

**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. (a) Mr. Murti was travelling to Manali with his wife by bus of Himalya Travels Pvt. Ltd. Due to some technical default in the bus, the driver has to stop the bus in a mid way in cold night. Driver advised the passenger to get the shelter in nearest hotel which was at a distance of only one kilometre from that place. The wife of Mr. Murti caught cold and fell ill due to being asked to get down and she had to walk in cold night to reach hotel. Mr. Murti filed the suit against Himalya Travels Pvt. Ltd. for damages for the personal inconvenience, hotel charges and medical treatment for his wife. Explain, whether Mr. Murti would get compensation for which he filed the suit? **(4 Marks)**
- (b) Rohan incorporated a "One Person Company". The memorandum of OPC indicates the name of his brother Vinod as the nominee of OPC. However, Vinod is starting his new business in abroad and needs to leave India permanently. Due to this fact, Vinod is withdrawing his consent of nomination in the said One Person Company. Taking into considerations the provisions of the Companies Act, 2013 answer the questions given below:-
  - I. If is it mandatory for Vinod to withdraw his nomination in the said OPC
  - II. Can Rohan make his 17 year old son as a nominee in such a case. **(4 Marks)**
- (c) "A breach of condition can be treated as a breach of warranty". Explain this statement as per relevant provisions of the Sale of Goods Act, 1930. **(4 Marks)**
2. (a) Explain the term Contingent Contract with reference to the Indian Contract Act, 1872 with the help of an example. Also discuss the rules relating to enforcement of a contingent contract. **(7 Marks)**
- (b) Limited Liability Partnership (LLP) gives the benefits of limited liability of a company on one hand and the flexibility of a partnership on the other. Discuss. **(5 Marks)**
3. (a) Define partnership and name the essential elements for the existence of a partnership as per the Indian Partnership Act, 1932. Explain any two such elements in detail. **(3 + 3 = 6 Marks)**
- (b) Kapil went to a departmental store to purchase a steel pan. He asked the salesman about the area in departmental store where steel pans are kept. The salesman indicated him the area with instructions that with steel pans, other metal's pans were also kept. Kapil wrongfully picked an aluminium pan in place of steel pan. The salesman watched but said nothing to Kapil. Kapil reached his house and found that pan was not a steel pan but actually an aluminium pan. Kapil filed a suit against departmental store for fraud. Discuss, whether Kapil was eligible to file suit for fraud against departmental store under Indian Contract Act, 1872? **(6 Marks)**
4. (a) Discuss the rights of an unpaid seller against the buyer under the Sales of Goods Act, 1930. **(6 Marks)**
- (b) Mr. M is one of the four partners in M/s XY Enterprises. He owes a sum of ₹ 6 crore to his friend Mr. Z which he is unable to pay on due time. So, he wants to sell his share in the firm to Mr. Z for settling the amount.

In the light of the provisions of the Indian Partnership Act, 1932, discuss each of the following:

- (i) Can Mr. M validly transfer his interest in the firm by way of sale?
- (ii) What would be the rights of the transferee (Mr. Z) in case Mr. M wants to retire from the firm after a period of 6 months from the date of transfer? **(6 Marks)**
5. (a) Sohan is a trader in selling of wheat. Binod comes to his shop and ask Sohan to show him some good quality wheat. Binod is satisfied with the quality of wheat. Sohan agrees to sell 100 bags of wheat to Binod on 10<sup>th</sup> June 2021.
- The delivery of wheat and the payment was to be made in next three months i.e. by 10<sup>th</sup> September 2021 by Binod. Before the goods are delivered to Binod, Sohan gets another customer Vikram in his shop who is ready to pay higher price for the wheat. Sohan sells the goods of Binod (which were already lying in his possession even after sale) to Vikram. Vikram has no knowledge that Sohan is not the owner of goods. With reference to Sale of Goods Act, 1930, discuss if such a sale made by Sohan to Vikram is a valid sale? **(6 Marks)**
- (b) ABC Limited was into sale and purchase of iron rods. This was the main object of the company mentioned in the Memorandum of Association. The company entered into a contract with Mr. John for some finance related work. Later on, the company repudiated the contract as being ultra vires.
- With reference to the same, briefly explain the doctrine of "ultravires" under the Companies Act, 2013. What are the consequences of ultravires acts of the company? **(6 Marks)**
6. (a) Explain what is meant by 'Supervening Impossibility' as per the Indian Contract Act, 1872 with the help of an example. What is the effect of such impossibility? **(5 Marks)**
- (b) Subject to agreement by partners, state the rules that should be observed by the partners in settling the accounts of the firm after dissolution under the provisions of the Indian Partnership Act, 1932. **(4 Marks)**
- (c) Mr. Raj formed a company with a capital of ₹ 50,000. He sold his business to another company for ₹ 40,000. For the payment of sale, he accepted shares worth ₹ 30,000 (3000 shares of ₹ 1 each). The balance 10,000 was considered as loan and Mr. Raj secured the amount by issue of debentures. His wife and three daughters took one share each. Owing to strike the company was wound up. The assets of the company were valued at ₹ 6000. The debts due to unsecured creditors were ₹ 8000.
- Mr. Raj retained the entire sum of ₹ 6000 as part payment of loan. To this, the other creditors objected. Their contention was that a man could not own any money to himself, and the entire sum of ₹ 6000 should be paid to them.
- Examine the rights of Mr. Raj and other creditors. Who will succeed? **(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:

Motivations for ruralism in the under developed countries are understandably different from those in developed countries. There, it is a sheer physical necessity for the very act of man's survival. In the Third World countries, which are predominantly rural, the only lever that can lift human life above its present subhuman level, is rural development. Rural life for such countries has been stagnating for centuries on end. Nothing worthwhile has been done to ameliorate the conditions of the rural population which is only slightly different from that of their quadruped counterparts. Ignorance, ill health and poverty have become synonyms of rural life in the undeveloped and underdeveloped countries. Probably, we need to work on these reasons and help these countries grow up their economy.

But the worst tragedy is that the concerned human populations have taken this state of affairs for granted, as something unalterable, something for which there is no remedy. Every ray of hope has gone out of their lives. There seems to be no motivation. In such countries, rural development is the inevitable condition of any material or nonmaterial advancement. Also the enlightened sections of all such countries have been taking ever growing interest in the question of rural development. This was also part of the legacy of their freedom struggle. In countries like India, it is well known that attempts at rural development were an inseparable part of the Independence movement. Leaders like Gandhi ji realised quite well that real India lived in her stagnating villages. Cities, which were mostly the products of Western colonialism, were just artificial showpieces. Even there, it was like two worlds. The posh areas, where the affluent few, mostly the products and custodians of imperial interest lived, were little islands engulfed by the vast majority of people.

- (1) What according to the author is the worst tragedy? (1 Mark)
- (2) How do you know that rural development was part of India's freedom struggle? (1 Mark)
- (3) Choose a suitable synonym for the word **ameliorate** as used in the 5<sup>th</sup> line, para 1. (1 Mark)
- (a) Worsen
- (b) Improve
- (c) Distance
- (d) Make fun of
- (4) What have become the common synonyms of rural life in the undeveloped and underdeveloped countries? (1 Mark)
- (5) 'The posh areas, where the affluent few,' what does the word '**affluent**' refer to? Explain in one line. (1 Mark)

- (b) Read the following passage

Nearly 41% of the Indian population is employed in agriculture while its contribution to the GDP is around 18% . This means that more people are engaged in agriculture and hence the per capita income decreases. In economic terms, it is known as disguised unemployment where too many people are filling too few jobs. To address this, we need to shift the excess people from agriculture to other economic activities. This will translate to job creation that will not be restricted only to large

metros but will also make the rural economy self-sufficient and resilient.

Focus on handicrafts, food-processing, MSME and skill development is required. MSME can be the backbone as well as a stepping stone towards further industrialisation. Paintings, hand-made soaps, wooden toys, and bamboo products are in huge demand both domestically and internationally as people shun toxic materials. As for the price, large scale manufacturing and supply chain management can help reduce the cost.

Migrant labour from eastern India forms the majority of industrial and agricultural labour. As a result, brain and labour drain in the source regions is affecting development. Reverse migration of labour will help regenerate agriculture in eastern India. This will require institutional as well as technological intervention. As landholdings are small, using technology in farming is not remunerative for small and marginal farmers. The Government should promote cooperative farming and consolidate landholdings.

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

**(3 Marks)**

(ii) Write a summary

**(2 Marks)**

2. (a) Define effective Communication. List at least 4 characteristics of effective communication.

**(2 Marks)**

(b) (i) Choose the suitable synonym for the given word:

**(1 Mark)**

**Robust**

(1) Rude

(2) Wise

(3) Strong

(4) Careless

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

**(1 Mark)**

**Amicable**

(1) Hostile

(2) Regretful

(3) Capable

(4) Delicate

(iii) Change the following sentence into indirect speech:

The lawyer said to the accused, 'You should speak the truth'.

**(1 Mark)**

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

**(5 marks)**

Speech is a great blessing but it can also be a great curse for while it helps us to make our intentions and desires known to our fellows, it can also, if we use it carelessly, make our attitude completely misunderstood. A slip of the tongue, the use of an unusual word, or of an ambiguous word, and so on, may create an enemy where we had hoped to win a friend.

Again, different classes of people use different vocabularies, and the ordinary speech of an educated man may strike an uneducated listener as pompous. Unwittingly, we may use a word which bears a different meaning to our listener from what it does to men of our own class. Thus, speech is not a gift to use lightly without thought, but one which demands careful handling. Only a fool will express alike to all kinds and conditions of men.

3. (a) What are the barriers in communication? **(2 Marks)**  
(b) (i) Choose the word which best expresses the meaning of the given word. **(1 Mark)**

**Catastrophe**

- (1) Relevance  
(2) Special  
(3) Disaster  
(4) Award

- (ii) Choose the word which best expresses the meaning of the given word **(1 Mark)**

**Ameliorate**

- (1) Condemn  
(2) Improve  
(3) Mix  
(4) Rescue

- (iii) Change the following into indirect speech:

Mother said to Raju, 'Would you come to the shop with me?' **(1 Mark)**

- (c) You are a student of Vidyamandir Public School. Your School hosted a literary festival where other schools of the city also participated. Events included debates, storytelling, essay writing etc. Draft a report stating the details of the events to be published in the School Literary magazine.

**(5 Marks)**

4. (a) Discuss Formal Communication and its types. **(2 Marks)**  
(b) (i) Change the following sentence into indirect speech **(3 Marks)**

*Rashmi said, 'These grapes look sweet'*

- (ii) Change the following sentence into active voice.

*Raja Rao will be crowned the king by the people.*

- (iii) Change the following sentence into passive voice.

*Will you accept this offer?*

- (c) As the Head of the Human Resource (Amit/Amita Khurana) at Surya Private limited, draft a circular informing all HR personnel of your organization to attend a meeting late evening to discuss the visit of Managing Director in the company and give necessary suggestions to plan his itinerary.

**OR**

You are Raghav/Rashmi, Senior Manager, Aztec Technologies. Write a formal e-mail to Mr. Ajay Khanna informing him about his selection for 'Associate Consultant'.

**(5 Marks)**

5. (a) Explain the term 'chain of command' in communication. **(2 Marks)**  
(b) Select the correct meaning of idioms/phrases given below:

- (i) Comparing oranges to apples **(1 Mark)**

- (1) Disliking everything  
(2) Comparing two different things that cannot be compared

- (3) To give incorrect answers  
(4) Inability to work
- (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)  
A little lamb is following Mary.
- (iv) Choose the word that best expresses the meaning of the given word: (1 Mark)  
**Retaliate**  
(1) Allow  
(2) Withdraw  
(3) Strike back  
(4) Remove
- (c) You are Krishna/Kaveri, sales Head of New Zone Machinery, Hyderabad. You wish to thank Agro Associates, Vijaywada for giving you a bulk order for agriculture machinery. Write a formal letter dated 13<sup>th</sup> April 2022, addressed to Manager, Accounts department. Include a list of items to be delivered. (Trolley pump, Seed drill, Mini sprayer, Trailer sprayer) (4 Marks)