

MOCK TEST PAPER 2

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. Harish was travelling to Shimla 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. The driver advised the passengers to get to the shelter in the nearest hotel which was at a distance of only one kilometer from that place. The wife of Mr. Harish caught cold and fell ill due to being asked to get down and she had to walk in cold night to reach hotel. Mr. Harish 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. Harish would get compensation for which he filed the suit under the Indian Contract Act, 1872? **(4 Marks)**
- (b) A company registered under section 8 of the Companies Act, 2013, earned huge profit during the financial year ended on 31st March, 2023 due to some favorable policies declared by the Government of India and implemented by the company. Considering the development, some members of the company wanted the company to distribute dividends to the members of the company. They approached you to advise them about the maximum amount of dividend that can be declared by the company as per the provisions of the Companies Act, 2013. **(4 Marks)**
- (c) Distinguish between a 'Condition' and a 'Warranty' in a contract of sale. When shall a 'breach of condition' be treated as 'breach of warranty' under the provisions of the Sale of Goods Act, 1930? Explain. **(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) Enumerate the circumstances in which Limited Liability Partnership (LLP) may be wound up by Tribunal under the LLP Act, 2008. **(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. **(6 Marks)**
- (b) Pradeep sells by auction to Rakesh a horse which Pradeep knows to be unsound. The horse appears to be sound, but Pradeep knows about the unsoundness of the horse. Is this contract valid in the following circumstances:
 - (i) If Pradeep says nothing about the unsoundness of the horse to Rakesh.
 - (ii) If Pradeep says nothing about it to Rakesh who is Pradeep's son.
 - (iii) If Rakesh says to Pradeep "If you do not deny it, I shall assume that the horse is sound." Pradeep says nothing. **(3 Marks)**
- (c) Rahul induced Neeraj to buy his motorcycle saying that it was in a very good condition. After taking the motorcycle, Neeraj complained that there were many defects in the motorcycle. Rahul proposed to get it repaired and promised to pay 45% of the cost of repairs. After a few days, the motorcycle

did not work at all. Now Neeraj wants to rescind the contract. Decide giving reasons under the provisions of Indian Contract Act, 1872. **(3 Marks)**

4. (a) "*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. **(6 Marks)**

- (b) Mr. Naresh is one of the four partners in M/s XY Enterprises. He owes a sum of ₹ 6 crore to his friend Mr. Akash which he is unable to pay on due time. So, he wants to sell his share in the firm to Mr. Akash for settling the amount.

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

- (i) Can Mr. Naresh validly transfer his interest in the firm by way of sale?
(ii) What would be the rights of the transferee (Mr. Akash) in case Mr. Naresh wants to retire from the firm after a period of 6 months from the date of transfer? **(6 Marks)**

5. (a) Mr. Shekharan sells 100 bags of cement to Mr. Raghwan for cash and consigns goods to him through railways. He also sends the railway receipt to Mr. Raghwan. When the goods were in transit, Mr. Raghwan becomes insolvent and Mr. Raghwan sells the said goods to Mr. Ravi by assigning the railway receipt to Mr. Ravi who has no idea about the insolvency of Mr. Raghwan. Mr. Shekharan who is being unpaid seller wants to exercise his right to stoppage in transit.

- (a) State with reason, can Mr. Shekharan do so under the Sale of Goods Act, 1930?
(b) Whether your answer would be same if Mr. Ravi have knowledge of Mr. Raghwan's insolvency at the time of buying the goods? **(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 ₹ 5,00,000. He sold his business to another company for ₹ 4,00,000. For the payment of sale, he accepted shares worth ₹ 3,00,000 (30,000 shares of ₹10 each). The balance 1,00,000 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 ₹ 60,000. The debts due to unsecured creditors were ₹ 80,000.

Mr. Raj retained the entire sum of ₹ 60,000 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 ₹ 60,000 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 and answer the questions that follow

Time and again we see that not only does our mean life expectancy keep increasing, but also that this linear increase means that all predictions of our maximum life expectancy so far have turned out to be gross underestimates. Today, citizens in developed countries can easily expect to live beyond the age of 75 years, 81 for women but if we take this trend as an indication, they will probably reach an even higher age. This ongoing demographic trend is caused by an incremental decrease in the probability of disease, disability and death at old age. Because the number of births is decreasing, old people constitute the fastest growing segment of developed countries' populations. This trend not only has repercussions for individuals or families that today can easily span four generations, but also has serious implications for our affluent societies. Ever ageing populations are already creating concerns, and ongoing debates, about the future of retirement funds, health care and regulations of the labour market, such as age of retirement. To deal with these social problems and make predictions about the future of populations, it is necessary to understand the biological reasons behind this demographic trend towards higher life expectancy.

In most countries, the increase in the gross national product and increase in mean life expectancy are closely linked, illustrating that higher life expectancy is caused by an improvement of the environmental conditions in which we live. Starting at about the second half of the 11th century, although at different time points for various nations, child mortality decreased markedly as mortality from famine and disease decreased to a minimum. However, if improved environmental conditions affected only the young, we would expect the increase in life expectancy to level off at some point. This expectation clearly does not match the steady, linear increase in life expectancy that has been observed since 1840 and there is no sign that it will slow down soon. The abundant resources that have helped to overcome child mortality have also led to better survival at middle age and old age. This can be best illustrated with the impressive decrease in death from coronary heart disease, although again this has occurred at different pace in different countries.

But not only can we expect to live increasingly to the maximum of human lifespan, the maximum itself keeps increasing. In fact, this trend has accelerated over the past few decades, with the record set by a French woman who lived to the age of 122 year. The demographic data suggests that the limit of our biological design has not yet been reached. It is a tantalizing question, then, how our bodies manage to keep up as we continuously challenge the end of life - why is it that we still live longer?

- (1) According to the demographic data,

- (a) The segment of young people is continuously growing
- (b) Governments now have to factor in the increasing percentage of old people while devising policies.
- (c) French people are benchmarks for the whole world
- (d) The ever increasing mean life expectancy shows that the human body is able to continuously defy the upper age limit.

(1 Mark)

(2) What shows the higher life expectancy is caused by an improvement of the environmental conditions? **(1 Mark)**

(3) Which of the following best describes the word 'tantalizing' as used in the 3rd paragraph:

- (a) Alluring
- (b) Simple
- (c) Monotonous
- (d) Useless

(1 Mark)

(4) Why is it necessary to understand the biological reasons behind the demographic trend towards higher life expectancy? **(1 Mark)**

(5) What does a decrease in death from coronary heart diseases suggest, according to the author? **(1 Mark)**

(b) Read the following passage

Bonsai is thought to be a certain type of tree that, through genetics, remained small while still resembling a larger mature tree. However, it is an art form that needs specialized skills and interest. The word bonsai is a Japanese expression that literally translates to "tray planting." The name may seem mundane, but the true beauty and joy behind the idea of bonsai is found in trying and attempting to perfect the craft. Bonsai is the art of growing certain trees and shrubs, of many varieties, in small, shallow containers. It is through careful and precise training and pruning, that the plant is slowly shaped and manipulated to give the appearance of an older, mature tree. The tree takes on a shape that is more in tune with how a tree would look growing out in nature. Training a growing tree or shrub into a desired shape over several years takes a calm patience, with every aspect being well thought out and every action precise and deliberate.

Several species of plants are suitable for growing in the bonsai fashion, including citrus trees, jade plants, many fig trees, some pine trees, juniper trees and even culinary herbs such as rosemary and basil, just to name a few. The plants can be obtained in several ways. Most can be started from seed or cloned by rooting cuttings from a growing plant (not the easiest routes). Experienced bonsai growers will often buy young plants from a nursery grower. These trees or shrubs will still have their young natural look, allowing the grower to take complete creative control over the subject and to train or prune it however they feel fit. However, for the beginner bonsai enthusiast, it may be easiest to purchase a "pre-started" plant from a reputable bonsai purveyor. These plants are usually moderately trained or trimmed and may come in a bonsai style pot, often adorned with rocks or little Japanese figurines that add to the overall aesthetic value of the bonsai tree. Pre-started bonsai plants are a great way to begin learning bonsai. Although the plants are already pruned and slightly trained, the grower can still create any unique shape desired as it grows. And the fact that the plant has already been introduced to its future bonsai destiny helps to serve as an excellent starting point for any aspiring bonsai grower.

(i) Make notes, sub-heading, abbreviations, wherever necessary giving a suitable title. **(3 Marks)**

(ii) Write a summary **(2 Marks)**

2. (a) Why is 'listening' an essential part of oral communication? **(2 Marks)**

(b) (i) Choose the suitable synonym for the word: **(1 Mark)**

Veracity

a. Truthful

- b. Voluminous
- c. Arrogance
- d. Skilled

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

Dwindle

- a. Confused
- b. Remove
- c. Expand
- d. Forgive

(iii) Change the following sentence into direct speech (1 Mark)

Arun said that he had visited all the continents.

(c) Write a Précis and also give a suitable title to the passage given below (5 Marks)

During our growing up years we as children were taught both at home and school - to worship the photos and idols of the gods of our respective religions. When we grow a little older, we were to read holy books as there were a lot of life lessons to be learnt from them. We were introduced to stories from our mythologies which taught us about ethics and mortality—what is good and what is bad. We also learnt to be respectful towards parents, teachers and a responsible citizen.

Much later, it is realized that though we learn much from our respective holy books, there is a lot to learn from our surroundings. This realization dawns when one enquires and explores. Everything around us- the sun, the moon, the stars, the rain, stones, birds, rocks, plants and animals – all teach us many valuable life lessons.

No wonder that besides the scriptures in many cultures nature is also worshipped. The message that we get is to save our environment and maintain ecological balance. People are taught to live in harmony with nature and recognizes that there is God in all aspects of nature.

Nature is a great teacher. A river never stops flowing. If it finds an obstacle in its way in the form of a heavy rock, the river water fights to remove it from its path or finds an alternative path to move ahead. This teaches us to be progressive in life, and keep the fighting spirit alive.

Snakes are worshipped as they eat insects in the field that can hurt our crops, thus protecting the grains for us. In fact, whatever we worship is our helper and makes our lives easy for us. There are many such examples in nature, but we are not ready to learn a lesson. Overcome with greed, we are destroying nature. As a result we face natural disasters like drought, flood and landslides. We don't know that nature is angry.

However, it is never too late to learn. If we learn to respect nature the quality of our life will improve.

3. (a) What is attitude barrier and how to overcome it? (2 Marks)

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

Per capita

- (1) Capital income
- (2) As a rule
- (3) By head

- (4) State wise
- (ii) Choose the option which best expresses the opposite meaning of the word **Imminent** (1 Mark)
- (1) Old
- (2) Renowned
- (3) Far
- (4) Nearing
- (iii) Change the following into indirect speech (1 Mark)
- Mridula said to her mother, 'I want to become a doctor'.
- (c) You are Mr. Ajay Kumar, Founder and Head of Education Services coaching Institute based in Chennai. Write a Complaint letter to M/S Furniture World, T. Nagar, Chennai for the poor quality of furniture items sent to you against your order. You may include that pieces were defected and lacked quality. (5 Marks)
4. (a) Differentiate between formal and informal communication (2 Marks)
- (b) (i) Change the following sentence into indirect speech (3 Marks)
- Sumita said, 'Children, quickly make a queue'.
- (ii) Change the following sentence into active voice
- The research thesis was submitted by students of the final year.
- Change the following sentence into passive voice
- Students are requesting extra classes in Accounts subject.
- (c) Write a 250 words article on the topic 'The increasing dependency on Artificial Intelligence and its impact'.

OR

- Write a 250 words article on the topic 'The increasing number of juvenile crimes in India and how to control them'. (5 Marks)
5. (a) What is the vertical and horizontal form of communication? (2 Marks)
- (b) Select the correct meaning of the following idiom/phrase (2 Marks)
- (i) Bolt from the blue
- (1) Scolding from elders
- (2) Doing something unwanted
- (3) Something happens without warning
- (4) Replying without thinking
- (ii) A fish outside water
- (1) To avoid people
- (2) To be in an uncomfortable situation
- (3) Understand things easily
- (4) Stay active always

(iii) Change the sentence into passive voice **(1 Mark)**

The watchman took five rounds of the museum at night.

(iv) Choose the word that best expresses the meaning of the given word **(1 Mark)**

Quest

(1) Question

(2) Garden

(3) Hunt

(4) Riverside

- (c) You are a senior member of the sales team. Write a report using the official report format proposing to conduct cleanliness drives and health related campaigns in the office premises, references to cost can be made.

OR

Prepare a cover letter and detailed résumé in the functional format for a candidate applying for the post of Junior Translator in DFG Publishing Pvt. Ltd, Darya Ganj New Delhi.

Other inputs: Name:

Mohit Garg

Experience:

6 months as Trainee in ABC Publication

(4 Marks)