

MOCK TEST PAPER  
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) X, Y and Z jointly borrowed ₹ 1,50,000 from A. The whole amount was repaid to A by Y. Decide in the light of the Indian Contract Act, 1872 whether:
  - (a) Y can recover the contribution from X and Z,
  - (b) Legal representatives of X are liable in case of death of X,
  - (c) Y can recover the contribution from the assets, in case Z becomes insolvent. **(4 Marks)**
- (ii) PQR Private Ltd. is a company registered under the Companies Act, 2013 with a Paid Up Share Capital of ₹ 40 lakh and turnover of ₹ 2.5 crores. Explain the meaning of the "Small Company" and examine whether the PQR Private Ltd. can avail the status of small company in accordance with the provisions of the Companies Act, 2013. **(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 this year. **(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 on contracts. **(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) Ms. Lucy while drafting partnership deed taken care of few important points. What are those points? Also, give list of information to be included in partnership deed? **(6 Marks)**
- (ii) Vikas, aged 16 years, was studying in an engineering college. On 1<sup>st</sup> March, 2019 he took a loan of ₹ 2 lakhs from Rahul for the payment of his college fee and agreed to pay by 30<sup>th</sup> May, 2020. Vikas possesses assets worth ₹ 15 lakhs. On due date, Vikas fails to pay back the loan to Rahul. Rahul now wants to recover the loan from Vikas out of his assets. Decide whether Rahul would succeed referring to the provisions of the Indian Contract Act, 1872. **(6 Marks)**
4. (i) "*Nemo Dat Quod Non Habet*" – "None can give or transfer goods what he does not himself own." State the cases in which the rule does not apply under the provisions of the Sale of Goods Act, 1930. **(6 Marks)**

- (ii) M/s XYZ & Associates, a partnership firm with X, Y and Z as senior partners were engaged in the business of carpet manufacturing and exporting to foreign countries. On 25<sup>th</sup> August, 2018, they inducted Mr. G, an expert in the field of carpet manufacturing as their partner. On 10<sup>th</sup> January 2020, Mr. G was blamed for unauthorized activities and thus expelled from the partnership by approval of all of the other 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) A, who is an agent of a buyer, had obtained the goods from the Railway Authorities and loaded the goods on his truck. In the meantime, the Railway Authorities received a notice from B, the seller for stopping the goods in transit as the buyer has become insolvent. Referring to the provisions of Sale of Goods Act, 1930, decide whether the Railway Authorities can stop the goods in transit as instructed by the seller? **(6 Marks)**
- (ii) The Articles of Association of Sound Syndicate Ltd., a public company, empowers the managing agents to borrow both short and long term loans on behalf of the company. Mr. Liddle, the director of the company, approached Easy Finance Ltd., a non banking finance company for a loan of ₹ 25,00,000 in name of the company.
- The Lender agreed and provided the above said loan. Later on, Sound Syndicate Ltd. refused to repay the money borrowed on the pretext that no resolution authorizing such loan have been actually passed by the company and the lender should have enquired about the same prior providing such loan hence company not liable to pay such loan.
- Analyse the above situation in terms of the provisions of Doctrine of Indoor Management under the Companies Act, 2013 and examine whether the contention of Sound Syndicate Ltd. is correct or not? **(6 Marks)**
6. (i) Explain the meaning of 'Contingent Contracts' and state the rules relating to such contracts. **(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) Examine the following whether they are correct or incorrect along with reasons:
- (a) A company being an artificial person cannot own property and cannot sue or be sued.
- (b) A private limited company must have a minimum of two members, while a public limited company must have at least seven members. **(3 Marks)**

## PAPER 2: SECTION-B: BUSINESS CORRESPONDENCE AND REPORTING

*The Question Paper comprises of 5 questions of 10 marks each.*

*Question No. 1 is compulsory. Out of questions 2 to 5, attempt any **three**.*

**Total Marks: 40**

1. (a) Read the passage carefully and answer the questions that follow:
  1. 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.
  2. 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.
  3. 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.
  4. 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.
  5. It is not difficult to see why. In the CBSE class XII exam., the number of successful candidates securing more than 90% in economics this year turned out to be over 8000 in the Delhi region alone; in English it was above 9000. The numbers seem to be growing every year. If the country produces so many children who attain high levels of performance even before graduation, we can expect India to produce Amartya Sens by the dozens.
  6. 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.

7. 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.
  8. 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.
  9. 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?
  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
  3. What are some states doing for ensuring good performances?
  4. Why do teachers oppose the new textbooks?
  5. Which of the following is the meaning of the word 'stride'?
    - (a) A long step
    - (b) Fall short
    - (c) Raise
    - (d) Fall
- (b) Read the passage given below.
- (i) Make notes, using headings, sub-headings, and abbreviations wherever necessary. **(3 Marks)**
  - (ii) Write summary. **(2 Marks)**

Effective speaking depends on effective listening. It takes energy to concentrate on hearing and to concentrate on understanding what has been heard. Incompetent listeners fail in a number of ways. First, they may drift. Their attention drifts from what the speaker is saying. Second, they may counter. They find counter-arguments to whatever a speaker may be saying. Third, they compete. Then, they filter. They exclude from their understanding those parts of the message which do not readily fit with their own frame of reference. Finally, they react. They let personal feelings about a speaker or subject override the significance of the message which is being sent.

What can a listener do to be more effective? The first key to effective listening is the art of concentration. If a listener positively wishes to concentrate on receiving a message his chances of success are high.

It may need determination. Some speakers are difficult to follow, either because of voice problems or because of the form in which they send a message. There is then a particular need for the determination of a listener to concentrate on what is being said.

Concentration is helped by alertness. Mental alertness is helped by physical alertness. It is not simply physical fitness, but also positioning of the body, the limbs and the head. Some people also find it helpful to their concentration if they hold the head slightly to one side. One useful way for achieving this is intensive note-taking, by trying to capture the critical headings and sub-headings the speaker is referring to.

Note-taking has been recommended as an aid to the listener. It also helps the speaker. It gives him confidence when he sees that listeners are sufficiently interested to take notes; the patterns of eye-contact when the note-taker looks up can be very positive; and the speaker's timing is aided-he can see when a note-taker is writing hard and can then make effective use of pauses.

Posture too is important. Consider the impact made by a less competent listener who pushes his chair backwards and slouches. An upright posture helps a listener's concentration. At the same time it is seen by the speaker to be a positive feature amongst his listeners. Effective listening skills have an impact on both the listener and the speaker.

2. (a) What do you understand by clarity and coherence in communication? **(1 Mark)**

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

Abeyance

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

(ii) Select a suitable antonym for the word given in question. **(1 Mark)**

Morbid

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

(iii) Change the following sentences into passive voice. **(1 Mark)**

She has preserved all the old letters of her dead lover.

(iv) Change the following sentences to indirect speech. **(1 Mark)**

Pinki said to Gaurav, "Will you help me in my work just now?"

(c) Write a précis and give appropriate title to the passage given below. **(5 Marks)**

There is an enemy beneath our feet - an enemy more deadly for his complete impartiality. He recognizes no national boundaries, no political parties. Everyone in the world is threatened by him. The enemy is the earth itself. When an earthquake strikes, the world trembles. The power of a quake is greater than anything man himself can produce. But today scientists are directing a great deal of their effort into finding some way of combating earthquakes, and it is possible that at some time in the near future mankind will have discovered a means of protecting itself from earthquakes. An earthquake strikes without warning. When it does, its power is immense. If it strikes a modern city, the damage it causes is as great as if it has struck a primitive village.

Gas mains burst, explosions are caused and fires are started. Underground railways are wrecked. Buildings collapse, bridges fall, dams burst, gaping crevices appear in busy streets. If the quake strikes at sea, huge tidal waves sweep inland. If it strikes in mountain regions, avalanches roar down into the valley. Consider the terrifying statistics from the past 1755: Lisbon, capital of Portugal - the city destroyed entirely and 450 killed. 1970: Peru: 50,000 killed. In 1968 an earthquake struck Alaska. As this is a relatively underpopulated part, only a few people were killed. But it is likely that this was one of the most powerful quakes ever to have hit the world. Geologists estimate that during the tremors, the whole of the state moved over 80 feet farther west into the Pacific Ocean. Imagine the power of something that can move an entire subcontinent! This is the problem that the scientists face. They are dealing with forces so immense that man cannot hope to resist them. All that can be done is to try to pinpoint just where the earthquake will strike and work from there. At least some precautionary measures can then be taken to save lives and some of the property.

3. (a) What do you understand by visual communication? **(1 Mark)**
- (b) (i) Choose the word which best expresses the meaning of the given word.  
Yokel
- a. Intrigue
  - b. Simple-minded
  - c. Victorious
  - d. Noise **(1 Mark)**
- (ii) Choose appropriate words to fill the blank: **(1 Mark)**  
The woman \_\_\_\_\_ my house was a criminal.
- a. to whom I sold
  - b. to whom I sell
  - c. to whom I sold
  - d. to who I sold
- (iii) Change the following sentences into passive voice: **(1 Mark)**  
I keep the butter in the fridge.
- (iv) Change the following sentence to indirect speech. **(1 Mark)**  
"Are you alone, my son?" asked a soft voice close behind me.
- (c) You are XYZ, Senior Manager Administration of ABC Solutions Pvt. Ltd. Draft an enquiry letter to ASD Enterprises regarding procurement of laser printers **5 b/w and 3 color** about their price, features, warranty and servicing details. **(5 Mark)**
4. (a) Differentiate between vertical and horizontal communication. **(2 Marks)**
- (b) (i) Select the suitable antonym for the given word: **(1 Mark)**  
Ecstasy
- a. Hate
  - b. Agony
  - c. Languor
  - d. Fatigue

- (ii) Rewrite the following sentence in passive voice: (1 Mark)  
He had kept up his diet program for a month.
- (iii) Change the following sentence into Indirect speech. (1 Mark)  
She said, "What a beautiful scene!"
- (c) Write an Article of about 250-300 words on the topic 'Atmanirbhar Bharat'. (5 Marks)

**Or**

Write a report on 'Current Covid situation in your City' in 250-300 words.

5. (a) What is gender barrier in communication? (2 Marks)
- (b) (i) Select the correct meaning of the idioms/phrases given below. (1 Mark)
1. By leaps and bounds
    - a) very fast
    - b) very slow
    - c) in details
    - d) aimlessly
  2. Lions share (1 Mark)
    - a) look angrily
    - b) major share
    - c) minor share
    - d) heart of the prey
- (ii) Change the following sentence into Indirect speech. (1 Mark)  
She said to her, "Why didn't you go today?"
- (c) You are a 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. (5 Marks)

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