states are overly lenient in marking answer papers.

Questions arise even over the standards applied by CBSE. Going by the number of students securing 90% or more in their higher secondary exam, it would appear India is on the brink of a knowledge revolution. The numbers are so large that the cut-off point for admission to top colleges is now above 90%. However, admissions to IITs and medical colleges are not based only on CBSE or state board exam results. Leading undergraduate colleges offering non-professional degree courses hold their own admission tests. Obviously, higher secondary school results are not taken to be a reliable index of the quality of a student's learning capability or potential.

While scoring high marks or even 100 out of 100 may not be out of a good student's reach in subjects like Mathematics or Physics, it is difficult to figure out the quality of the answers that fetch 90% marks in Economics or English. The standards applied by higher secondary boards like CBSE seem to have been diluted to the point that leaves a big gap between what students learn at school and what they have to face on entering institutions of higher learning. Thriving teaching shops around the country promise to bridge that gap.

In an attempt to remedy the situation, NCERT had recently commissioned experts to rewrite textbooks on macro and microeconomics. Though not entirely free from blemishes, these new texts should go some way in helping beginners get acquainted with the basic concepts in the subject and their applications.

Not surprisingly, their introduction is facing roadblocks. Teachers do not like to be compelled to look at textbooks they are not familiar with. Those who revel in seeing students score 90% are wary of ushering in something that may stop the rush of such scores. Lastly, even teaching shops

see red as they fear loss of business if the higher secondary finalists can get their skills upgraded without buying their help.

One wonders if our Knowledge Commission is aware of these insidious impediments to India's knowledge ambitions.

1. Why is quality school education a distant goal? **(1 Mark)**
2. What is the tone of writer when he remarks: 'India is on the brink of a knowledge revolution.'
 - (a) Optimistic
 - (b) Imaginative
 - (c) Sarcastic
 - (d) Presumptuous **(1 Mark)**
3. What are some states doing for ensuring good performances? **(1 Mark)**
4. Why do teachers oppose the new textbooks? **(1 Mark)**
5. Which of the following is the meaning of the word 'stride'? **(1 Mark)**
 - (a) A long step
 - (b) Fall short
 - (c) Raise
 - (d) Fall

(b) Read the following passage

1. A good business letter is one that gets results. The best way to get results is to develop a letter that, in its appearance, style and content, conveys information efficiently. To perform this function, a business letter should be concise, clear and courteous.
2. The business letter must be concise: don't waste words. Little introduction or preliminary chat is necessary. Get to the point, make the point, and leave it. It is safe to assume that your letter is being read by a very busy person with all kinds of papers to deal with. Re-read and revise your message until the words and sentences you have used are precise. This takes time, but is a necessary part of a good business letter. A short business letter that makes its point quickly has much more impact on a reader than a long-winded, rambling exercise in creative writing. This does not mean that there is no place for style and even, on occasion, humour in the business letter. While it conveys a message in its contents, the letter also provides the reader with an impression of you, its author: the medium is part of the message.
3. The business letter must be clear. You should have a very firm idea of what you want to say, and you should let the reader know it. Use the structure of the letter — the introduction, paragraphs, topic sentences and conclusion — to guide the reader point by point from your thesis, through your reasoning, to your conclusion. Paragraph often to break up the page and to lend an air of organisation to the letter. Use an accepted business-letter format. Re-read what you have written from the point of view of someone who is seeing it for the first time and be sure that all explanations are adequate and all information is provided (including reference numbers, dates, and other identification). A clear message, clearly delivered, is the essence of business communication.
4. The business letter must be courteous. Sarcasm and insults are ineffective and can often work against you. If you are sure you are right, point that out as politely as possible, explain why you are right, and outline what the reader is expected to do about it. Another form of courtesy is taking care in your writing and typing of the business letter. Grammatical and

spelling errors (even if you call them typing errors) tell a reader that you don't think enough of him or can lower the reader's opinion of your personality faster than anything you say, no matter how silly. There are excuses for ignorance; there are no excuses for sloppiness.

5. The business letter is your custom-made representative. It speaks for you and is a permanent record of your message. It can pay big dividends on the time you invest in giving it a concise message, a clear structure, and a courteous tone.
- (i) Make notes, sub-headings, abbreviations, wherever necessary giving a suitable title. **(3 Marks)**
- (ii) Write a summary. **(2 Marks)**
2. (a) What do you understand by clarity and coherence in communication? **(2 Marks)**
- (b) (i) Choose the suitable synonym for the given word: **(1 Mark)**

Abeyance

- a. Suspension
- b. Persistence
- c. Continuation
- d. Rigid

- (ii) Choose the most suitable antonym for the given word: **(1 Mark)**

Morbid

- a. Healthy
- b. Liberal
- c. Progressive
- d. Stale

- (iii) Change the following sentence into indirect speech:

"Are you alone, my son?" asked a soft voice close behind me. **(1 Mark)**

- (c) Write a Précis and also give an appropriate title for the passage given below. **(5 Marks)**

Before the outbreak of Covid-19, with more than one billion tourists travelling to an international destination every year, tourism had become a leading economic sector, contributed 9.8% of global GDP, represented 7% of the world's total exports and provided 320 million jobs worldwide. The global pandemic, the first of its scale in a new era of interconnectedness, has put 100 million jobs at risk, many in micro, small, and medium-sized enterprises that employ a high share of women, who represent 54 percent of the tourism workforce, according to the United Nations World Tourism Organization (UNWTO). Furthermore, it has been estimated that there is a drop of international tourists of about 78%, causing a loss in export revenue of US \$ 1.2 trillion and representing the largest decline in the tourism job cuts, which is about seven times the impact of the 9/11 incident (UNWTO, 2020.) Tourism-dependent countries will likely feel the negative impacts of the crisis for much longer than other economies. Contact-intensive services key to the tourism and travel sectors are disproportionately affected by the pandemic and will continue to struggle until people feel safe to travel again. Countries dependent on tourism are grappling with how to lure back visitors while avoiding new outbreaks of Covid-19. The solutions range from wooing the ultra-rich who can quarantine on their yachts to inviting people to stay for periods of up to a year and work virtually while enjoying a tropical view.

3. (a) Is emotional awareness a necessary element of good communication? **(2 Marks)**
- (b) (i) Choose the word which best expresses the meaning of the given word. **(1 Mark)**
 Mutatis Mutandis
 (1) With the necessary changes
 (2) A way of doing something
 (3) A deadlock
 (4) Privilege entails responsibility
- (ii) Select a suitable ANTONYM for the given word **(1 Mark)**
 Impartial
 (1) Hostile
 (2) Biased
 (3) Dislike
 (4) Worried
- (iii) Change the following into indirect speech:
 Tanvi said, 'The auditions ended yesterday' **(1 Mark)**
- (c) You are XYZ, Senior Manager Administration of ABC Solutions Pvt. Ltd. Draft an enquiry letter to ASD Enterprises regarding procurement of 5 black and white and 3 colour laser printers about their price, features, warranty and servicing details. **(5 Marks)**
4. (a) Differentiate between vertical and circuit network in communication **(2 Marks)**
- (b) (i) Change the following sentence into indirect speech **(3 Marks)**
 She said, "What a beautiful scene!"
- (ii) Change the following sentence into active voice.
 What was eaten by you for lunch?
- (iii) Change the following sentence into passive voice.
 He had kept up his diet program for a month.
- (c) Write an article in about 250 words on the topic " Impact of advertisement on the Younger generation". **(5 Marks)**
5. (a) What is gender barrier in communication? **(2 Marks)**
- (b) Select the correct meaning of idioms/phrases given below:
- (i) A far cry **(1 Mark)**
 (1) Shout Loudly
 (2) Disappoint
 (3) To break silence
 (4) Very different
- (ii) To break the ice **(1 Mark)**
 (1) To hit it hard
 (2) To break something expensive
 (3) To take risky decisions

- (4) To make people comfortable
- (iii) Change the sentence into passive voice: **(1 Mark)**
He drew a sketch in the morning.
- (iv) Choose the word that best expresses the meaning of the given word: **(1 Mark)**
Repercussion
- (1) Quick reply
(2) Reconnection
(3) Remuneration
(4) Consequence
- (c) You are senior personnel of a food chain which has suffered severe losses due to the lockdown imposed in the country as a result of the virus pandemic. Prepare minutes of a meeting discussing the future plans with regards to uplifting the business. Include Director Sales and Marketing, Retail head, Supply Chain Head, Procurement Personnel and other senior members.

OR

Prepare a cover letter and detailed résumé in the functional format for a candidate applying for the post of Article Assistant in a CA firm in Karol Bagh in New Delhi.

Other inputs:

Name: Gaurav Sharma

Qualifications: Qualified CA Intermediate both groups

(4 Marks)