

**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) Ashwin goes to super market to buy a Air Conditioner. He selects a branded Air Conditioner having a price tag of ₹ 40,000 after a discount of ₹ 3000. Ashwin reaches at cash counter for making the payment, but cashier says, "Sorry sir, the discount was upto yesterday. There is no discount from today. Hence you have to pay ₹ 43,000." Ashwin got angry and insists for ₹ 40,000. State with reasons whether under Indian Contract Act, 1872, Ashwin can enforce the cashier to sell at discounted price i.e. ₹ 40,000. **(4 Marks)**
  - (ii) Mr. Mohan had purchased some goods from Sunflower Limited on credit. A credit period of one month was allowed to Mr. Mohan. Before the due date, Mr. Mohan went to the company and wanted to repay the amount due from him. He found only Mr. Ramesh there, who was the factory supervisor of the company. Mr. Ramesh told Mr. Mohan that the Accountant and the cashier are on leave, he is in-charge of receiving money and he may pay the amount to him. Mr. Ramesh issued a money receipt under his signature. After two months, Sunflower limited issued a notice to Mr. Mohan for non-payment of the dues within the stipulated period. Mr. Mohan informed the company that he had already cleared the dues and he is no more responsible for the same. He also contended that Mr. Ramesh is an employee of the company whom he had made the payment and being an outsider, he trusted the words of Mr. Ramesh as duty distribution is a job of the internal management of the company. Analyse the situation and decide whether Mr. Mohan is free from his liability. **(4 Marks)**
  - (iii) Classify the following transactions according to the types of goods they are:
    - (a) A wholesaler of cotton has 100 bales in his godown. He agrees to sell 50 bales and these bales were selected and set aside.
    - (b) A agrees to sell to B one packet of sugar out of the lot of one hundred packets lying in his shop.
    - (c) T agrees to sell to S all the apples which will be produced in his garden in the year 2023.**(4 Marks)**
2. (i) "An anticipatory breach of contract is a breach of contract occurring before the time fixed for performance has arrived". Also, discuss the effect of anticipatory breach of contracts under the Indian Contract Act, 1872. **(7 Marks)**
  - (ii) "LLP is an alternative corporate business form that gives the benefits of limited liability of a company and the flexibility of a partnership". Explain. **(5 Marks)**
3. (i) Whether a minor may be admitted in the business of a partnership firm? Explain the rights of a minor in the partnership firm. **(6 Marks)**

- (ii) Mr. Gaurav and Mr. Vikas entered into a contract on 1<sup>st</sup> July, 2022, according to which Mr. Gaurav had to supply 100 tons of sugar to Mr. Vikas at a certain price strictly within a period of 10 days of the contract. Mr. Vikas also paid an amount of ₹ 70,000 towards advance as per the terms of the above contract. The mode of transportation available between their places is roadway only. Severe flood came on 2<sup>nd</sup> July, 2022 and the only road connecting their places was damaged and could not be repaired within fifteen days. Mr. Gaurav offered to supply sugar on 20<sup>th</sup> July, 2022 for which Mr. Vikas did not agree. On 1<sup>st</sup> August, 2022, Mr. Gaurav claimed compensation of ₹ 20,000 from Mr. Vikas for refusing to accept the supply of sugar, which was not there within the purview of the contract. On the other hand, Mr. Vikas claimed for refund of ₹ 70,000, which he had paid as advance in terms of the contract. Analyse the above situation in terms of the provisions of the Indian Contract Act, 1872 and decide on Mr. Vikas contention.

**(6 Marks)**

4. (i) Explain any six circumstances in detail in which a non-owner can convey better title to the bona fide purchaser of goods for value under the Sale of Goods Act, 1930. **(6 Marks)**

- (ii) M/s ABC & Associates, a partnership firm with A, B and C as senior partners engaged in the business of curtain manufacturing and exporting to foreign countries. On 25<sup>th</sup> August, 2020, they inducted Mr. P, an expert in the field of curtain manufacturing as their partner. On 10<sup>th</sup> January 2022, Mr. P was blamed for unauthorized activities and thus expelled from the partnership by approval of all of the remaining partners.

(i) Examine whether action by the partners was justified or not?

(ii) What should have the factors to be kept in mind prior expelling a partner from the firm by other partners according to the provisions of the Indian Partnership Act, 1932? **(6 Marks)**

5. (i) Mr. Dheeraj was running a shop selling good quality washing machines. Mr. Vishal came to his shop and asked for washing machine which is suitable for washing woollen clothes. Mr. Dheeraj showed him a particular machine which Mr. Vishal liked and paid for it. Later on, when the machine was delivered at Mr. Vishal's house, it was found that it was wrong machine and also unfit for washing woollen clothes. He immediately informed Mr. Dheeraj about the delivery of wrong machine. Mr. Dheeraj refused to exchange the same, saying that the contract was complete after the delivery of washing machine and payment of price. With reference to the provisions of Sale of Goods Act, 1930, discuss whether Mr. Dheeraj is right in refusing to exchange the washing machine? **(6 Marks)**

- (ii) Mr. Rajeev, an assessee, was a wealthy man earning huge income by way of dividend and interest. He formed three Private Companies and agreed with each to hold a bloc of investment as an agent for them. The dividend and interest income received by the companies was handed back to Mr. Rajeev as a pretended loan. This way, Mr. Rajeev divided his income into three parts in a bid to reduce his tax liability.

Decide, for what purpose the three companies were established? Whether the legal personality of all the three companies may be disregarded. **(6 Marks)**

6. (i) Define consideration. State the characteristics of a valid consideration under the Indian Contract Act, 1872. **(5 Marks)**

(ii) When does dissolution of a partnership firm take place under the provisions of the Indian Partnership Act, 1932? Explain. **(4 Marks)**

(iii) Aqua 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 proposes to convert it into a private company. Also advise whether reduction in the number of members is necessary. **(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:

There are primarily three choices available to you when trying to influence people. The first is to ignore people and simply hope they will act in your best interest. You probably will agree that this is not a very practical option, as the results can neither be effective nor predictable. By ignoring other people, you are giving up any hope of influencing them and thus are surrendering yourself to the whims of fate. In effect you are saying to the world, 'I will leave you alone and, in return, I want you to do what I want', a naïve and unrealistic expectation.

The second opinion is to use coercion and force to compel others to act in the specific way you desire. The use of threats and intimidation may produce results, atleast in the short term. Fear inducing tactics however, never bring out the best in people, since people themselves, must be the driving force behind their motivation if they are to put their hearts and souls into what they are doing. Fear forces people to operate in a survival mode. They may follow your instructions and orders to the letter but seldom will they contribute any real energy or enthusiasm to their efforts.

The third option is to persuade people to do what you want them to do simply because they really want to. People will do what you want them to do willingly in direct proportion to how they see their self interest being served. So you must convince that they will receive the real benefits and rewards if they follow the path suggested by you. However, these benefits must be those that the other party wants and understands. In effect, you are offering a reward that is valued by others in exchange for a reward that is valued by you. The highest reward you can offer people is to provide them opportunities to maximize their full potential. At the end, that is what matters!

Now come ideas outside the standard defined three discussed above. The first one is this idea of 'reciprocity'. Sometimes, you want to do something for the others because they once did something special or out of the way for you. So, you intend to influence them by matching their deeds and equating the favour done. Well, this is definitely not to be taken in bad light. It's just about ensuring you give back what you receive from the others, in form of a help. Adding to this, comes the idea of 'commitment'. If you can convince someone to commit a deed and perform it consistently you are ensuring good results. The commitment made leads to a long way, of better results and productivity. Influencing the others about this aspect is not only difficult but requires self assurance and belief in the other person.

The list goes on to 'Scarcity'. The idea of an urgency to commit, perform, choose and decide as shown in advertisements is another way of influencing. You may emphasise on the shortage of time and hence the compulsion to take the next step soon. This is more done in Marketing where one needs to lure the customer into buying certain products.

Theories galore about influencing people. Management theories go deep into the psychology of the influencer and the one getting influenced. Physical attributes, environment, social conditions and the power to communicate, all play an immense role in this herculean task of influencing others!

1. Why is the first choice not a practical option?

**(1 Mark)**

2. Which of the following the meaning of the word 'coercion'?
  - (a) Likeable
  - (b) Enforcement
  - (c) Legal
  - (d) Coexist (1 Mark)
3. What is the third way of influencing people, according to the author? (1 Mark)
4. Why does fear not bring out the best in people? (1 Mark)
5. The phrase 'to the letter' in the passage means: (1 Mark)
  - (a) Effortlessly
  - (b) Meaninglessly
  - (c) Accurately
  - (d) Blatantly

(b) Read the following passage

The hopping kangaroo is a familiar sight in every snapshot relating to Australia. Members of the kangaroo family can be as small as a rat or as big as a man. Kangaroos are found mainly in Australia, Tasmania and New Guinea. Kangaroos which are big footed marsupials that evolved in Australia use their short front legs like arms. The man sized kangaroos of Australia are capable of speeding up to 88 km/hr for short distances, their means of locomotion being their powerful hind legs, which carry them over the ground in jumps of 9 metres or more at a time.

Weighing around 70 kg, they have an average life span of around 6 to 8 years and a maximum life time of 20 years. When bothered by predators, kangaroos often head for the water, standing submerged to the chest, and attempting to drown the attacker by holding him under water. Another defensive technique is to get their back to a tree and kick at their adversary with their clawed hind feet; sometimes with sufficient force to kill a man. Normally shy animals, they alert other kangaroos to danger by beating on the ground with their hind feet. This loud alarm signal carries over a long distance.

The tail is important for kangaroo. It holds them in balance and supports them when they sit or fight against other kangaroos. The kangaroo uses its short legs as arms. With them it scratches itself, cleans its furs and holds branches when it eats leaves. Kangaroos are marsupials and the females carry new borns in a pouch in front of their abdomens. The babies are born small and climb up into the safety of the pouch. There for the next 225 days or so they eat, sleep and grow. Once they reach full development, they leave the pouch. A young kangaroo that leaves the pouch is called a 'joey'. To keep from getting too hot, the kangaroos take naps in the afternoons and do most of their grazing at night but the best stay- cool secret of these creatures is the 'spit bath'! Kangaroos drool and lick saliva all over their faces and bodies to cool down.

(i) Make notes, sub-headings, abbreviations, wherever necessary giving a suitable title.

(3 Marks)

(ii) Write a summary.

(2 Marks)

2. (a) What role does 'Appearance' play in non- verbal communication? (2 Marks)
- (b) (i) Choose the suitable synonym for the word: (1 Mark)

**Adroit**

- (a) Attain

- (b) Refuse
- (c) Erupt
- (d) Skilled

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

**Refute**

- (a) Confirm
- (b) Disprove
- (c) Attribute
- (d) Shelter

(iii) Change the following sentence into direct speech:

Reema urged to call the ambulance. (1 Mark)

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

Technology is making advancements at a rapid rate but at the cost of a valued tradition—the crafts industry. The traditional crafts industry is losing a lot of its trained and skilled craftsmen. With that, the art of embellishing brass and copper utensils with fine engravings is also disappearing. The government has identified around 35 crafts as languishing crafts.

The specialty of hand crafted items is its design, an association with long traditions belonging to a specific region. The word 'handcrafted' does not imply the involvement of dexterous human fingers or an agile mind with a moving spirit anymore. Lessening drudgery, increasing production and promoting efficiency have taken precedence. The labour saving devices are taking the place of handcrafted tools and this has jeopardized the skills of these artisans. Mechanisation has made its way into everything—cutting, polishing, edging, designing etc. Ideally the use of machinery should be negligible and the handicrafts should be made purely by hand with a distinguishable artistic appeal. However, with the exception of small scale industries, the export units are mostly operated by machines. The heavily computerized designs contribute to a faster production at lower costs.

A need to highlight the importance of the handmade aspect is required by both the government and private sectors, in order to amplify awareness and also support the culture of making handicrafts. A few artisans are still trying to rejuvenate and revive their culture and heritage but it's an uphill task competing with the machine made goods. Nearly two decades ago, there were around 65 lakh artisans in the country. These artisans losing their profession is definitely a matter of concern. We as citizens of the country must stand up for them and act accordingly to promote handicrafts and offer these highly skilled artisans a means of survival.

3. (a) How does 'Perception' act as a barrier in communication? (1 Marks)

(b) (i) Choose the word which best expresses the meaning of the given word. (1 Mark)

*Ipso facto*

- (a) Not real
- (b) By the fact of it
- (c) Difficult to be proven
- (d) Cognitive ability

- (ii) Choose the word which best expresses the opposite of the given word **(1 Mark)**  
 Remorse  
 (a) Urban  
 (b) Surround  
 (c) Regret  
 (d) Happiness
- (iii) Change the following sentences into passive voice:  
 One should not give unsolicited advice. **(1 Mark)**
- (iii) Change the following into indirect speech  
 'I will do it tomorrow', Suraj said. **(1 Mark)**
- (c) You are Mr. Kamal Bhatia, Operations Manager in ABC PVT Ltd. Write an order letter to M/S Vijay Enterprises placing an order for new stationery items for your office. (You may include pens, pencils, staplers, glue bottles, A 4 white paper rims etc). Discuss the date of delivery and pricing module. **(5 Marks)**
4. (a) Differentiate between star network & wheel and spoke network in communication **(2 Marks)**
- (b) (i) Change the following sentence into indirect speech  
 The Commander said, 'Get ready soldiers, it's time for war'. **(1 Mark)**
- (ii) Change the following sentence into active voice.  
 The wooden box was made by students of class 10. **(1 Mark)**
- (iii) Change the following sentence into passive voice.  
 The teacher is teaching an important topic of Algebra. **(1 Mark)**
- (c) Write an article in about 250 words article on the topic 'Sports should be made compulsory in all schools of India'.
- Or
- Write an article in about 250 words article on the topic 'The role of students in removing illiteracy in India' **(5 Marks)**
5. (a) what is the diagonal form of communication? **(2 Marks)**
- (b) Select the correct meaning of idioms/phrases given below:
- (i) Sat on the fence **(1 Mark)**  
 (1) To be good at jumping  
 (2) To enjoy free time  
 (3) To take a decision fast  
 (4) To be undecided
- (ii) Miss the boat **(1 Mark)**  
 (1) To be too late  
 (2) To be too early  
 (3) Only a boat ride possible

- (4) Forget the point
- (iii) Change the sentence into passive voice: **(1 Mark)**  
The librarian stocked all the English literature books.
- (iv) Choose the word that best expresses the meaning of the given word: **(1 Mark)**  
Solitude
- (a) Loneliness
  - (b) Solo trip
  - (c) Simple
  - (d) Cunning
- (c) You are a senior correspondent of Tele today newspaper. Write a report using the newspaper format on landslide that recently occurred in the Tehri Garhwal region. Include details of the destruction, date, place etc.

OR

The Marketing Head of Aztech Technologies has decided to hold a meeting to announce a big number of lay-offs in the company in lieu of cost cutting. The meeting will include the presence of all Vertical and Department Heads.

Prepare minutes of a meeting. (Suggestions, freezing the recruitment, number of employees to be laid off, compensation plans etc). Also submit an ATR to the management committee.

**(4 Marks)**