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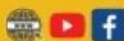
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<b>LAW MTP</b>	<b>Pg. No. (SEE TOP OF EVERY PAGE)</b>
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## MOCK TEST PAPER 1

### PAPER 2A: BUSINESS LAWS

Question No. 1 is compulsory.

Answer any **four** questions from the remaining **five** questions.

Wherever necessary, suitable assumptions should be made and disclosed by way of note forming part of the answer.

Working Notes should form part of the answer.

Total Marks: 60

### QUESTIONS

1. (a) Point out with reason whether the following agreements are valid or void: **TICA**
- (i) Riya promises Samarth to lend Rs. 500,000 in lieu of consideration that Samarth gets Riya's marriage dissolved and he himself marries her.
  - (ii) Aryan agrees with Mathew to sell his black horse. Unknown to both the parties, the horse was dead at the time of agreement.
  - (iii) Ravi sells the goodwill of his shop to Shyam for Rs. 4,00,000 and promises not to carry on such business forever and anywhere in India.
  - (iv) In an agreement between Prakash and Girish, there is a condition that they will not institute legal proceedings against each other without consent. **(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, 2019 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)** **CA**
- (c) What is meant by delivery of goods under the Sale of Goods Act, 1930? State various modes of delivery. **(4 Marks)** **SOGA**
2. (a) "An anticipatory breach of contract is a breach of contract occurring before the time fixed for performance has arrived". Explain the statement and also the effect of anticipatory breach on contracts. **(7 Marks)** **TICA**
- (b) What do you mean by Designated Partner? Whether it is mandatory to appoint Designated partner in a LLP? **(5 Marks)** **LLP**
3. (a) Distinguish between Partnership vs. Hindu Undivided Family. Write any two points. **(2 Marks)** **TIPA**
- (b) What are the consequences of Non-Registration of a Partnership Firm? Discuss. **(4 Marks)** **TIPA**
- (c) Evergreen Ltd., contracts with Shakti Traders to make and deliver certain machinery to them by 30<sup>th</sup> June, 2004 for Rs. 11.50 lakhs. Due to labour strike, Evergreen Ltd. could not manufacture and deliver the machinery to Shakti Traders. Later, Shakti Traders procured the machinery from another manufacturer for Rs.12.75 lakhs. Shakti Traders was also prevented from performing a contract which it had made with Xylo Traders at the time of their contract with Evergreen Ltd. and were compelled to pay compensation for breach of contract. Advise Shakti Traders the amount of **CA**

compensation which it can claim from Evergreen Ltd., referring to the legal provisions of the Indian Contract Act, 1872. **(6 Marks)**

4. (a) What do you understand by the term “unpaid seller” under the Sale of Goods Act, 1930? When can an unpaid seller exercise the right of stoppage of goods in transit? **(6 Marks)** SOGA

- (b) Mahesh, Suresh and Dinesh are partners in a trading firm. Mahesh, without the knowledge or consent of Suresh and Dinesh borrows himself Rs. 50,000 from Ramesh, a customer of the firm, in the name of the firm. Mahesh, then buys some goods for his personal use with that borrowed money. Can Mr. Ramesh hold Mr. Suresh & Mr. Dinesh liable for the loan? Explain the relevant provisions of the Indian Partnership Act, 1932. **(6 Marks)** TIPA

5. (a) Mr. G sold some goods to Mr. H for certain price by issue of an invoice, but payment in respect of the same was not received on that day. The goods were packed and lying in the godown of Mr. G. The goods were inspected by H's agent and were found to be in order. Later on, the dues of the goods were settled in cash. Just after receiving cash, Mr. G asked Mr. H that goods should be taken away from his godown to enable him to store other goods purchased by him. After one day, since Mr. H did not take delivery of the goods, Mr. G kept the goods out of the godown in an open space. Due to rain, some goods were damaged. SOGA

Referring to the provisions of the Sale of Goods Act, 1930, analyse the above situation and decide who will be held responsible for the above damage. Will your answer be different, if the dues were not settled in cash and are still pending? **(6 Marks)**

- (b) Define OPC (One Person Company) and state the rules regarding its membership. Can it be converted into a non-profit company under Section 8 or a private company? **(6 Marks)** CA
6. (a) “To form a valid contract, consideration must be adequate”. Comment. **(5 Marks)**
- (b) What is the conclusive evidence of partnership? State the circumstances when partnership is not considered between two or more parties. **(4 Marks)** TIPA
- (c) Mr. X had purchased some goods from M/s ABC Limited on credit. A credit period of one month was allowed to Mr. X. Before the due date Mr. X went to the company and wanted to repay the amount due from him. He found only Mr. Z there, who was the factory supervisor of the company. Mr. Z told Mr. X that the accountant and the cashier were on leave, he is in-charge of receiving money and he may pay the amount to him. Mr. Z issued a money receipt under his signature. After two months M/s ABC Limited issued a notice to Mr. X for non-payment of the dues within the stipulated period. Mr. X informed the company that he had already cleared the dues and he is no more responsible for the same. He also contended that Mr. Z is an employee of the company to whom he had made the payment and being an outsider, he trusted the words of Mr. Z as duty distribution is a job of the internal management of the company. CA

Analyse the situation and decide whether Mr. X is free from his liability. **(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**

### Instructions

**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**.**

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

Cybercrime is a crime which happens online or primarily online. Cybercriminals commit crimes by targeting computer networks or devices. One of the most common methods is by hacking. Other cybercrimes include cyber-stalking, child sexual exploitation, harassment and bullying. Hacking means violating IT (Information Technology) Act, and intervening into a computer, or a network system for specific goals, such as stealing money, gaining fame, stealing of confidential data etc. or to exploit someone. The person involved in hacking purpose is known as hacker. Hacker are categorised into three types: (i) White Hat hacker, (ii) Black Hat hacker and (iii) Grey Hat hacker.

White Hat hackers are also known as ethical hackers. White hackers are legal hacker and they never intent to harm a computer or system, rather they find out loopholes in a computer or a network system to keep the system safe from being hacked. Black Hat hackers are called crackers who gain unauthorised access to a system to harm or steal sensitive information. They find loopholes to gain access to a system. While grey hat hackers are mixture of both black hat and white hat hackers. They do it for fun without the owner's consent.

Some methods to protect yourself safe from cybercrimes are: (i) keep software updated, (ii) use strong passwords, (iii) manage the social media settings as per your privacy, (iv) talk to children about internet, (iv) keep an eye on kids using parental control, (v) keep your identity safe, (vi) do not click on any unknown link, (vii) know what do be done if you become a victim. Children are most common victims of cybercrime. So keeping an eye on children action is very important. Cybercrimes cases in India registered under the IT Act, increased between 2011 and 2014. In 2015, there were 11,592 cases of cybercrime in India. Cybercrime cases are increasing day by day. Protection from crime is in your hands. So use internet wisely. Beware of crime else crime will not aware you.

- 1) Reason for increase in cybercrime are: **(1 Mark)**
- a) Increased use of internet
  - b) Unawareness of cybercrime
  - c) Ignorance of privacy setting
  - d) Need of Digitalization
- 2) Children are common victim of cybercrime because: **(1 Mark)**
- a) They are innocent
  - b) Lack of information about internet
  - c) Lack of parent awareness
  - d) Both (a) and (c)

- 3) Which action should not be taken? **(1 Mark)**
- a) Creating a long password
  - b) Activating Internet Security
  - c) Creating Database without password
  - d) Using Parental control
- 4) Synonym of trail is: **(1 Mark)**
- a) Harassment
  - b) Bullying
  - c) Intervening
  - d) Stalking
- 5) The word assent means: **(1 Mark)**
- a) Stealing
  - b) Consent
  - c) Mixture
  - d) Beware

(b) Read the passage given below.

- (i) Make notes, using headings, sub-headings, and abbreviations wherever necessary.

**(3 Marks)**

- (ii) Write summary.

**(2 Marks)**

Mass communication is the procedure of exchanging information, particulars, facts, figures, and data, etc. through mass media to a large section of the population. In simple words conveyance of messages to several people at the same time is called mass communication. But by definition, mass communication is the process through which some information is circulated broadly among people throughout the globe. Through mass communication, information can be transmitted rapidly to mass that generally stay far away from the root of information. There are many mediums, such as radio, television, social networking (Facebook, Instagram, WhatsApp, Twitter, etc.), billboards, newspapers, magazines, film, and internet for spreading information.

Characteristics of mass communication: (i) Large number of audience and (ii) Wide area. It has a large number of spectators of different races, groups, sections, cultures, communities, etc. and they are geographically scattered which makes it most popular among communication systems as people keep their eyes on every update. The area of mass communication is wider than any other communication systems.

The main motive of mass communication study is to learn how the substances of mass communication affect the attitudes, opinions, emotions, and ultimately behaviours of the people who collect or obtain the message. Studying involves exposing participants to various media content and recording their reactions through data about the cause and effect of mass communication.

The survey, which is another method, involves summarizing individuals' responses to a set of questions to generalize their reaction to a larger part of the world. Content analysis is another process that concludes the undiluted reaction on a piece of communication, such as newspaper article, book, television program, film or broadcast news script.



A qualitative method is known as ethnography which permits the analyst to dip themselves into a culture to observe and document the calibre of communication that exists there.

It fosters mass products creating mass consumers which in turn increase sales of the product. People get the latest news in a short time irrespective of their location and at the same time, it educates people giving information about health, the environment and much more. Hidden talents get chances to showcase themselves in the field such as comedy, acting, and singing. Knowledge increases as watching quiz programs, animal programs and so on increases the general knowledge of the people. Using mass communication sensibly and accurately leads to the development of a country.

2. (a) What are the barriers of communication? Explain it. **(1 Mark)**

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

Quixotic

(a) Pragmatic (b) Mundane (c) Utopian (d) Sane

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

Nebulous

(a) Sullen (b) Dismal (c) Definite (d) Gist

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

Director supposes the staff to follow the rules.

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

I will tell my students, "I have completed mysyllabus."

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

UGC targets 30% enrolment in higher education by 2020. The University Grants Commission has set a target to increase the Gross Enrolment Ratio (GER) in higher education to 30 per cent by 2020 from the present 25.4 per cent, UGC Chairman DP Singh said on Wednesday. The UGC has also set certain objectives to improve the quality of higher education in institutions, he said. "The number of students enrolled in higher education system has gone up to about 3.66 crore in 2017-18. The GER rose to 25.4 per cent in 2017-18, while the aim is to increase it to 30 per cent by 2020," Singh told reporters here. GER is the ratio of students enrolled in the age group of 18-23 years to the population in that age group. Singh said the UGC has also recently chalked out some objectives for improving the quality of learning in higher education institutions (HEIs). "The objectives include regular revision of curriculum with clearly specified learning outcomes and soft skills, enabling youth to secure access to employment/self-employment, developing social-industry connect, availability of motivated teachers and accreditation to ensure qualitative self-improvement in HEIs," he said. He also informed that the UGC and the Ministry of Human Resources Development (HRD) recently organised a three- day national conference in Pune to discuss research and innovation in higher education and adopted 10 resolutions. These include achieving the UGC quality mandate in universities and affiliated institutions by 2020, adopting and implementing learning outcome-based curriculum framework, enhancing research productivity and boosting vocationalisation of higher education by participating in the National Apprenticeship Promotion Scheme (NAPS). The experts at the conference also stressed on the need to sensitise students and encourage them to participate in social/economic betterment of the community by adopting at least five villages under the Unnat Bharat Abhiyan, and to strive for smart and clean campus by 2020, the official said.

Source: *The Hindu (Business Line)*

3. (a) Differentiate between the Horizontal and Diagonal Communication? **(1 Mark)**
- (b) (i) Choose the word which best expresses the meaning of the given word. **(1 Mark)**  
Stolid  
(a) Stain (b) Strafe (c) Stork (d) Stoical
- (ii) Choose the appropriate word to fill the blank: **(1 Mark)**  
students need to be aware of the significance of collocation.  
(a) Solipsistic (b) Inchoate (c) Advanced (d) Minger
- (iii) Change the following sentences into passive voice: **(1 Mark)**  
Had they completed the paperwork?
- (iv) Change the following sentence to indirect speech. **(1 Mark)**  
"Chinese Language is very difficult to learn." He said.
- (c) Draft a formal letter, as Head of the purchase, write a complaint letter to the xyz company for zyx product. **(5 Marks)**
4. (a) Compare written and oral communication in your own language? **(2 Marks)**
- (b) (i) Select the suitable antonym for the given word: **(1 Mark)**  
Flamboyant  
(a) Colourful (b) Modest (c) Sporty (d) Actor
- (ii) Rewrite the following sentences in active voice:  
Let it be done now.
- (iii) Change the following sentence into Indirect speech.  
"Will the administrator release me? He asked.
- (c) Write an Article of about 250-300 words on the topic "Team Building for Success". **(5 Marks)**
- Or**
- You are Sameer Goyal, a reporter of 'The Hindu' newspaper. Write a report on Fake/fraud Calling for Getting OTP/Password in the Noida in 150-200 words.
5. (a) What are the characteristics of effective communication? **(2 Marks)**
- (b) (i) Select the correct meaning of the idioms/phrases given below.
- (1) For good **(1 Mark)**  
(a) Sometimes  
(b) Permanently  
(c) Occasionally  
(d) Usually
- (2) Right-hand man **(1 Mark)**  
(a) Faithful  
(b) Punctual  
(c) Hard worker  
(d) Most efficient assistant

(ii) Change the following sentence into Indirect speech. **(1 Mark)**

My mother said to me, "Will you go and swim at least now."

(c) The marketing Head of the A-Tour & Travels Ltd, a travel company, plans to conduct a meeting to review the effectiveness of plan & policies of the previous year and strategies for the next year to increase the profit margin of the company. (Attendees should be from marketing, advertisement and R&D). Prepare minutes of the meeting for the same. **(5 Marks)**

OR

Prepare a cover letter and detailed résumé in the functional format for a candidate applying for the post of a journal Trainee. Include past experiences, with emphasis on the journalism.

Other inputs: Name: Ravi Prakash Mandal

Experience: 2 years, (divide it into two jobs/company)

Current designation: Junior Journal Trainee



**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, **TICA**
  - (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)** **CA**
- (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)** **LLP**
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)** **TIPA**
- (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)** **TICA**
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)** **SOGA**

- (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. TIPA
- (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? SOGA  
(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. CA
- 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. TICA  
(5 Marks)
- (ii) When does dissolution of a partnership firm take place under the provisions of the Indian Partnership Act, 1932? Explain. TIPA  
(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. CA
- (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
- (1 Mark)**
- (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

**MOCK TEST PAPER  
FOUNDATION COURSE**

**PAPER 2: BUSINESS LAWS AND BUSINESS CORRESPONDENCE AND REPORTING**

**SECTION A: BUSINESS LAWS**

**ANSWER**

1. (i) Section 42 of the Indian Contract Act, 1872 requires that when two or more persons have made a joint promise, then, unless a contrary intention appears from the contract, all such persons jointly must fulfill the promise. In the event of the death of any of them, his representative jointly with the survivors and in case of the death of all promisors, the representatives of all jointly must fulfill the promise.

Section 43 allows the promisee to seek performance from any of the joint promisors. The liability of the joint promisors has thus been made not only joint but "joint and several". Section 43 provides that in the absence of express agreement to the contrary, the promisee may compel any one or more of the joint promisors to perform the whole of the promise.

Section 43 deals with the contribution among joint promisors. The promisors, may compel every joint promisor to contribute equally to the performance of the promise (unless a contrary intention appears from the contract). If any one of the joint promisors makes default in such contribution the remaining joint promisors must bear the loss arising from such default in equal shares.

As per the provisions of above sections,

- (i) Y can recover the contribution from X and Z because X, Y and Z are joint promisors.
  - (ii) Legal representative of X are liable to pay the contribution to Y. However, a legal representative is liable only to the extent of property of the deceased received by him.
  - (iii) Y also can recover the contribution from Z's assets.
- (ii) **Small Company:** According to Section 2(85) of the Companies Act, 2013, Small Company means a company, other than a public company,—
- (1) paid-up share capital of which does not exceed fifty lakh rupees or such higher amount as may be prescribed which shall not be more than ten crore rupees; and
  - (2) turnover of which as per its last profit and loss account for the immediately preceding financial year does not exceed two crore rupees or such higher amount as may be prescribed which shall not be more than one hundred crore rupees.

Nothing in this clause shall apply to—

- (A) a holding company or a subsidiary company;
- (B) a company registered under section 8; or
- (C) a company or body corporate governed by any special Act.

In the present case, PQR Private Ltd., a company registered under the Companies Act, 2013 with a paid up share capital of ₹ 40 lakh and having turnover of ₹ 2.5 crore. Since only one criteria of share capital of ₹ 50 Lakhs is met, but the second criteria of turnover of ₹ 2 crores is not met and the provisions require both the criteria to be met in order to avail the status of a small company, PQR Ltd. cannot avail the status of small company.

- (iii) (a) A wholesaler of cotton has 100 bales in his godown. So, the goods are existing goods. He agrees to sell 50 bales and these bales were selected and set aside. On selection, the goods becomes ascertained. In this case, the contract is for the sale of ascertained goods, as the cotton bales to be sold are identified and agreed after the formation of the contract.
- (b) If A agrees to sell to B one packet of sugar out of the lot of one hundred packets lying in his shop, it is a sale of existing but unascertained goods because it is not known which packet is to be delivered.
- (c) T agrees to sell to S all the apples which will be produced in his garden this year. It is contract of sale of future goods, amounting to 'an agreement to sell.'
2. (i) An anticipatory breach of contract is a breach of contract occurring before the time fixed for performance has arrived. When the promisor refuses altogether to perform his promise and signifies his unwillingness even before the time for performance has arrived, it is called Anticipatory Breach. The law in this regard has very well summed up in **Frost v. Knight and Hochster v. DelaTour**.

**Effect of anticipatory breach:** The promisee is excused from performance or from further performance. Further he gets an option:

- (1) To either treat the contract as "rescinded and sue the other party for damages from breach of contract immediately without waiting until the due date of performance; or
  - (2) He may elect not to rescind but to treat the contract as still operative, and wait for the time of performance and then hold the other party responsible for the consequences of non-performance. But in this case, he will keep the contract alive for the benefit of the other party as well as his own, and the guilty party, if he so decides on re-consideration, may still perform his part of the contract and can also take advantage of any supervening impossibility which may have the effect of discharging the contract.
- (ii) **LLP is an alternative corporate business form that gives the benefits of limited liability of a company and the flexibility of a partnership**

**Limited Liability:** Every partner of a LLP is, for the purpose of the business of LLP, the agent of the LLP, but not of other partners (Section 26 of the LLP Act, 2008). The liability of the partners will be limited to their agreed contribution in the LLP, while the LLP itself will be liable for the full extent of its assets.

**Flexibility of a partnership:** The LLP allows its members the flexibility of organizing their internal structure as a partnership based on a mutually arrived agreement. The LLP form enables entrepreneurs, professionals and enterprises providing services of any kind or engaged in scientific and technical disciplines, to form commercially efficient vehicles suited to their requirements. Owing to flexibility in its structure and operation, the LLP is a suitable vehicle for small enterprises and for investment by venture capital.

3. (i) Ms. Lucy while drafting partnership deed must take care of following important points:
- No particular formalities are required for an agreement of partnership.
  - Partnership deed may be in writing or formed verbally. The document in writing containing the various terms and conditions as to the relationship of the partners to each other is called the 'partnership deed'.
  - Partnership deed should be drafted with care and be stamped according to the provisions of the Stamp Act, 1899.
  - If partnership comprises immovable property, the instrument of partnership must be in writing, stamped and registered under the Registration Act.

List of information included in Partnership Deed while drafting Partnership Deed by Ms. Lucy:

- Name of the partnership firm.
- Names of all the partners.
- Nature and place of the business of the firm.
- Date of commencement of partnership.
- Duration of the partnership firm.
- Capital contribution of each partner.
- Profit Sharing ratio of the partners.
- Admission and Retirement of a partner.
- Rates of interest on Capital, Drawings and loans.
- Provisions for settlement of accounts in the case of dissolution of the firm.
- Provisions for Salaries or commissions, payable to the partners, if any.
- Provisions for expulsion of a partner in case of gross breach of duty or fraud.

Note: Ms. Lucy may add or delete any provision according to the needs of the partnership firm.

- (ii) According to Section 11 of the Indian Contract Act, 1872, every person is competent to contract who is of the age of majority according to the law to which he is subject, and who is of sound mind and is not disqualified from contracting by any law to which he is subject.

A person who has completed the age of 18 years is a major and otherwise he will be treated as minor. Thus, Vikas who is a minor is incompetent to contract and any agreement with him is void [Mohori Bibi Vs Dharmo Das Ghose 1903].

Section 68 of the Indian Contract Act, 1872 however, prescribes the liability of a minor for the supply of the things which are the necessities of life to him. It says that though minor is not personally liable to pay the price of necessities supplied to him or money lent for the purpose, the supplier or lender will be entitled to claim the money/price of goods or services which are necessities suited to his condition of life provided that the minor has a property. The liability of minor is only to the extent of the minor's property. Thus, according to the above provision, Rahul will be entitled to recover the amount of loan given to Vikas for payment of the college fees from the property of the minor.

4. (i) **Exceptions to the Rule *Nemo dat Quod Non Habet*:** The term means, "none can give or transfer goods what he does not himself own". Exceptions to the rule and the cases in which the Rule does not apply under the provisions of the Sale of Goods Act, 1930 are enumerated below:
- (i) **Sale by a Mercantile Agent:** A sale made by a mercantile agent of the goods or document of title to goods would pass a good title to the buyer in the following circumstances, namely;
- (a) if he was in possession of the goods or documents with the consent of the owner;
  - (b) if the sale was made by him when acting in the ordinary course of business as a mercantile agent; and
  - (c) if the buyer had acted in good faith and has at the time of the contract of sale, no notice of the fact that the seller had no authority to sell. (Proviso to Section 27).

Mercantile agent means an agent having in the customary course of business as such agent authority either to sell goods, or to consign goods for the purposes of sale, or to buy goods, or to raise money on the security of goods. [section 2(9)]

- (ii) **Sale by one of the joint owners:** If one of the several joint owners of goods has the sole possession of them with the permission of the others the property in the goods may be transferred to any person who buys them from such a joint owner in good faith and does not at the time of the contract of sale have notice that the seller has no authority to sell. (Section 28)
- (iii) **Sale by a person in possession under voidable contract:** A buyer would acquire a good title to the goods sold to him by seller who had obtained possession of the goods under a contract voidable on the ground of coercion, fraud, misrepresentation or undue influence provided that the contract had not been rescinded until the time of the sale (Section 29).
- (iv) **Sale by one who has already sold the goods but continues in possession thereof:** If a person has sold goods but continues to be in possession of them or of the documents of title to them, he may sell them to a third person, and if such person obtains the delivery thereof in good faith without notice of the previous sale, he would have good title to them, although the property in the goods had passed to the first buyer earlier. A pledge or other deposition of the goods or documents of title by the seller in possession are equally valid. [Section 30(1)]
- (v) **Sale by buyer obtaining possession before the property in the goods has vested in him:** Where a buyer with the consent of seller obtains possession of the goods before the property in them has passed to him, he may sell, pledge or otherwise dispose of the goods to a third person, and if such person obtains delivery of the goods in good faith and without notice of the lien or other right of the original seller in respect of the goods in good faith and without notice of the lien or other right of the original seller in respect of the goods, he would get a good title to them. [Section 30(2)].
- (vi) **Sale by an unpaid seller:** Where an unpaid seller who had exercised his right of lien or stoppage in transit resells the goods, the buyer acquires a good title to the goods as against the original buyer [Section 54(3)].
- (vii) **Sale under the provisions of other Acts:**
  - (i) Sale by an official Receiver or liquidator of the company will give the purchaser a valid title.
  - (ii) Purchase of goods from a finder of goods will get a valid title under circumstances.
  - (iii) Sale by a pawnee under default of pawnor will give valid title to the purchaser.

**(ii) Expulsion of a Partner (Section 33 of the Indian Partnership Act, 1932):**

A partner may not be expelled from a firm by a majority of partners except in exercise, in good faith, of powers conferred by contract between the partners.

The test of good faith as required under Section 33(1) includes three things:

- The expulsion must be in the interest of the partnership.
- The partner to be expelled is served with a notice.
- He is given an opportunity of being heard.

If a partner is otherwise expelled, the expulsion is null and void.

- (i) Action by the partners of M/s XYZ & Associates, a partnership firm to expel Mr. G from the partnership was justified as he was expelled by approval of the other partners exercised in good faith to protect the interest of the partnership against the unauthorized activities charged against Mr. G. A proper notice and opportunity of being heard has to be given to Mr. G.
  - (ii) The following are the factors to be kept in mind prior expelling a partner from the firm by other partners:
    - (a) the power of expulsion must have existed in a contract between the partners;
    - (b) the power has been exercised by a majority of the partners; and
    - (c) it has been exercised in good faith.
5. (i) The right of stoppage of goods in transit means the right of stopping the goods after the seller has parted with the goods. Thereafter the seller regains the possession of the goods.

This right can be exercised by an unpaid seller when he has lost his right of lien over the goods because the goods are delivered to a carrier for the purpose of taking the goods to the buyer. This right is available to the unpaid seller only when the buyer has become insolvent. The conditions necessary for exercising this right are:-

1. The buyer has not paid the total price to the seller
2. The seller has delivered the goods to a carrier thereby losing his right of lien
3. The buyer has become insolvent
4. The goods have not reached the buyer, they are in the course of transit. (Section 50, 51 and 52)

In the given case A, who is an agent of the buyer, had obtained the goods from the railway authorities and loaded the goods on his truck. After this, the railway authorities received a notice from the seller B to stop the goods as the buyer had become insolvent.

According to the Sales of Goods Act, 1930, the railway authorities cannot stop the goods because the goods are not in transit. A who has loaded the goods on his truck is the agent of the buyer. That means railway authorities have given the possession of the goods to the buyer. The transit comes to an end when the buyer or his agent takes the possession of the goods.

## (ii) Doctrine of Indoor Management

According to this doctrine, persons dealing with the company need not inquire whether internal proceedings relating to the contract are followed correctly, once they are satisfied that the transaction is in accordance with the memorandum and articles of association.

Stakeholders need not enquire whether the necessary meeting was convened and held properly or whether necessary resolution was passed properly. They are entitled to take it for granted that the company had gone through all these proceedings in a regular manner.

The doctrine helps protect external members from the company and states that the people are entitled to presume that internal proceedings are as per documents submitted with the Registrar of Companies.

Thus,

- (a) What happens internal to a company is not a matter of public knowledge. An outsider can only presume the intentions of a company, but do not know the information he/she is not privy to.
- (b) If not for the doctrine, the company could escape creditors by denying the authority of officials to act on its behalf.

In the given question, Easy Finance Ltd. being external to the company, need not enquire whether the necessary resolution was passed properly. Even if the company claim that no resolution authorizing the loan was passed, the company is bound to pay the loan to Easy Finance Ltd.

6. (i) **Essential characteristics of a contingent contract:** A contract may be absolute or contingent. A contract is said to be absolute when the promisor undertakes to perform the contract in all events. A contingent contract, on the other hand "is a contract to do or not to do something, if some event, collateral to such contract does or does not happening (Section 31). It is a contract in which the performance becomes due only upon the happening of some event which may or may not happen. For example, A contracts to pay B ₹10,000 if he is elected President of a particular association. This is a contingent contract. The essential characteristics of a contingent contract may be listed as follows:

- (i) There must be a contract to do or not to do something,
- (ii) The performance of the contract must depend upon the happening or non-happening of some event.
- (iii) The happening of the event is uncertain.
- (iv) The even on which the performance is made to depend upon is an event collateral to the contract i.e. it does not form part of the reciprocal promises which constitute the contract. The even should neither be a performance promised, nor the consideration for the promise.
- (v) The contingent even should not be the mere will of the promisor. However, where the event is within the promisor's will, but not merely his will, it may be a contingent contract.

**The rules regarding the contingent contract are as follows:**

- (1) Contingent contract dependent on the happening of an uncertain future cannot be enforced until the event has happened. If the event becomes impossible, such contracts become void. (Section 32).
  - (2) Where a contingent contract is to be performed if a particular event does not happening performance can be enforced only when happening of that event becomes impossible (Section 33).
  - (3) If a contract is contingent upon, how a person will act at an unspecified time the event shall be considered to become impossible; when such person does anything which renders it impossible that he should so act within any definite time or otherwise than under further contingencies. (Section 34,35).
  - (4) The contingent contracts to do or not to do anything if an impossible event happens, are void whether or not the fact is known to the parties (Sec. 36).
- (ii) **Dissolution of Firm:** The Dissolution of Firm means the discontinuation of the jural relation existing between all the partners of the Firm. But when only one of the partners retires or becomes incapacitated from acting as a partner due to death, insolvency or insanity, the partnership, i.e., the relationship between such a partner and other is dissolved, but the rest may decide to continue. In such cases, there is in practice, no dissolution of the firm. The particular partner goes out, but the remaining partners carry on the business of the Firm. In the case of



dissolution of the firm, on the other hand, the whole firm is dissolved. The partnership terminates as between each and every partner of the firm.

## **Dissolution of a Firm may take place (Section 39 - 44)**

- (a) as a result of any agreement between all the partners (i.e., dissolution by agreement);
  - (b) by the adjudication of all the partners, or of all the partners but one, as insolvent (i.e., compulsory dissolution);
  - (c) by the business of the firm becoming unlawful (i.e., compulsory dissolution);
  - (d) subject to agreement between the parties, on the happening of certain contingencies, such as: (i) effluence of time; (ii) completion of the venture for which it was entered into; (iii) death of a partner; (iv) insolvency of a partner.
  - (e) by a partner giving notice of his intention to dissolve the firm, in case of partnership at will and the firm being dissolved as from the date mentioned in the notice, or if no date is mentioned, as from the date of the communication of the notice; and
  - (f) by intervention of court in case of: (i) a partner becoming the unsound mind; (ii) permanent incapacity of a partner to perform his duties as such; (iii) Misconduct of a partner affecting the business; (iv) willful or persistent breach of agreement by a partner; (v) transfer or sale of the whole interest of a partner; (vi) improbability of the business being carried on save at a loss; (vii) the court being satisfied on other equitable grounds that the firm should be dissolved.
- (iii) (a) A company being an artificial person cannot own property and cannot sue or be sued

**Incorrect:** A company is an artificial person as it is created by a process other than natural birth. It is legal or judicial as it is created by law. It is a person since it is clothed with all the rights of an individual.

Further, the company being a separate legal entity can own property, have banking account, raise loans, incur liabilities and enter into contracts. Even members can contract with company, acquire right against it or incur liability to it. It can sue and be sued in its own name. It can do everything which any natural person can do except be sent to jail, take an oath, marry or practice a learned profession. Hence, it is a legal person in its own sense.

- (b) A private limited company must have a minimum of two members, while a public limited company must have at least seven members.

**Correct:** Section 3 of the Companies Act, 2013 deals with the basic requirement with respect to the constitution of the company. In the case of a public company, any 7 or more persons can form a company for any lawful purpose by subscribing their names to memorandum and complying with the requirements of this Act in respect of registration. In exactly the same way, 2 or more persons can form a private company.

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

### ANSWERS

#### Answers

1. (a) (1) There are no minimum necessary conditions /guidelines making quality education in India a distant goal.
- (2) c
- (3) Some states follow lenient marking in order to ensure good performance.
- (4) Teachers oppose new books as they are not familiar with them.
- (5) a
- (b) (i) Title: The Art of Effective Listening Notes:
1. Eff. speaking depends on:
    - 1.1 eff. Listening
    - 1.2 concen. on listening
    - 1.3 concen. on understanding what you hear
  2. Reasons why incompetent listeners fail:
    - 2.1 their attention drifts
    - 2.2 they find counter arguments
    - 2.3 they compete & then filter
    - 2.4. they react
  3. Ways for a listener to be more eff.:
    - 3.1 concen. on the msg. reed.
      - 3.1.1 mental alertness
      - 3.1.2 phys. alertness-positioning body
      - 3.1.3 note-taking-aid to listener helps speaker-gives him confidence encourages the eye contact
  4. Impce. of posture
    - 4.1 helps listeners in concen.
    - 4.2 seen by spkr. as a +ve feature among his listeners

#### Key

Eff. – effective

concen. – concentrating

msg. – message

reed. – received

phys. – physical

+ve – positive

impce. – importance

spkr. – speaker

**(ii) Summary:**

Effective speaking and effective listening are two sides of the same coin, both equally important. An incompetent listener will always fail as he drifts away from counters, competes and finally filters what the speaker is saying. To be a good listener concentration is important combined with mental and physical alertness. The importance of other factors like note-taking and posture cannot be ignored. All these are effective listening skills and are viewed as a positive feature by the speaker among his listeners. They have an impact not only on the listener but also on the speaker.

2. (a) (i) Clarity: Any spoken or written communication should state the purpose of message clearly. The language should be simple. Sentences ought to be short as the core message is lost in long, convoluted sentences. Each idea or point must be explained in a separate bulleted points or paragraphs. Make it easy for the reader to grasp the intent of the communiqué.

**Coherence:** Coherence in writing and speech refers to the logical bridge between words, sentences, and paragraphs. Main ideas and meaning can be difficult for the reader to follow if the writer jumps from one idea to another and uses contradictory words to express himself. The key to coherence is sequentially organized and logically presented information which is easily understood. All content under the topic should be relevant, interconnected and present information in a flow.

(b) (i) c

(ii) a

(iii) All the old letters of her dead lover have been preserved by her.

(iv) Pinki asked Gaurav if he would help her in her work just then

(c) Earthquake - The Great Destroyer

Earthquake is the mankind's deadly enemy. Earthquake strikes all without a distinction of nationality or political affiliation. The power of a quake is greater than that of any man-made weapon of destruction. An earthquake strikes mankind without a warning. A modern city when struck is reduced -to a nibble. A quake strikes plains, seas and mountains causing all round destruction. The quake struck Lisbon in 1755 killing 450; Peru in 1970 killing 50,000; Alaska in 1968 moving it 80 feet into the Pacific Ocean. Scientists are trying to find out means to combat earthquakes, to predict the origin of the quake so that precaution can be taken to save man and property from destruction.

3. (a) **Visual Communication:** Visual communication through visual aids such as signs, typography, drawing, graphic design, illustration, color and other electronic resources usually reinforces written communication. Sometimes, it may replace written communication altogether. Visual communication is powerful medium. It is the reason that the print and audio-visual media makes effective use of visuals to convey their message. Visuals like graphs, pie charts and other diagrammatic presentations convey clearly and concisely a great deal of information. They are an essential part of official presentations these days.

(b) (i) b

(ii) c

(iii) Butter is kept in the fridge.

(iv) A soft voice behind me asked if I was alone.

(c)

Oct 3, 20XX

The Sales Manager  
XYZ Enterprises Pvt. Ltd.  
B-70 Electronics Enclave  
New Delhi- 1100xx

Dear Sir,

**Subject: Enquiry about Laser Printers**

This is with reference to enquiry about heavy duty **Laser Printers** capable of printing 50 copies per minute. You are requested to submit complete features with brochures of the brands available with you along with **the price, warranty and servicing details**. We require 5 Black/White and 3 Color Printers within a fortnight.

We have been your customers for the past 3 years and have procured many devices from you. You are requested to work out specific discounted prices as you send the final quote.

You are requested to submit all the pertinent details by the end of this week. Looking forward to your earliest reply.

XYZ

Senior Manager( Administration)

ABC Solutions Pvt. Ltd.

4. (a) (i) **Vertical:** Information can flow upwards or downwards in the organization. Data that is collected flows up to the top levels of management for review and decision making, while instructions and orders are passed down from the management/ seniors to the subordinates for implementation.

**Horizontal: Horizontal communication that involves communication between two parts of the organization at the same level. For example, the managers of a project in a company may hold a regular daily, weekly or monthly meeting to discuss the progress of the project.**

- (b) (i) b  
(ii) His diet program had been kept up for a month.  
(iii) She exclaimed that it was a very beautiful scene.

(c) **Article Hints:**

- It refers to a self-reliant India in terms of developing/encouraging/empowering :

- Skilled Human resource,
- Indigenous technologies in every sector mainly defence, infrastructure , agriculture and manufacturing
- SME/MSME sector by facilitating easy financing schemes and consultancy
- Research and innovation ; Top technical schools /institutions to develop incubation centres for focused research
- Industry and Academia to collaborate and innovate to evolve new products and services
- Alternative fuel/power generation technologies to meet the growing demand
- Capacity building in every sector
- Entrepreneurs to scale up their businesses
- FDI by further easing the norms for doing business
- Indian partners of MNCs

### Report Hints:

- Total number of active cases
  - Total number of cured cases
  - Total number of casualties
  - Total number of containment zones
  - Total number of tests being conducted on daily basis
  - Active cases increasing due to increased testing
  - Most severely affected people in the age group of 60-80 with comorbidities
  - Testing Centres
    - Dispensaries
    - Private Labs
  - Wellness centres in the city
    - Facilities at these centres
    - Food/water
    - Hygiene
    - Medicine
    - Doctors
  - Covid-19 Hospitals in the city for critical patients
    - Number of beds available in hospitals
    - Number of ICU beds/ventilators
5. (a) **Gender barriers**-Men and women communicate differently. The reason for this lies in the wiring of a man's and woman's brains. Men talk in a linear, logical and compartmentalized manner whereas the women use both logic and emotion, and are more verbose. This may be the cause of communication problem in an office where both men and women work side by side. Men can be

held guilty of providing insufficient information, while women may be blamed for providing too much detail.

Gender bias is another factor in communication barriers. Due to traditional mindsets, many men find it difficult to take orders from, or provide information to women.

- (b) (i) a
  - (ii) b
  - (iii) She asked her why she did not go that day.
- (c) Minutes of the Meeting

Participants in attendance: Director Sales and Marketing, Retail head, Supply Chain Head, Procurement Personnel and other senior members

Date: 12<sup>th</sup> October, 2020

Meeting started at 11: 00 am.

**Mr. SS, Director Sales and Marketing** informed the agenda of the meeting i.e lack of demand due to the pandemic and suggested tapping the local youth to popularize the joint.

**Mr. RV, Retail Head** expressed concern over the matter; discussed ways of increasing demand by opening new take-away outlets and free home delivery within 3 kms range.

**Mr. AP, Supply Chain Head** gave a detailed analysis of the raw material being over procured and suggested the stock be procured on daily basis from the local suppliers. To avoid wastage.

**Mr. AS , Senior Product Head presented a detailed analysis of the customer demand in the past one month and suggested** introducing combos, new finger- foods and snack items on the menu along with decreasing the size of each serving by 10% .

**Procurement team:** Proposed ways of effective delivery systems and aligning with the increased production. Patent laws also discussed.

**Mr. SS, Director Sales and Marketing** Gave a vote of thanks and appreciated the views and suggestions of members present.

All the participants agreed to the concern and come back with a detailed report.

**ATR to be submitted by Oct 30, 2020 to the Director Sales and Marketing**

- (c) Cover Letter

- (a) Cover Letter

To

Date: Oct 12, 20XX

Manager (HR) ABC Consultants

21/3 Lane-1

Prahlad Market,

Karol Bagh

New Delhi.

**Sir,**

**Subject: Application for the post of Articled Assistant**

Greetings for the day ! I am writing this letter to express my interest in the position of Articled Assistant in your firm.

I have qualified CA Intermediate both groups in a single attempt in November 2019. Thereafter, it took me some time to complete the mandatory ITT and Orientation programme. Shortly after that lockdown was imposed in the country due to sudden onslaught of the Covid-19 pandemic. Therefore I could not join any firm earlier.

Now, I am eagerly looking for an opportunity in a prestigious firm like yours so that I am able to learn and grow as a professional. I am ready to present myself for a personal interview. I assure you that I shall work with utmost allegiance to your firm.

My detailed resume is appended here with for your perusal. Looking forward to a positive response.

Best Regards, Gaurav Sharma

12, Civil Lines

New Delhi-1100xx

## Resume

Name: Gaurav Sharma

Address:

NewDelhi-110044

Email id: youremail@gmail.com

Mobile No.- +91 XXXXXXXXX

## Objective

- I seek to join a firm where I can learn various aspects of profession and use my skills and knowledge of MS Excel, MIS, Tally, and Taxation with GST.
- I wish to contribute towards organizational goal through my technical skills, hard work and creativity.

## Academics

Qualification	University/Board	Year of Passing	Score/Marks
B.Com	DU	Pursuing	
CA Intermediate	ICAI	2018-19	67%
CA Foundation	ICAI	2017	75%
XII	CBSE	2016-17	92%
X	CBSE	2014-15	90%

## Skills

MS-Office, Tally, Advance Excel, Payroll, MIS

Good analytical and decision making skills

## Achievements

- As captain of the school cricket team won 3 consecutive zonal inter-school championship matches

- Stood first in school in Maths Olympiad
- Stood second at the state level 'Sudoku' championship

Personal Details

Father's Name:

Date of Birth:

Nationality:

**Declaration**

I solemnly declare that all the above information is correct to the best of my knowledge and belief.

Date:

Gaurav Sharma

Signature





**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.*

1. (i) Krish, Kamyra and Ketan are partners in a firm. They jointly promised to pay Rs. 6,00,000 to Dia. Kamyra become insolvent and her private assets are sufficient to pay 1/5 of her share of debts. Krish is compelled to pay the whole amount to Dia. Examining the provisions of the Indian Contract Act, 1872, decide the extent to which Krish can recover the amount from Ketan. CA  

**(4 Marks)**
- (ii) Akbar, 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 Akbar as a pretended loan. This way, Akbar divided his income into three parts in a bid to reduce his tax liability. CA  

Decide, for what purpose the three companies were established? Whether the legal personality of all the three companies may be disregarded. (4 Marks)
- (iii) 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. SOGA  

**(4 Marks)**
2. (i) State the grounds upon which a contract may be discharged under the provisions of the Indian Contract Act, 1872. TICA  

**(7 Marks)**
- (ii) Enumerate the circumstances in which LLP may be wound up by Tribunal. LLP  

**(5 Marks)**
3. (i) "Though a minor cannot be a partner in a firm, he can nonetheless be admitted to the benefits of partnership."  
(a) Referring to the provisions of the Indian Partnership Act, 1932, state the rights which can be enjoyed by a minor partner. TIPA  
(b) State the liabilities of a minor partner both:  
(i) Before attaining majority and  
(ii) After attaining majority. (6 Marks)
- (ii) P sells by auction to Q a horse which P knows to be unsound. The horse appears to be sound but P knows about the unsoundness of the horse. Is this contract valid in the following circumstances under the Indian Contract Act, 1872:  
(a) If P says nothing about the unsoundness of the horse to Q. TICA  
(b) If P says nothing about it to Q who is P's daughter who has just come of age.  
(c) If Q says to P "If you do not deny it, I shall assume that the horse is sound." P says nothing. (3 Marks)

- (iii) Shyam induced Ram to buy his motorcycle saying that it was in a very good condition. After taking the motorcycle, Ram complained that there were many defects in the motorcycle. Shyam proposed to get it repaired and promised to pay 45% cost of repairs. After a few days, the motorcycle did not work at all. Now Ram wants to rescind the contract. Decide giving reasons. (3 Marks)
4. (i) What are the implied conditions in a contract of 'Sale by sample' under the Sale of Goods Act, 1930? State also the implied warranties operative under the said Act. (6 Marks) **SOGA**
- (ii) X, Y and Z are partners in a Partnership Firm. They were carrying their business successfully for the past several years. Spouses of X and Y fought in ladies club on their personal issue and X's wife was hurt badly. X got angry on the incident and he convinced Z to expel Y from their partnership firm. Y was expelled from partnership without any notice from X and Z. Considering the provisions of the Indian Partnership Act, 1932, state whether they can expel a partner from the firm. What are the criteria for test of good faith in such circumstances? (6 Marks) **TIPA**
5. (i) M/s Woodworth & Associates, a firm dealing with the wholesale and retail buying and selling of various kinds of wooden logs, customized as per the requirement of the customers. They dealt with Rose wood, Mango wood, Teak wood, Burma wood etc.
- Mr. Das, a customer came to the shop and asked for wooden logs measuring 4 inches broad and 8 feet long as required by the carpenter. Mr. Das specifically mentioned that he required the wood which would be best suited for the purpose of making wooden doors and window frames. The Shop owner agreed and arranged the wooden pieces cut into as per the buyers requirements.
- The carpenter visited Mr. Das's house next day, and he found that the seller has supplied Mango Tree wood which would most unsuitable for the purpose. The carpenter asked Mr. Das to return the wooden logs as it would not meet his requirements.
- The Shop owner refused to return the wooden logs on the plea that logs were cut to specific requirements of Mr. Das and hence could not be resold.
- (a) Explain the duty of the buyer as well as the seller according to the doctrine of "Caveat Emptor".
- (b) Whether Mr. Das would be able to get the money back or the right kind of wood as required serving his purpose? (6 Marks)
- (ii) The persons (not being members) dealing with the company are always protected by the doctrine of indoor management. Explain. Also, explain when doctrine of Constructive Notice will apply. (6 Marks) **CA**
6. (a) "When a party to a contract has refused to perform, or disabled himself from performing his promise in its entirety, the promisee may put an end to the contract". Explain. (5 Marks) **TICA**
- (b) "Indian Partnership Act does not make the registration of firms compulsory nor does it impose any penalty for non-registration." Explain. Discuss the various disabilities or disadvantages that a non-registered partnership firm can face in brief? (4 Marks) **TIPA**
- (c) Alfa school started imparting education on 1.4.2010, with the sole objective of providing education to children of weaker society either free of cost or at a very nominal fee depending upon the financial condition of their parents. However, on 30th March 2018, it came to the knowledge of the Central Government that the said school was operating by violating the objects of its objective clause due to which it was granted the status of a section 8 company under the Companies Act, 2013. Describe what powers can be exercised by the Central Government against the Alfa School, in such a case? (3 Marks) **CA**

## 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:

People love music for much the same reason they're drawn to, drugs, gambling and delicious food, according to new research. When you listen to tunes that move you, the study found, your brain releases dopamine, a chemical involved in both motivation and addiction.

Even just anticipating the sounds of a composition like Vivaldi's "Four Seasons" or Phish's "You Enjoy Myself" can get the feel-good chemical flowing, found the study, which was the first to make a concrete link between dopamine release and musical pleasure.

The findings offer a biological explanation for why music has been such a major part of major emotional events in cultures around the world since the beginning of human history. Through music, the study also offers new insights into how the human pleasure system works.

"You're following these tunes and anticipating what's going to come next and whether it's going to confirm or surprise you, and all of these little cognitive nuances are what's giving you this amazing pleasure," said Valorie Salimpoor, a neuroscientist at McGill University in Montreal. "The reinforcement or reward happens almost entirely because of dopamine." "This basically explains why music has been around for so long," she added. "The intense pleasure we get from it is actually biologically reinforcing in the brain, and now here's proof for it."

In a previous study, Salimpoor and colleagues linked music-induced pleasure with a surge in intense emotional arousal, including changes in heart rate, pulse, breathing rate and other measurements. Along with these physical changes, people often report feelings of shivers or chills. When that happens during a listening experience, Salimpoor's group and others have found evidence that blood flows to regions in the brain involved in dopamine release.

To solidify the dopamine link, the researchers recruited eight music-lovers, who brought to the lab samples of music that gave them chills of pleasure. Most picks were classical, with some jazz, rock and popular music mixed in, including Led Zeppelin and Dave Matthews Band. The most popular selection was Barber's Adagio for Strings.

After 15 minutes of listening, scientists injected participants with a radioactive substance that binds to dopamine receptors. With a machine called a PET scanner, the scientists were then able to see if that substance simply circulated through listeners' blood, which would indicate that they had already released a lot of dopamine, and that the dopamine was tying up all available receptors. If most of their dopamine receptors were free, on the other hand, the radioactive substance would bind to them.

The technique showed, definitively for the first time, that people's brains released large amounts of dopamine when they listened to music that gave them chills, the researchers reported in the journal Nature Neuroscience. When the same people listened to less moving music the next day, their dopamine receptors remained wide open.

Once the researchers knew for sure that dopamine was behind the pleasure of music, they put participants in an MRI machine and played the moving music for them again. In this part of the experiment, the scanners showed that the brain pumped out dopamine both during the phase of musical anticipation and at the moment when chills hit in full force. The two surges happened in different areas of the brain.

“It is amazing that we can release dopamine in anticipation of something abstract, complex and not concrete,” Salimpoor said. “This is the first study to show that dopamine can be released in response to an aesthetic stimulus.”

1. The aim of the study is to explain:
    - (a) how brain releases dopamine.
    - (b) why music is an integral part of emotional events in all cultures.
    - (c) how human pleasure system works.
    - (d) both (b) and (c).
  2. If the radioactive substance circulated through the listener's blood it would show:
    - (a) the listeners were music lovers.
    - (b) PET scan is crucial in such studies.
    - (c) dopamine had been released during listening to music.
    - (d) all radioactive substances can detect dopamine.
  3. Why is dopamine referred to as the 'feel-good' chemical?
  4. Why was the PET scanner used?
  5. On whom was the study reported in the journal Nature Neuroscience conducted?
- (1\*5 = 5 Marks)**

(b) Read the passage given below.

- (i) Make notes, using headings, sub-headings, and abbreviations wherever necessary. **(3 Marks)**
- (ii) Write summary. **(2 Marks)**

Silk is the most elegant textile in the world with unparalleled grandeur, natural sheen, and inherent affinity for dyes, high absorbance, light weight, soft touch and high durability and known as the “Queen of Textiles” the world over. On the other hand, it stands for livelihood opportunity for millions owing to high employment oriented, low capital intensive and remunerative nature of its production. The very nature of this industry with its rural based on-farm and off-farm activities and enormous employment generation potential has attracted the attention of the planners and policy makers to recognize the industry among one of the most appropriate avenues for socio-economic development of a largely agrarian economy like India.

Silk has been intermingled with the life and culture of the Indians. India has a rich and complex history in silk production and its silk trade dates back to 15th century. Sericulture industry provides employment to approximately 8.25 million persons in rural and semi-urban areas in India during 2015-16. Of these, a sizeable number of workers belongs to the economically weaker sections of society, including women. India's traditional and culture bound domestic market and an amazing diversity of silk garments that reflect geographic specificity have helped the country to achieve a leading position in silk industry.

Silk production in India has the unique distinction of being the only country producing all the five known commercial silks, namely, mulberry, tropical tasar, oak tasar, eri and muga, of which muga with its golden yellow glitter is unique and prerogative of India. Mulberry sericulture is mainly practised in states namely, Karnataka, Andhra Pradesh, Assam and Bodoland, West Bengal. Jharkhand and Tamil Nadu are major silk producing states in the country. North East has the unique distinction of being the only region producing four varieties of silk viz., Mulberry, Oak Tasar, Muga and Eri. Overall NE region contributes 18%

of India's total silk production. India is the second largest producer of silk in the world. Among the four varieties of silk produced in 2015-16, Mulberry accounts for 71.8% (20,434 MT), Tasar 9.9% (2,818 MT), Eri 17.8% (5,054 MT) and Muga 0.6% (166 MT) of the total raw silk production of 28,472 MT. The demand for superior quality bivoltine silk is increasing in India for domestic consumption as well as value added silk products for the export market.

2. (a) What do you understand by completeness in communication? **(1 Mark)**  
(b) (i) Choose the word which best expresses the meaning of the given word.

Wreak

- (a) to twist  
(b) to sweat  
(c) to inflict  
(d) to grasp

**(1 Mark)**

- (ii) Select a suitable antonym for the word given below.

Profane

- (a) Beautiful  
(b) Sacred  
(c) Glorious  
(d) Insane

**(1 Mark)**

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

Who is creating this mess?

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

Soni said to Dhiraj, "Let him come, then we shall see."

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

When Martin Luther King, Jr. was in high school, he won an oratorical contest sponsored by the Negro Elks. He and a beloved teacher were returning home in triumph, riding on a bus, when some white passengers got on. The white bus driver ordered King and his teacher to give up their seats, and cursed them. King wanted to stay seated, but his teacher urged him to obey the law. They had to stand in the aisle for the 90 miles back to Atlanta.

"That night will never leave my memory," King told an interviewer, decades later. "It was the angriest I have ever been in my life." And King is an example of someone who showed a kind of genius for turning that emotion into positive action. "My father was extremely angry from that incident. So much so that he expressed it later on by saying that he came very dangerously close, at that particular time, to hating all white people," says Bernice King, who now runs The King Center in Atlanta.

As he grew older, and went to college and theological school, Martin Luther King, Jr. realized that non-violent resistance offered a way to channel anger into positive forms of protest. "If you internalize anger, and you don't find a channel, it can destroy you," she says. "That's why when Daddy reiterated, 'Hate is too great a burden to bear,' he knew it was corrosive and erosive."

Though King became an icon of non-violence and peace, he also inwardly wrestled with anger and, at times, would snap at those he loved. Looking at how King dealt with anger reveals its dual nature—how it can be a motivating force for change, while also containing the potential for destruction.

3. (a) Define paralanguage. (1 Mark)
- (b) (i) Choose the word which best expresses the meaning of the given word. (1 Mark)
- Augury
- (a) dispute
- (b) altar
- (c) refuge
- (d) omen
- (ii) Select a suitable antonym for the word given below. (1 Mark)
- Brazen
- (a) shy
- (b) generous
- (c) insolent
- (d) bold
- (iii) Change the following sentences into passive voice: (1 Mark)
- She spoke to the official on duty.
- (iv) Change the following sentence to indirect speech. (1 Mark)
- He said, "I hardly have time to attend any party."
- (c) (i) You are ABC, Senior Manager Administration of BNM Solutions Pvt. Ltd. Draft a complaint letter to GHJ Printers regarding delay in delivery of visiting cards ordered 2 weeks ago. (3 Marks)
- (ii) You are Senior Manager HR, Draft a mail to employees of your department, inviting them for a meeting to discuss about the new recruitments to be done in various departments of the company. (2 Marks)
4. (a) Differentiate between vertical and circuit network in communication. (2 Marks)
- (b) (i) Select the suitable antonym for the given word: (1 Mark)
- Bawdy
- (a) dirty
- (b) careless
- (c) decent
- (d) inflexible
- (ii) Rewrite the following sentence in passive voice: (1 Mark)
- A child could not have done this mischief.
- (iii) Change the following sentence into Indirect speech. (1 Mark)
- The young knight asked, "Which way did the princess go?"
- (c) Write an Article in 250-300 words on the topic 'Medical Tourism in India'. (5 Marks)
- Or**
- Write a report in 250-300 words on your visit to an **Old Age Home**
5. (a) Briefly explain emotional, attitude and perception barriers in communication. How can these be overcome? (2 Marks)

- (b) (i) Select the correct meaning of the idioms/phrases given below. **(1 Mark)**
- (1) Go to the dogs
  - (a) very fast
  - (b) aimless
  - (c) become angry
  - (d) become disordered
- (ii) Out of the woods **(1 Mark)**
- (a) After a long time
  - (b) no longer in danger
  - (c) out in open
  - (d) out of the dark
- (iii) Change the following sentence into Indirect speech. **(1 Mark)**
- “I don’t know the way. Do you?” She asked.
- (c) You are Senior Manager in a company. Due to the pandemic, the company had to allow work from home to employees travelling long distances. Others residing close by to attend office thrice a week. Prepare minutes of a meeting discussing the arrangements and resources to be provided to employees. Include the IT staff and supervisors. **(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

Name: XXX

Qualifications: CA Intermediate one group

## MOCK TEST PAPER 1

### FOUNDATION COURSE

#### PAPER 2 BUSINESS LAWS AND BUSINESS CORRESPONDENCE AND REPORTING

##### PAPER A: BUSINESS LAWS

1. (i) As per section 43 of the Indian Contract Act, 1872, when two or more persons make a joint promise, the promisee may, in the absence of express agreement to the contrary, compel any one or more of such joint promisors to perform the whole of the promise.

Each of two or more joint promisors may compel every other joint promisor to contribute equally with himself to the performance of the promise, unless a contrary intention appears from the contract.

If any one of two or more joint promisors makes default in such contribution, the remaining joint promisors must bear the loss arising from such default in equal shares.

In the instant case, Krish, Kamyra and Ketan jointly promised to pay Rs. 6,00,000 to Dia. Kamyra become insolvent and her private assets are sufficient to pay 1/5 of her share of debts. Krish is compelled to pay the whole amount. Krish is entitled to receive Rs. 40,000 from Kamyra's estate, and Rs. 2,80,000 from Ketan.

- (ii) The House of Lords in *Salomon Vs. Salomon & Co. Ltd.* laid down that a company is a person distinct and separate from its members, and therefore, has an independent separate legal existence from its members who have constituted the company. But under certain circumstances the separate entity of the company may be ignored by the courts. When that happens, the courts ignore the corporate entity of the company and look behind the corporate façade and hold the persons in control of the management of its affairs liable for the acts of the company. Where a company is incorporated and formed by certain persons only for the purpose of evading taxes, the courts have discretion to disregard the corporate entity and tax the income in the hands of the appropriate assessee.

- (1) The problem asked in the question is based upon the aforesaid facts. The three companies were formed by the assessee purely and simply as a means of avoiding tax and the companies were nothing more than the façade of the assessee himself. Therefore, the whole idea of Mr. Akbar was simply to split his income into three parts with a view to evade tax. No other business was done by the company.

- (2) The legal personality of the three private companies may be disregarded because the companies were formed only to avoid tax liability. It carried no other business, but was created simply as a legal entity to ostensibly receive the dividend and interest and to hand them over to the assessee as pretended loans.

##### (iii) Difference between Condition and Warranty

- (i) A condition is a stipulation essential to the main purpose of the contract whereas a warranty is a stipulation collateral to the main purpose of the contract.
- (ii) Breach of condition gives rise to a right to treat the contract as repudiated whereas in case of breach of warranty, the aggrieved party can claim damage only.
- (iii) Breach of condition may be treated as breach of warranty whereas a breach of warranty cannot be treated as breach of condition.



According to Section 13 of the Sale of Goods Act, 1930 a breach of condition may be treated as breach of warranty in following circumstances:

- (i) Where a contract of sale is subject to any condition to be fulfilled by the seller, the buyer may waive the condition,
- (ii) Where the buyer elects to treat the breach of condition as breach of a warranty.
- (iii) Where the contract of sale is non-severable and the buyer has accepted the whole goods or any part thereof.
- (iv) Where the fulfillment of any condition or warranty is excused by law by reason of impossibility or otherwise.

## 2. (i) Discharge of a Contract:

A Contract may be discharged either by an act of parties or by an operation of law which may be enumerated as follows:

- (1) **Discharge by performance** which may be actual performance or attempted performance. Actual performance is said to have taken place, when each of the parties has done what he had agreed to do under the agreement. When the promisor offers to perform his obligation, but the promisee refuses to accept the performance, it amounts to attempted performance or tender.
  - (2) **Discharge by mutual agreement:** Section 62 of the Indian Contract Act, 1872 provides that if the parties to a contract agree to substitute a new contract for it or to refund or remit or alter it, the original contract need not to be performed. Novation, Rescission, Alteration and Remission are also the same ground of this nature.
  - (3) **Discharge by impossibility of performance:** The impossibility may exist from its initiation. Alternatively, it may be supervening impossibility which may take place owing to (a) unforeseen change in law (b) The destruction of subject matter (c) The non-existence or non-occurrence of particular state of things (d) the declaration of war (Section 56).
  - (4) **Discharge by lapse of time:** A contract should be performed within a specific period as prescribed in the Law of Limitation Act, 1963. If it is not performed the party is deprived of remedy at law.
  - (5) **Discharge by operation of law:** It may occur by death of the promisor, by insolvency etc.
  - (6) **Discharge by breach of contract:** Breach of contract may be actual breach of contract or anticipatory breach of contract. If one party defaults in performing his part of the contract on the due date, he is said to have committed breach thereof. When on the other hand, a person repudiates a contract before the stipulated time for its performance has arrived, he is deemed to have committed anticipatory breach. If one of the parties to a contract breaks the promise the party injured thereby, has not only a right of action for damages but he is also discharged from performing his part of the contract (Section 64).
  - (7) A promisee may dispense with or remit, wholly or in part, the performance of the promise made to him, or may extend the time for such performance or may accept instead of it any satisfaction he thinks fit. In other words, a contract may be discharged by remission. (Section 63).
  - (8) When a promisee neglects or refuses to afford the promisor reasonable facilities for the performance of the promise, the promisor is excused by such neglect or refusal (Section 67).
- (ii) **Circumstances in which LLP may be wound up by Tribunal (Section 64 of the LLP Act, 2008):** A LLP may be wound up by the Tribunal:
- (a) if the LLP decides that LLP be wound up by the Tribunal;

- (b) if, for a period of more than six months, the number of partners of the LLP is reduced below two;
  - (c) if the LLP is unable to pay its debts;
  - (d) if the LLP has acted against the interests of the sovereignty and integrity of India, the security of the State or public order;
  - (e) if the LLP has made a default in filing with the Registrar the Statement of Account and Solvency or annual return for any five consecutive financial years; or
  - (f) if the Tribunal is of the opinion that it is just and equitable that the LLP be wound up.
3. (i) (a) **Rights which can be enjoyed by a minor partner:**
- (i) A minor partner has a right to his agreed share of the profits and of the firm.
  - (ii) He can have access to, inspect and copy the accounts of the firm.
  - (iii) He can sue the partners for accounts or for payment of his share but only when severing his connection with the firm, and not otherwise.
  - (iv) On attaining majority, he may within 6 months elect to become a partner or not to become a partner. If he elects to become a partner, then he is entitled to the share to which he was entitled as a minor. If he does not, then his share is not liable for any acts of the firm after the date of the public notice served to that effect.
- (b) (1) **Liabilities of a minor partner before attaining majority:**
- (a) The liability of the minor is confined only to the extent of his share in the profits and the property of the firm.
  - (b) Minor has no personal liability for the debts of the firm incurred during his minority.
  - (c) Minor cannot be declared insolvent, but if the firm is declared insolvent his share in the firm vests in the Official Receiver/Assignee.
- (2) **Liabilities of a minor partner after attaining majority:**
- Within 6 months of his attaining majority or on his obtaining knowledge that he had been admitted to the benefits of partnership, whichever date is later, the minor partner has to decide whether he shall remain a partner or leave the firm.
- Where he has elected not to become partner he may give public notice that he has elected not to become partner and such notice shall determine his position as regards the firm. If he fails to give such notice he shall become a partner in the firm on the expiry of the said six months.
- (ii) According to Section 17 of the Indian Contract Act, 1872, mere silence as to facts likely to affect the willingness of a person to enter into a contract is not fraud, unless the circumstances of the case are such that, regard being had to them, it is the duty of the person keeping silence to speak, or unless his silence is, in itself, equivalent to speech. Hence, in the instant case,
- (i) This contract is valid since as per section 17 mere silence as to the facts likely to affect the willingness of a person to enter into a contract is not fraud. Here, it is not the duty of the seller to disclose defects.
  - (ii) This contract is not valid since as per section 17 it becomes P's duty to tell Q about the unsoundness of the horse because a fiduciary relationship exists between P and his daughter Q. Here, P's silence is equivalent to speech and hence amounts to fraud.
  - (iii) This contract is not valid since as per section 17, P's silence is equivalent to speech and hence amounts to fraud.

- (iii) In the instant case, the aggrieved party, in case of misrepresentation by the other party, can avoid or rescind the contract [Section 19, Indian Contract Act, 1872]. The aggrieved party loses the right to rescind the contract if he, after becoming aware of the misrepresentation, takes a benefit under the contract or in some way affirms it.

Accordingly, in the given case, Ram could not rescind the contract, as his acceptance to the offer of Shyam to bear 45% of the cost of repairs impliedly amount to final acceptance of the sale.

4. (i) The following are implied conditions in a contract of sale by sample in accordance with Section 17 of the Sale of Goods Act, 1930;
- that the bulk shall correspond with the sample in quality;
  - that the buyer shall have a reasonable opportunity of comparing the bulk with the sample.
  - that the goods shall be free from any defect, rendering them unmerchantable, which would not be apparent on a reasonable examination of the sample.

#### Implied Warrants:

- Warranty as to undisturbed possession [Section 14(b)]*: An implied warranty that the buyer shall have and enjoy quiet possession of the goods. That is to say, if the buyer having got possession of the goods, is later on disturbed in his possession, he is entitled to sue the seller for the breach of the warranty.
  - Warranty as to non-existence of encumbrances [Section 14(c)]*: An implied warranty that the goods shall be free from any charge or encumbrance in favour of any third party not declared or known to the buyer before or at the time the contract is entered into.
  - Warranty as to quality or fitness by usage of trade [Section 16(3)]*. An implied warranty as to quality or fitness for a particular purpose may be annexed by the usage of trade.
  - Warranty to disclose dangerous nature of goods*: Where a person sells goods, knowing that the goods are inherently dangerous or they are likely to be dangerous to the buyer and that the buyer is ignorant of the danger, he must warn the buyer of the probable danger, otherwise he will be liable in damages.
- (ii) A partner may not be expelled from a firm by a majority of partners except in exercise, in good faith, of powers conferred by contract between the partners. It is, thus, essential that:
- the power of expulsion must have existed in a contract between the partners;
  - the power has been exercised by a majority of the partners; and
  - it has been exercised in good faith.

If all these conditions are not present, the expulsion is not deemed to be in bonafide interest of the business of the firm.

The test of good faith as required under Section 33(1) includes three things:

- The expulsion must be in the interest of the partnership.
- The partner to be expelled is served with a notice.
- He is given an opportunity of being heard.

If a partner is otherwise expelled, the expulsion is null and void.

Thus, according to the test of good faith as required under Section 33(1), expulsion of Partner Y is not valid.

5. (i) (a) **Duty of the buyer according to the doctrine of “Caveat Emptor”:** In case of sale of goods, the doctrine ‘Caveat Emptor’ means ‘let the buyer beware’. When sellers display their goods in the open market, it is for the buyers to make a proper selection or choice of the goods. If the goods turn out to be defective he cannot hold the seller liable. The seller is in no way responsible for the bad selection of the buyer. The seller is not bound to disclose the defects in the goods which he is selling.

**Duty of the seller according to the doctrine of “Caveat Emptor”:** The following exceptions to the Caveat Emptor are the duties of the seller:

1. Fitness as to quality or use
2. Goods purchased under patent or brand name
3. Goods sold by description
4. Goods of Merchantable Quality
5. Sale by sample
6. Goods by sample as well as description
7. Trade usage
8. Seller actively conceals a defect or is guilty of fraud

- (b) As Mr. Das has specifically mentioned that he required the wood which would be best suited for the purpose of making wooden doors and window frames but the seller supplied Mango tree wood which is most unsuitable for the purpose. Mr. Das is entitled to get the money back or the right kind of wood as required serving his purpose. It is the duty of the seller to supply such goods as are reasonably fit for the purpose mentioned by buyer. [Section 16(1) of the Sale of Goods Act, 1930]

## (ii) **Doctrine of Indoor Management**

According to this doctrine, persons dealing with the company need not inquire whether internal proceedings relating to the contract are followed correctly, once they are satisfied that the transaction is in accordance with the memorandum and articles of association.

Stakeholders need not enquire whether the necessary meeting was convened and held properly or whether necessary resolution was passed properly. They are entitled to take it for granted that the company had gone through all these proceedings in a regular manner.

The doctrine helps to protect external members from the company and states that the people are entitled to presume that internal proceedings are as per documents submitted with the Registrar of Companies.

The doctrine of indoor management is opposite to the doctrine of constructive notice. Whereas the doctrine of constructive notice protects a company against outsiders, the doctrine of indoor management protects outsiders against the actions of a company. This doctrine also is a safeguard against the possibility of abusing the doctrine of constructive notice.

### **Exceptions to Doctrine of Indoor Management (Applicability of doctrine of constructive notice)**

- (i) **Knowledge of irregularity:** In case an ‘outsider’ has actual knowledge of irregularity within the company, the benefit under the rule of indoor management would no longer be available. In fact, he/she may well be considered part of the irregularity.
- (ii) **Negligence:** If, with a minimum of effort, the irregularities within a company could be discovered, the benefit of the rule of indoor management would not apply. The protection of

the rule is also not available where the circumstances surrounding the contract are so suspicious as to invite inquiry, and the outsider dealing with the company does not make proper inquiry.

- (iii) **Forgery:** The rule does not apply where a person relies upon a document that turns out to be forged since nothing can validate forgery. A company can never be held bound for forgeries committed by its officers.

## 6. (i) Effect of a Refusal of Party to Perform Promise

**According to Section 39**, when a party to a contract has refused to perform, or disabled himself from performing his promise in its entirety, the promisee may put an end to the contract, unless he has signified, by words or conduct, his acquiescence in its continuance.

From language of Section 39 it is clear that in the case under consideration, the following two rights accrue to the aggrieved party, namely, (a) to terminate the contract; (b) to indicate by words or by conduct that he is interested in its continuance.

In case the promisee decides to continue the contract, he would not be entitled to put an end to the contract on this ground subsequently. In either case, the promisee would be able to claim damages that he suffers as a result on the breach.

- (ii) Under the English Law, the registration of firms is compulsory. Therefore, there is a penalty for non-registration of firms. But the Indian Partnership Act, 1932 does not make the registration of firms compulsory nor does it impose any penalty for non-registration. The registration of a partnership is optional and one partner cannot compel another partner to join in the registration of the firm. It is not essential that the firm should be registered from the very beginning.

However, **under Section 69**, non-registration of partnership gives rise to a number of disabilities which are as follows:

- (i) **No suit in a civil court by firm or other co-partners against third party:** The firm or any other person on its behalf cannot bring an action against the third party for breach of contract entered into by the firm, unless the firm is registered and the persons suing are or have been shown in the register of firms as partners in the firm.
  - (ii) **No relief to partners for set-off of claim:** If an action is brought against the firm by a third party, then neither the firm nor the partner can claim any set-off, if the suit be valued for more than ₹ 100 or pursue other proceedings to enforce the rights arising from any contract.
  - (iii) **Aggrieved partner cannot bring legal action against other partner or the firm:** A partner of an unregistered firm (or any other person on his behalf) is precluded from bringing legal action against the firm or any person alleged to be or to have been a partner in the firm.
  - (iv) **Third party can sue the firm:** In case of an unregistered firm, an action can be brought against the firm by a third party.
- (iii) Section 8 of the Companies Act, 2013 deals with the formation of companies which are formed to promote the charitable objects of commerce, art, science, education, sports etc. Such company intends to apply its profit in promoting its objects. Section 8 companies are registered by the Registrar only when a license is issued by the Central Government to them. Since, Alfa School was a Section 8 company and it had started violating the objects of its objective clause, hence in such a situation the following powers can be exercised by the Central Government:
    - (i) The Central Government may by order revoke the licence of the company where the company contravenes any of the requirements or the conditions of this sections subject to which a licence is issued or where the affairs of the company are conducted fraudulently, or violative of the objects of the company or prejudicial to public interest, and on revocation the

Registrar shall put 'Limited' or 'Private Limited' against the company's name in the register. But before such revocation, the Central Government must give it a written notice of its intention to revoke the licence and opportunity to be heard in the matter.

- (ii) Where a licence is revoked, the Central Government may, by order, if it is satisfied that it is essential in the public interest, direct that the company be wound up under this Act or amalgamated with another company registered under this section.

However, no such order shall be made unless the company is given a reasonable opportunity of being heard.

- (iii) Where a licence is revoked and where the Central Government is satisfied that it is essential in the public interest that the company registered under this section should be amalgamated with another company registered under this section and having similar objects, then, notwithstanding anything to the contrary contained in this Act, the Central Government may, by order, provide for such amalgamation to form a single company with such constitution, properties, powers, rights, interest, authorities and privileges and with such liabilities, duties and obligations as may be specified in the order.



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

### ANSWERS

1. (a) 1. d
2. c
3. Dopamine gives one the feeling of pleasure and happiness.
4. PET scanner enabled the scientists to see if a radioactive substance simply circulated listeners' blood.
5. The experiment was conducted on eight music-lovers, who reported that listening to their favourite music gave them chills of pleasure.

#### (b) Notes

Sericulture in India (Heading)

1. Silk 'Queen of Textiles' characteristics
  - 1.1 Shine, light weight
  - 1.2 Affinity for dyes
  - 1.3 softness, durability
2. Economic importance of silk
  - 2.1 Provides livelihood
  - 2.2 Low capital intensive
  - 2.3 Offers socio economic dev. of weaker sections
  - 2.4 Employs 8.25 million including women
3. Silk prodn. In India
  - 3.1 Since 15<sup>th</sup> century
  - 3.2 Second largest producer in the world
  - 3.3 Prdcs. all five known varieties
  - 3.4 Major Silk producers:
    - 3.4.1 Karnataka, AP, Assam, WB , Jharkhand and TN
    - 3.4.2 NE prdcs.
      - 3.4.2.1 18% of total prdn.
      - 3.4.2.2 4 varieties except Tropical Tasar
4. Varieties prdcd. in India
  - 4.1 Mulberry
    - 4.1.1 Prdcd. in Karnataka, AP, Assam, WB
    - 4.1.2 71.8% of total prdn.
  - 4.2 Tropical Tasar & Oak Tasar
    - 4.2.1 9.9% of total prdn.
  - 4.3 Muga

- 4.3.1 Has unique yellow glitter
- 4.3.2 0.6% of total prdn.
- 4.4 Eri,
  - 4.4.1 17.8% of total prdn.

**Key used:**

- Dev: development
- Prdcs.: produces
- Prodn.:production
- Prdcd:produced
- NE: North East
- AP: Andhra Pradesh
- WB: West Bengal
- TN: Tamil Nadu

**Summary**

Silk is considered the 'Queen of textiles' with its unique characteristics viz. softness, sheen, dyeability and durability. Sericulture is highly labour intensive, provides livelihood to almost 8.25 million people from the weaker sections in India including women. In India, sericulture dates back to 15<sup>th</sup> century and India is the second largest producer of silk and has the distinction of producing all the five varieties viz. Mulberry, Tropical tasar, Oak Tasar, Eri and Muga that has a distinctive yellow glitter. Major silk producing states are Karnataka, Andhra Pradesh, West Bengal and Assam that produce the Mulberry variety. Jharkhand and Tamil Nadu are also amongst major silk producers. The North East produces 4 varieties except the Tropical Tasar and contributes nearly 18% of the total silk production. In 2015-16 India produced about 71.8% of Mulberry, 17.8% of Eri, 9.9% of Tasar and 0.6% of Muga silk.

2. (a) A complete communication conveys all facts and information required by the recipient. It keeps in mind the receiver's intellect and attitude and conveys the message accordingly. A complete communication helps in building the company's reputation, aids in better decision making as all relevant and required information is available with the receiver.
- (b) (i) c  
(ii) b  
(iii) By whom is this mess being created?  
(iv) Soni told Dhiraj that they would see him if he might come.
- (c) **Precis:** Title Martin Luther King Junior: Icon of non-violence
- Martin Luther King Junior recalled an incident during an interview decades later, how he and his teacher were forced to vacate the seats and were cursed by the driver of the bus when a few white passengers had boarded. He confessed that he had never been angrier in his life. During his college days he channeled his emotion into non-violence as positive means of expressing his dissidence against the discrimination from the white community. He realized that hatred is destructive .While he grappled with his anger, he found a way to contain it and went on to become an icon of non-violence.



3. (a) Paralanguage: The way you say something, more than the actual words used, reveal the intent of the message, The voice quality, intonation, pitch, stress, emotion, tone, and style of speaking, communicates approval, interest or the lack of it.
- (b) (i) d  
(ii) a  
(iii) The official on duty was spoken to by her  
(iv) He said that he hardly had time to attend any party.

Apr 3, 20XX

The Sales Manager

GHJ Printers

A-12, Netaji Nagar

New Delhi- 1100xx

Dear Sir,

**Subject: Complaint for delay in delivery of Order No. XX/XX/XXXXXX**

With reference to the subject, I would like to bring to your notice that the order was placed on March 15, 20XX, at the behest of Director HR. It was committed that the delivery of visiting cards will be made in a weeks' time. As on date, it has already been more than two weeks and the order has not been delivered yet.

The senior management is facing a lot of inconvenience during meetings with clients. You are hereby directed to deliver the order in the next two days positively else the order will be summarily cancelled.

Looking forward to immediate action in the matter.

ABC

Senior Manager( Administration)

BNM Solutions Pvt. Ltd.

- (c) (ii)

Dear Colleagues,

Subject: Meeting on fresh recruitments

Greetings! As you know that we need to hire fresh recruits in various departments as notified by the respective Head of Departments.

As desired by the management, we need to start the process in a month.

To discuss the modalities as well as macro and micro level details, we shall meet in the Meeting Room No. 3 on the first floor at 2 PM today.

Kindly make it convenient to attend.

Best Regards,

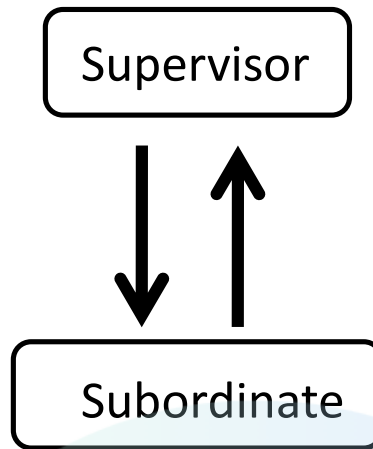
SPJ

Senior Manager, HR

QWE Consulting Pvt. Ltd.

4. (a) **Vertical Network:**

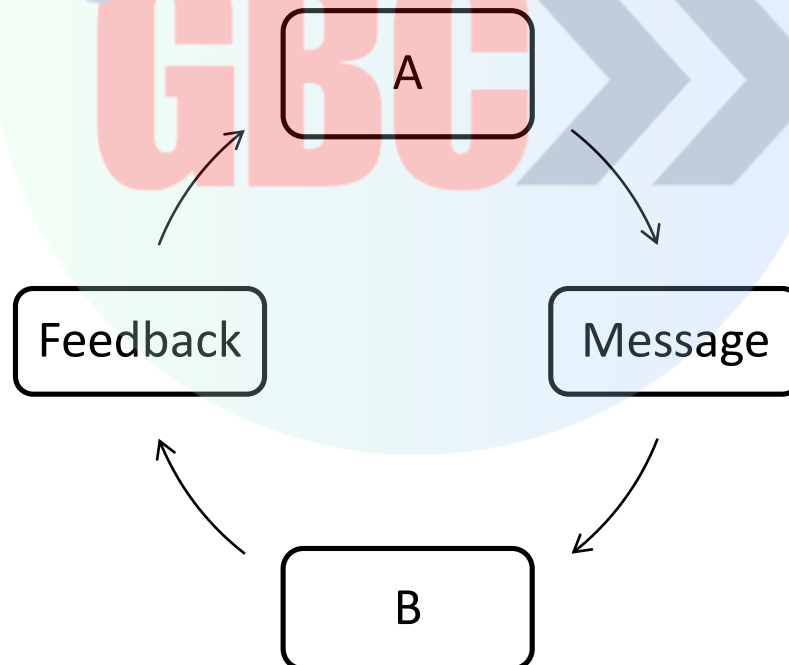
The vertical network is a formal network. It is usually between a higher ranking employee and a subordinate. In this two-way communication, immediate feedback is possible.



**Vertical Network**

2. **Circuit Network:**

When two persons communicate with each other sending messages and feedbacks, they form a communication circuit. Therefore it is known as circuit network. The two people interacting can be colleagues placed at the same hierarchical level in the organisation.



**Circuit Network**

- (b) (i) c  
(ii) This mischief could not have been done by a child.  
(iii) The young knight enquired which way the princess had gone.

(c) **Article Hints:**

- World class Health care readily available across India
- Specializes in prognosis, diagnosis, treatment and therapeutical care.
- India leading player in healthcare infrastructure, research, pharmaceuticals and post trauma care
- Hub of generic medicines, vaccines and hi-tech medical equipment.
- Affordable prices as compared to developed countries
- Experienced doctors and highly skilled medical staff
- Specialized care for serious diseases viz. cancers, complicated heart surgeries and rare transplants
- Special care facilities for infants, elderly and the differently abled
- Easy visa norms
- Affordable cost of living for a prolonged stay

**Report Hints:**

- Facilities for the elderly
    - Spacious rooms single and twin sharing
    - Lush green lawns
    - Attendants provided for the needy
    - Recreational facilities
    - Special yoga classes
    - Monthly health check-ups, vaccination for Covid done
    - Picnic trips
    - Complete Covid care including quarantine facility and medication
  - Interaction with staff and occupants
    - Dedicated staff
    - Homely environment
    - Get love, care and affection
    - Share experiences
    - Playing cricket with the elderly
    - Joy of living life to the fullest
5. (a) **Emotional barriers:** Your emotions sometimes affect your communication. Negative such as anger, fear of criticism or ridicule, mistrust, suspicion, jealousy, anxiety play with our minds and affect our communication ability and quality. If we are upset and disturbed, we cannot pass on or receive information appropriately and objectively. Once we overcome our emotions, we can

communicate rationally.

**Attitude barriers-** Our attitudes can affect communication, especially in a formal setup. If we are proactive and self-motivated, we will communicate promptly owning complete responsibility of the repercussions. Whereas, if we are dissatisfied, disgruntled, shy, introvert or lazy in our approach, we will delay, hesitate in taking the initiative, or refuse to communicate. Correcting our attitude can certainly improve our communication.

**Perception Barriers-** Each one of us perceives the world differently and this causes problems in communicating. The same communication is interpreted differently once our perception about others changes. We can avoid miscommunications and misunderstandings by changing our perception.

- (b) (i) d  
(ii) b  
(iii) She said that she didn't know the way and asked me if I did.

(c) **Minutes of the Meeting**

Participants in attendance: Senior Manager Accounts, IT head, IT Executive, Senior Executives (supervisors) Manager Client Relations

Date: April 3, 20xx

Meeting started at 11: 00 am.

**Mr. ST, Senior Manager Accounts** informed the agenda of the meeting i.e making arrangements to facilitate work from home and preparing a roster for others to attend office thrice a week.

**Mr. RR, Mr. SD and Mr. MP Senior Executives** presented details of their subordinate staff including their address and mode of transport (own or public)

**Mr. ST asked Mr. RR, Mr. SD and Mr. MP to**

- Prepare a roster for staff residing within 5 km radius from the office
- Circulate the same amongst staff members
- Plan a regular reporting system through mails and Whats App Groups about critical tasks
- Regular virtual meetings with the staff on Bluejeans/ Zoom
- Send a mail asking their staff to request for Laptops and plug-in internet devices OR They may carry their desktops home with prior approval from the IT section.
- Contact Mr. DR IT Executive, to assist them to remotely access their office desktop from their laptops from home in case of any exigency.

**Mr. ST asked Mr. RV IT Head** to procure at least 20 laptops with internet plug-ins to be given to the staff. Mr. RV to report to Mr.ST in 3 days.

**Mr. ST asked Mr. TR Manager Client Relations,** to prepare a list of deliverables to various clients and to share complete details regarding outstanding payment to be received.

Mr. ST delivered vote of thanks.

ATR to be submitted by **Mr. RR, Mr SD and Mr. MP, Mr. RV and Mr. TR to Mr. ST by April 7, 20xx**

Group to again meet virtually on April 8, 20xx at same time.

or

Cover Letter

To

Date: Apr 3, 20XX

Manager (HR)

ASD Consultants

A-12/3, Sham Nagar

New Delhi 1100xx

**Sir,**

**Subject: Application for the post of Articled Assistant**

Greetings for the day ! I am writing this letter to express my interest in the position of Articled Assistant in your firm.

I have qualified CA Intermediate Group-1 in January 2021. Right now, I am looking for an opportunity in a prestigious firm like yours so that I can learn different aspects of the profession and make a worthy contribution.

I am ready to present myself for a personal interaction as per your convenience. I assure you that I shall work with utmost allegiance to your firm.

My detailed resume is enclosed herewith for your perusal. Looking forward to a positive response.

Best Regards,

XXX

C-12,

S. Enclave,

New Delhi-1100xx

Name: XXX

Address: C-12, S. Enclave,

New Delhi-1100xx

Email id: XXX@gmail.com

Mobile No.- +91 XXXXXXXX

**Objective**

- I seek to join a firm where I can learn various aspects of profession and use my skills and knowledge of MS Excel, MIS, Tally, and Taxation with GST.
- I wish to contribute towards organizational goal through my technical skills, hard work and initiative.

## Academics

Qualification	University/Board	Year of Passing	Score/Marks
B.Com	DU	Pursuing	
CA Intermediate Group-1	ICAI	Feb 2021	66%
CA Foundation	ICAI	2020	72%
XII	CBSE	2019	93%
X	CBSE	2017	90%

## Skills

MS-Office, Tally, Advance Excel, Payroll, MIS

Good analytical and decision making skills

## Achievements

- As captain of the school cricket team won 2 consecutive zonal inter- school championship trophy
- Part of the team that won the third prize at the national inter-school quiz contest organized by Ministry of Education and HR in 2019.

## Personal Details

Father's Name:

Date of Birth:

Nationality:

## Declaration

I solemnly declare that all the above information is correct to the best of my knowledge and belief.

Date:

XXX,

Signature

## 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. Wherever necessary, suitable assumptions should be made and disclosed by way of note forming part of the answer.

Working Notes should form part of the answer.

Total Marks: 60

#### QUESTIONS

1. (a) Shambhu Dayal started "self service" system in his shop. Smt. Prakash entered the shop, took a basket and after taking articles of her choice into the basket reached the cashier for payments. The cashier refuses to accept the price. Can Shambhu Dayal be compelled to sell the said articles to Smt. Prakash? Decide as per the provisions of the Indian Contract Act, 1872. (4 Marks) TICA
- (b) Mr. X had purchased some goods from M/s ABC Limited on credit. A credit period of one month was allowed to Mr. X. Before the due date Mr. X went to the company and wanted to repay the amount due from him. He found only Mr. Z there, who was the factory supervisor of the company. Mr. Z told Mr. X that the accountant and the cashier were on leave, he is in-charge of receiving money and he may pay the amount to him. Mr. Z issued a money receipt under his signature. After two months, M/s ABC Limited issued a notice to Mr. X for non-payment of the dues within the stipulated period. Mr. X informed the company that he had already cleared the dues and he is no more responsible for the same. He also contended that Mr. Z is an employee of the company whom he had made the payment and being an outsider, he trusted the words of Mr. Z as duty distribution is a job of the internal management of the company. CA  
Analyse the situation and decide whether Mr. X is free from his liability. (4 Marks)
- (c) Explain the term "Delivery and its forms" under the Sale of Goods Act, 1930. (4 Marks) SOGA
2. (a) "An anticipatory breach of contract is a breach of contract occurring before the time fixed for performance has arrived". Explain and also discuss the effect of anticipatory breach on contracts. (7 Marks) CA
- (b) Differentiate between the Limited Liability Partnership (LLP) and Limited Liability Company. (5 Marks) LLP
3. (a) 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) TIPA
- (b) Mr. X and Mr. Y entered into a contract on 1<sup>st</sup> August, 2020, by which Mr. X had to supply 50 tons of sugar to Mr. Y at a certain price strictly within a period of 10 days of the contract. Mr. Y also paid an amount of Rs. 50,000 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> August, 2020 and the only road connecting their places was damaged and could not be repaired within fifteen days. Mr. X offered to supply sugar on 20<sup>th</sup> August, 2020 for which TICA

Mr. Y did not agree. On 1<sup>st</sup> September, 2020, Mr. X claimed compensation of Rs. 10,000 from Mr. Y for refusing to accept the supply of sugar, which was not there within the purview of the contract. On the other hand, Mr. Y claimed for refund of Rs. 50,000, 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 Y's contention. **(6 Marks)**

4. (a) What do you understand by the term "unpaid seller" under the Sale of Goods Act, 1930? When can an unpaid seller exercise the right of stoppage of goods in transit? **(6 Marks)** SOGA

(b) A, B, and C are partners of a partnership firm ABC & Co. The firm is a dealer in office furniture. A was in charge of purchase and sale, B was in charge of maintenance of accounts of the firm and C was in charge of handling all legal matters. Recently through an agreement among them, it was decided that A will be in charge of maintenance of accounts and B will be in charge of purchase and sale. Being ignorant about such agreement, M, a supplier supplied some furniture to A, who ultimately sold them to a third party. Referring to the provisions of the Partnership Act, 1932, advise whether M can recover money from the firm. TIPA

What will be your advice in case M was having knowledge about the agreement? **(6 Marks)**

5. (a) Mr. Samuel agreed to purchase 100 bales of cotton from Mr. Varun, out of his large stock and sent his men to take delivery of the goods. They could pack only 60 bales. Later on, there was an accidental fire and the entire stock was destroyed including 60 bales that were already packed. Referring to the provisions of the Sale of Goods Act, 1930 explain as to who will bear the loss and to what extent? **(6 Marks)** SOGA

(b) F, 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 F as a pretended loan. This way, F divided his income into three parts in a bid to reduce his tax liability. CA

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

6. (a) Define consideration. State the characteristics of a valid consideration. **(5 Marks)** TICA

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

(c) Flora Fauna Limited was registered as a public company. There are 230 members in the company as noted below:

(a) Directors and their relatives	190	CA
(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)**



## 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:

That large animals require luxuriant vegetation has been a general assumption which has passed from one work to another, but I do not hesitate to say that it is completely false and that it has vitiated the reasoning of geologists on some points of great interest in the ancient history of the world. The prejudice has probably been derived from India, and the Indian islands, where troops of elephants, noble forests, and impenetrable jungles are associated together in everyone's mind. If, however, we refer to any work of travels through the southern parts of Africa, we shall find allusions in almost every page either to the desert character of the country or to the numbers of large animals inhabiting it. The same thing is rendered evident by the many engravings which have been published in various parts of the interior.

Dr Andrew Smith, who has lately succeeded in passing the Tropic of Capricorn, informs me that taking into consideration the whole of the southern part of Africa, there can be no doubt of its being a sterile country. On the southern coasts, there are some fine forests, but with these exceptions, the traveller may pass for days together through open plains, covered by poor and scanty vegetation. Now, if we look to the animals inhabiting these wide plains, we shall find their numbers extraordinarily great, and their bulk immense.

It may be supposed that although the species are numerous, the individuals of each kind are few. By the kindness of Dr Smith, I am enabled to show that the case is very different. He informs me that in one day's march with the bullock-wagons, he saw, without wandering to any great distance on either side, between one-hundred and one-hundred and fifty rhinoceroses—the same day he saw several herds of giraffes, amounting together to nearly a hundred.

At the distance of a little more than one hour's march from their place of encampment on the previous night, his party actually killed eight hippopotamuses at one spot and saw many more. In this same river, there were likewise crocodiles. Of course, it was a case quite extraordinary to see so many great animals crowded together, but it evidently proves that they must exist in great numbers. Dr Smith describes that the country passed through that day as 'being thinly covered with grass, and bushes about four feet high, and still more thinly with mimosa trees'.

Besides these large animals, anyone the least acquainted with the natural history of the Cape has read of the herds of antelopes, which can be compared only with the flocks of migratory birds. The numbers indeed of the lion, panther, and hyena, and the multitude of birds of prey, plainly speak of the abundance of the smaller quadrupeds. One evening, seven lions were counted at the same time prowling round Dr Smith's encampment. As this, an able naturalist remarked to me, each day the carnage in Southern Africa must indeed be terrific! I confess that it is truly surprising how such a number of animals can find support in a country producing so little food.

The larger quadrupeds no doubt roam over wide tracts in search of it; and their food chiefly consists of underwood, which probably contains many nutrients in a small bulk. Dr. Smith also informs me that the vegetation has a rapid growth; no sooner is a part consumed, than its place is supplied by a fresh stock. There can be no doubt, however, that our ideas respecting the apparent amount of food necessary for the support of large quadrupeds are much exaggerated. The belief that where large quadrupeds exist, the vegetation must necessarily be luxuriant is

more remarkable because the converse is far from true.

Mr. Burchell observed to me that when entering Brazil, nothing struck him more forcibly than the splendour of the South American vegetation contrasted with that of South Africa, together with the absence of all large quadrupeds. In his travels, he has suggested that the comparison of the respective weights (if there were sufficient data) of an equal number of the largest herbivorous quadrupeds of each country would be extremely curious. If we take on the one side, the elephants, hippopotamus, giraffe, bos caffer, elan, five species of rhinoceros; and on the American side, two tapirs, the guanaco, three deer, the vicuna, peccari, capybara (after which we must choose from the monkeys to complete the number), and then place these two groups alongside each other; it is not easy to conceive ranks more disproportionate in size.

After the above facts, we are compelled to conclude, against the anterior probability that among the Mammalia there exists no close relation between the bulk of the species, and the quantity of the vegetation in the countries which they inhabit.

- (i) What is the primary concern of the author?
- (ii) What prejudice has vitiated the reasoning of geologists?
- (iii) Why does Dr Smith refer to Africa as a sterile country?
- (iv) According to the author, what has led to the 'prejudice'?
  - (a) Errors in the reasoning of biologists
  - (b) False ideas about animals in Africa
  - (c) Incorrect assumptions on the part of geologists
  - (d) Doubt in the mind of the author
- (v) Why are the flocks of migratory birds mentioned in the passage?
  - (a) To describe an aspect of the fauna of South Africa
  - (b) To illustrate a possible source of food for large carnivores
  - (c) To contrast with the habits of the antelope
  - (d) To suggest the size of antelope herds

(1 x 5 =5 Marks)

(b) Read the passage given below.

- (i) Make notes, using headings, sub-headings, and abbreviations wherever necessary. (3 Marks)
- (ii) Write summary. (2 Marks)

Despite all the research every one of us catches cold and most of us catch it frequently. Our failure to control one of the commonest of all ailments sometimes seems ridiculous. Medical science regularly practices transplant surgery and has rid whole countries of such killing diseases as Typhus and the Plague. But the problem of common cold is unusually difficult and much has yet to be done to solve it. It is known that a cold is caused by one of a number of viral infections that affect the lining of the nose and other passages leading to the lungs but the confusing variety of viruses makes study and remedy very difficult. It was shown in 1960 that many typical colds in adults are caused by one or the other of a family of viruses known as rhinoviruses, yet there still remain many colds for which no virus has as yet been isolated.

There is also the difficulty that because they are so much smaller than the bacteria which cause many other infections, viruses cannot be seen with ordinary microscopes. Nor can they be cultivated easily in the bacteriologist's laboratory, since they only grow within the living cells of animals or plants. An important recent step forward, however, is the

development of the technique of tissue culture, in which bits of animal tissue are enabled to go on living and to multiply independently of the body. This has greatly aided virus research and has led to the discovery of a large number of viruses. Their existence had previously been not only unknown but even unsuspected.

The fact that we can catch a cold repeatedly creates another difficulty. Usually, a virus strikes only once and leaves the victim immune to further attacks. Still, we do not gain immunity from colds. Why? It may possibly be due to the fact that while other viruses get into the bloodstream where anti-bodies can oppose them, the viruses causing cold attack cells only on the surface. Or it may be that immunity from one of the many different viruses does not guarantee protection from all the others. It seems, therefore, that we are likely to have to suffer colds for some time yet.

2. (a) What do you understand by coherence in communication? **(1 Mark)**
- (b) (i) Choose the word which best expresses the meaning of the given word. **(1 Mark)**  
Haggle  
(a) postpone (b) accept (c) bargain (d) reject
- (ii) Select a suitable antonym for the word given below. **(1 Mark)**  
Renounce  
(a) Abdicate (b) relinquish (c) deny (d) possess
- (iii) Change the following sentence into passive voice. **(1 Mark)**  
You don't need to wind this watch.
- (iv) Change the following sentences to indirect speech. **(1 Mark)**  
Seema said, "It's time. I must go 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 under populated 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) Name the essential aspects of oral communication. **(1 Mark)**
- (b) (i) Choose the word which best expresses the meaning of the given word. **(1 Mark)**  
Largesse  
(a) Hindrance (b) kindness (c) malevolence (d) cruelty
- (ii) Select a suitable antonym for the word given below. **(1 Mark)**  
Ostentatious  
(a) respectful (b) Awkward (c) Bankrupt (d) Reserved
- (iii) Change the following sentences into passive voice: **(1 Mark)**  
One should not give unsolicited advice.
- (iv) Change the following sentence to indirect speech. **(1 Mark)**  
Reena said, "Alas! These are difficult times."
- (c) Write an Article in 250-300 words on the topic 'Seeking Excellence'  
**Or**  
Write a report in 250-300 words on the rising crime rate in your area. **(5 Marks)**
4. (a) What are cultural barriers in communication? How do they impact communication? **(2 Marks)**
- (b) (i) Select the suitable antonym for the given word: **(1 Mark)**  
Proclivity  
(a) Antipathy (b) Calm (c) Desire (d) Dearth
- (ii) Rewrite the following sentence in passive voice: **(1 Mark)**  
Lie face-down; stretch your arms in front.
- (iii) Change the following sentence into direct speech. **(1 Mark)**  
He said that he would deposit the cheque the following day.
- (c) (i) You are Manager Administration of ASD International. Write a letter to place an order for Covid related equipment/articles to the Manager (Sales and Marketing) of BKL Enterprises. **(3 Marks)**
- (ii) You have been appointed as the Account Manager of a client at JKL Ltd. Draft a mail to introduce yourself to the client. **(2 Marks)**
5. (a) What are networks in communication? Briefly explain the star network. **(2 Marks)**
- (b) (i) Select the correct meaning of the idioms/phrases given below. **(1 Mark)**  
put a spoke in the wheel.  
(a) tried to cause an accident  
(b) helped in the execution of the plan  
(c) thwarted the execution of the plan  
(d) destroyed the plan
- (ii) Play to the gallery **(1 Mark)**  
(a) Advertise  
(b) Attempt to appeal to popular opinion

- (c) Cater to the public taste
  - (d) Attempt to appeal to popular opinion
  - (e) Depend on public for approval
- (iii) Change the following sentence into Indirect speech. **(1 Mark)**

He said to me, "Is she ready or shall I wait?"

- (c) An organization is introducing new products in the market. The senior management along with Manager Sales and Marketing, Customer Care and HR are discussing advertising and customer care strategies. Prepare minutes of a meeting with participants in discussion. **(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

Name: XYZ

Qualifications: CA Intermediate both groups



## MOCK TEST PAPER 2

### FOUNDATION COURSE

#### PAPER 2: BUSINESS LAWS AND BUSINESS CORRESPONDENCE AND REPORTING

#### SECTION A: BUSINESS LAWS

#### ANSWERS

1. (a) **Invitation to offer:** The offer should be distinguished from an invitation to offer. An offer is the final expression of willingness by the offeror to be bound by his offer should the party chooses to accept it. Where a party, without expressing his final willingness, proposes certain terms on which he is willing to negotiate, he does not make an offer, but invites only the other party to make an offer on those terms. This is the basic distinction between offer and invitation to offer.

The display of articles with a price in it in a self-service shop is merely an invitation to offer. It is in no sense an offer for sale, the acceptance of which constitutes a contract. In this case, Smt. Prakash by selecting some articles and approaching the cashier for payment simply made an offer to buy the articles selected by her. If the cashier does not accept the price, the interested buyer cannot compel him to sell.

- (b) **Doctrine of Indoor Management:** The Doctrine of Indoor Management is the exception to the doctrine of constructive notice. The doctrine of constructive notice does not mean that outsiders are deemed to have notice of the internal affairs of the company. For instance, if an act is authorised by the articles or memorandum, an outsider is entitled to assume that all the detailed formalities for doing that act have been observed.

The doctrine of Indoor Management is important to persons dealing with a company through its directors or other persons. They are entitled to assume that the acts of the directors or other officers of the company are validly performed, if they are within the scope of their apparent authority. So long as an act is valid under the articles, if done in a particular manner, an outsider dealing with the company is entitled to assume that it has been done in the manner required.

In the given question, Mr. X has made payment to Mr. Z and he (Mr. Z) gave receipt of the same to Mr. X. Thus, it will be rightful on part of Mr. X to assume that Mr. Z was also authorised to receive money on behalf of the company. Hence, Mr. X will be free from liability for payment of goods purchased from M/s ABC Limited, as he has paid amount due to an employee of the company.

- (c) **Delivery - its forms and derivatives:** Delivery means voluntary transfer of possession from one person to another [Section 2(2) of the Sale of Goods Act, 1930]. As a general rule, delivery of goods may be made by doing anything, which has the effect of putting the goods in the possession of the buyer, or any person authorized to hold them on his behalf.

**Forms of delivery:** Following are the kinds of delivery for transfer of possession:

- (i) **Actual delivery:** When the goods are physically delivered to the buyer.
- (ii) **Constructive delivery:** When it is effected without any change in the custody or actual possession of the thing as in the case of delivery by attornment (acknowledgement) e.g., where a warehouseman holding the goods of A agrees to hold them on behalf of B, at A's request.
- (iii) **Symbolic delivery:** When there is a delivery of a thing in token of a transfer of something else, i.e., delivery of goods in the course of transit may be made by handing over documents

of title to goods, like bill of lading or railway receipt or delivery orders or the key of a warehouse containing the goods is handed over to buyer.

2. (a) Section 39 of the Indian Contract Act deals with anticipatory breach of contract and provides as follows: "When a party to a contract has refused to perform or disable himself from performing, his promise in its entirety, the promisee may put an end to the contract, unless he has signified, but words or conduct, his acquiescence in its continuance."

**Effect of anticipatory breach:** The promisee is excused from performance or from further performance. Further he gets an option:

- (1) To either treat the contract as "rescinded and sue the other party for damages from breach of contract immediately without waiting until the due date of performance; or
- (2) He may elect not to rescind but to treat the contract as still operative, and wait for the time of performance and then hold the other party responsible for the consequences of non performance. But in this case, he will keep the contract alive for the benefit of the other party as well as his own, and the guilty party, if he so decides on re-consideration, may still perform his part of the contract and can also take advantage of any supervening impossibility which may have the effect of discharging the contract.

**(b) Distinction between LLP and Limited Liability Company**

	Basis	LLP	LLC
1.	Regulating Act	The LLP Act, 2008.	The Companies Act, 2013.
2.	Members/Partners	The persons who contribute to LLP are known as partners of the LLP.	The persons who invest the money in the shares are known as members of the company.
3.	Internal governance structure	The internal governance structure of a LLP is governed by contract agreement between the partners.	The internal governance structure of a company is regulated by statute (i.e., Companies Act, 2013).
4.	Name	Name of the LLP to contain the word "Limited Liability partnership" or "LLP" as suffix.	Name of the public company to contain the word "limited" and Pvt. Co. to contain the word "Private limited" as suffix.
5.	No. of members/partners	Minimum – 2 members Maximum – No such limit on the members in the Act. The members of the LLP can be individuals/or body corporate through the nominees.	<b>Private company:</b> Minimum – 2 members Maximum 200 members <b>Public company:</b> Minimum – 7 members Maximum – No such limit on the members. Members can be organizations, trusts, another business form or individuals.
6.	Liability of members/partners	Liability of a partners is limited to the extent of agreed contribution in case of intention is fraud.	Liability of a member is limited to the amount unpaid on the shares held by them.
7.	Management	The business of the company managed by the partners	The affairs of the company are managed by board of directors

		including the designated partners authorized in the agreement.	elected by the shareholders.
8.	Minimum number of directors/designated partners	Minimum 2 designated partners.	Pvt. Co. – 2 directors Public co. – 3 directors

3. (a) A minor cannot be bound by a contract because a minor's contract is void and not merely voidable. Therefore, a minor cannot become a partner in a firm because partnership is founded on a contract. Though a minor cannot be a partner in a firm, he can nonetheless be admitted to the benefits of partnership under Section 30 of the Indian Partnership Act, 1932. In other words, he can be validly given a share in the partnership profits. When this has been done and it can be done with the consent of all the partners then the rights and liabilities of such a partner will be governed under Section 30 as follows:

**Rights:**

- (i) A minor partner has a right to his agreed share of the profits and of the firm.
- (ii) He can have access to, inspect and copy the accounts of the firm.
- (iii) He can sue the partners for accounts or for payment of his share but only when severing his connection with the firm, and not otherwise.
- (iv) On attaining majority he may within 6 months elect to become a partner or not to become a partner. If he elects to become a partner, then he is entitled to the share to which he was entitled as a minor. If he does not, then his share is not liable for any acts of the firm after the date of the public notice served to that effect.

- (b) **Subsequent or Supervening impossibility (Becomes impossible after entering into contract):** When performance of promise become impossible or illegal by occurrence of an unexpected event or a change of circumstances beyond the contemplation of parties, the contract becomes void e.g. change in law etc.

Also, according to section 65 of the Indian Contract Act, 1872, when an agreement is discovered to be void or when a contract becomes void, any person who has received any advantage under such agreement or contract is bound to restore it, or to make compensation for it to the person from whom he received it.

In the given question, after Mr. X and Mr. Y have entered into the contract to supply 50 tons of sugar, the event of flood occurred which made it impossible to deliver the sugar within the stipulated time. Thus, the promise in question became void. Further, Mr. X has to pay back the amount of Rs. 50,000 that he received from Mr. Y as an advance for the supply of sugar within the stipulated time. Hence, the contention of Mr. Y is correct.

4. (a) **Unpaid Seller:** According to Section 45 of the Sale of Goods Act, 1930 the seller of goods is deemed to be an 'Unpaid Seller' when-

- (a) the whole of the price has not been paid or tendered.
- (b) a bill of exchange or other negotiable instrument has been received as conditional payment, and it has been dishonoured.

**Right of stoppage of goods in transit**

When the unpaid seller has parted with the goods to a carrier and the buyer has become insolvent, he can exercise this right by asking the carrier to return the goods back, or not to deliver the goods to the buyer.



However, the right of stoppage in transit is exercised only when the following conditions are fulfilled:

- (a) The seller must be unpaid.
  - (b) The seller must have parted with the possession of goods.
  - (c) The goods must be in the course of transit.
  - (d) The buyer must have become insolvent.
  - (e) The right is subject to provisions of the Act.
- (b) According to Section 20 of the Indian Partnership Act, 1932, the partners in a firm may, by contract between the partners, extend or restrict implied authority of any partners.

Notwithstanding any such restriction, any act done by a partner on behalf of the firm which falls within his implied authority binds the firm, unless the person with whom he is dealing knows of the restriction or does not know or believe that partner to be a partner.

The implied authority of a partner may be extended or restricted by contract between the partners. Under the following conditions, the restrictions imposed on the implied authority of a partner by agreement shall be effective against a third party:

1. The third party knows about the restrictions, and
2. The third party does not know that he is dealing with a partner in a firm.

Now, referring to the case given in the question, M supplied furniture to A, who ultimately sold them to a third party and M was also ignorant about the agreement entered into by the partners about the change in their role. M also is not aware that he is dealing with a partner in a firm. Therefore, M on the basis of knowledge of implied authority of A, can recover money from the firm.

But in the second situation, if M was having knowledge about the agreement, he cannot recover money from the firm.

5. (a) Section 26 of the Sale of Goods Act, 1930 provides that unless otherwise agreed, the goods remain at the seller's risk until the property therein is transferred to the buyer, but when the property therein is transferred to the buyer, the goods are at buyer's risk whether delivery has been made or not. Further Section 18 read with Section 23 of the Act provides that in a contract for the sale of unascertained goods, no property in the goods is transferred to the buyer, unless and until the goods are ascertained and where there is contract for the sale of unascertained or future goods by description, and goods of that description and in a deliverable state are unconditionally appropriated to the contract, either by the seller with the assent of the buyer or by the buyer with the assent of the seller, the property in the goods thereupon passes to the buyer. Such assent may be express or implied. Applying the aforesaid law to the facts of the case in hand, it is clear that Mr. Samuel has the right to select the good out of the bulk and he has sent his men for same purpose.

Hence the problem can be answered based on the following two assumptions and the answer will vary accordingly.

- (i) **Where the bales have been selected with the consent of the buyer's representatives:**  
In this case, the property in the 60 bales has been transferred to the buyer and goods have been appropriated to the contract. Thus, loss arising due to fire in case of 60 bales would be borne by Mr. Samuel. As regards 40 bales, the loss would be borne by Mr. Varun, since the goods have not been identified and appropriated.

(ii) **Where the bales have not been selected with the consent of buyer's representatives:**  
In this case the property in the goods has not been transferred at all and hence the loss of 100 bales would be borne by Mr. Varun completely.

(b) The House of Lords in *Salomon Vs. Salomon & Co. Ltd.* laid down that a company is a person distinct and separate from its members, and therefore, has an independent separate legal existence from its members who have constituted the company. But under certain circumstances the separate entity of the company may be ignored by the courts. When that happens, the courts ignore the corporate entity of the company and look behind the corporate façade and hold the persons in control of the management of its affairs liable for the acts of the company. Where a company is incorporated and formed by certain persons only for the purpose of evading taxes, the courts have discretion to disregard the corporate entity and tax the income in the hands of the appropriate assessee.

1. The problem asked in the question is based upon the aforesaid facts. The three companies were formed by the assessee purely and simply as a means of avoiding tax and the companies were nothing more than the façade of the assessee himself. Therefore the whole idea of Mr. F was simply to split his income into three parts with a view to evade tax. No other business was done by the company.
2. The legal personality of the three private companies may be disregarded because the companies were formed only to avoid tax liability. It carried on no other business, but was created simply as a legal entity to ostensibly receive the dividend and interest and to hand them over to the assessee as pretended loans. The same was upheld in *Re Sir Dinshaw Maneckji Petit* AIR 1927 Bom.371 and *Juggilal vs. Commissioner of Income Tax* AIR (1969) SC (932).

## 6. (a) Definition of Consideration-Section 2(d)

“When at the desire of the promisor, the promisee or any other person has done, or does or abstains from doing or promises to do or abstain from doing something, such an act or abstinence or promise is called consideration for the promise”

The essential characteristics of a valid consideration are as follows:

- (1) Consideration must move at the desire of the promisor
- (2) It may proceed from the promisee or any other person on his behalf.
- (3) It may be executed or executory. It may be past, present or future.
- (4) It must be real and have some value in the eyes of law.
- (5) It must not be something which the promisor is already legally bound to do.
- (6) It must not be unlawful, immoral or opposed to public policy.
- (7) Inadequacy of consideration does not invalidate the contract. Thus, it need not be proportionate to the value of the promise of the other.
- (8) It may comprise of some benefit, profit, right or interest accruing to one or some loss, detriment, obligation or responsibility undertaken by the other.

(b) **Dissolution of Firm:** The Dissolution of Firm means the discontinuation of the jural relation existing between all the partners of the Firm. But when only one of the partners retires or becomes incapacitated from acting as a partner due to death, insolvency or insanity, the partnership, i.e., the relationship between such a partner and other is dissolved, but the rest may decide to continue. In such cases, there is in practice, no dissolution of the firm. The particular partner goes out, but the remaining partners carry on the business of the Firm. In the case of dissolution of the firm, on the other hand, the whole firm is dissolved. The partnership terminates as between each and every partner of the firm.

**Dissolution of a Firm may take place (Section 39 - 44)**

- (a) as a result of any agreement between all the partners (i.e., dissolution by agreement);
  - (b) by the adjudication of all the partners, or of all the partners but one, as insolvent (i.e., compulsory dissolution);
  - (c) by the business of the Firm becoming unlawful (i.e., compulsory dissolution);
  - (d) subject to agreement between the parties, on the happening of certain contingencies, such as: (i) effluence of time; (ii) completion of the venture for which it was entered into; (iii) death of a partner; (iv) insolvency of a partner.
  - (e) by a partner giving notice of his intention to dissolve the firm, in case of partnership at will and the firm being dissolved as from the date mentioned in the notice, or if no date is mentioned, as from the date of the communication of the notice; and
  - (f) by intervention of court in case of: (i) a partner becoming the unsound mind; (ii) permanent incapacity of a partner to perform his duties as such; (iii) Misconduct of a partner affecting the business; (iv) willful or persistent breaches of agreement by a partner; (v) transfer or sale of the whole interest of a partner; (vi) improbability of the business being carried on save at a loss; (vii) the court being satisfied on other equitable grounds that the firm should be dissolved.
- (c) According to section 2(68) of the Companies Act, 2013, "Private company" means a company having a minimum paid-up share capital as may be prescribed, and which by its articles, except in case of One Person Company, limits the number of its members to two hundred.

However, where two or more persons hold one or more shares in a company jointly, they shall, for the purposes of this clause, be treated as a single member.

It is further provided that -

- (A) persons who are in the employment of the company; and
- (B) persons who, having been formerly in the employment of the company, were members of the company while in that employment and have continued to be members after the employment ceased,

shall not be included in the number of members.

In the instant case, Flora Fauna Limited may be converted into a private company only if the total members of the company are limited to 200.

Total Number of members

(i)	Directors and their relatives	190
(ii)	5 Couples (5*1)	5
(iii)	Others	5
	Total	200

Therefore, there is no need for reduction in the number of members since existing number of members are 200 which does not exceed maximum limit of 200.

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

### ANSWERS

1. (a) (i) Author's primary concern is to discuss the relationship between the size of mammals and the nature of vegetation in their habitats.
- (ii) The prejudice that large animals require luxuriant vegetation has vitiated the reasoning of geologists.
- (iii) Dr Smith refers to Africa as a sterile country. Here, the traveller may pass for days together through open plains, covered by a poor and scanty vegetation.
- (iv) b
- (v) c

#### (b)(i) Note Making

1. Facts about Common Cold
  - 1.1 Very freq. viral inf.
  - 1.2 Can't be contrld.
  - 1.3 Difficult prblm.
  - 1.4 Affects nose-lining & other passages to lungs
2. Causes
  - 2.1 family. of vrss. viz. Rhinoviruses
  - 2.2 Not known as no vrs. isolated for some infs.
3. Prblms. of idntfg. vrs.
  - 3.1 Smaller than bacteria
  - 3.2 can't be seen with microscopes
  - 3.3 Grow within living cells of plants and animals
  - 3.4 Can't be easily cultivated in labs
4. Recent. rsrch.
  - 4.1 Tissue. Culture
    - 4.1.1 Def.
      - 4.1.1.1 bits of animal tis. grown in lab
      - 4.1.1.2 multiply indptly. off the body
    - 4.1.2 Led to
      - 4.1.2.1 the discovery of large no. of unknown & unsuspected vrs.
5. Reasons of no imnty.
  - 5.1 Vrs. attack only on surface & not bloodstream
  - 5.2 Can't be opposed by anti-bodies
  - 5.3 Imnty. from one vrs. not grntg. protection from all

**Key :**

Freq: frequent

Inf.: infection

Cntrld: controlled

Prblm: problem

Vrs.: virus

Vrss:viruses

Infs.: infections

Idntfg: identifying

Rsrch:research

Indptly: independently

Imnty:immunity

Grntg: guaranteeing

**(ii) Summary**

Common cold is a very frequently occurring viral infection that affects the nose-lining and other passages to the lungs. It is a difficult problem and cannot be controlled. Although a family of viruses termed as Rhinoviruses has been identified that cause this infection for certain others no virus has been isolated yet. Problems with identifying viruses are that they are smaller than bacteria and cannot be seen through microscope and they grow within living plant and animal cells thus cannot be cultivated in labs. The recent research in virus isolation/identification is Tissue culture that enables tissues to be grown independently off the animal/plant bodies leading to the discovery of many unknown viruses. Immunity cannot be developed against these viruses as they affect the cell surface and not the bloodstream, so antibodies do not develop. Moreover, immunity against one virus does not guarantee safety from other viruses.

2. (a) Coherence in writing and speech refers to the logical bridge between words, sentences, and paragraphs. Main ideas and meaning can be difficult for the reader to follow if the writer jumps from one idea to another and uses contradictory words to express himself/herself. The key to coherence is sequentially organised and logically presented information which is easily understood. All content under the topic should be relevant, interconnected and present information in a flow.

**(b) (i) c**

**(ii) d**

**(iii)** This watch need not be wound.

**(iv)** Seema said that it was time and she had to go then.

**(c) Précis**

Earthquake - The Great Destroyer

Earthquake is the mankind's deadly enemy. Earthquake strikes all without a distinction of nationality or political affiliation. The power of a quake is greater than that of any man-made weapon of destruction. An earthquake strikes mankind without a warning. A modern city when struck is reduced -to a nibble. A quake strikes plains, seas and mountains causing all round

destruction. The quake struck Lisbon in 1755 killing 450; Peru in 1970 killing 50,000; Alaska in 1968 moving it 80 feet into the Pacific Ocean. Scientists are trying to find out means to combat earthquakes, to predict the origin of the quake so that precaution can be taken to save man and property from destruction.

3. (a) **Oral Communication** refers to communication through the spoken word, either face-to-face, telephonically, via voice chat, video conferencing or any other medium. Formal medium like lectures, conferences, seminars, meetings and informal conversations, friendly gossips etc. are part of oral communication.

Major aspects of oral communication are:

- a. Pronunciation
  - b. Listening & conversation
  - c. Spoken grammar
  - d. Vocabulary
- (b) (i) b  
(ii) d  
(iii) Unsolicited advice should not be given.  
(iv) Reena sighed with sorrow that those were difficult times.
- (c) (i) **Article Hints: 'Seeking Excellence'**
- Excellence is the quality/virtue of being outstanding or extremely good
  - Giving your 100% in whatever you attempt
  - How to achieve excellence
    - Determine what you want to achieve
    - How earnestly you want it.
    - Benchmark against the best.
    - Believe that you can do it.
    - Build concrete strategy & plans.
    - Learn from the best.
    - Do not limit yourself.
    - Work really hard.
    - Focus your efforts.
    - Be adaptable.
    - Never give up.
- (ii) **Report: Hints: Rising criminal activity in your area**
- Kind of crimes:
    - Chain snatching
    - Purse snatching
    - Car/2-wheeler theft

- Reasons:
  - Miscreants coming from adjoining areas
  - Unemployment due to factories being moved
  - Low rate of education
  - Mushrooming of unauthorized colonies around the area
  - Addiction to liquor and drugs
  - Societal acceptance to crime
  - Local gangs active
  - No street light in small alleys
- Remedies:
  - Installation of CCTV cameras
  - Increased surveillance by Police personnel
  - Training and engaging local youth to mobilize information against local goons
  - Police posts to be set up at a distance of every one kilometer
  - Barricading of entry gates to colonies at night
  - Street lights to be installed and to remain on during the night till sunrise

4. (a) **Cultural barriers:** Understanding *cultural aspects of communication* refers to having knowledge of different cultures in order to communicate effectively with cross culture people.

Understanding various cultures in this era of globalisation is an absolute necessity as most professionals work in a diverse work environment with their team mates come from different countries, cultures and ethnicities. Owing to this, certain gestures, words and symbols may be interpreted differently resulting in communication barriers and miscommunications. Sensitizing employees about cross-cultural acceptance creates cohesive teams that ultimately helps organizations to achieve their objectives/targets.

- (b) (i) a  
(ii) Let face be down; let arms be stretched out.  
(iii) He said, "I will deposit the cheque tomorrow."

- (c) (i) Letter:

To

Date: xx/xx/xxxx

The Manager (Sales and Marketing)

BKL Enterprises,

{Address}

Sir,

**Subject: Placing an order**

Greetings! We have been sourcing toiletries and other house-keeping articles from your organization for the past 5 years. As per your recent communication, you are now dealing with equipment and articles for the pandemic at discounted prices for bulk orders.

Considering the present situation, we would like to place a bulk order for the articles as under:

Name of the article	Quantity
• Sanitizers (500ml pack)	100
• Sanitizer Dispensing stands	20
• Sanitizers (50 ml pack)	500
• Sanitizing Spray (200ml)	500
• N-95 face masks	1000
• Face Shields	500
• Disposable Gloves	1000 pairs

You are requested to deliver the order in the next 4 days at our head office.

You may deliver the bill along with the articles specifying your bank details for direct bank transfer through NEFT. Your payment shall be made within 24 hours from the date of delivery.

Regards,

Manager (Administration)

ASD International

(ii) Mail:

Sir,

Warm greetings from JKL!

I would like to introduce myself as your new Account Manager for the services you have opted with us at JKL.

Since Ms. X is not associated with us anymore, I shall be your first point of contact at JKL for your account. My paramount concern is how JKL and I can serve you better. I shall be happy to assist you anytime.

You may call me at xxxxxxxxxx or send a mail at [support@jkl.co.in](mailto:support@jkl.co.in)

You can also connect with our customer service helpline at xxxxxxxxxx.

Thanks & Regards,

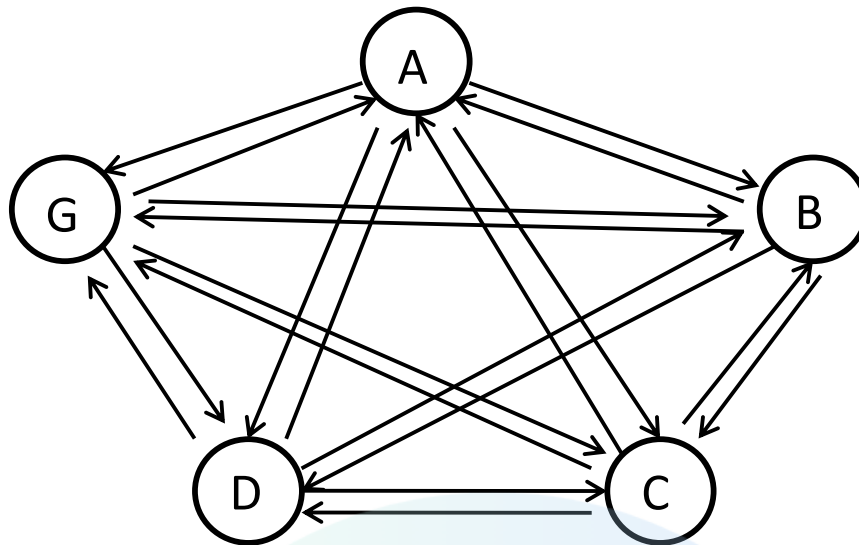
Mr. Y

5. (a) A **communication network** refers to the method and pattern used by members of an organisation to pass on information to other employees in the organisation. Network helps managers create various types of communication flow according to requirement of the task at hand.

The star network communication has multiple channels of communication open between all members. This network propagates group communication and is essential where teamwork is involved. The members communicate and exchange information with each other freely, and without hindrance or hesitation. It can be adopted in an organization where all entities are at par



with respect to decision making. A start-up can be a good example where star network of communication is essentially seen.



## Star Network

(b) (i) c

(ii) b

(iii) He asked me whether you were ready or he should wait.

(c) **Minutes :**

Participants in attendance: Managing Director, Senior Manager Sales and Marketing, Manager Customer Care, Manager HR

Date: April xx, 20xx

Meeting started at 11: 00 am.

**Mr. CM, Managing Director** briefly introduced the agenda i.e. to suggest measures to be introduced by the participating departments to popularize their product line.

**Mr. SM, Senior Manager Sales and Marketing** proposed that advertising strategy should be focused on social media platforms such as Youtube, Facebook, Instagram etc. He suggested

- small videos to be uploaded featuring actual users using the products in real time as a demonstration of the product. These users can be families of employees.
- small videos to be uploaded with the users endorsing the products, specifically discussing the quality parameters and ease of usage.
- Product review and feedback including product rating to be sought in writing from the users.

**Mr. MN, Manager Customer Care** proposed that a toll-free customer care helpline be initiated to render information about the products, their usage and grievance redressal. He further suggested to outsource the service to a call centre.

**Mr. FA, Manager HR** expressed his concerns over monitoring and supervision of the outsourcing

entity.

**Mr. CM directed Mr. MN and Mr. FA** to jointly prepare a concept paper on outsourcing, discussing its pros and cons and complete work details.

**ATR to be submitted by Mr. SM, Mr. MN and Mr. FA** in the next 10 days

latest by **April xx,20xx**.

Group to again meet virtually on **May x, 20xx** at same time.

**(a) Cover Letter**

To

Date: Apr xx, 20XX

Manager (HR)

CDE Consultants

{Address D-51/3, Taj Nagar

New Delhi 1100xx}

**Sir,**

**Subject: Application for the post of Articled Assistant**

Greetings! I am writing this letter to express my interest in the position of Articled Assistant in your firm.

I have qualified CA Intermediate both groups recently. Right now, I am looking for an opportunity in a prestigious firm like yours so that I can learn the various aspects of the accounting profession to make a worthy contribution.

I am ready to present myself for a personal interaction in virtual mode as per your convenience. I assure that I shall work earnestly with utmost allegiance to your firm.

My detailed resume is enclosed herewith for your perusal. Looking forward to a positive response.

Best Regards,

XYZ

{Address-2}

**Resume**

Name: XYZ

Address-2:

Email id: XYZ@gmail.com

Mobile No.- +91 XXXXXXXX

**Objective**

- I seek to join a firm where I can learn various aspects of profession such as audit, taxation (GST) and law..
- I wish to contribute towards organizational goals through my technical skills, hard work and initiative.

## Academics

Qualification	University/Board	Year of Passing	Score/Marks
B.Com	DU	Pursuing	
CA Intermediate	ICAI	Feb 2021	69%
CA Foundation	ICAI	2020	81%
XII	CBSE	2019	96%
X	CBSE	2017	93%

## Skills

- MS-Office, Tally, Advance Excel, Payroll, MIS
- Good analytical and communication skills

## Achievements

- Black belt in Judo. Won 2 consecutive zonal inter- school championship trophy.
- Part of the team that won the second prize at the state level inter-school quiz contest organized by Delhi Government Ministry of Education.

## Personal Details

Father's Name:

Date of Birth:

Nationality:

## Declaration

I solemnly declare that all the above information is correct to the best of my knowledge and belief.

Date:

XYZ,

Signature

## 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) Rahul goes to super market to buy a washing machine. He selects a branded washing machine having a price tag of ₹ 15000 after a discount of ₹ 3000. Rahul 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 ₹ 18000." Rahul got angry and insists for ₹ 15000. State with reasons whether under Indian Contract Act, 1872, Rahul can enforce the cashier to sale at discounted price i.e. ₹ 15000. **(4 Marks)** TICA
- (ii) The paid-up capital of Ram Private Limited is ₹ 10 Crores in the form of 7,00,000 Equity Shares of ₹ 100 each and 3,00,000 Preference Shares of ₹ 100 each. Lakhan Private Limited is holding 3,00,000 Equity Shares and 3,00,000 Preference Shares in Ram Private Limited. State with reason, Whether Ram Private Limited is subsidiary of Lakhan Private Limited? **(4 Marks)** CA
- (iii) Write any four exceptions to the doctrine of Caveat Emptor as per the Sale of Goods Act, 1930. **(4 Marks)** SOGA
2. (i) "An anticipatory breach of contract is a breach of contract occurring before the time fixed for performance has arrived". Discuss stating also the effect of anticipatory breach on contracts. **(7 Marks)** TICA
- (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)** LLP
3. (i) Enumerate the differences between Partnership and Joint Stock Company. **(6 Marks)**
- (ii) Rohan is running a grocery store in Delhi. He sells his grocery business, including goodwill worth ₹ 1,00,000 to Rohit for a sum of ₹ 5,00,000. After the sale of goodwill, Rohit made an agreement with Rohan. As per this agreement, Rohan is not to open another grocery store (similar kind of business) in the whole of India for next ten years. However, Rohan opens another store in the same city two months later. What are the rights available with Rohit regarding the restriction imposed on Rohan with reference to Indian Contract Act, 1872? **(6 Marks)** TICA
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)** SOGA
- (ii) Sohan, Rohan and Jay were partners in a firm. The firm is dealer in office furniture. They have regular dealings with M/s AB and Co. for the supply of furniture for their business. On 30th June 2020, one of the partners, Mr. Jay died in a road accident. The firm has ordered M/s AB and Co. to supply the furniture for their business on 25th May 2020, when Jay was also alive.  
Now Sohan and Rohan continue the business in the firm's name after Jay's death. The firm did not give any notice about Jay's death to the public or the persons dealing with the firm. M/s AB and Co. delivered the furniture to the firm on 25th July 2020. The fact about Jay's death was TIPA

known to them at the time of delivery of goods. Afterwards the firm became insolvent and failed to pay the price of furniture to M/s AB and Co. Now M/s AB and Co. has filed a case against the firm for recovery of the price of furniture. With reference to the provisions of Indian Partnership Act, 1932, explain whether Jay's private estate is also liable for the price of furniture purchased by the firm? **(6 Marks)**

5. (i) Mr. P was running a shop selling good quality washing machines. Mr. Q came to his shop and asked for washing machine which is suitable for washing woollen clothes. Mr. P showed him a particular machine which Mr. Q liked and paid for it. Later on, when the machine was delivered at Mr. Q's house, it was found that it was wrong machine and also unfit for washing woollen clothes. He immediately informed Mr. P about the delivery of wrong machine. Mr. P 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. P is right in refusing to exchange the washing machine? **(6 Marks)** SOGA
- (ii) "The Memorandum of Association is a charter of a company". Discuss. Also explain in brief the contents of Memorandum of Association. **(6 Marks)** CA
6. (i) Explain the term "Coercion" and what are the effects of coercion under Indian Contract Act, 1872. **(5 Marks)** TICA
- (ii) When does dissolution of a partnership firm take place under the provisions of the Indian Partnership Act, 1932? Explain. **(4 Marks)** TIPA
- (iii) Five persons are the only members of a private company Flower Fans Limited. All of them go in a boat on a pleasure trip into an open sea. The boat capsizes and all the 5 die being drowned.
- (a) Is the private company Flower Fans Limited no longer in existence? CA
- (b) Further is it correct to say that a company being an artificial person cannot own property and cannot sue or be sued? Explain with reference to the provisions of Companies Act, 2013. **(3 Marks)**

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

Max Marks: 40

### Instructions

The Question Paper comprises 5 questions of 10 Marks each. Question No. 1 is compulsory. Out of questions 2 to 5, attempt any three.

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

India's economic growth is now much more closely linked to the state of the rural economy than it ever was. Sustaining a 7.5 per cent growth in GDP would be contingent on higher growth in rural household consumption.

Rural expenditure grew 5.7 per cent annually during 2005-15 — against 5 per cent annual growth in the preceding decade — as the government increased social sector spending during the last 10 years.

However, the average rural monthly per capita expenditure (MPCE) at ₹ 1,430 is still about half the average urban MPCE of ₹ 2,630.

A higher social sector spend by the government is the key to India's sustained high economic growth, as it would cut rural populace's social expenditure burden, leaving them with more disposable income to buy consumer goods, clothes and vehicles.

The government's employment scheme, for instance, had significant contribution in raising disposable income among rural households. The National Rural Employment Guarantee Act (NREGA) generated 230.46 crore 'person days' of employment in 2012-13. Two years later, in 2014-15, this fell to 166.36 crore person-days of employment, as the government cut social-sector allocation.

The average NREGA wage being at ₹ 152 per day, a similar employment level in 2014-15 as that in 2012-13 would result in additional rural income generation of more than ₹ 9,700 crore, calculated for the gap of 64.1 core person-days.

The number of households that completed 100 days of employment under the NREGA in 2012-13 was at 50 lakhs. This fell by half in 2014-15 to 25 lakhs households. It shows the enormity of the impact that increased focus on one scheme alone can have.

Further, other social sector spend by the government through various schemes for health, education, rural housing, rural electrification, agriculture and financial inclusion would reduce rural households' expenditure burden on social goods and services.

This, in turn, would lead to increased spending on apparel and footwear, FMCG, consumer services and consumer durables. The spending pattern in rural areas too would depend on households' income category (lower, middle and higher).

According to India Brand Equity Foundation, the rural FMCG market has been growing at around 13 per cent per year over the past five years. It is expected to reach \$100 billion in next 10 years, from \$19 billion in 2014-15. Such growth is possible only with sustained growth in rural economy and households' disposable income.

In the last few years, rural households have shown a trend of increasing spending on apparel and footwear, which were hitherto more of semi-urban and urban characteristics.

This segment is expected to see decent growth in coming years in rural markets, specifically in ready-to-stitch and ready-to-wear wear clothes, T-shirts, denims, sandals, etc.

The rural consumer durable market is roughly 35 per cent of the overall \$10-billion market as of

2014-15. This segment is expected to see higher volume growth in rural areas as the urban markets are getting saturated, and the next cycle of growth there would come from replacements and upgrades.

In rural markets, the demand is expected to rise for items such as refrigerators, two-wheelers and other consumer electronic goods.

The recent media interactions and public speeches of the Prime Minister and the Finance Minister indicate a policy shift towards looking at increased spending on social schemes and targeted subsidies for the needy.

Such measures will spur rural economy and can have a positive impact on sectors such as consumer goods, apparel and footwear, consumer durables and services.

1. What has been the latest expenditure trend in the last few years? **(1 Mark)**
2. How can higher social sector spending by the government boost sustainable economic growth? **(1 Mark)**
3. What is/are true about rural market? **(1 Mark)**
  - a. Increased usage of ready-to-wear clothes.
  - b. Increased purchasing of luxury items such as refrigerators, electronic goods and two-wheelers.
  - c. The rural FMCG market has been growing at around 13 per cent per year over the past five years.
  - d. Rural growth is possible only with sustained growth in rural economy and households' disposable income.
  - e. All the above
4. What is/are the moot point(s) of the recent media interactions and public speeches of the Prime Minister and the Finance Minister? **(1 Mark)**
5. Which of the following is/are not true according to the passage? **(1 Mark)**
  - a. Several employment schemes have tremendously contributed in raising disposable income among rural households.
  - b. Other social sector spend by the government would help reduce expenditure burden on social goods and services.
  - c. The increase in employment rate shows the enormity of the impact that increased focus on one scheme alone can have.
  - d. The spending pattern of consumer expenditure would depend on households' income category.

(b) Read the passage given below.

- (i) Make notes, using headings, sub-headings, and abbreviations wherever necessary.

**(3 Marks)**

- (ii) Write summary.

**(2 Marks)**

1. The tests of life are its plus factors. Overcoming illness and suffering is a plus factor for it moulds character. Steel is iron plus fire, soil is rock plus heat. So let's include the plus factor in our lives.
2. Sometimes the plus factor is more readily seen by the simple hearted. Myers tells the story of a mother who brought into her home – as a companion to her own son- a little

boy who happened to have a hunch back. She had warned her son to be careful, not to refer to his disability. The boys were playing and after a few minutes she overheard her son say to his companion “Do you know what you have got on your back ?” The little boy was embarrassed, but before he could reply, his playmate continued “ It is the box in which your wings are, and some day God is going to cut it open and then you will fly away and be an angel.”

3. Often it takes a third eye or a change in focus, to see the plus factor. Walking along the corridors of a hospital recently where patients were struggling with fear of pain and tests, I was perturbed. What gave me a fresh perspective were the sayings put up everywhere, intended to uplift. One saying made me conscious of the beauty of the universe in the midst of pain, suffering and struggle. The other saying assured me that God was with me when I was in deep water and that no troubles would overwhelm me.
4. The import of those sayings also made me aware of the nether springs that flow into people’s lives when they touch rock bottom or are lonely or guilt ridden. The nether springs make recovery possible, and they bring peace and patience in the midst of negative forces.
5. The forces of death and destruction are not so much physical as they are psychic and psychological. When malice, hatred and hard heartedness prevail, they get channelled as forces of destruction. Where openness, peace and good heartedness prevail, the forces of life gush forth to regenerate hope and joy. The life force is triumphant when love overcomes fear. Both fear and love are deep mysteries, but the effect of love is to build, whereas fear tends to destroy. Love is generally the plus factor that helps build character. It creates bonds and its reach is infinite.
6. It is true there is no shortage of destructive elements – forces and people who seek to destroy others and in the process destroy themselves – but at the same time there are signs of love and life everywhere that are constantly enabling us to overcome setbacks. So let’s not look at gloom and doom – let us seek positivity and happiness. For it is when you seek that you will find what is waiting to be discovered.

2. (a) What is the difference between chain network and wheel spoke network? **(1 Mark)**

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

Clamour

a. Assuage      b. Affirm      c. Silence      d. Tumult **(1 Mark)**

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

Cobble

a. Indifferent      b. Synthesize      c. Complete      d. Destroy

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

I was watering the plants.

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

He said, “Call me back later!”

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

Liberalism is founded on the belief in human liberty. Unlike rats and monkeys, human beings are supposed to have “free will”. This is what makes human choices the ultimate moral and political authority in the world.

If you happened to be amid the riots in Washington on the day after Martin Luther King was assassinated, or in Paris in May 1968, or at the Democratic party’s convention in Chicago in



August 1968, you might well have thought that the end was near. While Washington, Paris and Chicago were descending into chaos, the Soviet system seemed destined to endure forever. Yet 20 years later it was the Soviet system that collapsed. The clashes of the 1960s strengthened liberal democracy, while the stifling climate in the Soviet bloc presaged its demise.

3. (a) What do you understand by coherence in communication? **(1 Mark)**
- (b) (i) Choose the word which best expresses the meaning of the given word. **(1 Mark)**  
Posit  
a. Hypothesize      b. Catalogue      c. Farcical      d. Division
- (ii) Select a suitable antonym for the word given in question. **(1 Mark)**  
Augur  
a. Harbinger      b. Herald      c. Contraindicate      d. Risible
- (iii) Change the following sentences into passive voice: **(1 Mark)**  
Everyone is going to love her.
- (iv) Change the following sentence to indirect speech. **(1 Mark)**  
My mother said, "I had headache yesterday."
- (c) You are JM, Senior Associate of XYZ Legal and you have been approached by Ms. KC of ABC Enterprises for legal services. Write a letter to share the fee proposal of the discussed services.
4. (a) Discuss Non Verbal communication and its types. **(2 Mark)**
- (b) (i) Select the suitable antonym for the given word: **(1 Mark)**  
Transient  
a. Immanent      b. Temporal      c. Ephemeral      d. Affinity
- (ii) Rewrite the following sentence in passive voice: **(1 Mark)**  
Someone has made a mistake.
- (iii) Change the following sentence into Indirect speech. **(1 Mark)**  
Ria said, "I'm seeing my brother tomorrow."
- (c) Write an Article of about 250-300 words on the topic 'Impact of working from home on careers'. **(5 Marks)**

Or

Write a report on 'School Reopen after 1.5 years : Back to School.' in 250-300 words.

5. (a) What are cultural barriers in communication? **(2 Mark)**
- (b) (i) Select the correct meaning of the idioms/phrases used in sentences given below. **(2 Marks)**
1. The chairman of the corporation plays a second fiddle to the minister.
- a. To extend a helping hand  
b. To play a secondary role.  
c. To be guiding person.  
d. To be facilitator.
2. In order to become a successful administrator in the office, an executive has to keep his ears to the ground.
- a. To be very polite

- b. To encourage backbiting
  - c. To keep informed about happening in surrounding.
  - d. To have a strict control over all.
- (b) (ii) Change the following sentence into Direct speech. **(1 Mark)**  
My sister is being helped by her.
- (c) Prepare agenda for a meeting to discuss productivity in the 'work from home' model in office and discussing the tentative timelines for starting offline office. **(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 Tri Nagar in New Delhi.

Name: Rohit Varma  
Qualifications: CA Intermediate



## MOCK TEST PAPER 1

### FOUNDATION COURSE

#### PAPER 2: BUSINESS LAWS AND BUSINESS CORRESPONDENCE AND REPORTING

#### SECTION A: BUSINESS LAWS

#### ANSWERS

1. (i) **An invitation to offer is different from offer.** Quotations, menu cards, price tags, advertisements in newspaper for sale are not offer. These are merely invitations to public to make an offer. An invitation to offer is an act precedent to making an offer. Acceptance of an invitation to an offer does not result in the contract and only an offer emerges in the process of negotiation.

In the instant case, Rahul reaches to super market and selects a washing machine with a discounted price tag of ₹15000 but cashier denied to sale at discounted price by saying that discount is closed from today and request to make full payment. But Rahul insists to sale at discounted price.

On the basis of above provisions and facts, the price tag with washing machine was not offer. It is merely an invitation to offer. Hence, it is the Rahul who is making the offer not the super market. Cashier has right to reject the Rahul's offer. Therefore, Rahul cannot enforce cashier to sale at discounted price.

- (ii) According to Section 2(87) of Companies Act, 2013 "subsidiary company" in relation to any other company (that is to say the holding company), means a company in which the holding company—
- (i) controls the composition of the Board of Directors; or
  - (ii) exercises or controls more than one-half of the total voting power either at its own or together with one or more of its subsidiary companies:

For the purposes of this section —

- (i) the composition of a company's Board of Directors shall be deemed to be controlled by another company if that other company by exercise of some power exercisable by it at its discretion can appoint or remove all or a majority of the directors;
- (ii) the expression "company" includes anybody corporate;

It is to be noted that Preference share capital will also be considered if preference shareholders have same voting rights as equity shareholders.

In the instant case, Ram Private Limited is having paid-up capital of ₹10 Crores in the form of 7,00,000 Equity Shares of ₹100 each and 3,00,000 Preference Shares of ₹100 each. Lakhan Private Limited is holding 3,00,000 Equity Shares and 3,00,000 Preference Shares in Ram Private Limited.

As in the given problem it is not clear that whether Preference Shares are having voting rights or not, it can be taken that there is no voting right with these shares. On the basis of provisions of Section 2(87) and facts of the given problem, Lakhan Private Limited is holding 3,00,000 Equity Shares of total equity paid up share capital of Ram Private Limited. Therefore, as Lakhan Private Limited does not exercises or controls more than one-half of the total voting power in Ram Private Limited, Ram Private Limited is not subsidiary of Lakhan Private Limited.

(iii) **Caveat Emptor:** In case of sale of goods, the doctrine 'Caveat Emptor' means 'let the buyer beware'. When sellers display their goods in the open market, it is for the buyers to make a proper selection or choice of the goods. If the goods turn out to be defective, he cannot hold the seller liable. The seller is in no way responsible for the bad selection of the buyer. The seller is not bound to disclose the defects in the goods which he is selling.

The doctrine of Caveat Emptor is subject to the following exceptions:

1. **Fitness as to quality or use:** Where the buyer makes known to the seller the particular purpose for which the goods are required, so as to show that he relies on the seller's skill or judgment and the goods are of a description which is in the course of seller's business to supply, it is the duty of the seller to supply such goods as are reasonably fit for that purpose [Section 16 (1) of the Sale of goods Act, 1930].
  2. **Goods purchased under patent or brand name:** In case where the goods are purchased under its patent name or brand name, there is no implied condition that the goods shall be fit for any particular purpose [Section 16(1)].
  3. **Goods sold by description:** Where the goods are sold by description there is an implied condition that the goods shall correspond with the description [Section 15]. If it is not so, then seller is responsible.
  4. **Goods of Merchantable Quality:** Where the goods are bought by description from a seller who deals in goods of that description there is an implied condition that the goods shall be of merchantable quality. The rule of Caveat Emptor is not applicable. But where the buyer has examined the goods, this rule shall apply if the defects were such which ought to have not been revealed by ordinary examination [Section 16(2)].
  5. **Sale by sample:** Where the goods are bought by sample, this rule of Caveat Emptor does not apply if the bulk does not correspond with the sample [Section 17].
  6. **Goods by sample as well as description:** Where the goods are bought by sample as well as description, the rule of Caveat Emptor is not applicable in case the goods do not correspond with both the sample and description or either of the condition [Section 15].
  7. **Trade Usage:** An implied warranty or condition as to quality or fitness for a particular purpose may be annexed by the usage of trade and if the seller deviates from that, this rule of Caveat Emptor is not applicable [Section 16(3)].
  8. **Seller actively conceals a defect or is guilty of fraud:** Where the seller sells the goods by making some misrepresentation or fraud and the buyer relies on it or when the seller actively conceals some defect in the goods so that the same could not be discovered by the buyer on a reasonable examination, then the rule of Caveat Emptor will not apply. In such a case the buyer has a right to avoid the contract and claim damages.
2. (i) An anticipatory breach of contract is a breach of contract occurring before the time fixed for performance has arrived. When the promisor refuses altogether to perform his promise and signifies his unwillingness even before the time for performance has arrived, it is called Anticipatory Breach. The law in this regard has very well summed up in **Frost v. Knight and Hochster v. DelaTour**.

**Section 39** of the Indian Contract Act deals with anticipatory breach of contract and provides as follows: "When a party to a contract has refused to perform or disable himself from performing, his promise in its entirety, the promisee may put an end to the contract, unless he has signified, but words or conduct, his acquiescence in its continuance."

**Effect of anticipatory breach:** The promisee is excused from performance or from further performance. Further he gets an option:

- (1) To either treat the contract as “rescinded and sue the other party for damages from breach of contract immediately without waiting until the due date of performance; or
  - (2) He may elect not to rescind but to treat the contract as still operative and wait for the time of performance and then hold the other party responsible for the consequences of non-performance. But in this case, he will keep the contract alive for the benefit of the other party as well as his own, and the guilty party, if he so decides on re-consideration, may still perform his part of the contract and can also take advantage of any supervening impossibility which may have the effect of discharging the contract.
- (ii) LLP is an alternative corporate business form that gives the benefits of limited liability of a company and the flexibility of a partnership.

**Limited Liability:** Every partner of a LLP is, for the purpose of the business of LLP, the agent of the LLP, but not of other partners (Section 26 of the LLP Act, 2008). The liability of the partners will be limited to their agreed contribution in the LLP, while the LLP itself will be liable for the full extent of its assets.

**Flexibility of a partnership:** The LLP allows its members the flexibility of organizing their internal structure as a partnership based on a mutually arrived agreement. The LLP form enables entrepreneurs, professionals and enterprises providing services of any kind or engaged in scientific and technical disciplines, to form commercially efficient vehicles suited to their requirements. Owing to flexibility in its structure and operation, the LLP is a suitable vehicle for small enterprises and for investment by venture capital.

3. (i)

Basis	Partnership	Joint Stock Company
<b>Legal status</b>	A firm is not legal entity i.e. it has no legal personality distinct from the personalities of its constituent members.	A company is a separate legal entity distinct from its members ( <i>Salomon v. Salomon</i> ).
<b>Agency</b>	In a firm, every partner is an agent of the other partners as well as of the firm.	In a company, a member is not an agent of the other members or of the company, his actions do not bind either.
<b>Distribution of profits</b>	The profits of the firm must be distributed among the partners according to the terms of the partnership deed.	There is no such compulsion to distribute its profits among its members. Some portion of the profits, but generally not the entire profit, become distributable among the shareholders only when dividends are declared.
<b>Extent of liability</b>	In a partnership, the liability of the partners is unlimited. This means that each partner is liable for debts of a firm incurred in the course of the business of the firm and these debts can be recovered from his private property, if the joint estate is insufficient to meet them wholly.	In a company limited by shares, the liability of a shareholder is limited to the amount, if any, unpaid on his shares, but in the case of a guarantee company, the liability is limited to the amount for which he has agreed to be liable. However, there may be companies where the liability of members is unlimited.
<b>Property</b>	The firm's property is that which is the “joint estate” of all the partners	In a company, its property is separate from that of its members

	as distinguished from the 'separate' estate of any of them and it does not belong to a body distinct in law from its members.	who can receive it back only in the form of dividends or refund of capital.
<b>Transfer of shares</b>	A share in a partnership cannot be transferred without the consent of all the partners.	In a company a shareholder may transfer his shares, subject to the provisions contained in its Articles. In the case of public limited companies whose shares are quoted on the stock exchange, the transfer is usually unrestricted.
<b>Management</b>	In the absence of an express agreement to the contrary, all the partners are entitled to participate in the management.	Members of a company are not entitled to take part in the management unless they are appointed as directors, in which case they may participate. Members, however, enjoy the right of attending general meeting and voting where they can decide certain questions such as election of directors, appointment of auditors, etc.
<b>Registration</b>	Registration is not compulsory in the case of partnership.	A company cannot come into existence unless it is registered under the Companies Act, 2013.
<b>Winding up</b>	A partnership firm can be dissolved at any time if all the partners agree.	A company, being a legal person is either wind up by the National Company Law Tribunal or its name is struck off by the Registrar of Companies.
<b>Number of membership</b>	According to section 464 of the Companies Act, 2013, the number of partners in any association shall not exceed 100. However, the Rule given under the Companies (Miscellaneous) Rules, 2014 restrict the present limit to 50.	A private company may have as many as 200 members but not less than two and a public company may have any number of members but not less than seven. A private Company can also be formed by one person known as one person Company.
<b>Duration of existence</b>	Unless there is a contract to the contrary, death, retirement or insolvency of a partner results in the dissolution of the firm.	A company enjoys a perpetual succession.

(ii) Section 27 of the Indian Contract Act, 1872 provides that any agreement that restrains a person from carrying on a lawful trade, profession or business is void agreement. However, there are certain exceptions to this rule. One of the statutory exceptions includes sale of Goodwill. The restraint as to sale of goodwill would be a valid restraint provided-

- (i) Where the restraint is to refrain from carrying on a similar business
- (ii) The restraint should be within the specified local limits
- (iii) The restraint should be not to carry on the similar business after sale of goodwill to the buyer for a price

- (iv) The restriction should be reasonable. Reasonableness of restriction will depend upon number of factors as considered by court.

In the given case, Rohan has sold the goodwill and there is restraint for not carrying on the same business of grocery store. However the restriction imposed on Rohan is unreasonable as he cannot carry similar business in whole of India for next 10 years. The restriction on restraint to similar kind of trade should be reasonable to make it a valid agreement. Therefore, Rohit cannot take any legal action against Rohan as the restriction is unreasonable as per Section 27 of Indian Contract Act, 1872. Hence, the agreement made between Rohan and Rohit in restraint of trade is void agreement.

4. (i) In the following cases, a non-owner can convey better title to the bona fide purchaser of goods for value.

(1) **Sale by a Mercantile Agent:** A sale made by a mercantile agent of the goods for document of title to goods would pass a good title to the buyer in the following circumstances; namely;

- (a) If he was in possession of the goods or documents with the consent of the owner;
- (b) If the sale was made by him when acting in the ordinary course of business as a mercantile agent; and
- (c) If the buyer had acted in good faith and has at the time of the contract of sale, no notice of the fact that the seller had no authority to sell (**Proviso to Section 27**).

**Mercantile Agent** means an agent having in the customary course of business as such agent authority either to sell goods, or to consign goods for the purposes of sale, or to buy goods, or to raise money on the security of goods [Section 2(9)].

(2) **Sale by one of the joint owners (Section 28):** If one of several joint owners of goods has the sole possession of them by permission of the co-owners, the property in the goods is transferred to any person who buys them from such joint owner in good faith and has not at the time of the contract of sale notice that the seller has no authority to sell.

(3) **Sale by a person in possession under voidable contract:** A buyer would acquire a good title to the goods sold to him by a seller who had obtained possession of the goods under a contract voidable on the ground of coercion, fraud, misrepresentation or undue influence provided that the contract had not been rescinded until the time of the sale (**Section 29**).

(4) **Sale by one who has already sold the goods but continues in possession thereof:** If a person has sold goods but continues to be in possession of them or of the documents of title to them, he may sell them to a third person, and if such person obtains the delivery thereof in good faith and without notice of the previous sale, he would have good title to them, although the property in the goods had passed to the first buyer earlier. A pledge or other disposition of the goods or documents of title by the seller in possession are equally valid [**Section 30(1)**].

(5) **Sale by buyer obtaining possession before the property in the goods has vested in him:** Where a buyer with the consent of the seller obtains possession of the goods before the property in them has passed to him, he may sell, pledge or otherwise dispose of the goods to a third person, and if such person obtains delivery of the goods in good faith and without notice of the lien or other right of the original seller in respect of the goods, he would get a good title to them [**Section 30(2)**].

However, a person in possession of goods under a 'hire-purchase' agreement which gives him only an option to buy is not covered within the section unless it amounts to a sale.

(6) **Effect of Estoppel:** Where the owner is estopped by the conduct from denying the seller's authority to sell, the transferee will get a good title as against the true owner. But before a good title by estoppel can be made, it must be shown that the true owner had actively

suffered or held out the other person in question as the true owner or as a person authorized to sell the goods.

(7) **Sale by an unpaid seller:** Where an unpaid seller who had exercised his right of lien or stoppage in transit resells the goods, the buyer acquires a good title to the goods as against the original buyer [Section 54 (3)].

(8) **Sale under the provisions of other Acts:**

(i) Sale by an Official Receiver or Liquidator of the Company will give the purchaser a valid title.

(ii) Purchase of goods from a finder of goods will get a valid title under circumstances [Section 169 of the Indian Contract Act, 1872]

(iii) A sale by pawnee can convey a good title to the buyer [Section 176 of the Indian Contract Act, 1872]

(ii) According to section 35 of the Indian Partnership Act, 1932, where under a contract between the partners, the firm is not dissolved by the death of a partner, the estate of a deceased partner is not liable for any act of the firm done after his death.

Further, in order that the estate of the deceased partner may be absolved from liability for the future obligations of the firm, it is not necessary to give any notice either to the public or the persons having dealings with the firm.

In the light of the facts of the case and provisions of law, since the delivery of furniture was made after Jay's death, his estate would not be liable for the debt of the firm. A suit for goods sold and delivered would not lie against the representatives of the deceased partner. This is because there was no debt due in respect of the goods in Jay's lifetime. He was already dead when the delivery of goods was made to the firm and also it is not necessary to give any notice either to the public or the persons having dealings with the firm on a death of a partner. So, the estate of the deceased partner may be absolved from liability for the future obligations of the firm.

5. (i) According to Section 15 of the Sale of Goods Act, 1930, whenever the goods are sold as per sample as well as by description, the implied condition is that the goods must correspond to both sample as well as description. In case the goods do not correspond to sample or description, the buyer has the right to repudiate the contract.

Further under Sale of Goods Act, 1930 when the buyer makes known to the seller the particular purpose for which the goods are required and he relies on his judgment and skill of the seller, it is the duty of the seller to supply such goods which are fit for that purpose.

In the given case, Mr. Q has informed to Mr. P that he wanted the washing machine for washing woollen clothes. However, the machine which was delivered by Mr. P was unfit for the purpose for which Mr. Q wanted the machine.

Based on the above provision and facts of case, we understand that there is breach of implied condition as to sample as well as description, therefore Mr. Q can either repudiate the contract or claim the refund of the price paid by him or he may require Mr. P to replace the washing machine with desired one.

(ii) The Memorandum of Association of company is in fact its charter; it defines its constitution and the scope of the powers of the company with which it has been established under the Act. It is the very foundation on which the whole edifice of the company is built.

**Object of registering a memorandum of association:**



- ◆ It contains the object for which the company is formed and therefore identifies the possible scope of its operations beyond which its actions cannot go.
- ◆ It enables shareholders, creditors and all those who deal with company to know what its powers are and what activities it can engage in.

A memorandum is a public document under Section 399 of the Companies Act, 2013. Consequently, every person entering into a contract with the company is presumed to have the knowledge of the conditions contained therein.

- ◆ The shareholders must know the purposes for which his money can be used by the company and what risks he is taking in making the investment.

A company cannot depart from the provisions contained in the memorandum however imperative may be the necessity for the departure. It cannot enter into a contract or engage in any trade or business, which is beyond the power confessed on it by the memorandum. If it does so, it would be ultra vires the company and void.

**Content of the memorandum:** The memorandum of a company shall state—

- (a) the name of the company (**Name Clause**) with the last word “Limited” in the case of a public limited company, or the last words “Private Limited” in the case of a private limited company. This clause is not applicable on the companies formed under section 8 of the Act.
- (b) the State in which the registered office of the company (**Registered Office clause**) is to be situated;
- (c) the objects for which the company is proposed to be incorporated and any matter considered necessary in furtherance thereof (**Object clause**);
- (d) the liability of members of the company (**Liability clause**), whether limited or unlimited,
- (e) the amount of authorized capital (**Capital Clause**) divided into share of fixed amounts and the number of shares with the subscribers to the memorandum have agreed to take, indicated opposite their names, which shall not be less than one share. A company not having share capital need not have this clause.
- (f) the desire of the subscribers to be formed into a company. The Memorandum shall conclude with the **association clause**. Every subscriber to the Memorandum shall take atleast one share, and shall write against his name, the number of shares taken by him.

## 6. (i) Coercion (Section 15)

“Coercion” is the committing, or threatening to commit, any act forbidden by the Indian Penal Code or the unlawful detaining, or threatening to detain any property, to the prejudice of any person whatever, with the intention of causing any person to enter into an agreement.”

**Effects of coercion under section 19 of Indian Contract Act, 1872**

- (i) Contract induced by coercion is voidable at the option of the party whose consent was so obtained.
- (ii) As to the consequences of the rescission of voidable contract, the party rescinding a void contract should, if he has received any benefit, thereunder from the other party to the contract, restore such benefit so far as may be applicable, to the person from whom it was received.
- (iii) A person to whom money has been paid or anything delivered under coercion must repay or return it. (Section 72)

- (ii) **Dissolution of Firm:** The Dissolution of Firm means the discontinuation of the jural relation existing between all the partners of the Firm. But when only one of the partners retires or

becomes incapacitated from acting as a partner due to death, insolvency or insanity, the partnership, i.e., the relationship between such a partner and other is dissolved, but the rest may decide to continue. In such cases, there is in practice, no dissolution of the firm. The particular partner goes out, but the remaining partners carry on the business of the Firm. In the case of dissolution of the firm, on the other hand, the whole firm is dissolved. The partnership terminates as between each and every partner of the firm.

## **Dissolution of a Firm may take place (Section 39 - 44)**

- (a) as a result of any agreement between all the partners (i.e., dissolution by agreement);
  - (b) by the adjudication of all the partners, or of all the partners but one, as insolvent (i.e., compulsory dissolution);
  - (c) by the business of the Firm becoming unlawful (i.e., compulsory dissolution);
  - (d) subject to agreement between the parties, on the happening of certain contingencies, such as: (i) effluence of time; (ii) completion of the venture for which it was entered into; (iii) death of a partner; (iv) insolvency of a partner.
  - (e) by a partner giving notice of his intention to dissolve the firm, in case of partnership at will and the firm being dissolved as from the date mentioned in the notice, or if no date is mentioned, as from the date of the communication of the notice; and
  - (f) by intervention of court in case of: (i) a partner becoming the unsound mind; (ii) permanent incapacity of a partner to perform his duties as such; (iii) Misconduct of a partner affecting the business; (iv) willful or persistent breach of agreement by a partner; (v) transfer or sale of the whole interest of a partner; (vi) improbability of the business being carried on save at a loss; (vii) the court being satisfied on other equitable grounds that the firm should be dissolved.
- (iii) (a) **Perpetual Succession** – A company on incorporation becomes a separate legal entity. It is an artificial legal person and have perpetual succession which means even if all the members of a company die, the company still continues to exist. It has permanent existence.
- In the instant case, five persons who were the only members of private company and they have died being drowned in the sea. The existence of a company is independent of the lives of its members. It has a perpetual succession. In this problem, the company will continue as a legal entity. The company's existence is in no way affected by the death of all its members.
- (b) **The statement given is incorrect.** A company is an artificial person as it is created by a process other than natural birth. It is legal or judicial as it is created by law. It is a person since it is clothed with all the rights of an individual. Further, the company being a separate legal entity can own property, have banking account, raise loans, incur liabilities and enter into contracts. Even members can contract with company, acquire right against it or incur liability to it. It can sue and be sued in its own name. It can do everything which any natural person can do except be sent to jail, take an oath, marry or practice a learned profession. Hence, it is a legal person in its own sense.

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

### ANSWERS

1. (a) (a) (1) The trend has been towards an increased spending on apparel and footwear in rural households.  
(2) Higher social sector spending by the government will boost sustainable economic growth by reducing the burden of social expenditure on rural populace.  
(3) Option e  
(4) The moot points made by the Prime Minister and the Finance Minister are about increasing the government's spending on social schemes and targeted subsidies for the poor.  
(5) Option c
- (b) (i) The Tests of Life- the Plus Factors
  1. Importance of tests of life
    - 1.1. Illness & Suffering build Char.
    - 1.2. View disability +vely.
      - 1.2.1 Eg: boy with hunch-backed companion.
  2. Change of focus required:
    - 2.1 Sayings in hospital
      - 2.1.1 awaken one to universe amidst pain;
      - 2.1.2 prsnc. of God
    - 2.2. prsnc. of nether springs
      - 2.2.1 flow in ppl's hearts when
        - 2.2.1.1 reach rock bottom
        - 2.2.1.2 are guilt ridden
      - 2.2.2 make recovery possible
      - 2.2.3 Bring Peace &Patience
  3. Fracs. of Destn.
    - 3.1. are Psychic &psychl.
    - 3.2. Cses : malice, hatred &hard headedness
  4. Fracs. of Life
    - 4.1. Cses: Openness, peace& good heartedness
    - 4.2. rgnr. hope & joy
    - 4.3 triumphs when love overcomes fear
  5. Love: the plus factor
    - 5.1 builds char.
    - 5.2 creates bonds

- 5.3 has inf. Reach
- 6. Love & life
  - 6.1 signs everywhere
  - 6.2 help overcome setbacks
- 7. As a true seeker
  - 7.1 dft. Destv.ele.
  - 7.2 do not look at doom & gloom
  - 7.3 seek positivity &happ.

**Key:**

Char.: character

Ppl: people

+ly: positively

Frcs.: forces

cses.: causes

Destn.: destruction

Psychl.: psychological

Rgnr: regenerate

Inf.: infinite

Dft.: defeat

Destv.: destructive

Ele.: elements

Happ.: happiness

**(ii) Summary**

The tests of life like illness, suffering, pain and disability build character. The simple hearted have the ability to view them as signs of hope and the presence of God. Even in the midst of suffering there is God. The belief that amongst pain and suffering the universe is still beautiful and God present gives strength to overcome obstacles. One must realize there is an underlying human strength that emerges during troubles. This brings peace and patience. The forces of destruction can be overcome by the power of love.

2. (a) Chain network is the pattern of communication that follows the chain of command from the senior to junior. Communication starts from the top, like from the CEO, and works its way down to the different levels of employees.

Wheel and spoke network is the pattern of communication where in an organization there is single controlling authority who gives instructions directly from the leader and report back to him/her only.

Wheel and spoke network is only effective in small businesses and chain network is effective in large organization where there are many people who have different roles and responsibilities.

- (b) (i) Option d
  - (ii) Option d
  - (iii) The plants were being watered by me.
  - (iv) He told me to call him back later.
- (c) Human liberty defines liberalism. The concept of “free will” is exclusive to humans and gives us moral and political authority.

During the 1960s, liberalism was undergoing a crisis in the West. Contrasted with the chaos in liberalism, the illiberal system in the Soviet Union seemed to be flourishing. However, in a matter of two decades, it was the Soviet system that collapsed, while liberal democracy strengthened by adapting itself.

3. (a) Coherence in writing and speech refers to the logical bridge between words, sentences, and paragraphs. Main ideas and meaning can be difficult for the reader to follow if the writer jumps from one idea to another and uses contradictory words to express himself/herself. The key to coherence is sequentially organised and logically presented information which is easily understood. All content under the topic should be relevant, interconnected and present information in a flow.
- (b) (i) Option a
  - (ii) Option c
  - (iii) She is going to be loved by everyone.
  - (iv) My mother told me that she had had a headache the day before.

- (c) Oct 12, 20XX

The Manager (Purchase )  
ABC Enterprises Pvt. Ltd.  
G-70 Bharat Enclave  
New Delhi- 1100xx

Dear Ms.KC,

**Subject: Fee Proposal**

It was a pleasure speaking to you earlier today. We are grateful to you for reaching out to us.

XYZ Legal is a boutique law firm set up by me back in 2019. As required, I have attached a short profile of our Firm for your reference.

Further, based on our discussion I understand that you require our support in vetting a master services agreement proposed to be entered with one of your customer support service providers.

For this, we propose to charge a consolidated professional fee of INR 40,000 which includes vetting the Terms of Agreement and attending any calls/negotiations with the service providers. I hope that the above suits you.

Kindly contact in case of any further requirements/ clarifications.

Regards,

JM

Senior Associate

XYZ Legal

Xxxxxxxxxxxxx

4. (a) **Non-verbal Communication** is the process of communicating by sending and receiving wordless messages. These messages can aid verbal communication, convey thoughts and feelings contrary to the spoken words or express ideas and emotions on their own.

**Physical non-verbal communication: An individual's body language that is,** facial expressions, stances, gestures, , touches, and other physical signals constitute this type of communication.

- **Paralanguage:** The way you say something, more than the actual words used, reveal the intent of the message. The voice quality, intonation, pitch, stress, tone, and style of speaking, communicates approval, interest or the lack of it.
  - **Aesthetic communication: Art forms** such as dancing, painting, sculptor, music are also means of communication. They distinctly convey the ideas and thoughts of the artist.
  - **Appearance:** A well dressed and groomed person is presumed to be organised and methodical, whereas a sloppy or shabby person fails to make a favourable impression.
  - **Symbols** such as religious or status symbols.
- (b) (i) Option a  
(ii) The mistake has been made .  
(iii) Ria said that she was seeing her brother the following day.
- (c) (i) Answer Hints:
1. Briefly discuss what people enjoy vis a vis challenges they face (especially women) about working from home.
  2. No limit on work assignments/ no timings
  3. Health issues due to lack of movement/confinement such as cervical pain, backache etc.
  4. Struggle with social isolation and its impact
  5. Cases of depression and anxiety across country
  6. Professional relationship with colleagues/networking is effected
  7. Chances of learning are reduced
  8. Chance to be able to maintain work-life balance is zero
  9. Out of sight, out of mind issues! – you might miss the opportunity because your senior doesn't remember you.
  10. End with working in office is not easy but neither is working from home.
- (ii) Answer Hints:
1. Follow newspaper report writing format
  2. Discuss the announcement by government about reopening of schools
  3. Discuss about briefing to teachers about handling students
  4. Name the schools who are starting:
    - a. Classes that are starting officially
    - b. Dates/Schedules
    - c. Safety measure taken by them

- d. The action plan of students
  - 5. What school authorities have to say to parents
  - 6. What are parents concern.
  - 7. Commuting Problems
  - 8. Restricted Activities/Sports
  - 9. Hazards faced by board classes
    - Practicals sessions being conducted hurriedly
    - No extra classes
5. (a) Understanding *cultural aspects of communication* refers to having knowledge of different cultures in order to communicate effectively with cross culture people. Understanding various cultures in this era of globalisation is an absolute necessity as the existence of cultural differences between people from various countries, regions tribes and, religions, where words and symbols may be interpreted differently can result in communication barriers and miscommunications. Multinational companies offer special courses and documents to familiarise their staff with the culture of the country where they are based for work.

In addition, every organisation too has its own work culture. In fact, departments within the same company may also differ in their expectations, norms and ideologies. This can impact intra and inter organisational communication.

- (b) (i) Option b
- (ii) Option c
- (ii) She is helping my sister.
- (c) (i) Objective: 1st meeting of the HR Group on assessment of productivity in the 'work from home' model  
Date: Oct xx, 20xx  
Time: 11 AM  
Location: Conference Room, 3<sup>rd</sup> Floor Main Building  
Participants: Manager HR Ms. RK, Senior Executive HR Mr. MP, Manager Sales & Marketing Mr. PK, Senior Executive Sales & Marketing Ms. BM, Executive Sales and Marketing Mr. GS, Head Accounts CA. AD, Senior Executive Accounts Mr. SK.

### Agenda

Items	Presenter
1. Assessment of the weekly report from the Sales &Marketing Department on Digital Marketing targets in view of the staff of 3 Content Designers working from home. <b>Annexure-I</b>	<b>Ms. BM</b>
2. Discussion on the application from Ms. ASD Executive, Accounts to continue to work from home for the next 3 months due to exigencies at home. <b>Annexure-II</b>	<b>Mr. MP</b>
3. Reopening the Noida Branch Office with flexible timings between 9AM to 7 PM subject to staff following staggered timings.	<b>Ms. RK</b>

<b>Annexure-III</b>	
4. Recruitment of staff in the Digital Marketing Team. <b>Annexure-IV</b>	<b>Mr. PK</b>
5. Salary overdue for staff due to non approval for 'work from home' <b>Annexure-V</b>	<b>CA. AD</b>

(ii) Cover Letter

To  
 Manager(HR)  
 ABC Consultants  
 3/6 Archana Arcade,  
 Tri Nagar  
 New Delhi.

Date: Oct 18, 20XX

Sir,

**Subject: Application for the post of Articled Assistant**

Greetings for the day ! I am writing this letter to express my interest in the position of Articled Assistant in your firm.

I qualified CA Intermediate both group in the first attempt in July 2021. Thereafter, it took me some time to complete the mandatory ITT and Orientation programme.

I am looking for an opportunity in a prestigious firm like yours so that I am able to learn and grow as a professional. I am ready to present myself for a personal interview. I assure you that I shall work with utmost allegiance towards your firm.

My detailed resume is enclosed here with for your perusal. Looking forward to a positive response.

Best Regards, Rohit Varma

F-24, G Park

New Delhi 1100xx

Resume

Name: Rohit Varma

Address: F-24, G park

NewDelhi-1100XX

Email id: youremail@gmail.com

Mobile No.- +91 XXXXXXXX

**Objective**

I seek to join a firm where I can learn various aspects of the profession and use my skills and knowledge of MS Excel, MIS, Tally, and Taxation with GST.

I wish to contribute towards organizational goal through my technical skills, hard work and creativity.

**Academics**

Qualification	University/Board	Year of Passing	Score/Marks
B.Com	DU	Pursuing	



CA Intermediate	ICAI	2021	72%
CA Foundation	ICAI	2019	79%
XII	CBSE	2017-18	94%
X	CBSE	2015-16	92%

### **Skills**

MS-Office, Tally, Advance Excel, Payroll, MIS

Good analytical and decision making skills

### **Achievements**

- As captain of the school Basket-Ball team won 3 consecutive zonal inter- school championship matches
- Stood first in school in Maths Olympiad in class X.
- Stood second at the state level 'Sudoku' championship

### **Personal Details**

Father's Name:

Date of Birth:

Nationality:

### **Declaration**

I solemnly declare that all the above information is correct to the best of my knowledge and belief.

Date:

Rohit Varma

Signature

## MOCK TEST PAPER 2

## FOUNDATION COURSE

## PAPER 2: BUSINESS LAWS AND BUSINESS CORRESPONDENCE AND REPORTING

## SECTION A: BUSINESS LAWS ( 60 Marks)

Question No. 1 is compulsory.

Answer any four questions from the remaining five questions.

Time Allowed – 3 Hours

Maximum Marks – 100

## QUESTIONS

- 1 (a) Mr. Shekhar wants to sell his car. For this purpose, he appoints Mr. Nadan, a minor as his agent. Mr. Shekhar instructs Mr. Nadan that car should not be sold at price less than Rs. 1,00,000. Mr. Nadan ignores the instruction of Mr. Shekhar and sells the car to Mr. Masoom for Rs. 80,000. Explain the legal position of contract under the Indian Contract Act, 1872 whether:
- (i) Mr. Shekhar can recover the loss of Rs. 20,000 from Mr. Nadan?
- (ii) Mr. Shekhar can recover his car from Mr. Masoom? **(4 Marks)**
- (b) Jagannath Oils Limited is a public company and having 220 members of which 25 members were employee in the company during the period 1<sup>st</sup> April, 2006 to 28<sup>th</sup> June 2016. They were allotted shares in Jagannath Oils Limited first time on 1<sup>st</sup> July, 2007 which were sold by them 1<sup>st</sup> August, 2016. After some time, on 1<sup>st</sup> December, 2016, each of those 25 members acquired shares in Jagannath Oils Limited which they are holding till date. Now company wants to convert itself into a private company. State with reasons:
- (I) Whether Jagannath Oils Limited is required to reduce the number of members.
- (II) Would your answer be different if above 25 members were the employee in Jagannath Oils Limited for the period from 1<sup>st</sup> April, 2006 to 28<sup>th</sup> June, 2017? **(4 Marks)**
- (c) “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. **(4 Marks)**
- 2 (a) (i) “All contracts are agreements, but all agreements are not contracts”. Comment. **(4 Marks)**
- (ii) Shambhu Dayal started “self service” system in his shop. Smt. Prakash entered the shop, took a basket and after taking articles of her choice into the basket reached the cashier for payments. The cashier refuses to accept the price. Can Shambhu Dayal be compelled to sell the said articles to Smt. Prakash? Decide as per the provisions of the Indian Contract Act, 1872. **(3 Marks)**
- (b) What do you mean by Designated Partner? Whether it is mandatory to appoint Designated partner in a LLP? **(5 Marks)**
- 3 (a) 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? **(6 Marks)**
- (b) Mr. Murari owes payment of 3 bills to Mr. Girdhari as on 31<sup>st</sup> March, 2020. (i) ₹ 12,120 which was due in May 2016. (ii) ₹ 5,650 which was due in August 2018 (iii) ₹ 9,680 which was due in

TICA

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TICA

LLP

TIPA

TICA

May 2019. Mr. Murari made payment on 1<sup>st</sup> April 2020 as below without any notice of how to appropriate them:

- (i) A cheque of ₹ 9,680
- (ii) A cheque of ₹ 15,000

Advice under the provisions of the Indian Contract Act, 1872. (6 Marks)

- 4 (a) When can an unpaid seller of goods exercise his right of lien over the goods under the Sale of Goods Act? Can he exercise his right of lien even if the property in goods has passed to the buyer? When such a right is terminated? Can he exercise his right even after he has obtained a decree for the price of goods from the court? (6 Marks)

SOGA

- (b) X, Y and Z are partners in a Partnership Firm. They were carrying their business successfully for the past several years. Due to expansion of business, they planned to hire another partner Mr A. Now the firm has 4 partners X, Y, Z and A. The business was continuing at normal pace. In one of formal business meeting, it was observed that Mr. Y misbehaved with Mrs. A (wife of Mr. A). Mr. Y was badly drunk and also spoke rudely with Mrs. A.

TIPA

Mrs. A felt very embarrassed and told her husband Mr. A about the entire incident. Mr. A got angry on the incident and started arguing and fighting with Mr. Y in the meeting place itself. Next day, in the office Mr. A convinced X and Z that they should expel Y from their partnership firm. Y was expelled from partnership without any notice from X, A and Z.

TIPA

Considering the provisions of the Indian Partnership Act, 1932, state whether they can expel a partner from the firm. What are the criteria for test of good faith in such circumstances?

(6 Marks)

- 5 (a) Avyukt purchased 100 Kgs of wheat from Bhaskar at Rs. 30 per kg. Bhaskar says that wheat is in his warehouse in the custody of Kishore, the warehouse keeper. Kishore confirmed Avyukt that he can take the delivery of wheat from him and till then he is holding wheat on Avyukt's behalf. Before Avyukt picks the goods from warehouse, the whole wheat in the warehouse has flowed in flood. Now Avyukt wants his price on the contention that no delivery has been done by seller. Whether Avyukt is right with his views under the Sale of Goods Act, 1930. (6 Marks)

SOGA

- (b) Briefly explain the doctrine of "ultravires" under the Companies Act, 2013. What are the consequences of ultravires acts of the company? (6 Marks)

CA

- 6 (a) Explain the-term 'Quasi Contracts' and state their characteristics. (5 Marks)

TICA

- (b) "Indian Partnership Act does not make the registration of firms compulsory nor does it impose any penalty for non-registration." In light of the given statement, discuss the consequences of non-registration of the partnership firms In India? (4 Marks)

TIPA

- (c) Manicar Limited has allotted equity shares with voting rights to Nanicar Limited worth ₹ 10 Crores and issued Non-Convertible Debentures worth ₹ 30 Crores during the Financial Year 2017-18. After that total Paid-up Equity Share Capital of the company is ₹ 100 Crores and Non-Convertible Debentures stands at ₹ 150 Crores.

CA

Define the Meaning of Associate Company and comment on whether Manicar Limited and Nanicar Limited would be called Associate Company as per the provisions of the Companies Act, 2013? (3 Marks)

## SECTION B: BUSINESS CORRESPONDENCE AND REPORTING (40 Marks)

Question No. 1 is compulsory.

Answer any three questions from the remaining five questions.

### QUESTIONS

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

In the United States the per capita costs of schooling have risen almost as fast as the cost of medical treatment. But increased treatment by both doctors and teachers has shown steadily declining results. Medical expenses concentrated on those above forty-five have doubled several times over a period of forty years with a resulting 3 percent increase in the life expectancy of men. The increase in educational expenditures has produced even stranger results; otherwise President Nixon could not have been moved this spring to promise that every child shall soon have the "Right to Read" before leaving school.

In the United States it would take eighty billion dollars per year to provide what educators regard as equal treatment for all in grammar and high school. This is well over twice the \$36 billion now being spent. Independent cost projections prepared at HEW and at the University of Florida indicate that by 1974 the comparable figures will be \$107 billion as against the \$45 billion now projected, and these figures wholly omit the enormous costs of what is called "higher education," for which demand is growing even faster. The United States, which spent nearly eighty billion dollars in 1969 for "defense," including its deployment in Vietnam, is obviously too poor to provide equal schooling. The President's committee for the study of school finance should ask not how to support or how to trim such increasing costs, but how they can be avoided.

Equal obligatory schooling must be recognized as at least economically unfeasible. In Latin America the amount of public money spent on each graduate student is between 350 and 1,500 times the amount spent on the median citizen (that is, the citizen who holds the middle ground between the poorest and the richest). In the United States, the discrepancy is smaller, but the discrimination is keener. The richest parents, some 10 percent, can afford private education for their children and help them to benefit from foundation grants. In addition, they obtain ten times the per capita amount of public funds if this is compared with the per capita expenditure made on the children of the 10 percent who are poorest. The principal reasons for this are that rich children stay longer in school, that a year in a university is disproportionately more expensive than a year in high school, and that most private universities depend—at least indirectly—on tax-derived finances.

Obligatory schooling inevitably polarizes a society; it also grades the nations of the world according to an international caste system. Countries are rated like castes whose educational dignity is determined by the average years of schooling of its citizens, a rating which is closely related to per capita gross national product, and much more painful.

(a) What is the main idea of the passage? (1 Marks)

(b) How many years would it take to provide what educators regard as equal treatment in high school in US? (1 Marks)

(c) According to the passage, education is like health care in all of the following ways EXCEPT: (1 Marks)

(A) It has reached a point of diminishing returns, increased spending no longer results in significant improvement.

- (B) It has an inappropriate “more is better” philosophy.
- (C) It is unfairly distributed between rich and poor.
- (D) The amount of money being spent on older students is increasing.
- (E) Its cost has increased nearly as fast.
- d) Why does the author consider the results from increased educational expenditures to be “even stranger” than those from increased medical expenditures? **(1 Marks)**
- (A) The aging of the population should have had an impact only on medical care, not on education.
- (B) The “Right to Read” should be a bare minimum, not a Presidential ideal.
- (C) Educational spending has shown even poorer results than spending on health care, despite greater increases.
- (D) Education has become even more discriminatory than health care.
- (E) It inevitably polarizes society.
- (e) How much is spent on each graduate in Latin America from the public money? **(1 Marks)**
- (b) Read the passage given below.
- (i) Make notes, using headings, sub-headings, and abbreviations wherever necessary. **(3 Marks)**
- (ii) Write summary. **(2 Marks)**
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 paragraphs, topic sentences, introduction 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, all information 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 idiotic. 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.

2 (a) What is Visual Communication?

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

Perspicacious

- (a) Bad (b) Clear (c) Hazy (d) Shrewd **(1 Marks)**

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

Malevolence

- (a) Benefitting (b) Tenderness (c) Indulgence (d) Kindness

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

Has she phoned him?

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

She said to me, "What can I do for you?"

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

English education and English language have done immense goods to India, in spite of their glaring drawbacks. The notions of democracy and self-government are the born of English education. Those who fought and died for Mother India's freedom were nursed in the cradle of English thought and culture. The West has made contribution to the East. The history of Europe has fired the hearts of our leaders. Our struggle for freedom has been inspired by the struggles for freedom in England, America and France. If our leaders were ignorant of English and if they had not studied this language, how could they have been inspired by these heroic struggles for freedom in other lands? English, therefore, did us great good in the past and if properly studied will do immense good in future.

English is spoken throughout the world. For international contact our commerce and trade, for the development of our practical ideas, for the scientific studies, English-is indispensable "English is very rich in literature," our own literature has been made richer by this foreign language. It will really be a fatal day if we altogether forget Shakespeare, Milton, Keats and Shaw.

- 3 (a) What do you understand by completeness in communication? **(1 Marks)**

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

Mercenary

- (a) luring by false charms (b) poisonous (c) serving only for pay (d) unworthy **(1 Marks)**

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

Boisterous

- (a) calm (b) courageous (c) serenity (d) cheerful

- (iii) Change the following sentences into passive voice: **(1 Marks)**  
They don't help you.
- (iv) Change the following sentence to indirect speech. **(1 Marks)**  
Everybody said, "How well she sings."
- (c) You are SD, Senior Manager of BNM International and you want to host Diwali Party in your organization. Write a letter to FGH caterers to enquire about the services.
4. (a) Briefly discuss any 4 barriers of communications. **(2 Marks)**
- (b) (i) Select the suitable antonym for the given word: **(1 Marks)**  
Indict  
(a) reprimand (b) allege (c) condemn (d) acquit
- (ii) Rewrite the following sentence in active voice: **(1 Marks)**  
Are you picked up by your mom?
- (iii) Change the following sentence into Indirect speech. **(1 Marks)**  
Ria said to Siya, "Who were you speaking to over the phone?"
- (c) Write an Article of about 250-300 words on the topic 'Sports in India in present times' **(5 Marks)**

**Or**

Write a report on 'Indian unicorn start-ups IPO launch' in 250-300 words.

5. (a) What is the difference between Vertical and Horizontal Communication? **(2 Marks)**
- (b) (i) Select the correct meaning of the idioms/phrases used in sentences given below. **(2 Marks)**
1. The elephant in the room  
(a) A slow person  
(b) A fat person  
(c) The useless person in the group  
(d) The main issue
2. A man of straw  
(a) A man of no substance  
(b) A man without wife  
(c) A man in the village  
(d) None of the above
- (ii) Change the following sentence into Active Voice. **(1 Marks)**  
The prize wasn't won by Sheena.

- (c) Prepare minutes of the meetings of a meeting with company heads and project members. The agenda of the meeting to discuss the progress of the project and discuss the hurdles. **(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 Gomati Nagar in New Delhi.

Name: Jagjeet Singh  
Qualifications: CA Intermediate





## MOCK TEST PAPER 2

### FOUNDATION COURSE

#### PAPER 2: BUSINESS LAWS AND BUSINESS CORRESPONDENCE AND REPORTING

#### SECTION A: BUSINESS LAWS

#### ANSWERS

- 1 (a) According to the provisions of Section 11 of the Indian Contract Act, 1872, a minor is disqualified from contracting. A contract with minor is *void-ab-initio* but minor can act as an agent. But he will not be liable to his principal for his acts.

In the instant case, Mr. Shekhar appoints Mr. Nadan, a minor as his agent to sale his car. Mr. Shekhar clearly instructed to Mr. Nadan that the minimum sale price of the car should be Rs. 1,00,000 yet Mr. Nadan sold the car to Mr. Masoom for Rs. 80,000.

- (i) Considering the facts, although the contract between Mr. Shekhar and Mr. Nadan is valid, Mr. Nadan will not be liable to his principal for his acts. Hence, Mr. Shekhar cannot recover the loss of Rs. 20,000.
- (ii) Further, Mr. Masoom purchased the car from agent of Mr. Shekhar, he got good title. Hence, Mr. Shekhar cannot recover his car from Mr. Masoom.
- (b) According to Section 2(68) of Companies Act, 2013, "Private company" means a company having a minimum paid-up share capital as may be prescribed, and which by its articles,—
- (i) restricts the right to transfer its shares;
- (ii) except in case of One Person Company, limits the number of its members to two hundred: Provided that where two or more persons hold one or more shares in a company jointly, they shall, for the purposes of this clause, be treated as a single member: Provided further that—
- (A) persons who are in the employment of the company; and
- (B) persons who, having been formerly in the employment of the company, were members of the company while in that employment and have continued to be members after the employment ceased, shall not be included in the number of members; and
- (iii) prohibits any invitation to the public to subscribe for any securities of the company.
- (I) Following the provisions of Section 2(68), 25 members were employees of the company but not during present membership which was started from 1<sup>st</sup> December 2016 i.e. after the date on which these 25 members were ceased to the employee in Jagannath Oils Limited. Hence, they will be considered as members for the purpose of the limit of 200 members. The company is required to reduce the number of members before converting it into a private company.
- (II) On the other hand, if those 25 members were ceased to be employee on 28<sup>th</sup> June 2017, they were employee at the time of getting present membership. Hence, they will not be counted as members for the purpose of the limit of 200 members and the total number of members for the purpose of this sub-section will be 195. Therefore,

CA

Jagannath Oils Limited is not required to reduce the number of members before converting it into a private company.

(c) **Exceptions to the Rule *Nemo dat Quod Non Habet*:** The term means, “none can give or transfer goods what he does not himself own”. Exceptions to the rule and the cases in which the Rule does not apply under the provisions of the Sale of Goods Act, 1930 are enumerated below:

(i) **Sale by a Mercantile Agent:** A sale made by a mercantile agent of the goods or document of title to goods would pass a good title to the buyer in the following circumstances, namely.

- (a) if he was in possession of the goods or documents with the consent of the owner;
- (b) if the sale was made by him when acting in the ordinary course of business as a mercantile agent; and
- (c) if the buyer had acted in good faith and has at the time of the contract of sale, no notice of the fact that the seller had no authority to sell. (Proviso to Section 27).

Mercantile agent means an agent having in the customary course of business as such agent authority either to sell goods, or to consign goods for the purposes of sale, or to buy goods, or to raise money on the security of goods. [section 2(9)]

(ii) **Sale by one of the joint owners:** If one of the several joint owners of goods has the sole possession of them with the permission of the others the property in the goods may be transferred to any person who buys them from such a joint owner in good faith and does not at the time of the contract of sale have notice that the seller has no authority to sell. (Section 28)

(iii) **Sale by a person in possession under voidable contract:** A buyer would acquire a good title to the goods sold to him by seller who had obtained possession of the goods under a contract voidable on the ground of coercion, fraud, misrepresentation or undue influence provided that the contract had not been rescinded until the time of the sale (Section 29).

(iv) **Sale by one who has already sold the goods but continues in possession thereof:** If a person has sold goods but continues to be in possession of them or of the documents of title to them, he may sell them to a third person, and if such person obtains the delivery thereof in good faith without notice of the previous sale, he would have good title to them, although the property in the goods had passed to the first buyer earlier. A pledge or other deposition of the goods or documents of title by the seller in possession are equally valid. [Section 30(1)]

(v) **Sale by buyer obtaining possession before the property in the goods has vested in him:** Where a buyer with the consent of seller obtains possession of the goods before the property in them has passed to him, he may sell, pledge or otherwise dispose of the goods to a third person, and if such person obtains delivery of the goods in good faith and without notice of the lien or other right of the original seller in respect of the goods in good faith and without notice of the lien or other right of the original seller in respect of the goods, he would get a good title to them. [Section 30(2)].

(vi) **Sale by an unpaid seller:** Where on unpaid seller who had exercised his right of lien or stoppage in transit resells the goods, the buyer acquires a good title to the goods as against the original buyer [Section 54(3)].

**(vii) Sale under the provisions of other Acts:**

- (i) Sale by an official Receiver or liquidator of the company will give the purchaser a valid title.
- (ii) Purchase of goods from a finder of goods will get a valid title under circumstances.
- (iii) Sale by a pawnee under default of pawnor will give valid title to the purchaser.

- 2 (a) (i) An agreement comes into existence when one party makes a proposal or offer to the other party and that other party gives his acceptance to it. A contract is an agreement enforceable by law. It means that to become a contract an agreement must give rise to a legal obligation i.e. duly enforceable by law. If an agreement is incapable of creating a duly enforceable by law, it is not a contract. There can be agreements which are not enforceable by law, such as social, moral or religious agreements. The agreement is a wider term than the contract. All agreements need not necessarily become contracts but all contracts shall always be agreements.

*All agreements are not contracts:* When there is an agreement between the parties and they do not intend to create a legal relationship, it is not a contract.

*All contracts are agreements:* For a contract there must be two things (a) an agreement and (b) enforceability by law. Thus, existence of an agreement is a pre-requisite existence of a contract. Therefore, it is true to say that all contracts are agreements.

Thus, we can say that there can be an agreement without it becoming a contract, but we can't have a contract without an agreement.

- (ii) **Invitation to offer:** The offer should be distinguished from an invitation to offer. An offer is the final expression of willingness by the offeror to be bound by his offer should the party chooses to accept it. Where a party, without expressing his final willingness, proposes certain terms on which he is willing to negotiate, he does not make an offer, but invites only the other party to make an offer on those terms. This is the basic distinction between offer and invitation to offer.

The display of articles with a price in it in a self-service shop is merely an invitation to offer. It is in no sense an offer for sale, the acceptance of which constitutes a contract. In this case, Smt. Prakash by selecting some articles and approaching the cashier for payment simply made an offer to buy the articles selected by her. If the cashier does not accept the price, the interested buyer cannot compel him to sell.

- (b) **Designated Partner [Section 2(j)]:** "Designated partner" means any partner designated as such pursuant to section 7.

According to section 7 of the LLP Act, 2008:

- (i) Every LLP shall have at least two designated partners who are individuals and at least one of them shall be a resident in India.
- (ii) If in LLP, all the partners are bodies corporate or in which one or more partners are individuals and bodies corporate, at least two individuals who are partners of such LLP or nominees of such bodies corporate shall act as designated partners.

**3 (a) Ms. Lucy while drafting partnership deed must take care of following important points:**

- No particular formalities are required for an agreement of partnership.
- Partnership deed may be in writing or formed verbally. The document in writing containing the various terms and conditions as to the relationship of the partners to each other is called the 'partnership deed'.
- Partnership deed should be drafted with care and be stamped according to the provisions of the Stamp Act, 1899.
- If partnership comprises immovable property, the instrument of partnership must be in writing, stamped and registered under the Registration Act.

**List of information included in Partnership Deed while drafting Partnership Deed by Ms. Lucy:**

- Name of the partnership firm.
- Names of all the partners.
- Nature and place of the business of the firm.
- Date of commencement of partnership.
- Duration of the partnership firm.
- Capital contribution of each partner.
- Profit Sharing ratio of the partners.
- Admission and Retirement of a partner.
- Rates of interest on Capital, Drawings and loans.
- Provisions for settlement of accounts in the case of dissolution of the firm.
- Provisions for Salaries or commissions, payable to the partners, if any.
- Provisions for expulsion of a partner in case of gross breach of duty or fraud.

**Note:** Ms. Lucy may add or delete any provision according to the needs of the partnership firm.

- (b)** If the performance consists of payment of money and there are several debts to be paid, the payment shall be appropriated as per provisions of Sections 59, 60 and 61 of the Indian Contract Act, 1872. The debtor has, at the time of payment, the right of appropriating the payment. In default of debtor, the creditor has option of election and in default of either the law will allow appropriation of debts in order of time.

In the present case, Mr. Murari had made two payments by way of two cheques. One cheque was exactly the amount of the bill drawn. It would be understood even though not specifically appropriated by Mr. Murari that it will be against the bill of exact amount. Hence cheque of Rs. 9,680 will be appropriated against the bill of ` 9,680 which was due in May 2019.

Cheque of Rs. 15000 can be appropriated against any lawful debt which is due even though the same is time-barred.

Hence, Mr. Girdhari can appropriate the same against the debt of Rs. 12,120 which was due in 2016 and balance against Rs. 5650 which was due in August 2018.

- 4 (a)** A lien is a right to retain possession of goods until the payment of the price. It is available to the unpaid seller of the goods who is in possession of them where-

- (i) the goods have been sold without any stipulation as to credit;
- (ii) the goods have been sold on credit, but the term of credit has expired;
- (iii) the buyer becomes insolvent.

The unpaid seller can exercise 'his right of lien even if the property in goods has passed on to the buyer. He can exercise his right even if he is in possession of the goods as agent or bailee for the buyer.

**Termination of lien:** An unpaid seller loses his right of lien thereon-

- (i) When he delivers the goods to a carrier or other bailee for the purpose of transmission to the buyer without reserving the right of disposal of the goods;
- (ii) When the buyer or his agent lawfully obtains possession of the goods;

Yes, he can exercise his right of lien even after he has obtained a decree for the price of goods from the court.

**(b)** According to Section 33 of Indian Partnership Act, 1932, a partner may not be expelled from a firm by a majority of partners except in exercise, in good faith, of powers conferred by contract between the partners. It is, thus, essential that:

- (i) the power of expulsion must have existed in a contract between the partners;
- (ii) the power has been exercised by a majority of the partners; and
- (iii) it has been exercised in good faith.

If all these conditions are not present, the expulsion is not deemed to be in bonafide interest of the business of the firm.

The test of good faith as required under Section 33(1) includes three things:

- The expulsion must be in the interest of the partnership.
- The partner to be expelled is served with a notice.
- He is given an opportunity of being heard.

If a partner is otherwise expelled, the expulsion is null and void.

According to the test of good faith as required under Section 33(1), expulsion of Partner Y is not valid as he was not served any notice and also he was not given an opportunity of being heard. Also the matter of fight between A and Y was on personal reasons, hence not satisfying the test of good faith in the interest of partnership. Since the conditions given under above provisions are not satisfied, the expulsion stands null and void.

**5 (a)** As per the provisions of the Sale of Goods Act, 1930 there are three modes of delivery, i) Actual delivery, ii) Constructive delivery and iii) Symbolic delivery. When delivery is affected without any change in the custody or actual possession of the things, it is called constructive delivery or delivery by acknowledgement. Constructive delivery takes place when a person in possession of goods belonging to seller acknowledges to the buyer that he is holding the goods on buyer's behalf.

In the instant case, Kishore acknowledges Avyukt that he is holding wheat on Avyukt's behalf. Before picking the wheat from warehouse by Avyukt, whole wheat was flowed in flood.

On the basis of above provisions and facts, it is clear that possession of the wheat has been transferred through constructive delivery. Hence, Avyukt is not right. He cannot claim the price back.

- (b) **Doctrine of ultra vires:** The meaning of the term ultra vires is simply “beyond (their) powers”. The legal phrase “ultra vires” is applicable only to acts done in excess of the legal powers of the doers. This presupposes that the powers are in their nature limited. To an ordinary citizen, the law permits whatever does the law not expressly forbid.

It is a fundamental rule of Company Law that the objects of a company as stated in its memorandum can be departed from only to the extent permitted by the Act - thus far and no further **[Ashbury Railway Company Ltd. vs. Riche]**. In consequence, any act done or a contract made by the company which travels beyond the powers not only of the directors but also of the company is wholly void and inoperative in law and is therefore not binding on the company. On this account, a company can be restrained from employing its fund for purposes other than those sanctioned by the memorandum. Likewise, it can be restrained from carrying on a trade different from the one it is authorised to carry on.

The impact of the doctrine of ultra vires is that a company can neither be sued on an ultra vires transaction, nor can it sue on it. Since the memorandum is a “public document”, it is open to public inspection. Therefore, when one deals with a company one is deemed to know about the powers of the company. If in spite of this you enter into a transaction which is ultra vires the company, you cannot enforce it against the company. For example, if you have supplied goods or performed service on such a contract or lent money, you cannot obtain payment or recover the money lent. But if the money advanced to the company has not been expended, the lender may stop the company from parting with it by means of an injunction; this is because the company does not become the owner of the money, which is ultra vires the company. As the lender remains the owner, he can take back the property in specie. If the ultra vires loan has been utilised in meeting lawful debt of the company then the lender steps into the shoes of the debtor paid off and consequently he would be entitled to recover his loan to that extent from the company.

An act which is ultra vires the company being void, cannot be ratified by the shareholders of the company. Sometimes, act which is ultra vires can be regularised by ratifying it subsequently. For instance, if the act is ultra vires the power of the directors, the shareholders can ratify it; if it is ultra vires the articles of the company, the company can alter the articles; if the act is within the power of the company but is done irregularly, shareholder can validate it.

- 6 (a) **Quasi Contracts:** Under certain special circumstances, obligation resembling those created by a contract are imposed by law although the parties have never entered into a contract. Such obligations imposed by law are referred to as ‘Quasi-contracts’. Such a contract resembles with a contract so far as result or effect is concerned but it has little or no affinity with a contract in respect of mode of creation. These contracts are based on the doctrine that a person shall not be allowed to enrich himself unjustly at the expense of another. The salient features of a quasi-contract are:
1. It does not arise from any agreement of the parties concerned but is imposed by law.
  2. Duty and not promise is the basis of such contract.
  3. The right under it is always a right to money and generally though not always to a liquidated sum of money.
  4. Such a right is available against specific person(s) and not against the whole world.

5. A suit for its breach may be filed in the same way as in case of a complete contract.
- (b) It is true to say that Indian Partnership Act, 1932 does not make the registration of firms compulsory nor does it impose any penalty for non-registration.

### **Following are consequences of Non-registration of Partnership Firms in India:**

The Indian Partnership Act, 1932 does not make the registration of firms compulsory nor does it impose any penalty for non-registration. However, under Section 69, non-registration of partnership gives rise to a number of disabilities which we shall presently discuss. Although registration of firms is not compulsory, yet the consequences or disabilities of non-registration have a persuasive pressure for their registration. These disabilities briefly are as follows:

- (i) **No suit in a civil court by firm or other co-partners against third party:** The firm or any other person on its behalf cannot bring an action against the third party for breach of contract entered into by the firm, unless the firm is registered and the persons suing are or have been shown in the register of firms as partners in the firm. In other words, a registered firm can only file a suit against a third party and the persons suing have been in the register of firms as partners in the firm
- (ii) **No relief to partners for set-off of claim:** If an action is brought against the firm by a third party, then neither the firm nor the partner can claim any set-off, if the suit be valued for more than Rs. 100 or pursue other proceedings to enforce the rights arising from any contract.
- (iii) **Aggrieved partner cannot bring legal action against other partner or the firm:** A partner of an unregistered firm (or any other person on his behalf) is precluded from bringing legal action against the firm or any person alleged to be or to have been a partner in the firm. But, such a person may sue for dissolution of the firm or for accounts and realization of his share in the firm's property where the firm is dissolved.
- (iv) **Third party can sue the firm:** In case of an unregistered firm, an action can be brought against the firm by a third party.
- (c) As per Section 2(6) of the Companies Act, 2013, an Associate Company in relation to another company, means a company in which that other company has a significant influence, but which is not a subsidiary company of the company having such influence and includes a joint venture company. The term "significant influence" means control of at least 20% of total share capital, or control of business decisions under an agreement.

The term "Total Share Capital", means the aggregate of the -

- (a) Paid-up equity share capital; and
- (b) Convertible preference share capital.

In the given case, as Manicar Ltd. has allotted equity shares with voting rights to Nanicar Limited of Rs. 10 crores, which is less than requisite control of 20% of total share capital (i.e. 100 crore) to have a significant influence of Nanicar Ltd. Since the said requirement is not complied, therefore Manicar Ltd. and Nanicar Ltd. are not associate companies as per the Companies Act, 2013.

Further holding/allotment of non-convertible debentures has no relevance for ascertaining significant influence. Hence the issue of non-convertible debentures will not make both the companies Associate Company.

## PAPER 2B: BUSINESS CORRESPONDENCE AND REPORTING

### ANSWERS

1. (a) (a) The main idea of passage is that obligatory education does not and cannot provide equal education.
- (b) In the United States it would take eighty billion dollars per year to provide what educators regard as equal treatment for all in grammar and high school.
- (c) Option c
- (d) Option b
- (e) In Latin America, the amount spent on each graduate is between 350 and 1500 times the amount spent on the median citizen.

(b) (i) Title: Writing a Business Letter

1. Features of a gd. busns ltr

- 1.1 conveys info efficiently to get results
- 1.2 is concise
- 1.3 is clear
- 1.4 is courteous

2. How to write a gd. busns. ltr

2.1 Making ltr concise

- 2.1.1 Intro. should be brief
- 2.1.2 use precise words and snts.

2.2 Style imp.

- 2.2.1 short ltr more effective
- 2.2.2 may ocasnly have humour

2.3 Achieving clarity

- 2.3.1 Have a clear idea of what you wish to say
- 2.3.2 str. the ltr—intro & cnclsn.
- 2.3.3 use accepted format; para, topic, snts.
- 2.3.4 check facts, explns, refs.

2.4 Being courteous

- 2.4.1 Exp. your pt. politely
- 2.4.1.2 avoid sarcasm & insults
- 2.4.2 careful wrtg & typg.
- 2.4.3 gram. & splg. errors to be avoided

3. Impc. of busns. ltr



3.1 is a rep.

3.2 pmnt. rec. message.

Key

Gd.-good

Busns- business

Ltr.- letter

Intro. –introduction

Snts.-sentences

Imp.-important

Ocsnly.-occasionally

Pt. – point

Str.- structure

Expln.- explanation

Exp.-explain

Refs.-references

Cnclsn.- conclusion

Para.-paragraph

Wrtg.- writing

Typg.-typing

Gram.-grammar

Splg- spelling

Impc.-importance

Rep.- Representative

Pmnt.-permanent

Rec. recorded

## SUMMARY

A good business letter is that lends you positive and quality results. To get such results, a business letter should be effective in appearance, style and content. Apart from this a letter should be concise, clear and courteous. The business letter should be to the point, the message should be clear to the reader and bear your impression. The structure of letter should have topic sentence, introduction, paragraphs to conclusion. Be polite, avoid sarcasm and insults that can work against your motive. Ensure there are no grammar and spelling errors.

- 2. (a)** Visual Communication is an impactful medium for communicating data using visual aids such as signs, typography, drawing, graphic design, illustration, colour and other electronic resources. It

is used to represent facts and figures effectively while making presentations. Sometimes, it may replace written communication altogether.

- (b) (i) Option d  
(ii) Option d  
(iii) Has he been phoned by her?  
(iv) She asked me what she could do for me.

(c) Title: The Goodness of English

Notwithstanding its various defects English education has done great good to India. The ideas of democracy and self-government are its gifts. Nursed on English education the Indian leaders were inspired by the Western thought, culture and freedom struggles. They fought for and won their motherland's freedom. Being spoken the world over, English is necessary for international contact, trade, commerce and science. English is rich in literature and has enriched our literature as well.

3. (a) A complete communication conveys all facts and information required by the recipient. It keeps in mind the receiver's intellect and attitude and conveys the message accordingly. A complete communication helps in building the company's reputation, aids in better decision-making as all relevant and required information is available with the receiver.

- (b) (i) Option c  
(ii) Option a  
(iii) You are not helped by them.  
(iv) Everybody exclaimed that she sang very well.

(c) BNM International  
C-21, T. Nagar,  
New Delhi 1100xx  
Nov XX, 20XX  
FGH Caterers,  
F 3/30, Naya Bazar,  
Gandhi Nagar,  
New Delhi 1100xx

Subject: Enquiry about Catering Services

We are organizing Diwali Party in the back lawns of our head office. We wish to enquire about your catering services. Around 200 guests and employees are expected for the Buffet Dinner that would include starters/snacks and desserts. We also require five waiters to serve. Kindly provide us complete details as under:

- Whether tables with linen and decoratives are provided, additional charge
- Whether waiters are provided
- The menu options and charges per plate
- Offers and discounts available

We shall be grateful if you could provide the details mentioned above along with a rough estimate as soon as possible.

Thanks and Regards,

SD

Senior Manager

BNM International

4. (a) The process of communication can be impeded/thwarted by multiple barriers. These barriers result in distortion and misunderstanding of the intended meaning/communication. The barriers can be physical, psychological, emotional, cultural, linguistic etc.
- (1) **Physical barriers:** These are a result of our surroundings. Noise, technical disturbances, outdated equipment, distant locations, office doors, separate areas for people, large office spaces, old technologies and lack of appropriate infrastructure can lead to problems in transmission of message.
  - (2) **Organisational structure barriers:** Communication problems occur when the systems, structures and processes in the organisation are not clear or have gaps in them. If the chain of command is unclear, a person may not know whom to contact for a particular issue. Inappropriate information transmission systems, lack of supervision, and unclear role and responsibility demarcations lead to confusion and inefficiency.
  - (3) **Language barriers:** Lack of knowledge of the language can create many obstacles in communication. Literally, people from different regions and countries may interpret the same words differently. Difficult words, subject specific terminologies, unfamiliar expressions and ambiguous words, create hurdles in communication.
  - (4) **Cultural barriers:** Cultural differences between people from various countries, regions, tribes and religions, where words and symbols may be interpreted differently can result in communication barriers and miscommunications.
- (b) (i) Option d  
(ii) Does your mom pick you up?  
(iii) Ria asked Siya who she had been speaking to over the phone.
- (c) (i) Answer Hints:
1. Sports being now considered as a career option
  2. Government spending on sports has increased considerably
  3. Promising youngsters are being sponsored by the centre/state government for specialized training programmes.
  4. Sports related infrastructure, academies and coaching facilities being provided at the school /college level
  5. International exposure being provided to young achievers to nurture their talent and enhance their capabilities.
  6. Special quota for sportspersons in academics and jobs
  7. Sportspersons considered as role models, social change makers, influencers
  8. Sportspersons bag plum advertising assignments
  9. They are respected by all in the civic society as achievers.

10. Achievements of our sportsmen in the recent Olympics and Paralympics

(ii) Answer Hints:

1. Follow newspaper report writing format
2. Discuss how fast fintech industry is growing
3. Discuss the companies launching their IPOS
4. Valuation of the companies
5. Discuss the reaction of investors
6. Talk about the market scenario
7. Discuss the value of shares
8. Attract FDI,
9. Promising future, creating wealth, employment opportunities

5. (a) **Vertical Communication:** Information can flow upwards or downwards in the organisation. Data that is collected flows up to the top levels of management for review and decision making, while instructions and orders are passed down from the management/ seniors to the subordinates for implementation.

**Horizontal Communication:** Horizontal communication involves two employees of the organisation at the same level. For example, the managers of a project in a company may hold a regular daily, weekly or monthly meeting to discuss the progress of a project.

- (b) (i) 1. Option d  
2. Option a

(ii) Sheena did not win the prize.

(c) (i) **Participants in attendance:** CEO, Mr. M, Vice President, Mr. S and project heads, Mr. A and Mr. B; **team members:** Mr. XY and Mr. XZ

Date: November 05, 2021

Meeting started at 11:00 AM

Mr. S commenced the meeting and specified the agenda of the meeting.

Mr. M took over and asked project heads to tell about the progress of the project.

Mr. A took the lead and showed the deliverables and documents prepared for approvals. He apprised the house about the positive response being received from the clients.

Mr. B discussed about the last meeting with the client and their concerns.

Mr. M the issued faced by Mr. A and Mr. B and their team members.

Mr. S appreciated the team's efforts and encouraged them to do better.

Mr. A and B directed Mr. XY and Mr. XZ about market surveys to be conducted in other regions to determine the demand.

ATR to be submitted by November 21, 20XX.

Mr. M delivered vote of thanks to the participants and announced the next meeting to be scheduled for November 25, 20XX

(ii) Cover Letter

To  
Manager(HR)  
SDF Consultants  
Q 27, SEZ,  
Gomati Nagar  
New Delhi 1100xx  
Sir,

Date: Nov10, 20XX

**Subject: Application for the post of Article Assistant**

Greetings for the day ! I am writing this letter to express my interest in the position of Article Assistant in your firm.

I qualified CA Intermediate both groups in the second attempt in July 2021. I have recently completed the mandatory ITT and Orientation programmes.

Currently, I am looking for an opportunity in a prestigious firm like yours so that I am able to learn and grow as a professional. I am ready to present myself for a personal interview. I assure you that I shall work with utmost allegiance towards your firm.

My detailed resume is enclosed here with for your perusal. Looking forward to a positive response.

Best Regards,

Jagjeet Singh,  
C-30, Indra Nagar  
New Delhi 1100xx

Resume

Name: Jagjeet Singh,  
Address: C-30, Indra Nagar  
NewDelhi-1100XX  
Email id: youremail@gmail.com

Mobile No.- +91 XXXXXXXX

**Objective**

I seek to join a firm where I can learn various aspects of the profession and use my skills and knowledge of MS Excel, MIS, Tally, and Taxation with GST.

I wish to contribute towards organizational goal through my technical skills, hard work and creativity.

**Academics**

Qualification	University/Board	Year of Passing	Score/Marks
B.Com	DU	Pursuing	
CA Intermediate	ICAI	2021	69%
CA Foundation	ICAI	2019	75%
XII	CBSE	2017-18	91%
X	CBSE	2015-16	90%

## **Skills**

MS-Office, Tally, Advance Excel, Payroll, MIS

Good analytical and decision making skills

## **Achievements**

- As Vice-Captain of the school Football team won 2 consecutive zonal inter- school championship matches
- Stood third in school in Maths Olympiad in class X.
- Stood second at the state level Dance Competition organized by the NGO Sankriti.

## **Personal Details**

Father's Name:

Date of Birth:

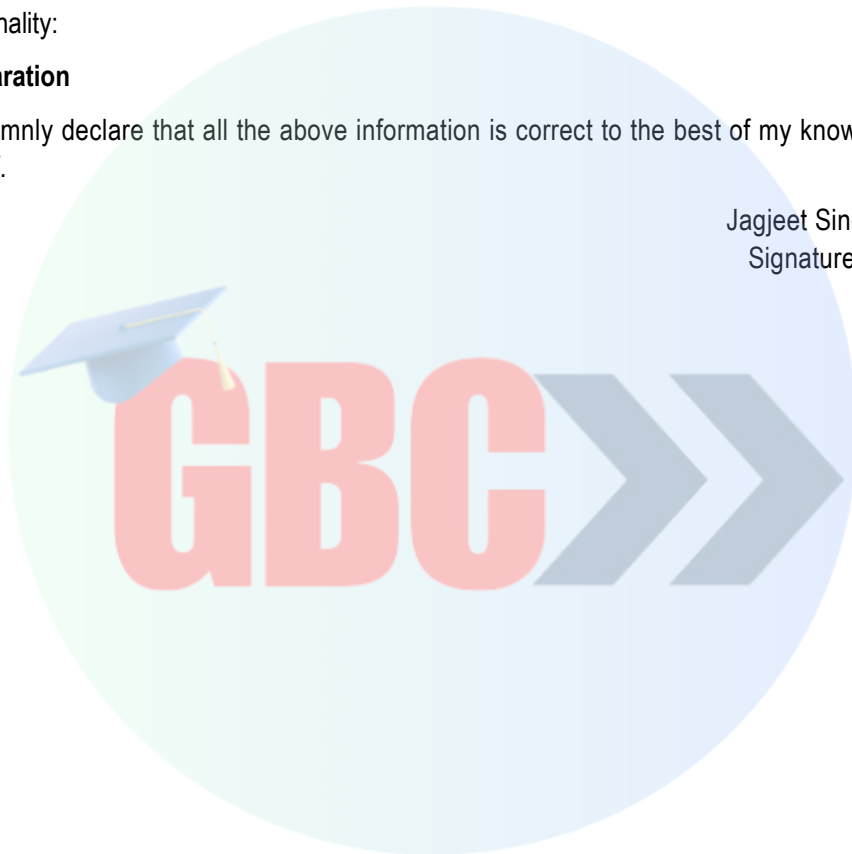
Nationality:

## **Declaration**

I solemnly declare that all the above information is correct to the best of my knowledge and belief.

Date:

Jagjeet Singh  
Signature



**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)**

SOGA

CA

TICA

TIPA

CA



## 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: **(1 Mark)**  
The lawyer said to the accused, 'You should speak the truth'.
- (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)**

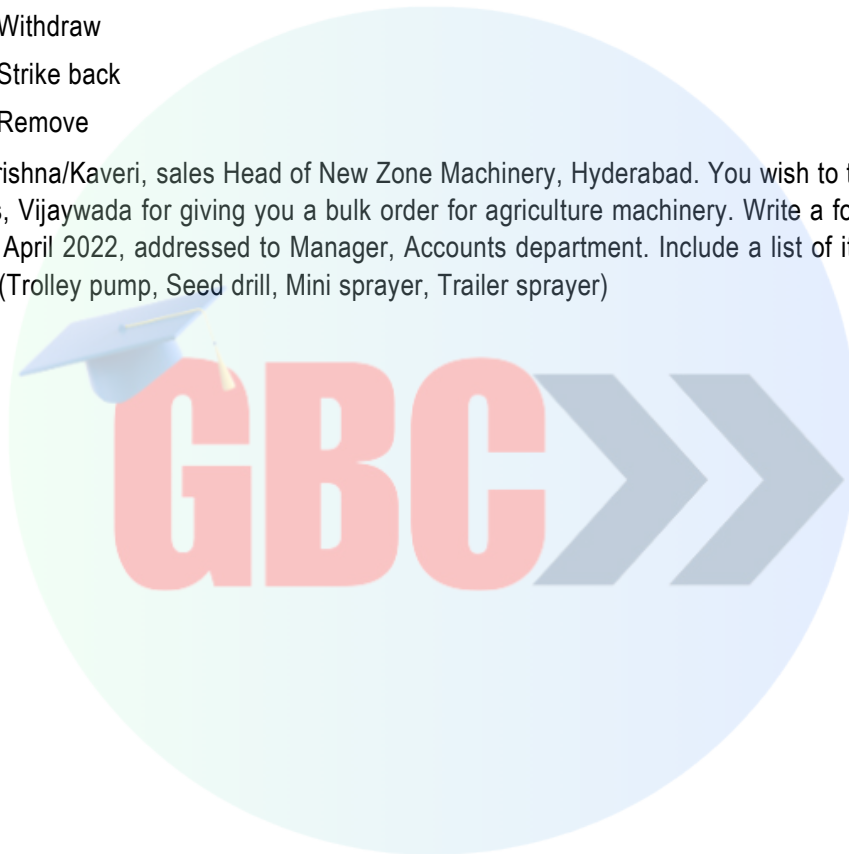
(1) Disliking everything

(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)



## 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.*

#### ANSWERS

1. (a) Section 73 of Indian Contract Act, 1872 provides that when a contract has been broken, the party who suffers by such breach is entitled to receive, from the party who has broken the contract, compensation for any loss or damage caused to him thereby, which naturally arose in the usual course of things from such breach, or which the parties knew, when they made the contract, to be likely to result from the breach of it. But such compensation is not to be given for any remote and indirect loss or damage sustained by reason of the breach.

In the instant case, Mr. Murti filed the suit against Himalya Travels Pvt. Ltd. for damages for the personal inconvenience, hotel charges and medical treatment for his wife.

On the basis of above provisions and facts of the case, it can be said that Mr. Murti can claim damages for the personal inconvenience and hotel charges but not for medical treatment for his wife because it is a remote or indirect loss.

- (b) (A) Yes, it is mandatory for Vinod to withdraw his nomination in the said OPC as he is leaving India permanently as only a natural person who is an Indian citizen and resident in India or otherwise and has stayed in India for a period of not less than 120 days during the immediately preceding financial year shall be a nominee in OPC.

Since Vinod will not satisfy this condition, so he needs to withdraw his nomination.

- (B) No, Rohan cannot make his 17 year old son as a nominee of his OPC as no minor shall become member or nominee of the OPC or can hold beneficial interest.

- (c) Section 13 of the Sale of Goods Act, 1930 specifies cases where a breach of condition be treated as a breach of warranty. As a result of which the buyer loses his right to rescind the contract and can claim damages only.

In the following cases, a contract is not avoided even on account of a breach of a condition:

- (i) Where the buyer altogether waives the performance of the condition. A party may for his own benefit, waive a stipulation. It should be a voluntary waiver by buyer.
- (ii) Where the buyer elects to treat the breach of the conditions, as one of a warranty. That is to say, he may claim only damages instead of repudiating the contract. Here, the buyer has not waived the condition but decided to treat it as a warranty.
- (iii) Where the contract is non-severable and the buyer has accepted either the whole goods or any part thereof. Acceptance means acceptance as envisaged in Section 72 of the Indian Contract Act, 1872.
- (iv) Where the fulfilment of any condition or warranty is excused by law by reason of impossibility or otherwise.

2. (a) **Definition of 'Contingent Contract' (Section 31 of the Indian Contract Act, 1872):** A contract to do or not to do something, if some event, collateral to such contract, does or does not happen.

**Example:** A contracts to pay B Rs. 1,00,000 if B's house is burnt. This is a contingent contract.

**Rules Relating to Enforcement:** The rules relating to enforcement of a contingent contract are laid down in sections 32, 33, 34, 35 and 36 of the Act.

- (i) **Enforcement of contracts contingent on an event happening:** Where a contract identifies happening of a future contingent event, the contract cannot be enforced until and unless the event 'happens'. If the happening of the event becomes impossible, then the contingent contract is void.
  - (ii) **Enforcement of contracts contingent on an event not happening:** Where a contingent contract is made contingent on non-happening of an event, it can be enforced only when its happening becomes impossible.
  - (iii) **A contract would cease to be enforceable if it is contingent upon the conduct of a living person when that living person does something to make the 'event' or 'conduct' as impossible of happening.**
  - (iv) **Contingent on happening of specified event within the fixed time:** Section 35 says that Contingent contracts to do or not to do anything, if a specified uncertain event happens within a fixed time, becomes void if, at the expiration of time fixed, such event has not happened, or if, before the time fixed, such event becomes impossible.
  - (v) **Contingent on specified event not happening within fixed time:** Section 35 also says that "Contingent contracts to do or not to do anything, if a specified uncertain event does not happen within a fixed time, may be enforced by law when the time fixed has expired, and such event has not happened or before the time fixed has expired, if it becomes certain that such event will not happen".
  - (vi) **Contingent on an impossible event (Section 36):** Contingent agreements to do or not to do anything, if an impossible event happens are void, whether the impossibility of the event is known or not to the parties to the agreement at the time when it is made.
- (b) **LLP gives the benefits of limited liability of a company and the flexibility of a partnership**
- Limited Liability:** Every partner of a LLP is, for the purpose of the business of LLP, the agent of the LLP, but not of other partners (Section 26 of the LLP Act, 2008). The liability of the partners will be limited to their agreed contribution in the LLP, while the LLP itself will be liable for the full extent of its assets.
- Flexibility of a partnership:** The LLP allows its members the flexibility of organizing their internal structure as a partnership based on a mutually arrived agreement. The LLP form enables entrepreneurs, professionals and enterprises providing services of any kind or engaged in scientific and technical disciplines, to form commercially efficient vehicles suited to their requirements. Owing to flexibility in its structure and operation, the LLP is a suitable vehicle for small enterprises and for investment by venture capital.

3. (a) **Definition of Partnership:** 'Partnership' is the relation between persons who have agreed to share the profits of a business carried on by all or any of them acting for all. (Section 4 of the Indian Partnership Act, 1932)

The definition of the partnership contains the following five elements which must co-exist before a partnership can come into existence:

1. Association of two or more persons
2. Agreement
3. Business

4. Agreement to share Profits
5. Business carried on by all or any of them acting for all

## ELEMENTS OF PARTNERSHIP

The definition of the partnership contains the following five elements which must co-exist before a partnership can come into existence:

1. **Association of two or more persons:** Partnership is an association of 2 or more persons. Again, only persons recognized by law can enter into an agreement of partnership. Therefore, a firm, since it is not a person recognized in the eyes of law cannot be a partner. Again, a minor cannot be a partner in a firm, but with the consent of all the partners, may be admitted to the benefits of partnership.

The Partnership Act is silent about the maximum number of partners but Section 464 of the Companies Act, 2013 read with the relevant Rules has now put a limit of 50 partners in any association / partnership firm.

2. **Agreement:** It may be observed that partnership must be the result of an agreement between two or more persons. There must be an agreement entered into by all the persons concerned. This element relates to voluntary contractual nature of partnership. Thus, the nature of the partnership is voluntary and contractual. An agreement from which relationship of Partnership arises may be express. It may also be implied from the act done by partners and from a consistent course of conduct being followed, showing mutual understanding between them. It may be oral or in writing.
3. **Business:** In this context, we will consider two propositions. First, there must exist a business. For the purpose, the term 'business' includes every trade, occupation and profession. The existence of business is essential. Secondly, the motive of the business is the "acquisition of gains" which leads to the formation of partnership. Therefore, there can be no partnership where there is no intention to carry on the business and to share the profit thereof.
4. **Agreement to share profits:** The sharing of profits is an essential feature of partnership. There can be no partnership where only one of the partners is entitled to the whole of the profits of the business. Partners must agree to share the profits in any manner they choose. But an agreement to share losses is not an essential element. It is open to one or more partners to agree to share all the losses. However, in the event of losses, unless agreed otherwise, these must be borne in the profit-sharing ratio.
5. **Business carried on by all or any of them acting for all:** The business must be carried on by all the partners or by anyone or more of the partners acting for all. This is the cardinal principle of the partnership Law. In other words, there should be a binding contract of mutual agency between the partners. An act of one partner in the course of the business of the firm is in fact an act of all partners. Each partner carrying on the business is the principal as well as the agent for all the other partners. He is an agent in so far as he can bind the other partners by his acts and he is a principal to the extent that he is bound by the act of other partners. It may be noted that the true test of partnership is mutual agency rather than sharing of profits. If the element of mutual agency is absent, then there will be no partnership.

- (b) Section 17 of Indian Contract Act, 1872 defines 'Fraud'. According to section, "Fraud" means and includes any of the following acts committed by a party to a contract or by his agent with intent to deceive or to induce a person to enter into the contract:
  - (i) the suggestion, as a fact, of that which is not true, by one who does not believe it to be true;
  - (ii) the active concealment of a fact by one having knowledge or belief of the fact;

- (iii) a promise made without any intention of performing it;
- (iv) any other act fitted to deceive;
- (v) any such act or omission as the law specially declares to be fraudulent.

It was also explained that mere silence is not fraud. Silence amounts to fraud where (a) there is a duty to speak or (b) where silence is equivalent to speech.

On the basis of provisions of Section 17 and the facts given above, it was not the duty of salesman to inform Mr. Kapil about his mistake. Hence, there was no fraud and Kapil was not eligible to file suit for fraud against departmental store under Indian Contract Act, 1872.

4. (a) The right against the buyer are as follows:

1. **Suit for price (Section 55 of the Sale of Goods Act, 1930)**

- (a) Where under a contract of sale, the property in the goods has passed to the buyer and the buyer wrongfully neglects or refuses to pay for the goods according to the terms of the contract, the seller may sue him for the price of the goods. [Section 55(1)]
- (b) Where under a contract of sale, the price is payable on a certain day irrespective of delivery and the buyer wrongfully neglects or refuses to pay such price, the seller may sue him for the price although the property in the goods has not passed and the goods have not been appropriated to the contract. [Section 55(2)].

2. **Suit for damages for non-acceptance (Section 56):** Where the buyer wrongfully neglects or refuses to accept and pay for the goods, the seller may sue him for damages for non-acceptance.

3. **Repudiation of contract before due date (Section 60):** Where the buyer repudiates the contract before the date of delivery, the seller may treat the contract as rescinded and sue damages for the breach. This is known as the 'rule of anticipatory breach of contract'.

4. **Suit for interest [Section 61]:** Where there is specific agreement between the seller and the buyer as to interest on the price of the goods from the date on which payment becomes due, the seller may recover interest from the buyer. If, however, there is no specific agreement to this effect, the seller may charge interest on the price when it becomes due from such day as he may notify to the buyer.

In the absence of a contract to the contrary, the Court may award interest to the seller in a suit by him at such rate as it thinks fit on the amount of the price from the date of the tender of the goods or from the date on which the price was payable.

(b) According to Section 29 of the Indian Partnership Act, 1932,

- (1) A transfer by a partner of his interest in the firm, either absolute or by mortgage, or by the creation by him of a charge on such interest, does not entitle the transferee, during the continuance of the firm, to interfere in the conduct of business, or to require accounts, or to inspect the books of the firm, but entitles the transferee only to receive the share of profits of the transferring partner, and the transferee shall accept the account of profits agreed to by the partners.
- (2) If the firm is dissolved or if the transferring partner ceases to be a partner, the transferee is entitled as against the remaining partners to receive the share of the assets of the firm to which the transferring partner is entitled, and, for the purpose of ascertaining that share, to an account as from the date of the dissolution.

In the light of facts of the question and provision of law:

- (i) Yes, Mr. M can validly transfer his interest in the firm by way of sale.



(ii) On the retirement of the transferring partner (Mr. M), the transferee (Mr. Z) will be entitled, against the remaining partners:

(a) to receive the share of the assets of the firm to which the transferring partner was entitled, and

(b) for the purpose of ascertaining the share,

he is entitled to an account as from the date of the dissolution.

So, in this case on Mr. M's retirement, Mr. Z would be entitled to receive the value of Mr. M's share to the extent of Rs. 6 crore in the firm's assets.

5. (a) The given question deals with the rule related to transfer of title of goods. Section 27 of the Sale of Goods Act, 1930 specifies the general rule "No man can sell the goods and give a good title unless he is the owner of the goods". The Latin maxim "NEMO DET QUOD NON HABET". However, there are certain exceptions to this rule. One of the exceptions is given in Section 30 (1) of Sale of Goods Act, 1930 wherein the sale by seller in possession of goods even after sale is made, is held to be valid. If the following conditions are satisfied, then it amounts to a valid sale although the seller is no more the owner of goods after sale.

(i) A seller has possession of goods after sale

(ii) with the consent of the other party (i.e. buyer)

(iii) the seller sells goods (already sold) to a new buyer

(iv) the new buyer acts in good faith

(v) The new buyer has no knowledge that the seller has no authority to sell.

In the given question, the seller Sohan has agreed to sell the goods to Binod, but delivery of the goods is still pending. Hence Sohan is in possession of the goods and this is with the consent of buyer i.e. Binod. Now Sohan sells those goods to Vikram, the new buyer. Vikram is buying the goods in good faith and also has no knowledge that Sohan is no longer the owner of goods.

Since all the above conditions given under Section 30 (1) of Sale of Goods Act, 1930 are satisfied, therefore the sale made by Sohan to Vikram is a valid sale even if Sohan is no longer the owner of goods.

(b) **Doctrine of ultra vires:** The meaning of the term ultra vires is simply "beyond (their) powers". The legal phrase "ultra vires" is applicable only to acts done in excess of the legal powers of the doers. This presupposes that the powers in their nature are limited. It is a fundamental rule of Company Law that the objects of a company as stated in its memorandum can be departed from only to the extent permitted by the Act, thus far and no further. In consequence, any act done or a contract made by the company which travels beyond the powers not only of the directors but also of the company is wholly void and inoperative in law and is therefore not binding on the company. On this account, a company can be restrained from employing its fund for purposes other than those sanctioned by the memorandum. Likewise, it can be restrained from carrying on a trade different from the one it is authorised to carry on.

The impact of the doctrine of ultra vires is that a company can neither be sued on an ultra vires transaction, nor can it sue on it. Since the memorandum is a "public document", it is open to public inspection. Therefore, when one deals with a company one is deemed to know about the powers of the company. If in spite of this you enter into a transaction which is ultra vires the company, you cannot enforce it against the company.

An act which is ultra vires the company being void, cannot be ratified even by the unanimous consent of all the shareholders of the company.

Hence in the given case, ABC Limited cannot enter into a contract outside the purview of its object clause of memorandum of association as it becomes ultra vires and thus null and void.

6. (a) According to Section 56 of the Indian Contract Act, 1872, the impossibility of performance may be of the two types, namely (a) initial impossibility, and (b) subsequent impossibility.

**Subsequent impossibility is also known as Supervening impossibility i.e. becomes impossible after entering into contract.** When performance of promise become impossible or illegal by occurrence of an unexpected event or a change of circumstances beyond the contemplation of parties, the contract becomes void e.g. change in law etc. In other words, sometimes, the performance of a contract is quite possible when it is made. But subsequently, some event happens which renders the performance impossible or unlawful. Such impossibility is called the subsequent or supervening. It is also called the post-contractual impossibility.

**Example:** 'A' and 'B' contracted to marry each other. Before the time fixed for the marriage, 'A' became mad. In this case, the contract becomes void due to subsequent impossibility, and thus discharged.

**Effect of impossibility:** The effect of such impossibility is that it makes the contract void, and the parties are discharged from further performance of the contract.

- (b) **Mode of Settlement of partnership accounts:** As per Section 48 of the Indian Partnership Act, 1932, in settling the accounts of a firm after dissolution, the following rules shall, subject to agreement by the partners, be observed:-

- (i) Losses, including deficiencies of capital, shall be paid first out of profits, next out of capital, and, lastly, if necessary, by the partners individually in the proportions in which they were entitled to share profits;
- (ii) The assets of the firm, including any sums contributed by the partners to make up deficiencies of capital, must be applied in the following manner and order:
  - (a) in paying the debts of the firm to third parties;
  - (b) in paying to each partner rateably what is due to him from capital;
  - (c) in paying to each partner rateably what is due to him on account of capital; and
  - (d) the residue, if any, shall be divided among the partners in the proportions in which they were entitled to share profits.

- (c) **Separate Legal Entity:** Corporate Veil refers to a legal concept whereby the company is identified separately from the members of the company.

The term Corporate Veil refers to the concept that members of a company are shielded from liability connected to the company's actions. If the company incurs any debts or contravenes any laws, the corporate veil concept implies that members should not be liable for those errors. In other words, they enjoy corporate insulation.

Thus, the shareholders are protected from the acts of the company. The leading case law of Saloman Vs Saloman and Company Limited, laid the foundation of concept of corporate veil or independent corporate personality. A company is a person distinct and separate from its members.

Based on the above discussion and provisions, Mr. Raj was entitled to the assets of the company as he was a secured creditor of the company and the contention of the creditors that Mr. Raj and the company are one and same person is wrong.

## SECTION-B: BUSINESS CORRESPONDENCE AND REPORTING

### ANSWER

#### 1. (a) Reading Comprehension

- (1) According to the author, the worst tragedy is that the concerned human population has taken the current state of affairs as granted. According to them, rural life cannot be ameliorated or altered.
- (2) According to the passage, rural development was an inseparable part of the Independence movement. Leaders like Gandhi ji realized quite well that real India lived in her stagnating villages.
- (3) Option b
- (4) Ignorance, ill health and poverty have become synonyms of rural life in the un developed and underdeveloped countries.
- (5) The word 'affluent' refers to the rich and the wealthy people.

#### (b) Title: The problem of disguised unemployment

- (1) Too much employment in agriculture
  - 1.1 41% Indian ppln in agric.
  - 1.2 More the ppl, less the per capita income
  - 1.3 Need to shift to hmn resources to othr activities
  - 1.4 Make rural sec self suffcnt
- (2) Need to focus on othr skills
  - 2.1 Handicrafts, food processing, MSME sec; need to be grown
  - 2.2 Hnd made toys, bamboo prdcts, hnd made soaps in demand
  - 2.3 Large scale manfctrng, sply chn mgmnt will lead to reductn in cost
- (3) Eastern India: hub for agricultural and industrial labr
  - 3.1 Need for reverse migrtn
  - 3.2 Need for techn. intrventn
  - 3.3 Govt. needs to promote coop frmng and consoldt land hldngs

Key:

Ppln: population

Agric: agriculture

Ppl: people

Hmn: human

Othr: other

sec: sector

Suffcnt: sufficient

Hnd: hand

Prdcts: products

Manfctrng: manufacturing

Sply chn: supply chain

Mgmt: management

Reductn: reduction

Lbr: labour

Migrtn: migration

Techn: technological

Intrvntn: intervention

coop: cooperative

Frmng: farming

Consoldt: consolidate

Hldngs: holdings

## Summary:

With nearly 41 % people employed in agriculture, there seems to be disguised unemployment where too many people are filling too few jobs. The focus needs to shift towards other skilled activities like making wooden toys, handmade soaps, bamboos products which have a domestic as well international demand. Moreover, eastern India having a concentration of agricultural and industrial labour, there should be plans of having reverse migrations and an intervention of technology. Last, but not the least government should promote cooperative farming and consolidate land holdings for the betterment of the region.

2. (a) When the right message is conveyed at the right time to the right person in a clear and coherent manner, it is said to be Effective communication.

Four characteristics

Clarity: The message written or spoken should be stated clearly. Communication should not have ambiguity.

Conciseness: Brevity is the essence of communication. Message conveyed should be short, brief and to the point.

Coherence: communication should involve a logical flow of ideas, where there is a smooth shift from one idea to another.

Completeness: Good communication conveys the whole idea, without leaving gaps. All relevant information should be given at the same time to make it complete.

- (b) (i) Option 3  
(ii) Option 1  
(iii) The lawyer ordered the accused to speak the truth

- (c) **Think before you speak! Or Mind your words!**

Speech can be a blessing or a curse depending on how we use it. A wrong choice of word can make a foe instead of a friend. A strong vocabulary might imply something different to our listener based on classes and knowledge of words. Hence, speech is a special gift to be used wisely. Only a fool would use words alike in front of all men and in all situations.

3. (a) There are multiple barriers in the communication process.

**Physical Barriers**, which are result of our surroundings. Like noise, lack of infrastructure, old technologies.

**Language Barriers** which result from lack of knowledge of a particular language. It leads to unfamiliar expressions, ambiguous words.

**Emotional Barriers** which result from feelings of anger, fear of criticism, ridicule, distrust, jealousy etc.

**Cultural Barriers**, which result from diversity in culture, traditions where gestures and expressions have different meanings in different cultures and communities.

- (b) (i) Option 3  
(ii) Option 2  
(iii) Mother asked Raju if he would come to the shop with her.
- (c) **Report writing**

### **Vidyamandir School hosts literary festival**

By Abhishek Verma

Vidyamandir School, New Delhi hosted its third literary festival on 15<sup>th</sup> March, 2022. The Chief Guest for the event was famous writer Ms Arundhati Roy. The event started by lightning of the lamp and a beautiful Saraswati Vandana sung by the school students.

The festival included various events like debates, declamations, poetry recitation and storytelling. Ten other schools from the city participated in this event and students displayed their talent and expertise.

The storytelling event was a hit amongst the jury and the audience. It involved use of creative, handmade props, voice modulations and background music and a lot of humour. The other event which got adrenaline rushing was the debate competition. The strong vocabulary, the emphatic phrases swayed the audience and earned the appreciation of the judges.

Ms. Roy gave an inspiring speech and thanked for letting her be a part of this creative event. The event ended with a vote of thanks given by the school Principal and the Head girl.

4. (a) A communication that involves certain rules, principles and conventions and is primarily used in offices, businesses is known as Formal Communication.

Its three types:

- (1) Vertical: Information flows upwards and downwards as per its importance. Decisions are made at the top level while instructions are passed to the lower levels
- (2) Horizontal: Communication between two employees at the same level, in an organization.
- (3) Diagonal: Cross functional communication between employees at different levels of the organizational hierarchy.

- (b) (i) Rashmi said that those grapes look sweet.  
(ii) The people will crown Raja Rao the king  
(iii) Will this offer be accepted by you?

- (c) Circular No. XXV

### **Agenda for the MD's visit**

14<sup>th</sup> March, 2022

For all HR personnel

This is to inform you that all employees of the Human Resource division have to be present for a meeting today at 7.30 pm, in the Seminar Room (2<sup>nd</sup> floor). This is in regard with the visit

of our Managing Director (MD) in the coming week. We would appreciate suggestions to plan his itinerary and discuss the agendas to be shared with him.

Attendance is compulsory.

Amita Khurana,  
Head, HR  
Surya Pvt. Ltd

OR

Email

To: ajaykhanna@abc.com

CC/BCC: rohit@aztectechnologies.com

Sub: Appointment Letter for 'Associate Consultant'

Dear Mr. Ajay,

We are pleased to inform you that you have been selected for the post of 'Associate Consultant' at Aztec Technologies.

We request you to collect your appointment letter in three days of receiving this email. It would be advisable to bring along a few documents mentioned in the attachment. (Originals only). In case you accept the offer, please write a short acceptance reply to confirm the same. For better understanding of the job responsibilities, we have planned an Orientation Programme on 25<sup>th</sup> March, 2022 at the Head Office. Details will be shared soon.

Our HR team would get in touch with you for further details. Looking forward to have you on board!

Regards,

Rashmi,

Aztec Technologies

5. (a) The communication pattern that follows the chain network from senior to junior is known as the Chain of Command. The communication starts at the top, like from the CEO, and makes its way down to different levels of employees. It involves organizational hierarchy.
- (b) (i) Option 2  
(ii) Option 4  
(iii) Mary is being followed by a lamb.  
(iv) Option 3
- (c) Vijaywada  
13<sup>th</sup> April, 2022

Mr. AABC,  
Manager,  
Accounts Department  
Agro Associates

Dear Sir/Madam,

I would like to take the opportunity to thank you for giving us yet another opportunity to serve your demands for machinery and other equipment. It has always been a pleasure working your organization.

I would like to inform you that the 100 units of machinery ordered, will be delivered as per the mutually decided date. We would also provide a free service for the next one year, taking care of any product damage.

The order dated 1<sup>st</sup> March, 2022 includes:

- (1) Trolley pump (30 units)
- (2) Speed drill (25 units)
- (3) Mini sprayer (25 units)
- (4) Trailer sprayer (20 units)

For any other query regarding the machinery ordered and its functioning, please feel free to contact me. My team would be happy to serve you better each time. You can also call at our toll free number 1800000010 for any clarifications.

Thanking you!

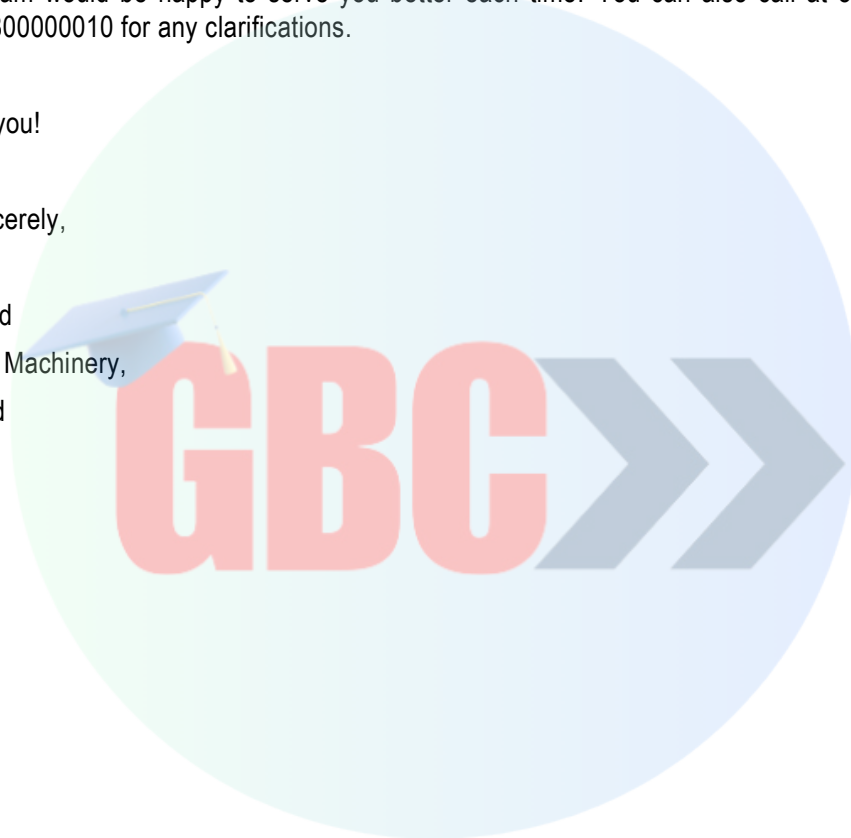
Yours Sincerely,

Krishna,

Sales Head

New Zone Machinery,

Hyderabad



## 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. (i) Mr. Joy owns two flats in a building. He wanted to sell flat no.101 to Mr. Roy. Mr. Joy offered to sell his flat no. 101 to Mr. Roy, but Mr. Roy thought that Mr. Joy wanted to sell flat no. 102 and said yes for the agreement. Considering the provisions of Indian Contract Act, 1872, discuss the validity of such a contract. **(4 Marks)** TICA
- (ii) The paid-up capital of Ram Private Limited is ₹ 10 Crores in the form of 7,00,000 Equity Shares of ₹ 100 each and 3,00,000 Preference Shares of ₹ 100 each. Lakhan Private Limited is holding 3,00,000 Equity Shares and 3,00,000 Preference Shares in Ram Private Limited. State with reason, Whether Ram Private Limited is subsidiary of Lakhan Private Limited? **(4 Marks)** CA
- (iii) Write any four exceptions to the doctrine of Caveat Emptor as per the Sale of Goods Act, 1930. **(4 Marks)** SOGA
2. (i) "All contracts are agreements, but all agreements are not contracts". Comment. **(4 Marks)** TICA
- (ii) Karan agreed to purchase wooden table for his study room from Mr. X. Table was in good condition and was examined by Karan before purchasing. He found no defects in it and paid Rs. 20,000 for that table. Later on, it was found that one leg of table is broken and Mr. X has pasted the wood and tried to hide the defects in the table. Can Karan return the table and claim the amount back? Discuss the same with reference to Indian Contract Act, 1872? **(3 Marks)** TICA
- (iii) What do you mean by Designated Partner? Whether it is mandatory to appoint Designated partner in a LLP? **(5 Marks)** LLP
3. (i) Enumerate the differences between Partnership and Joint Stock Company. **(6 Marks)**
- (ii) Rohan is running a grocery store in Delhi. He sells his grocery business, including goodwill worth ₹ 1,00,000 to Rohit for a sum of ₹ 5,00,000. After the sale of goodwill, Rohit made an agreement with Rohan. As per this agreement, Rohan is not to open another grocery store (similar kind of business) in the whole of India for next ten years. However, Rohan opens another store in the same city two months later. What are the rights available with Rohit regarding the restriction imposed on Rohan with reference to Indian Contract Act, 1872? **(6 Marks)** TICA
4. (i) When can an unpaid seller of goods exercise his right of lien over the goods under the Sale of Goods Act, 1930? Can he exercise his right of lien even if the property in goods has passed to the buyer? When such a right is terminated? Can he exercise his right even after he has obtained a decree for the price of goods from the court? **(6 Marks)** SOGA
- (ii) Sohan, Rohan and Jay were partners in a firm. The firm is dealer in office furniture. They have regular dealings with M/s AB and Co. for the supply of furniture for their business. On 30th June 2020, one of the partners, Mr. Jay died in a road accident. The firm has ordered M/s AB and Co. to supply the furniture for their business on 25th May 2020, when Jay was also alive.



Now Sohan and Rohan continue the business in the firm's name after Jay's death. The firm did not give any notice about Jay's death to the public or the persons dealing with the firm. M/s AB and Co. delivered the furniture to the firm on 25th July 2020. The fact about Jay's death was known to them at the time of delivery of goods. Afterwards the firm became insolvent and failed to pay the price of furniture to M/s AB and Co. Now M/s AB and Co. has filed a case against the firm for recovery of the price of furniture. With reference to the provisions of Indian Partnership Act, 1932, explain whether Jay's private estate is also liable for the price of furniture purchased by the firm? **(6 Marks)**

TIPA

5. (i) Avyukt purchased 100 Kgs of wheat from Bhaskar at Rs. 30 per kg. Bhaskar says that wheat is in his warehouse in the custody of Kishore, the warehouse keeper. Kishore confirmed Avyukt that he can take the delivery of wheat from him and till then he is holding wheat on Avyukt's behalf. Before Avyukt picks the goods from warehouse, the whole wheat in the warehouse has flowed in flood. Now Avyukt wants his price on the contention that no delivery has been done by seller. Whether Avyukt is right with his views under the Sale of Goods Act, 1930. **(6 Marks)**
- (ii) "The Memorandum of Association is a charter of a company". Discuss. Also explain in brief the contents of Memorandum of Association. **(6 Marks)**
6. (i) Explain the-term 'Quasi Contracts' and state their characteristics. **(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) Five persons are the only members of a private company Flower Fans Limited. All of them go in a boat on a pleasure trip into an open sea. The boat capsizes and all the 5 die being drowned.
- (a) Is the private company Flower Fans Limited no longer in existence?
- (b) Further is it correct to say that a company being an artificial person cannot own property and cannot sue or be sued? Explain with reference to the provisions of Companies Act, 2013. **(3 Marks)**

SOGA

CA

TICA

TIPA

CA

## 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:

Organic farming is a method of farming which mainly aims at cultivating the land and raising crops in such a way, as to keep the soil alive and in good condition by use of organic wastes (crop, animal and farm wastes, even aquatic wastes) and other biological material along with beneficial microbes to release nutrients that would ensure increased sustainable production in an eco- friendly and pollution free environment.

Organic farming was being practiced in India years ago till the British ruled it. In traditional India, agriculture was practiced using organic techniques, where the fertilizers, pesticides etc. were obtained from plant and animal products. Organic farming was the backbone of the Indian economy. Ploughing was done by bullocks and cow dung was used as manure.

During the mid1900's, (1950's and 1960's to be precise), the ever increasing population of India and several natural calamities led to severe food crisis. As a result, the government was forced to import food grains from foreign countries. To increase food security, the government had to increase food production. Several hectares of land were bought under cultivation. Hybrid seeds were introduced. Natural and organic fertilizers were replaced by chemical fertilizers and locally made pesticides were replaced by chemical pesticides. With time, extensive dependence on chemical farming has led to loss of land fertility. Pests are becoming immune, requiring the farmers to use stronger and costlier pesticides.

Due to increased cost of farming, farmers are falling into trap of money lenders, who are exploiting them and forcing a lot of farmers to commit suicide. Both consumers and farmers are now gradually shifting back to organic farming in India. It is believed by many that organic farming is healthier. Consumers are willing to pay higher prices for the same. Many farmers are shifting to organic farming due to domestic and international demand for organic food.

Further, stringent standards for nonorganic food in European and US markets have led to rejection of many Indian food consignments in the past. Organic farming, therefore, provides a better alternative to chemical farming. Today, more than 2.5 million hectares of land is under organic farming in India. Moreover, there are over 15000 certified organic farms in India. Hence, India is one of the most important suppliers of organic food to the developed nations. The organic movement has again started in India.

- (1) Define organic farming. (1 Mark)
- (2) What measure were taken to increase food security? (1 Mark)
- (3) How do we know that India is one of the most important suppliers of organic food to the developed nations? (1 Mark)
- (4) Choose a suitable synonym for the word '**stringent**' as used in line 1, para 5: (1 Mark)
  - (a) Strict
  - (b) Busy
  - (c) Bulky
  - (d) Alarming
- (5) Why are farmers now shifting to organic farming? Explain in one line (1 Mark)

(b) Read the following passage

An Irish proverb says, 'a good laugh and a good sleep are the best cures in the doctor's book'. Ask an insomniac what the value of good sleep is. Without a night's sleep, the body does not function properly.

Experts believe that deep sleep enables the nervous system to function properly. Without good and deep sleep one fails to concentrate, remember or analyse. It is during sleep that cells manufacture more proteins that are vital for the cell growth/ sleep also keeps people fresh and active the whole day. Those who are unable to sleep well may develop ailments like high blood pressure, chest pain, arthritis and depression. So people must aim at having good sleep. An adult needs at least seven to eight hours of sleep at night. One can adopt various ways to ensure good sleep. Regular exercises during the day and weekly massages have proved beneficial to many people. However, results vary from person to person.

People who find it difficult to sleep for different reason must avoid few things. For example, worrying about not getting sleep should be stopped. Overeating, staying awake for long hours at night, frequently having tea or coffee should be avoided. A glass of warm milk at bed time may prove to be helpful in many ways. Hence, to maintain good health one must have a good night's sleep.

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

**(3 Marks)**

(ii) Write a summary

**(2 Marks)**

2. (a) Define Oral Communication. List at least 4 essentials of oral communication.

**(2 Marks)**

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

**(1 Mark)**

**Abdicate**

- (1) Refer
- (2) Acknowledge
- (3) Isolate
- (4) give up

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

**(1 Mark)**

**Conspicuous**

- (1) Important
- (2) Unnoticeable
- (3) Incapable
- (4) Direct

(iii) Change the following sentence into indirect speech:

Garima says, 'Rashmi is smart'.

**(1 Mark)**

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

**(5 Marks)**

Talking is something we do a lot during any day. But, in order to speak well enough for people to understand us and hear what we have to say, takes the control of air from our lungs, voice, lip and tongue movements. So, the three main parts of our body that we use for talking are our lungs (for the air supply), our vocal folds (to make vocal sounds), and our tongue, lips and jaw (to shape speech sounds).

Most people use to express their thoughts and feelings. Talking is a form of communication. Interestingly, speaking begins with a person's thoughts and results in the formation of words and sentences to express the thought. We shape sounds using our tongue, lip, upper and lower teeth, roof of the mouth in order to say specific words and sounds.

3. (a) What is Star Network in communication? **(2 Marks)**
- (b) (i) Choose the word which best expresses the meaning of the given word. **(1 Mark)**  
**Obsolete**  
(1) New  
(2) Conflict  
(3) Outdated  
(4) Outstanding
- (ii) Choose the word which best expresses the meaning of the given word **(1 Mark)**  
**Rejuvenate**  
(1) Paradox  
(2) Meek  
(3) Stale  
(4) Refresh
- (iii) Change the following into indirect speech:  
Mohit said to me, I have finished writing the story'. **(1 Mark)**
- (c) You are a student of Rainbow Vista Public School. Your school hosted a Science fair where other schools of the city also participated. Events included quiz competitions, display of experiments, presentations etc. Draft a report stating the details of the events to be published in the School Science magazine. **(5 Marks)**
4. (a) Write a short note on Circuit Network followed in organizations. **(2 Marks)**
- (b) (i) Change the following sentence into indirect speech **(3 Marks)**  
*Karan said, 'I am tired.'*
- (ii) Change the following sentence into active voice.  
*The letter will be posted by Ashok.*
- (iii) Change the following sentence into passive voice.  
*Swati brought a glass of juice for me.*
- (c) As the Head of the Advertising Department (Sumit/Sumita) at Aegis Advertising Private limited, draft a circular informing all your team members to attend a meeting to discuss the details of an advertisement campaign recently received by the company. Mention the date, time and venue for the meeting.

**OR**

You are Mudit/Meena, Manager, Innovative Minds Call Centre. Write a formal e-mail to Ms. Sakshi Kapoor informing her about her interview date for the post of 'Executive caller'. Mention the list of documents she needs to carry for the interview and the other necessary details. **(5 Marks)**

5. (a) What do you understand by 'Attitude barriers'? **(2 Marks)**

(b) Select the correct meaning of idioms/phrases given below:

(i) Make a long story short (1 Mark)

- (1) Good at story telling
- (2) Always be different
- (3) Say something in brief
- (4) Answer with explanation

(ii) A storm in a tea cup (1 Mark)

- (1) Something addictive
- (2) A big issue about a small problem
- (3) Wind is always difficult to handle
- (4) Avoid drinking tea

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

Everyone will blame us.

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

**Perseverance**

- (1) Exception
- (2) Reflection
- (3) Conservation
- (4) Determination

(c) You are Raj/Rajni, Supply Chain Head of Cloth Emporium, Lucknow. You wish to place a bulk order to 'Fabric For You Pvt. Ltd', Surat, Gujarat for variety of cloth material and tailoring equipment. Write a formal letter dated 18<sup>th</sup> April 2022, addressed to the Manager. Include a list of items to be delivered. (White cotton cloth 1500 m, Red Silk cloth 1500 m, Black cotton cloth 1000 m, Sewing machine 5 nos, threads, needles etc.) (4 Marks)

## MOCK TEST PAPER 2

### FOUNDATION COURSE

#### PAPER 2: BUSINESS LAWS AND BUSINESS CORRESPONDENCE AND REPORTING

#### SECTION A: BUSINESS LAWS

#### ANSWERS

1. (i) Section 10 of Indian Contract Act, 1872 laid down the essential elements of a valid contract. One of the essential elements of a valid contract is free consent. Consent is an express willingness or giving voluntary permission or agreeing to something. Section 13 further clarifies "two or more persons are said to consent when they agree upon the same thing in the same sense"

In the present case, both the parties have given a free consent but they are not consenting for the same thing in the same sense. Mr. Joy wants to sell flat no. 101 and Mr. Roy has agreed to the contract thinking that it's flat no. 102.

Hence, the agreement would be invalidated at the inception (beginning) stage itself because both the parties did not agree about a thing (sale of flat) in the same sense. Hence, both the parties did not have mutual consent for the contract; therefore it is not a valid contract.

- (ii) According to Section 2(87) of Companies Act, 2013 "subsidiary company" in relation to any other company (that is to say the holding company), means a company in which the holding company—

- (i) controls the composition of the Board of Directors; or
- (ii) exercises or controls more than one-half of the total voting power either at its own or together with one or more of its subsidiary companies;

For the purposes of this section —

- (i) the composition of a company's Board of Directors shall be deemed to be controlled by another company if that other company by exercise of some power exercisable by it at its discretion can appoint or remove all or a majority of the directors;
- (ii) the expression "company" includes anybody corporate;

It is to be noted that Preference share capital will also be considered if preference shareholders have same voting rights as equity shareholders.

In the instant case, Ram Private Limited is having paid-up capital of ₹10 Crores in the form of 7,00,000 Equity Shares of ₹100 each and 3,00,000 Preference Shares of ₹100 each. Lakhan Private Limited is holding 3,00,000 Equity Shares and 3,00,000 Preference Shares in Ram Private Limited.

As in the given problem it is not clear that whether Preference Shares are having voting rights or not, it can be taken that there is no voting right with these shares. On the basis of provisions of Section 2(87) and facts of the given problem, Lakhan Private Limited is holding 3,00,000 Equity Shares of total equity paid up share capital of Ram Private Limited. Therefore, as Lakhan Private Limited does not exercise or control more than one-half of the total voting power in Ram Private Limited, Ram Private Limited is not subsidiary of Lakhan Private Limited.

- (iii) **Caveat Emptor:** In case of sale of goods, the doctrine 'Caveat Emptor' means 'let the buyer beware'. When sellers display their goods in the open market, it is for the buyers to make a proper selection or choice of the goods. If the goods turn out to be defective, he cannot hold the

seller liable. The seller is in no way responsible for the bad selection of the buyer. The seller is not bound to disclose the defects in the goods which he is selling.

The doctrine of Caveat Emptor is subject to the following exceptions:

1. **Fitness as to quality or use:** Where the buyer makes known to the seller the particular purpose for which the goods are required, so as to show that he relies on the seller's skill or judgment and the goods are of a description which is in the course of seller's business to supply, it is the duty of the seller to supply such goods as are reasonably fit for that purpose [Section 16 (1) of the Sale of Goods Act, 1930].
  2. **Goods purchased under patent or brand name:** In case where the goods are purchased under its patent name or brand name, there is no implied condition that the goods shall be fit for any particular purpose [Section 16(1)].
  3. **Goods sold by description:** Where the goods are sold by description there is an implied condition that the goods shall correspond with the description [Section 15]. If it is not so, then seller is responsible.
  4. **Goods of Merchantable Quality:** Where the goods are bought by description from a seller who deals in goods of that description there is an implied condition that the goods shall be of merchantable quality. The rule of Caveat Emptor is not applicable. But where the buyer has examined the goods, this rule shall apply if the defects were such which ought to have not been revealed by ordinary examination [Section 16(2)].
  5. **Sale by sample:** Where the goods are bought by sample, this rule of Caveat Emptor does not apply if the bulk does not correspond with the sample [Section 17].
  6. **Goods by sample as well as description:** Where the goods are bought by sample as well as description, the rule of Caveat Emptor is not applicable in case the goods do not correspond with both the sample and description or either of the condition [Section 15].
  7. **Trade Usage:** An implied warranty or condition as to quality or fitness for a particular purpose may be annexed by the usage of trade and if the seller deviates from that, this rule of Caveat Emptor is not applicable [Section 16(3)].
  8. **Seller actively conceals a defect or is guilty of fraud:** Where the seller sells the goods by making some misrepresentation or fraud and the buyer relies on it or when the seller actively conceals some defect in the goods so that the same could not be discovered by the buyer on a reasonable examination, then the rule of Caveat Emptor will not apply. In such a case the buyer has a right to avoid the contract and claim damages.
2. (i) (a) An agreement comes into existence when one party makes a proposal or offer to the other party and that other party gives his acceptance to it. A contract is an agreement enforceable by law. It means that to become a contract, an agreement must give rise to a legal obligation i.e. duly enforceable by law. If an agreement is incapable of creating a duly enforceable by law, it is not a contract. There can be agreements which are not enforceable by law, such as social, moral or religious agreements. The agreement is a wider term than the contract. All agreements need not necessarily become contracts but all contracts shall always be agreements.

*All agreements are not contracts:* When there is an agreement between the parties and they do not intend to create a legal relationship, it is not a contract.

*All contracts are agreements:* For a contract there must be two things (a) an agreement and (b) enforceability by law. Thus, existence of an agreement is a pre-requisite existence of a contract. Therefore, it is true to say that all contracts are agreements.

Thus, we can say that there can be an agreement without it becoming a contract, but we can't have a contract without an agreement.

- (ii) As per Section 17 of Indian Contract Act, 1872, "A false representation of material facts when made intentionally to deceive the other party to induce him to enter into a contract is termed as a fraud." Section 17(2) further states about active concealment. When a party intentionally conceals or hides some material facts from the other party and makes sure that the other party is not able to know the truth, in fact makes the other party believe something which is false, then a fraud is committed. In case a fraud is committed, the aggrieved party gets the right to rescind the contract. (Section 19). If the aggrieved party has obtained some benefits in such a contract (caused by fraud), then all such benefits should be restored or returned back. And if aggrieved party has suffered any losses, it should be compensated by the other party.

On the basis of above provisions and facts of the case, in case a fraud is committed by one party, the contract becomes voidable at the option of the aggrieved party. Hence, Karan can rescind the contract and claim compensation for the loss suffered due to fraud done by Mr. X.

- (iii) **Designated Partner [Section 2(j)]:** "Designated partner" means any partner designated as such pursuant to section 7.

According to section 7 of the LLP Act, 2008:

- (i) Every LLP shall have at least two designated partners who are individuals and at least one of them shall be a resident in India.
- (ii) If in LLP, all the partners are bodies corporate or in which one or more partners are individuals and bodies corporate, at least two individuals who are partners of such LLP or nominees of such bodies corporate shall act as designated partners.

3. (i)

Basis	Partnership	Joint Stock Company
<b>Legal status</b>	A firm is not legal entity i.e. it has no legal personality distinct from the personalities of its constituent members.	A company is a separate legal entity distinct from its members ( <i>Salomon v. Salomon</i> ).
<b>Agency</b>	In a firm, every partner is an agent of the other partners as well as of the firm.	In a company, a member is not an agent of the other members or of the company, his actions do not bind either.
<b>Distribution of profits</b>	The profits of the firm must be distributed among the partners according to the terms of the partnership deed.	There is no such compulsion to distribute its profits among its members. Some portion of the profits, but generally not the entire profit, become distributable among the shareholders only when dividends are declared.
<b>Extent of liability</b>	In a partnership, the liability of the partners is unlimited. This means that each partner is liable for debts of a firm incurred in the course of the business of the firm and these debts can be recovered from	In a company limited by shares, the liability of a shareholder is limited to the amount, if any, unpaid on his shares, but in the case of a guarantee company, the liability is limited to the amount for which he has agreed



	his private property, if the joint estate is insufficient to meet them wholly.	to be liable. However, there may be companies where the liability of members is unlimited.
<b>Property</b>	The firm's property is that which is the "joint estate" of all the partners as distinguished from the 'separate' estate of any of them and it does not belong to a body distinct in law from its members.	In a company, its property is separate from that of its members who can receive it back only in the form of dividends or refund of capital.
<b>Transfer of shares</b>	A share in a partnership cannot be transferred without the consent of all the partners.	In a company a shareholder may transfer his shares, subject to the provisions contained in its Articles. In the case of public limited companies whose shares are quoted on the stock exchange, the transfer is usually unrestricted.
<b>Management</b>	In the absence of an express agreement to the contrary, all the partners are entitled to participate in the management.	Members of a company are not entitled to take part in the management unless they are appointed as directors, in which case they may participate. Members, however, enjoy the right of attending general meeting and voting where they can decide certain questions such as election of directors, appointment of auditors, etc.
<b>Registration</b>	Registration is not compulsory in the case of partnership.	A company cannot come into existence unless it is registered under the Companies Act, 2013.
<b>Winding up</b>	A partnership firm can be dissolved at any time if all the partners agree.	A company, being a legal person is either wind up by the National Company Law Tribunal or its name is struck off by the Registrar of Companies.
<b>Number of membership</b>	According to section 464 of the Companies Act, 2013, the number of partners in any association shall not exceed 100. However, the Rule given under the Companies (Miscellaneous) Rules, 2014 restrict the present limit to 50.	A private company may have as many as 200 members but not less than two and a public company may have any number of members but not less than seven. A private Company can also be formed by one person known as one person Company.
<b>Duration of existence</b>	Unless there is a contract to the contrary, death, retirement or insolvency of a partner results in the dissolution of the firm.	A company enjoys a perpetual succession.

(ii) Section 27 of the Indian Contract Act, 1872 provides that any agreement that restrains a person from carrying on a lawful trade, profession or business is void agreement. However, there are certain exceptions to this rule. One of the statutory exceptions includes sale of Goodwill. The restraint as to sale of goodwill would be a valid restraint provided-

- (i) Where the restraint is to refrain from carrying on a similar business
- (ii) The restraint should be within the specified local limits
- (iii) The restraint should be not to carry on the similar business after sale of goodwill to the buyer for a price
- (iv) The restriction should be reasonable. Reasonableness of restriction will depend upon number of factors as considered by court.

In the given case, Rohan has sold the goodwill and there is restraint for not carrying on the same business of grocery store. However the restriction imposed on Rohan is unreasonable as he cannot carry similar business in whole of India for next 10 years. The restriction on restraint to similar kind of trade should be reasonable to make it a valid agreement. Therefore, Rohit cannot take any legal action against Rohan as the restriction is unreasonable as per Section 27 of Indian Contract Act, 1872. Hence, the agreement made between Rohan and Rohit in restraint of trade is void agreement.

4. (i) (a) A lien is a right to retain possession of goods until the payment of the price. It is available to the unpaid seller of the goods who is in possession of them where-
- (i) the goods have been sold without any stipulation as to credit;
  - (ii) the goods have been sold on credit, but the term of credit has expired;
  - (iii) the buyer becomes insolvent.

The unpaid seller can exercise 'his right of lien even if the property in goods has passed on to the buyer. He can exercise his right even if he is in possession of the goods as agent or bailee for the buyer.

**Termination of lien:** An unpaid seller loses his right of lien thereon-

- (i) When he delivers the goods to a carrier or other bailee for the purpose of transmission to the buyer without reserving the right of disposal of the goods;
- (ii) When the buyer or his agent lawfully obtains possession of the goods;

Yes, he can exercise his right of lien even after he has obtained a decree for the price of goods from the court.

(ii) According to Section 35 of the Indian Partnership Act, 1932, where under a contract between the partners, the firm is not dissolved by the death of a partner, the estate of a deceased partner is not liable for any act of the firm done after his death.

Further, in order that the estate of the deceased partner may be absolved from liability for the future obligations of the firm, it is not necessary to give any notice either to the public or the persons having dealings with the firm.

In the light of the facts of the case and provisions of law, since the delivery of furniture was made after Jay's death, his estate would not be liable for the debt of the firm. A suit for goods sold and delivered would not lie against the representatives of the deceased partner. This is because there was no debt due in respect of the goods in Jay's lifetime. He was already dead when the delivery of goods was made to the firm and also it is not necessary to give any notice either to the public or the persons having dealings with the firm on a death of a partner. So, the estate of the deceased partner may be absolved from liability for the future obligations of the firm.

5. (i) As per the provisions of the Sale of Goods Act, 1930 there are three modes of delivery, i) Actual delivery, ii) Constructive delivery and iii) Symbolic delivery. When delivery is affected without any change in the custody or actual possession of the things, it is called constructive delivery or delivery by acknowledgement. Constructive delivery takes place when a person in possession of goods belonging to seller acknowledges to the buyer that he is holding the goods on buyer's behalf.

In the instant case, Kishore acknowledges Avyukt that he is holding wheat on Avyukt's behalf. Before picking the wheat from warehouse by Avyukt, whole wheat was flooded in flood.

On the basis of above provisions and facts, it is clear that possession of the wheat has been transferred through constructive delivery. Hence, Avyukt is not right. He cannot claim the price back.

- (ii) The Memorandum of Association of company is in fact its charter; it defines its constitution and the scope of the powers of the company with which it has been established under the Act. It is the very foundation on which the whole edifice of the company is built.

### Object of registering a memorandum of association:

- ◆ It contains the object for which the company is formed and therefore identifies the possible scope of its operations beyond which its actions cannot go.
- ◆ It enables shareholders, creditors and all those who deal with company to know what its powers are and what activities it can engage in.

A memorandum is a public document under Section 399 of the Companies Act, 2013. Consequently, every person entering into a contract with the company is presumed to have the knowledge of the conditions contained therein.

- ◆ The shareholders must know the purposes for which his money can be used by the company and what risks he is taking in making the investment.

A company cannot depart from the provisions contained in the memorandum however imperative may be the necessity for the departure. It cannot enter into a contract or engage in any trade or business, which is beyond the power conferred on it by the memorandum. If it does so, it would be ultra vires the company and void.

**Content of the memorandum:** The memorandum of a company shall state—

- (a) the name of the company (**Name Clause**) with the last word "Limited" in the case of a public limited company, or the last words "Private Limited" in the case of a private limited company. This clause is not applicable on the companies formed under section 8 of the Act.
- (b) the State in which the registered office of the company (**Registered Office clause**) is to be situated;
- (c) the objects for which the company is proposed to be incorporated and any matter considered necessary in furtherance thereof (**Object clause**);
- (d) the liability of members of the company (**Liability clause**), whether limited or unlimited,
- (e) the amount of authorized capital (**Capital Clause**) divided into share of fixed amounts and the number of shares with the subscribers to the memorandum have agreed to take, indicated opposite their names, which shall not be less than one share. A company not having share capital need not have this clause.
- (f) the desire of the subscribers to be formed into a company. The Memorandum shall conclude with the **association clause**. Every subscriber to the Memorandum shall take at least one share, and shall write against his name, the number of shares taken by him.

6. (i) **Quasi Contracts:** Under certain special circumstances, obligation resembling those created by a contract are imposed by law although the parties have never entered into a contract. Such obligations imposed by law are referred to as 'Quasi-contracts'. Such a contract resembles with a contract so far as result or effect is concerned but it has little or no affinity with a contract in respect of mode of creation. These contracts are based on the doctrine that a person shall not be allowed to enrich himself unjustly at the expense of another. The salient features of a quasi-contract are:

1. It does not arise from any agreement of the parties concerned but is imposed by law.
2. Duty and not promise is the basis of such contract.
3. The right under it is always a right to money and generally though not always to a liquidated sum of money.
4. Such a right is available against specific person(s) and not against the whole world.
5. A suit for its breach may be filed in the same way as in case of a complete contract.

(ii) **Dissolution of Firm:** The Dissolution of Firm means the discontinuation of the jural relation existing between all the partners of the Firm. But when only one of the partners retires or becomes incapacitated from acting as a partner due to death, insolvency or insanity, the partnership, i.e., the relationship between such a partner and other is dissolved, but the rest may decide to continue. In such cases, there is in practice, no dissolution of the firm. The particular partner goes out, but the remaining partners carry on the business of the Firm. In the case of dissolution of the firm, on the other hand, the whole firm is dissolved. The partnership terminates as between each and every partner of the firm.

#### **Dissolution of a Firm may take place (Section 39 - 44)**

- (a) as a result of any agreement between all the partners (i.e., dissolution by agreement);
  - (b) by the adjudication of all the partners, or of all the partners but one, as insolvent (i.e., compulsory dissolution);
  - (c) by the business of the Firm becoming unlawful (i.e., compulsory dissolution);
  - (d) subject to agreement between the parties, on the happening of certain contingencies, such as: (i) effluence of time; (ii) completion of the venture for which it was entered into; (iii) death of a partner; (iv) insolvency of a partner.
  - (e) by a partner giving notice of his intention to dissolve the firm, in case of partnership at will and the firm being dissolved as from the date mentioned in the notice, or if no date is mentioned, as from the date of the communication of the notice; and
  - (f) by intervention of court in case of: (i) a partner becoming the unsound mind; (ii) permanent incapacity of a partner to perform his duties as such; (iii) Misconduct of a partner affecting the business; (iv) willful or persistent breach of agreement by a partner; (v) transfer or sale of the whole interest of a partner; (vi) improbability of the business being carried on save at a loss; (vii) the court being satisfied on other equitable grounds that the firm should be dissolved.
- (iii) (a) **Perpetual Succession** – A company on incorporation becomes a separate legal entity. It is an artificial legal person and have perpetual succession which means even if all the members of a company die, the company still continues to exist. It has permanent existence.

In the instant case, five persons who were the only members of private company and they have died being drowned in the sea. The existence of a company is independent of the lives of its members. It has a perpetual succession. In this problem, the company will continue as

a legal entity. The company's existence is in no way affected by the death of all its members.

- (b) **The statement given is incorrect.** A company is an artificial person as it is created by a process other than natural birth. It is legal or judicial as it is created by law. It is a person since it is clothed with all the rights of an individual. Further, the company being a separate legal entity can own property, have banking account, raise loans, incur liabilities and enter into contracts. Even members can contract with company, acquire right against it or incur liability to it. It can sue and be sued in its own name. It can do everything which any natural person can do except be sent to jail, take an oath, marry or practice a learned profession. Hence, it is a legal person in its own sense.



## SECTION-B: BUSINESS CORRESPONDENCE AND REPORTING

(40 Marks)

### ANSWER

#### 1. (a) Reading Comprehension

- (1) Organic farming is a method of farming which mainly aims at cultivating the land and raising crops in such a way, as to keep the soil alive and in good condition by use of organic wastes (crop, animal and farm wastes, even aquatic wastes) and other biological material along with beneficial microbes to release nutrients.
- (2) To increase food security, the following measures were taken:
  - (a) The government had to increase food production.
  - (b) Several hectares of land were bought under cultivation.
  - (c) Hybrid seeds were introduced.
  - (d) Natural and organic fertilizers were replaced by chemical fertilizers and locally made pesticides were replaced by chemical pesticides
- (3) Today, more than 2.5 million hectares of land is under organic farming in India. Moreover, there are over 15000 certified organic farms in India. This shows that India is one of the most important suppliers of organic food to the developed nations.
- (4) Option a
- (5) Many farmers are shifting to organic farming due to domestic and international demand for organic food.

#### (b) Title: Health benefits of sleep

- (1) Good laugh and good sleep are imp
  - 1.1 An insomniac knows the impn of sleep
  - 1.2 Body does not funct without good sleep.
- (2) What happns during sleep?
  - 2.1 Nrvs syst functs prply
  - 2.2 Cells manuf more prtns reqd. for cell growth
  - 2.3 One remains fresh and active throughout the day.
- (3) More info on sleep reltd topics
  - 3.1 Ppl with less sleep can devlp chest pain, bp, otr problems
  - 3.2 An adult shld sleep for 7 to 8 hrs.
  - 3.3 Reglr exercises and massages can help get better sleep
- (4) What to avoid and what to take?
  - 4.1 Stop worrying
  - 4.2 Do not stay awake for lng hrs at night
  - 4.3 Avoid frequent intake of tea/coffee
  - 4.4 A warm glass of milk before gng to bed can be helpful.

Key:

Imp: important

Impn: importance

Funct: function

Happns: happens

Nrvs: nervous

Syst: system

Prply: properly

Manuf: manufacture

Prtns: proteins

Info: information

Reltd: related

Ppl: people

Devlp: develop

Bp: blood pressure

Otr: other

Shld: should

Rglr: regular

Lng: long

Hrs: hours

Gng: going

**Summary:** A good night's sleep is beneficial for manifold reasons. It not only keeps one active, but also helps in release of proteins necessary for growth. Regular exercises and weekly massages can prove to be in favour of good sleep. Lack of sound sleep might lead to health issues like bp, chest pains, arthritis and even depression. Intake of coffee and tea, sitting for late hours and over eating should be avoided to ensure good sleep. A glass of warm milk before bedtime may prove to be helpful for a good night's sleep.

2. (a) Oral communication refers to communication through the spoken word, either face to face, telephonically, via voice chat, video conferencing or any such visual medium. . Formal medium like lectures, conferences, seminars, meetings and informal conversations, friendly gossips etc. are part of oral communication.

**Four essentials of oral communication are:**

- (i) Pronunciation
- (ii) Listening and Conversation
- (iii) Spoken grammar
- (iv) Vocabulary

- (b) (i) Option 4  
(ii) Option 2  
(iii) Garima says that Rashmi is smart.
- (c) How do we talk? Or Do you know how we speak?

An activity that we do a lot during the day, that is talking begins with a person's thoughts and feelings. From the lips to the tongue, from the lungs to the vocal folds, many organs are involved in the process of speaking. The movement of air and the shaping of sounds using our tongue, roof of the mouth, upper and lower teeth, all help in saying specific sounds and words.

3. (a) The star network communication has multiple channels of communication open between all members. This network propagates group communication and is essential where teamwork is involved. The members communicate and exchange information with each other freely, and without hindrance or hesitation.
- (b) (i) Option 3  
(ii) Option 4  
(iii) Mohit told me that he had finished writing the story.
- (c) **Report Writing**

### Rainbow Vista Public School hosts Science Fair

By Sharmishtha Banerjee

Rainbow Vista Public School, New Delhi hosted its first Science Fair on 10<sup>th</sup> April, 2022. The Chief Guest for the event was Delhi environment minister Mr. Gopal Rai. The event started by lighting of the lamp and a beautiful rendition of Ganesh Vandana performed and sung by the school students.

The fair was an exciting display of gripping experiments, research ideas and neck to neck quiz competitions. Almost 15 other schools from the city participated in this event and students displayed their talent and expertise.

The quiz competition was the most sought after event. It was a tough win for the host school and gathered a lot of compliments and encouragement. The other event that gathered audience was the electric display of experiments by students of grade X and XII. New ideas and thoughts combined with practical knowledge was praise worthy.

Mr. Gopal Rai gave an encouraging speech and inspired the students to think out of the box and always believe in practical knowledge. The Head of the department of Physics, Mr. Shukla also extended a vote of thanks to all the participating schools. The fair was a success amongst the participants and the students. As a token of appreciation, all participants were given a memento.

4. (a) When two persons communicate with each other, they form a communication circuit. Therefore, it is known as Circuit network. The two people can be colleagues placed at the same hierarchical level in the organization.
- (b) (i) Karan said that he was tired  
(ii) Ashok will post the letter.  
(iii) A glass of juice was bought by Swati for me.



(c) Circular No. XVI

## Meeting for a new Ad campaign

8<sup>th</sup> April, 2022

For the Advertising team

This is to inform you that all team members of the Advertising division are requested to be present for a meeting tomorrow at 5.30 pm, at the Conference room (Lobby). This meeting is in regard with the new project that our company has received for advertisement campaign of an FMCG product. Suggestions and innovative ideas are welcome from all team members.

Attendance is compulsory.

Sumit,

Head, Advertising

Aegis Advertising Pvt. Ltd

OR

Email

To: sakshikapoor@abc.com

CC/BCC:simran@innovativeminds.com

Sub: Interview Call for 'Executive Caller'

Attachments: Google maps

Dear Ms. Sakshi,

We are pleased to inform you that you have been shortlisted for an interview on 20<sup>th</sup> April, 2022, at 10 am for post of 'Executive Caller' at Innovative Minds Call Centre

Please carry the following documents (originals):

- (1) XIIth class marksheet
- (2) College degree certificates
- (3) Adhar card.

Please come for the interview in formal attire and report 30 minutes prior to the scheduled time mentioned above. The exact location of the office is attached in the form of Google maps.

Feel free to write back for any queries.

All the Best!

Regards,

Meena,

Innovative Minds Call Centre

5. (a) Attitude barriers refer to personal attitude of employees that can act as a hindrance in effective communication within an organization. An active and motivated worker can prove to be an asset to the organization whereas a disgruntled, egoist employee can deter the growth of the organization. Attitude problems can be addressed by good management skills and regular interaction with staff members.

- (b) (i) Option 3  
(ii) Option 2  
(iii) We will be blamed by everyone.  
(iv) Option 4

(c)

18<sup>th</sup> April, 2022

To,  
Mr. Arun Sharma,  
Manager  
Fabric For You Pvt. Ltd,  
Surat, Gujarat

Dear Sir/Madam,

I would like to place a bulk order with regard to tailoring equipment and cloth fabric for our shop based in Lucknow. We have done business in the past and are aware of your quality and prompt delivery.

Following is the list of items required:

- Silk cloth 1500 metre
- Cotton white cloth 1500 metre
- Black cotton cloth 1000 metre
- Sewing machine 5 nos
- Sewing threads (cotton base) 100 pieces (assorted colours)
- Stitching accessories

For any other query regarding the order, please free to contact me. I would appreciate if you could send me a confirmation reply and also a tentative delivery date.

Looking forward to a healthy association yet again!

Thanking you!

Yours Sincerely,

Raj,  
Supply Chain Head  
Cloth Emporium,  
Lucknow, UP

## 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? TICA  

**(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. CA  

**(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. SOGA  

**(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. TICA
  - (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) TICA
- (iii) What is Small Limited Liability Partnership as per Limited Liability Partnership (Amendment) Act, 2021? (5 Marks) LLP
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) TIPA
- (ii) What is Particular Partnership as per Indian Partnership Act, 1932? (2 Marks) TIPA
- (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.

SOGA

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.

TIPA

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.

SOGA

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

SOGA

- (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)**

CA

TICA

TIPA

CA

## 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: **(1 Mark)**  
Tanvi said, 'The auditions ended yesterday'
- (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)**



## MOCK TEST PAPER 1

### FOUNDATION COURSE

#### PAPER 2: BUSINESS LAWS AND BUSINESS CORRESPONDENCE AND REPORTING

#### SECTION A: BUSINESS LAWS

#### ANSWERS

1. (i) Section 25 of Indian Contract Act, 1872 provides that an agreement made without consideration is valid if it is expressed in writing and registered under the law for the time being in force for the registration of documents and is made on account of natural love and affection between parties standing in a near relation to each other. In other words, a written and registered agreement based on natural love and affection between the parties standing in near relation to each other is enforceable even without consideration.

In the instant case, the transfer of house made by Mr. Ram Lal Birla on account of natural love and affection between the parties standing in near relation to each other is written but not registered. Hence, this transfer is not enforceable.

- (ii) According to doctrine of Indoor Management, persons dealing with the Company are presumed to have read the registered documents and to see that the proposed dealing is not inconsistent therewith, but they are not bound to do more; they need not enquire into the regularity of internal proceedings as required by M & A. This was also decided in case of *Royal British Bank Vs. Turquand*.

In the instant case, Articles of Association of XYZ Private Limited have taken loan from reputed bank for ₹ 60,00,000 by passing Board Resolution while Special Resolution was necessary for such amount. Board of Directors gave an undertaking to bank that Special Resolution has been passed for such loan. The bank on believing on such undertaking lends the money.

On the basis of provisions of doctrine of Indoor Management, the bank can claim the amount of his loan from the company. The bank can believe on the undertaking given by board and no need to enquire further.

- (iii) **Exceptions to the Rule *Nemo dat Quod Non Habet*:** The term means, "none can give or transfer goods what he does not himself own". Exceptions to the rule and the cases in which the Rule does not apply under the provisions of the Sale of Goods Act, 1930 are enumerated below:

(a) **Sale by a Mercantile Agent:** A sale made by a mercantile agent of the goods or document of title to goods would pass a good title to the buyer in the following circumstances, namely;

- (I) if he was in possession of the goods or documents with the consent of the owner;
- (II) if the sale was made by him when acting in the ordinary course of business as a mercantile agent; and
- (III) if the buyer had acted in good faith and has at the time of the contract of sale, no notice of the fact that the seller had no authority to sell. (Proviso to Section 27).

Mercantile agent means an agent having in the customary course of business as such agent authority either to sell goods, or to consign goods for the purposes of sale, or to buy goods, or to raise money on the security of goods. [section 2(9)]

- (b) **Sale by one of the joint owners:** If one of the several joint owners of goods has the sole possession of them with the permission of the others, the property in the goods may be transferred to any person who buys them from such a joint owner in good faith and does not

at the time of the contract of sale have notice that the seller has no authority to sell. (Section 28)

- (c) **Sale by a person in possession under voidable contract:** A buyer would acquire a good title to the goods sold to him by seller who had obtained possession of the goods under a contract voidable on the ground of coercion, fraud, misrepresentation or undue influence provided that the contract had not been rescinded until the time of the sale (Section 29).
- (d) **Sale by one who has already sold the goods but continues in possession thereof:** If a person has sold goods but continues to be in possession of them or of the documents of title to them, he may sell them to a third person, and if such person obtains the delivery thereof in good faith without notice of the previous sale, he would have good title to them, although the property in the goods had passed to the first buyer earlier. A pledge or other deposition of the goods or documents of title by the seller in possession are equally valid. [Section 30(1)]
- (e) **Sale by buyer obtaining possession before the property in the goods has vested in him:** Where a buyer with the consent of seller obtains possession of the goods before the property in them has passed to him, he may sell, pledge or otherwise dispose of the goods to a third person, and if such person obtains delivery of the goods in good faith and without notice of the lien or other right of the original seller in respect of the goods in good faith and without notice of the lien or other right of the original seller in respect of the goods, he would get a good title to them. [Section 30(2)].
- (f) **Sale by an unpaid seller:** Where an unpaid seller who had exercised his right of lien or stoppage in transit resells the goods, the buyer acquires a good title to the goods as against the original buyer [Section 54(3)].
- (g) **Sale under the provisions of other Acts:**
  - (i) Sale by an official Receiver or liquidator of the company will give the purchaser a valid title.
  - (ii) Purchase of goods from a finder of goods will get a valid title under circumstances.
  - (iii) Sale by a pawnee under default of pawnor will give valid title to the purchaser.

(Note: Student can write any four points)

2. (i) (a) It is an implied contract and A must pay for the services of the coolie detailed by him.

**Implied Contracts:** Implied contracts come into existence by implication. Most often the implication is by law and or by action. Section 9 of the Act contemplates such implied contracts when it lays down that in so far as such proposal or acceptance is made otherwise than in words, the promise is said to be implied.

- (b) Obligation of finder of lost goods to return them to the true owner cannot be said to arise out of a contract even in its remotest sense, as there is neither offer and acceptance nor consent. These are said to be quasi-contracts.

**Quasi-Contract:** A quasi-contract is not an actual contract but it resembles a contract. It is created by law under certain circumstances. The law creates and enforces legal rights and obligations when no real contract exists. Such obligations are known as quasi-contracts. In other words, it is a contract in which there is no intention on part of either party to make a contract, but law imposes a contract upon the parties.

- (c) The above contract is a void contract.

**Void Contract:** Section 2 (j) states as follows: "A contract which ceases to be enforceable by law becomes void when it ceases to be enforceable". Thus, a void contract is one which cannot be enforced by a court of law.

- (ii) The law provides that a contract should be supported by consideration. So long as consideration exists, the Courts are not concerned to its adequacy, provided it is of some value. The adequacy of the consideration is for the parties to consider at the time of making the agreement, not for the Court when it is sought to be enforced (**Bolton v. Modden**). Consideration must, however, be something to which the law attaches value though it need not be equivalent in value to the promise made.

According to Explanation 2 to Section 25 of the Indian Contract Act, 1872, an agreement to which the consent of the promisor is freely given is not void merely because the consideration is inadequate, but the inadequacy of the consideration may be taken into account by the Court in determining the question whether the consent of the promisor was freely given.

- (iii) **“Small Limited Liability Partnership [Section 2(ta) of the Limited Liability Partnership Act, 2008]:** It means a Limited Liability Partnership—
- (i) the contribution of which, does not exceed twenty-five lakh rupees or such higher amount, not exceeding five crore rupees, as may be prescribed; and
  - (ii) the turnover of which, as per the Statement of Accounts and Solvency for the immediately preceding financial year, does not exceed forty lakh rupees or such higher amount, not exceeding fifty crore rupees, as may be prescribed; or
  - (iii) which meets such other requirements as may be prescribed and fulfils such terms and conditions as may be prescribed.

3. (i) As per Section 29 of Indian Partnership Act, 1932, a transfer by a partner of his interest in the firm, either absolute or by mortgage, or by the creation by him of a charge on such interest, does not entitle the transferee, during the continuance of the firm, to interfere in the conduct of business, or to require accounts, or to inspect the books of the firm, but entitles the transferee only to receive the share of profits of the transferring partner, and the transferee shall accept the account of profits agreed to by the partners.

In the given case during the continuance of partnership, such transferee Mr. B is not entitled:

- to interfere with the conduct of the business.
- to require accounts.
- to inspect books of the firm.

However, Mr. B is only entitled to receive the share of the profits of the transferring partner and he is bound to accept the profits as agreed to by the partners, i.e. he cannot challenge the accounts.

- (ii) **Particular partnership:** A partnership may be organized for the prosecution of a single adventure as well as for the conduct of a continuous business. Where a person becomes a partner with another person in any particular adventure or undertaking, the partnership is called ‘particular partnership’.

A partnership, constituted for a single adventure or undertaking is, subject to any agreement, dissolved by the completion of the adventure or undertaking.

- (iii) **Section 73-75 of Indian Contract Act, 1872:** Damage means a sum of money claimed or awarded in compensation for a loss or an injury. Whenever a party commits a breach, the aggrieved party can claim the compensation for the loss so suffered by him. General damages are those which arise naturally in the usual course of things from the breach itself. (*Hadley Vs Baxendale*). Therefore, when breach is committed by a party, the defendant shall be held liable for all such losses that naturally arise in the usual course of business. Such damages are called

ordinary damages. However special damages are those which arise in unusual circumstances affecting the aggrieved party and such damages are recoverable only when the special circumstances were brought to the knowledge defendant. If no special notice is given, then the aggrieved party can only claim the ordinary damages.

In the instant case, the goods were delivered after the conclusion of the exhibition, therefore Seema can recover only the losses arising in the ordinary course of business. Special damages are allowed only when the special circumstances are made aware. Since no notice about special circumstances was given to railways authorities, she could not recover the loss of profits.

4. (i) **Delivery - its forms:** Delivery means voluntary transfer of possession from one person to another [Section 2(2) of the Sale of Goods Act, 1930]. As a general rule, delivery of goods may be made by doing anything, which has the effect of putting the goods in the possession of the buyer, or any person authorized to hold them on his behalf.

**Forms of delivery:** Following are the kinds of delivery for transfer of possession:

(i) **Actual delivery:** When the goods are physically delivered to the buyer. Actual delivery takes place when the seller transfers the physical possession of the goods to the buyer or to a third person authorised to hold goods on behalf of the buyer. This is the most common method of delivery.

(ii) **Constructive delivery:** When it is effected without any change in the custody or actual possession of the thing as in the case of delivery by attornment (acknowledgement).

Constructive delivery takes place when a person in possession of the goods belonging to the seller acknowledges to the buyer that he holds the goods on buyer's behalf.

(iii) **Symbolic delivery:** When there is a delivery of a thing in token of a transfer of something else, i.e., delivery of goods in the course of transit may be made by handing over documents of title to goods, like bill of lading or railway receipt or delivery orders or the key of a warehouse containing the goods is handed over to buyer. Where actual delivery is not possible, there may be delivery of the means of getting possession of the goods.

- (ii) **Consequences of Non-registration of partnership firm (Section 69 of the Indian Partnership Act, 1932):**

Non-registration of partnership gives rise to a number of disabilities. Though registration of firm is not compulsory, yet the consequences or disabilities of non-registration have a persuasive pressure for their registration. Following are the consequences:

(a) **No suit in a civil court by firm or other co-partners against third party:** The firm or any other person on its behalf cannot bring an action against the third party for breach of contract entered into by the firm.

(b) **No relief to partners for set-off of claim:** If an action is brought against the firm by a third party, then neither the firm nor the partner can claim any set-off, if the suit be valued for more than ₹ 100 or pursue other proceedings to enforce the rights arising from any contract.

(c) **Aggrieved partner cannot bring legal action against other partner or the firm:** A partner of an unregistered firm (or any other person on his behalf) is precluded from bringing legal action against the firm or any person alleged to be or to have been a partner in the firm.

(d) **Third-party can sue the firm:** In case of an unregistered firm, an action can be brought against the firm by a third party.

In the instant case, since the fresh registration has not been taken after introduction of new partner S, the firm P & Co. will be considered as unregistered firm. Hence the firm which is

not registered cannot file a case against the third party. Hence the firm P & Co. cannot sue X.

**5. (i) Condition as to merchantability (Section 16(2) of the Sale of Goods Act, 1930):**

When goods are sold by description and the seller trades in similar goods, then the goods should be merchantable i.e. the goods should be fit to use or wholesome or for to consume. However, the condition as to merchantability shall consider the following points -

- (i) Right to examine the goods by the buyer. The buyer should be given chance to examine the good.
- (ii) The buyer should reject the goods, if there is any defect found in the good. But if the defect could not be revealed even after the reasonable examination and the buyer purchases such goods, then the seller is held liable. Such defects which cannot be revealed by examination are called latent defects. The seller is liable to pay to the buyer for such latent defects in the goods. [Section 17]

In the instant case, the retailer can claim indemnity from the wholesaler because it was found that the retailer had examined the sample before purchasing the goods and a reasonable examination on his part could not reveal this latent defect. Under these circumstances, the wholesaler was bound to indemnify the retailer for the loss suffered by the latter.

**(ii) Yes, a non-profit organization be registered as a company under the Companies Act, 2013 by following the provisions of section 8 of the Companies Act, 2013. Section 8 of the Companies Act, 2013 deals with the formation of companies which are formed to**

- promote the charitable objects of commerce, art, science, sports, education, research, social welfare, religion, charity, protection of environment etc.

Such company intends to apply its profit in

- promoting its objects and
- prohibiting the payment of any dividend to its members.

The Central Government has the power to issue license for registering a section 8 company.

- (i) Section 8 allows the Central Government to register such person or association of persons as a company with limited liability without the addition of words 'Limited' or 'Private limited' to its name, by issuing licence on such conditions as it deems fit.
- (ii) The registrar shall on application register such person or association of persons as a company under this section.
- (iii) On registration, the company shall enjoy same privileges and obligations as of a limited company.

**6. (i) Quasi Contracts:** Under certain special circumstances, obligation resembling those created by a contract are imposed by law although the parties have never entered into a contract. Such obligations imposed by law are referred to as 'Quasi-contracts'. Such a contract resembles with a contract so far as result or effect is concerned but it has little or no affinity with a contract in respect of mode of creation. These contracts are based on the doctrine that a person shall not be allowed to enrich himself unjustly at the expense of another.

The following are the cases which are deemed as Quasi Contract:

- (a) Claim for necessaries supplied to persons incapable of contracting (Section 68 of the Indian Contract Act, 1872):** If a person, incapable of entering into a contract, or anyone whom he is legally bound to support, is supplied by another person with necessaries suited to his condition in life, the person who has furnished such supplies is entitled to be reimbursed from the property of such incapable person.

To establish his claim, the supplier must prove not only that the goods were supplied to the person who was minor or a lunatic but also that they were suitable to his actual requirements at the time of the sale and delivery.

- (b) **Payment by an interested person (Section 69):** A person who is interested in the payment of money which another is bound by law to pay, and who therefore pays it, is entitled to be reimbursed by the other.
- (c) **Obligation of person enjoying benefits of non-gratuitous act (Section 70):** In term of section 70 of the Act “where a person lawfully does anything for another person or delivers anything to him not intending to do so gratuitously and such other person enjoys the benefit thereof, the latter is bound to pay compensation to the former in respect of, or to restore, the thing so done or delivered”.
- (d) **Responsibility of finder of goods (Section 71):** ‘A person who finds goods belonging to another and takes them into his custody is subject to same responsibility as if he were a bailee’.

Thus, a finder of lost goods has:

- (i) to take proper care of the property as man of ordinary prudence would take
- (ii) no right to appropriate the goods and
- (iii) to restore the goods if the owner is found.

- (e) **Money paid by mistake or under coercion (Section 72):** “A person to whom money has been paid or anything delivered by mistake or under coercion, must repay or return it”.

(ii) **Ms. Lucy while drafting partnership deed must take care of following important points:**

- No particular formalities are required for an agreement of partnership.
- Partnership deed may be in writing or formed verbally. The document in writing containing the various terms and conditions as to the relationship of the partners to each other is called the ‘partnership deed’.
- Partnership deed should be drafted with care and be stamped according to the provisions of the Stamp Act, 1899.
- If partnership comprises immovable property, the instrument of partnership must be in writing, stamped and registered under the Registration Act.

**List of information included in Partnership Deed while drafting Partnership Deed by Ms. Lucy:**

- Name of the partnership firm.
- Names of all the partners.
- Nature and place of the business of the firm.
- Date of commencement of partnership.
- Duration of the partnership firm.
- Capital contribution of each partner.
- Profit Sharing ratio of the partners.
- Admission and Retirement of a partner.
- Rates of interest on Capital, Drawings and loans.

- Provisions for settlement of accounts in the case of dissolution of the firm.
- Provisions for Salaries or commissions, payable to the partners, if any.
- Provisions for expulsion of a partner in case of gross breach of duty or fraud.

**Note:** Ms. Lucy may add or delete any provision according to the needs of the partnership firm.

- (iii) According to the decision taken in case of *Salomon v/s Salomon & Co. Ltd.*, a company has separate legal entity. A company is different from its members. Further, according to the decision taken in case of *Macaura v/s Northern Assurance Co. Ltd.*, a member or creditor does not have any insurable interest in the property of company. Members or creditors of the company cannot claim ownership in the property of company.

On the basis of above provisions and facts, it can be said Mr. Sunny and CPL Private Limited are separate entities. Mr. Sunny cannot have any insurable interest in the property of CPL Private Limited neither as member nor as creditor. Hence, the insurance company is not liable to pay to Mr. Sunny for the claim for the loss of stock by fire.





## SECTION-B: BUSINESS CORRESPONDENCE AND REPORTING

### ANSWER

#### 1. (a) Reading Comprehension

- (1) There are no minimum necessary conditions /guidelines for making quality education in India a distant goal.
- (2) Option c
- (3) Some states follow lenient marking in order to ensure good performance.
- (4) Teachers oppose new books as they are not familiar with them.
- (5) Option a

#### (b) Title: Writing a Business Letter

1. Features of a gd. busns ltr
  - 1.1 conveys info efficiently to get results
  - 1.2 is concise
  - 1.3 is clear
  - 1.4 is courteous
2. How to write a gd. busns. ltr
  - 2.1 Making ltr concise
    - 2.1.1 Intro. should be brief
    - 2.1.2 use precise words and snts.
  - 2.2 Style imp.
    - 2.2.1 short ltr more effective
    - 2.2.2 may ocasnly have humour
  - 2.3 Achieving clarity
    - 2.3.1 Have a clear idea of what you wish to say
    - 2.3.2 str. the ltr—intro & cnclsn.
    - 2.3.3 use accepted format; para, topic, snts.
    - 2.3.4 check facts, explns, refs.
  - 2.4 Being courteous
    - 2.4.1 Exp. your pt. politely
      - 2.4.1.2 avoid sarcasm & insults
    - 2.4.2 careful wrtg & typg.
    - 2.4.3 gram. & splg. errors to be avoided
3. Impc. of busns. ltr
  - 3.1 is a rep.
  - 3.2 prmnt. rec. message.

## Key

Gd.-good

Busns- business

Ltr.- letter

Intro. -introduction

Snts.-sentences

Imp.-important

Ocsnly.-occasionally

Pt. – point

Str.- structure

Expln.- explanation

Exp.-explain

Refs.-references

Cnclsn.- conclusion

Para.-paragraph

Wrtg.- writing

Typg.-typing

Gram.-grammar

Splg- spelling

Impc.-importance

Rep.- Representative

Prmnt.-permanent

Rec. recorded

## SUMMARY

A good business letter is one which gives you positive and quality results. To get such results, a business letter should be effective in appearance, style and content. Apart from this, a letter should be concise, clear and courteous. A business letter should be to the point, the message should be clear to the reader and bear your impression. The structure of a good letter should have an introduction, topic sentences and a concluding paragraph. While writing a letter, always be polite, avoid sarcasm and insults that can work against your motive. Ensure there are no grammar and spelling errors.

2. (a) When the right message is conveyed at the right time to the right person in a clear and coherent manner, it is said to be Effective communication.

Characteristics of effective communication are:

- (i) **Clarity:** The message written or spoken should be stated clearly. Communication should not have ambiguity.
- (ii) **Conciseness:** Brevity is the essence of communication. Message conveyed should be short, brief and to the point.
- (iii) **Coherence:** Communication should involve a logical flow of ideas, where there is a smooth shift from one idea to another.

- (iv) **Completeness:** Good communication conveys the whole idea without leaving gaps. All relevant information should be given at the same time to make it complete.
- (b) (i) Option a  
(ii) Option a  
(iii) A soft voice behind me asked if I was alone.
- (c) **Title: Impact / Negative Impact on account of outbreak of Covid – 19 /Tourism- A Victim of Covid-19 Pandemic**

The outbreak of Covid-19 pandemic has seriously affected the tourism sector not only of our country but also world-wide. It has affected the economy in general but the export and employment in particular. Victims of Covid-19 pandemic are entrepreneurs in micro, small, and medium sized enterprises that employ a high share of women. There is a drop of international tourists of about 78%, causing a loss in export revenue of US\$1.2 trillion to tourism-dependent countries. These countries are most negatively affected because it involves contact-intensive services. Tour and Travel sector will continue to struggle until people feel safe to travel again. The solutions range from chasing the ultra-rich who can quarantine on their yachts to inviting people to stay and work virtually while enjoying a tropical view.

3. (a) Emotions are a powerful force that affect our perception of reality regardless of how hard we try to remain unbiased. In fact, intense emotions can undermine a person's capacity for rational decision-making, even when the individual is aware of the need to make careful decisions. We carry within us feelings and sentiments such as anger, fear of criticism, ridicule, mistrust, suspicion, jealousy, anxiety that affect our ability to communicate. In order to overcome emotional barriers, emotional awareness is very essential. It will facilitate to understand the emotions of oneself and others yielding results of meaningful communication with another person or a group.
- (b) (i) Option 1  
(ii) Option 2  
(iii) Tanvi said that the auditions had ended the previous day.
- (c) The Sales Manager  
ASD Enterprises Pvt. Ltd.  
B-70 Electronics Enclave  
New Delhi- 1100xx

3 October, 20XX

Dear Sir,

**Subject: Enquiry about Laser Printers**

This is with reference to the enquiry about heavy duty Laser Printers capable of printing 50 copies per minute. You are requested to submit complete features with brochures of the brands available with you along with the price, warranty and servicing details. We require 5 Black/White and 3 Colour Printers within a fortnight.

We have been your customers for the past 3 years and have procured many devices from you. You are requested to work out specific discounted prices and send us the final quote.

Kindly submit all the pertinent details by the end of this week. Looking forward to your earliest reply.

Thanks and Regards,

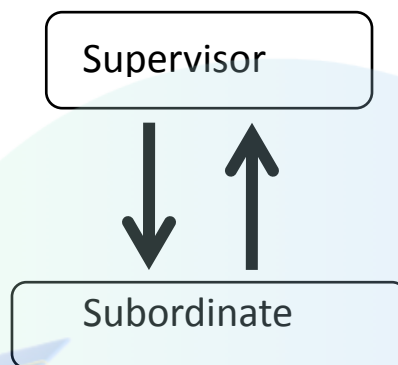
XYZ

Senior Manager (Administration)

ABC Solutions Pvt. Ltd.

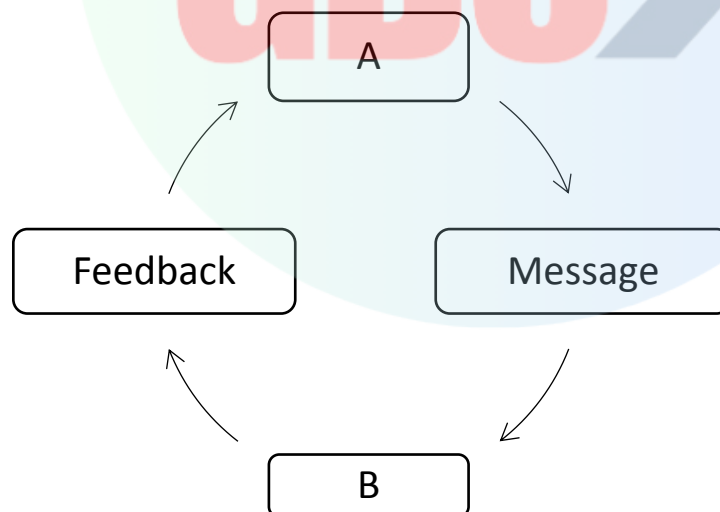
#### 4. (a) Vertical Network:

Vertical network is a formal network, which is usually between a higher ranking employee and a subordinate. In this two-way communication, immediate feedback is possible.



#### (b) Circuit Network:

When two persons communicate with each other sending messages and feedbacks, they form a communication circuit. Therefore it is known as circuit network. The two people interacting can be colleagues placed at the same hierarchical level in the organisation.



- (i) She exclaimed that it was a very beautiful scene.
- (ii) What did you eat for lunch?
- (iii) His diet program had been kept up for a month.

## (c) Impact of Advertisement on the younger generation

By.....(ABC)

The advertisement industry has a tremendous impact on the younger generation. As citizens of the modern world, advertisements have become a part of the daily lives of youngsters, and they have got used to being bombarded with numerous advertisements over the course of their day to day lives.

In the ever-expanding world of consumerism and advertising, companies are constantly looking for new ways to sell their products to the youngsters by making their commercials and campaigns more memorable and to leave an impact on their minds. The younger generation has become their prime target because they have more spending power than ever before and increased avenues at their disposal. Therefore, companies spend enormous amounts of money to rope in popular film stars, cricketers, musicians etc. to endorse their products.

Companies target the younger generation because they follow the latest trends which influences the buying behaviour of their families as well. Overindulgence in such activities can negatively influence their thinking ability. Their mind gets inclined to a confined idea.

They want the young generation to be aware and take action for the betterment of the society. The purpose of such ads is to influence the youth so that they can decide what is good and bad for them. Celebrities are also roped in at times so that the message makes an even greater impact.

Therefore, it would be wrong to say that the impact of advertisement on the younger generation is always negative. How the youth perceives the advertisement and the message it sends forth, makes all the difference.

5. (a) **Gender barriers-** Men and women communicate differently. The reason for this lies in the wiring of a man's and woman's brains. Men talk in a linear, logical and compartmentalized manner whereas the women use both logic and emotion, and are more verbose. This may be the cause of communication problem in an office where both men and women work side by side. Men can be held guilty of providing insufficient information, while women may be blamed for providing too much detail.

Gender bias is another factor in communication barriers. Due to traditional mindsets, many men find it difficult to take orders from, or provide information to women.

- (b) (i) Option 4  
(ii) Option 4  
(iii) A sketch was drawn by him in the morning.  
(iv) Option 4

### (c) Minutes of the Meeting

Participants in attendance: Director Sales and Marketing, Retail Head, Supply Chain Head, Procurement Personnel and other senior members

Date: 12<sup>th</sup> September, 2022

Meeting started at 11: 00 am.

**Mr. SS, Director Sales and Marketing**, informed the agenda of the meeting i.e. lack of demand due to the pandemic and suggested tapping the local youth to popularise the joint.

**Mr. RV, Retail Head**, expressed concern over the matter; discussed ways of increasing demand by opening new take-away outlets and free home delivery within 3 kms range.

**Mr. AP, Supply Chain Head**, gave a detailed analysis of the raw material being over procured and suggested the stock be procured on daily basis from the local suppliers to avoid wastage.

**Mr. AS, Senior Product Head**, presented a detailed analysis of the customer demand in the past one month and suggested introducing combos, new finger- foods and snack items on the menu along with decreasing the size of each serving by 10%.

**Procurement team**: Proposed ways of effective delivery systems and aligning with the increased production. Patent laws were also discussed.

**Mr. SS, Director Sales and Marketing**, gave a vote of thanks and appreciated the views and suggestions of members present.

All participants agreed to the raised concern and come back with a detailed report.

**ATR** to be submitted by Nov 20, 2022 to **Director, Sales and Marketing**

**OR**

**(c) Cover Letter**

12, Civil Lines,  
New Delhi-1100xx  
Date: Oct 12, 20XX

To,  
Manager (HR) ABC Consultants  
21/3 Lane-1  
Prahlad Market,  
Karol Bagh  
New Delhi.

**Sir,**

**Subject:** Application for the post of Article Assistant

Greetings for the day!

I am writing this letter to express my interest in the position of Article Assistant in your firm.

I have qualified CA Intermediate both groups in 1st attempt in May 2022. Thereafter, it took me some time to complete the mandatory ITT and MCS training program.

Now, I am looking for an opportunity in a prestigious firm like yours so that I am able to learn and grow as a professional. I am ready to present myself for a personal interview. I assure you that I shall work with utmost allegiance to your firm.

My detailed resume is appended herewith for your perusal. Looking forward to a positive response.

Best Regards,  
Gaurav Sharma

**ENCLOSURE:****1. Resume**

Gaurav Sharma  
12, Civil Lines  
New Delhi-110044  
Email id: youremail@gmail.com  
Mobile No.: +91 XXXXXXXXX

**Objective:**

- I seek to join a firm where I can learn various aspects of the profession and use my skills and knowledge of MS Excel, MIS, Tally, and Taxation with GST.
- I wish to contribute towards organizational goal through my technical skills, hard work and creativity.

**Academics:**

Qualification	University/Board	Year of Passing	Score/Marks
B.Com	DU	Pursuing	
CA Intermediate	ICAI	2020-21	67%
CA Foundation	ICAI	2019	75%
XII	CBSE	2018-19	92%
X	CBSE	2016-17	90%

**Skills:**

MS-Office, Tally, Advance Excel, Payroll, MIS.

Good analytical and decision-making skills.

**Achievements:**

- As captain of the school cricket team won 3 consecutive zonal inter- school championship matches.
- Stood first in school in Math's Olympiad.
- Stood second at the state level 'Sudoku' championship.

**Personal Details:**

Father's Name:

Date of Birth:

Nationality:

**Declaration:**

I solemnly declare that all the above information is correct to the best of my knowledge and belief.

Date:

Gaurav Sharma

Signature

## PAPER – 2: BUSINESS LAWS & BUSINESS CORRESPONDENCE AND REPORTING

### SECTION A – BUSINESS LAWS

Question No. 1 is compulsory.

Attempt any **four** questions from the remaining **five** questions.

1. (a) A, B, C and D are the four partners in a firm. They jointly promised to pay ₹ 6,00,000 to F. B and C have become insolvent. B was unable to pay any amount and C could pay only ₹ 50,000. A is compelled to pay the whole amount to F. Decide the extent to which A can recover the amount from D with reference to the provisions of the Indian Contract Act, 1872. **(4 Marks)** TICA
- (b) Mr. R is an Indian citizen, and his stay in India during the immediately preceding financial year is for 130 days. He appoints Mr. S, a foreign citizen, as his nominee, who has stayed in India for 125 days during the immediately preceding financial year. Is Mr. R eligible to be incorporated as a One-Person Company (OPC)? If yes, can he give the name of Mr. S in the Memorandum of Association as his nominee? Justify your answers with relevant provisions of the Companies Act, 2013. **(4 Marks)** CA
- (c) "Risk Prima Facie passes with property." Elaborate in the context of the Sale of Goods Act, 1930. **(4 Marks)** SOGA
2. (a) Explain any five circumstances under which contracts need not be performed with the consent of both the parties. **(7 Marks)** LLP
- (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. **(6 Marks)** TIPA
- (b) Examine the validity of the following contracts as per the Indian Contract Act, 1872 giving reasons.
- (i) X aged 16 years borrowed a loan of ₹ 50,000 for his personal purposes. Few months later he had become major and could not pay back the amount borrowed, on due date. The lender wants to file a suit against X. TICA
- (ii) J contracts to take in cargo for K at a foreign port. J's government afterwards declares war against the country in which the port is situated and therefore the contract could not be fulfilled. K wants to file a suit against J. **(6 Marks)**
4. (a) Discuss the rights of an unpaid seller against the buyer under the Sales of Goods Act, 1930. **(6 Marks)** SOGA
- (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. TIPA
- 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) Sonal went to a Jewellery shop and asked the salesgirl to show her diamond bangles with Ruby stones. The Jeweller told her that we have a lot of designs of diamond bangles but with red stones if she chooses for herself any special design of diamond bangle with red stones, they will replace red stones with Ruby stones. But for the Ruby stones they will charge some extra cost. Sonal selected a beautiful set of designer bangles and paid for them. She also paid the extra cost of Ruby



stones. The Jeweller requested her to come back a week later for delivery of those bangles. When she came after a week to take delivery of bangles, she noticed that due to Ruby stones, the design of bangles has been completely disturbed. Now, she wants to terminate the contract and thus, asked the manager to give her money back, but he denied for the same. Answer the following questions as per the Sale of Goods Act, 1930.

SOGA

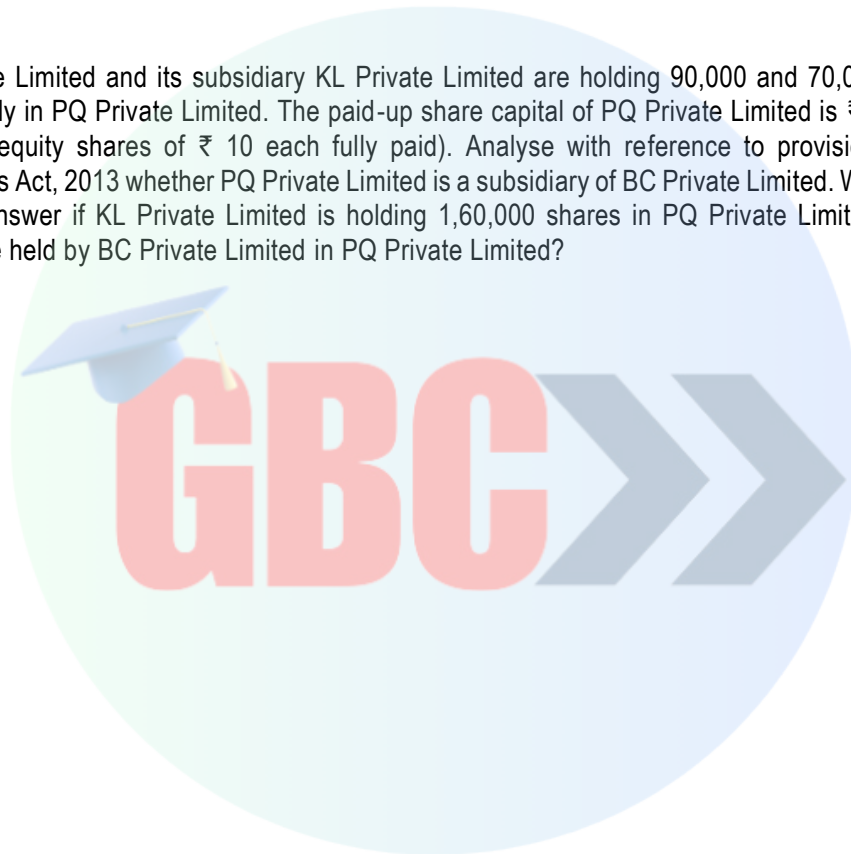
- (i) State with reasons whether Sonal can recover the amount from the Jeweller.
- (ii) What would be your answer if Jeweller says that he can change the design, but he will charge extra cost for the same? **(6 Marks)**
- (b) What do you mean by the term Capital? Describe its classification in the domain of Company Law. **(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) BC Private Limited and its subsidiary KL Private Limited are holding 90,000 and 70,000 shares respectively in PQ Private Limited. The paid-up share capital of PQ Private Limited is ₹ 30 Lakhs (3 Lakhs equity shares of ₹ 10 each fully paid). Analyse with reference to provisions of the Companies Act, 2013 whether PQ Private Limited is a subsidiary of BC Private Limited. What would be your answer if KL Private Limited is holding 1,60,000 shares in PQ Private Limited and no shares are held by BC Private Limited in PQ Private Limited? **(3 Marks)**

CA

TICA

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## SECTION – B: BUSINESS CORRESPONDENCE AND REPORTING

Max marks: 40

## Instructions

The Question Paper comprises 5 questions of 10 marks each. Question No. 1 is compulsory. Out of questions 2 to 5, attempt any three.

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

Depression is a psychological health disorder characterised by despondent mood or loss of interest in activities, causing repression in daily life. The Centers for Disease Control and Prevention (CDC) released a report according to which 8.1 percent of adult age 20 and above had depression in any given 2-week period from 2013-2016.

The factors include a combination of biological, psychological and social distress. These factors cause change in brain functions, including altered activity of certain neural circuits. Constant feeling of sadness or loss of attentiveness are characteristics of major depression that leads to a fluctuation in behavioural and physical health. Depression also affects sleep, appetite, energy level, concentration, and self-esteem of a person. It can also be associated with suicidal thoughts or tendencies.

There are two main types of depression: (i) **Major depressive disorder** and (ii) **Persistent depressive disorder**. Major depressive disorder is the more perilous form of depression. It is characterised by persistent feelings of sadness, hopelessness and worthless that cannot be overcome easily. Persistent depressive disorder (PDD), earlier termed as **Dysthymia**, is a mild but chronic form of depression.

Depression can be cured by proper medications, psychotherapy, light therapy, and exercises. These include antidepressants, antianxiety and antipsychotic medicines. Psychotherapy includes enunciating with therapists that can help to deal with negative feelings. Light therapy is a technique where exposure to white light helps to regulate one's mood and improve symptoms of depression. 30 minutes of daily exercise increases production of endorphins, which are hormones that improves mood. Above all, family support plays a major role in quick recuperation of a patient.

- (1) Synonym of repression- (1 Mark)
- (a) Impairment  
(b) Severe  
(c) Persistent  
(d) Depressive
- (2) Light therapy improves- (1 Mark)
- (a) Mood  
(b) Endorphins production  
(c) Overpower negative feelings  
(d) Symptoms
- (3) Define the two major types of depression. State their characteristics. (1 Mark)
- (4) What are the causes of depression? (1 Mark)
- (5) How can depression be treated? (1 Mark)

(b) Read the passage given below.

(i) Make notes, using headings, sub-headings, and abbreviations wherever necessary.

**(3 Marks)**

(ii) Write summary.

**(2 Marks)**

Everyone needs a holiday, both to relax and to have a change of environment. The holiday makers feel relaxed and refreshed at the end of the holiday and look forward to the resumption of their duties, be it at school, office, or factories with renewed vigour. This is the reason why all the establishments grant their employees annual leaves. With the end of academic year, schools and universities grant their pupils a long holiday during mid - summer. This lasts until early September when the new school term starts. Of course, parents too take advantage of this and take leaves to coincide with the children's vacation. This has become a traditional holiday season in most European countries particularly in England.

With the coming of August, the traditional holiday season in Britain reaches its peak point and most of the holiday resorts are packed to capacity. In order to avoid the crowd, some prefer to take their holiday a little earlier if facilities so warrant. Those who have already gone for holidays can console themselves not only with reflections on the happy days spent in the country, at the sea-side or abroad, but also with the thought that holiday expenses are over for the year and that by taking a holiday earlier they have missed the August rush.

The main thing, of course is the weather and it would be hazardous to prophecy. But whatever the weather is like, the essence of holiday for most, is the carefree atmosphere in which it can be enjoyed. "Take all you need but leave your worries behind" is the sound advice for the holiday maker. Private worries are not always easy to escape from. However, even the pessimist would admit that for the moment, things appear brighter than they have been earlier.

Holiday time is surely a time for shedding serious pre-occupations and seeking the pleasures that appeal to us. It is true that we may not always succeed in finding them, indeed there are people who maintain that the great thing about a holiday is that it gives you an ampler appreciation of home comforts - a view no doubt more widely held among the elderly than you.

2. (a) How can body language support or contradict a message? Explain with the help of an example.

**(2 Mark)**

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

**(1 Mark)**

Yokel

- (a) Intrigue
- (b) Simple-minded
- (c) Victorious
- (d) Noise

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

**(1 Mark)**

Circumspect

- (a) Displeasing
- (b) Accumulate
- (c) Upstart
- (d) Unguarded

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

Shaurya said, "The auditions ended yesterday".

(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 network in communication? **(1 Mark)**

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

QUALM

- (a) Distress
- (b) Special
- (c) Persevere
- (d) Scruple

(ii) Choose appropriate words to fill the blank: **(1 Mark)**

The \_\_\_\_\_ of institutions through the purging of corruption is fundamental to the health of a \_\_\_\_\_.

- (a) cleaning, government
- (b) stopping, nation
- (c) cleansing, democracy
- (d) harmony, organisation

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

A child could not have done this mischief.

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

He said to him, "I don't believe you"

- (c) You are Arvind, Senior Manager Administration of Soft Skill Solutions Pvt. Ltd. Draft a complaint letter to Team Appliances Pvt. Ltd regarding non-delivery of the order placed for products Alpha and Beta. **(5 Marks)**
4. (a) What is paralanguage? **(2 Marks)**
- (b) (i) Select the suitable antonym for the given word: **(1 Mark)**  
Conquest  
(a) Combine  
(b) Defeat  
(c) Consequent  
(d) Surrender
- (ii) Rewrite the following sentence in passive voice: **(1 Mark)**  
The outbreak of pandemic forbids the passengers to use the railway service.
- (iii) Change the following sentence into Indirect speech. **(1 Mark)**  
Abhishek said, 'I am unable to attend the meeting because I am ill today.'
- (c) Write an article in 250-300 words on the topic 'Medical Tourism in India'. **(5 Marks)**

Or

- Write a report in 250-300 words on your visit to an **Old Age Home**.
5. (a) What is technology barrier and how it affects communication? **(2 Mark)**
- (b) (i) Select the correct meaning of the idioms/phrases given below. **(1 Mark)**  
Out of the woods  
(a) After a long time  
(b) no longer in danger  
(c) out in open  
(d) out of the dark
- (ii) Change the sentence from active to passive voice **(1 Mark)**  
My friends are going to watch a movie tonight.
- (iii) Change the sentence from passive to active voice **(1 Mark)**  
He asked them whether they would listen to such a man?
- (c) An organization is introducing new products in the market. The senior management along with Manager Sales and Marketing, Customer Care and HR are discussing advertising and customer care strategies. Prepare minutes of a meeting with participants in discussion.

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:

Aman Gupta

Experience:

6 months as Trainee in Punch Mark Publication

**(5 Marks)**

## PAPER – 2: BUSINESS LAWS & BUSINESS CORRESPONDENCE AND REPORTING

### SECTION A – BUSINESS LAWS

#### ANSWERS

1. (a) **Joint promisors (Section 42 of the Indian Contract Act, 1872)**

When two or more persons have made a joint promise, then unless a contrary intention appears by the contract, all such persons must jointly fulfil the promise.

**Any one of joint promisors may be compelled to perform (Section 43)**

As per Section 43 of the Indian Contract Act, 1872, when two or more persons make a joint promise, the promisee may, in the absence of express agreement to the contrary, compel any one or more of such joint promisors to perform the whole of the promise.

If any one of two or more joint promisors makes default in such contribution, the remaining joint promisors must bear the loss arising from such default in equal shares.

In the instant case, A, B, C and D have jointly promised to pay ₹ 6,00,000 to F. B and C become insolvent. B was unable to pay any amount and C could pay only ₹ 50,000. A is compelled to pay the whole amount to F.

Hence, A is entitled to receive ₹ 50,000 from C and ₹ 2,75,000 from D, as worked out below:

**From C ₹ 50,000**= (C's Liability ₹ 1,50,000 Less: Amount he could not pay ₹ 1,00,000).

**From D ₹ 2,75,000**= (D's Liability ₹1,50,000+1/2 of liability of B (Loss) (1,50,000\*1/2) i.e. ₹ 75,000+1/2 of C's liability (Loss) (1,00,000\*1/2) i.e., ₹ 50,000) In other words, equal proportion i.e., ₹ 5,50,000 (i.e. ₹6,00,000-₹50,000) / 2.

Thus, total amount A can receive from C and D comes to ₹3,25,000 (50,000+2,75,000)

(b) As per the provisions of the Companies Act, 2013, only a natural person who is an Indian citizen and resident in India (person who stayed in India for a period of not less than 120 days during immediately preceding financial year) –

- Shall be eligible to incorporate an OPC
- Shall be a nominee for the sole member.

In the given case, Mr. R is an Indian citizen and his stay in India during the immediately preceding financial year is 130 days which is above the requirement of 120 days. Hence, Mr. R is eligible to incorporate an OPC.

Also, even though Mr. S's name is mentioned in the Memorandum of Association as nominee and his stay in India during the immediately preceding financial year is more than 120 days, he is a foreign citizen and not an Indian citizen. Hence, S's name cannot be given as nominee in the memorandum.

(c) **Risk prima facie passes with property (Section 26 of the Sale of Goods Act, 1930)**

According to Section 26, unless otherwise agreed, the goods remain at the seller's risk until the property therein is transferred to the buyer, but when the property therein is transferred to the buyer, the goods are at the buyer's risk whether delivery has been made or not.

It is provided that, where delivery has been delayed because of the fault of either buyer or seller, the goods are at the risk of the party in fault as regards any loss which might not have occurred but for such fault.

Provided also that nothing in this section shall affect the duties or liabilities of either seller or buyer as bailee of the goods of the other party.

2. (a) **Under following circumstances, the contracts need not be performed with the consent of both the parties:**

(i) **Novation:** Where the parties to a contract substitute a new contract for the old, it is called novation. A contract in existence may be substituted by a new contract either between the same parties or between different parties the consideration mutually being the discharge of old contract. Novation can take place only by mutual agreement between the parties. On novation, the old contract is discharged and consequently it need not be performed. (Section 62 of the Indian Contract Act, 1872)

(ii) **Rescission:** A contract is also discharged by rescission. When the parties to a contract agree to rescind it, the contract need not be performed. (Section 62)

(iii) **Alteration:** Where the parties to a contract agree to alter it, the original contract is rescinded, with the result that it need not be performed. In other words, a contract is also discharged by alteration. (Section 62)

(iv) **Remission:** Every promisee may dispense with or remit, wholly or in part, the performance of the promise made to him, or may extend the time for such performance or may accept instead of it any satisfaction which he thinks fit. In other words, a contract is discharged by remission. (Section 63)

(v) **Rescinds voidable contract:** When a person at whose option a contract is voidable rescinds it, the other party thereto need not perform any promise therein contained in which he is the promisor.

(vi) **Neglect of promisee:** If any promisee neglects or refuses to afford the promisor reasonable facilities for the performance of his promise, the promisor is excused by such neglect or refusal as to any non-performance caused thereby. (Section 67)

(b) **LLP gives the benefits of limited liability of a company and the flexibility of a partnership**

**Limited Liability:** Every partner of a LLP is, for the purpose of the business of LLP, the agent of the LLP, but not of other partners (Section 26 of the LLP Act, 2008). The liability of the partners will be limited to their agreed contribution in the LLP, while the LLP itself will be liable for the full extent of its assets.

**Flexibility of a partnership:** The LLP allows its members the flexibility of organizing their internal structure as a partnership based on a mutually arrived agreement. The LLP form enables entrepreneurs, professionals and enterprises providing services of any kind or engaged in scientific and technical disciplines, to form commercially efficient vehicles suited to their requirements. Owing to flexibility in its structure and operation, the LLP is a suitable vehicle for small enterprises and for investment by venture capital.

3. (a) **Definition of Partnership:** 'Partnership' is the relation between persons who have agreed to share the profits of a business carried on by all or any of them acting for all. (Section 4 of the Indian Partnership Act, 1932)

The definition of the partnership contains the following five elements which must co-exist before a partnership can come into existence:

1. Association of two or more persons

2. Agreement
3. Business
4. Agreement to share Profits
5. Business carried on by all or any of them acting for all

## ELEMENTS OF PARTNERSHIP

The definition of the partnership contains the following five elements which must co-exist before a partnership can come into existence:

1. **Association of two or more persons:** Partnership is an association of 2 or more persons. Again, only persons recognized by law can enter into an agreement of partnership. Therefore, a firm, since it is not a person recognized in the eyes of law cannot be a partner. Again, a minor cannot be a partner in a firm, but with the consent of all the partners, may be admitted to the benefits of partnership.

The Partnership Act is silent about the maximum number of partners but Section 464 of the Companies Act, 2013 read with the relevant Rules has now put a limit of 50 partners in any association / partnership firm.

2. **Agreement:** It may be observed that partnership must be the result of an agreement between two or more persons. There must be an agreement entered into by all the persons concerned. This element relates to voluntary contractual nature of partnership. Thus, the nature of the partnership is voluntary and contractual. An agreement from which relationship of Partnership arises may be express. It may also be implied from the act done by partners and from a consistent course of conduct being followed, showing mutual understanding between them. It may be oral or in writing.
3. **Business:** In this context, we will consider two propositions. First, there must exist a business. For the purpose, the term 'business' includes every trade, occupation and profession. The existence of business is essential. Secondly, the motive of the business is the "acquisition of gains" which leads to the formation of partnership. Therefore, there can be no partnership where there is no intention to carry on the business and to share the profit thereof.
4. **Agreement to share profits:** The sharing of profits is an essential feature of partnership. There can be no partnership where only one of the partners is entitled to the whole of the profits of the business. Partners must agree to share the profits in any manner they choose. But an agreement to share losses is not an essential element. It is open to one or more partners to agree to share all the losses. However, in the event of losses, unless agreed otherwise, these must be borne in the profit-sharing ratio.
5. **Business carried on by all or any of them acting for all:** The business must be carried on by all the partners or by anyone or more of the partners acting for all. This is the cardinal principle of the partnership Law. In other words, there should be a binding contract of mutual agency between the partners. An act of one partner in the course of the business of the firm is in fact an act of all partners. Each partner carrying on the business is the principal as well as the agent for all the other partners. He is an agent in so far as he can bind the other partners by his acts and he is a principal to the extent that he is bound by the act of other partners. It may be noted that the true test of partnership is mutual agency rather than sharing of profits. If the element of mutual agency is absent, then there will be no partnership.



- (b) (i) According to Section 11 of the Indian Contract Act, 1872, every person is competent to contract who is of the age of majority according to the law to which he is subject and therefore, a minor is not competent to contract and any agreement with or by a minor is void from the very beginning. A minor cannot ratify it on attaining the majority as the original agreement is void ab initio.

According to Section 68 of the Act, a claim for necessities supplied to a minor is enforceable by law.

Necessaries mean those things that are essentially needed by a minor. They cannot include luxuries or costly or unnecessary articles.

In the present case, X, the borrower, was minor at the time of taking the loan, therefore, the agreement was void ab initio. Attaining majority thereafter will not validate the contract nor X can ratify it. The loan was for personal purposes and not for necessities supplied to him. Hence, the lender cannot file a suit against X for recovery of the loan as it is not enforceable by law.

- (ii) As per Section 56 of the Indian Contract Act, 1872 the subsequent or supervening impossibility renders the contract void. Supervening impossibility may take place owing to various circumstances as contemplated under that section, one of which is the declaration of war subsequent to the contract made. In the instant case the contract when made between J and K was valid but afterwards J's government declares war against the country in which the port is situated as a result of which the contract becomes void. Hence, K cannot file a suit against J for performance of the contract.

4. (a) The right against the buyer are as follows:

**1. Suit for price (Section 55 of the Sale of Goods Act, 1930)**

- (a) Where under a contract of sale, the property in the goods has passed to the buyer and the buyer wrongfully neglects or refuses to pay for the goods according to the terms of the contract, the seller may sue him for the price of the goods. [Section 55(1)]
- (b) Where under a contract of sale, the price is payable on a certain day irrespective of delivery and the buyer wrongfully neglects or refuses to pay such price, the seller may sue him for the price although the property in the goods has not passed and the goods have not been appropriated to the contract. [Section 55(2)].

**2. Suit for damages for non-acceptance (Section 56):** Where the buyer wrongfully neglects or refuses to accept and pay for the goods, the seller may sue him for damages for non-acceptance.

**3. Repudiation of contract before due date (Section 60):** Where the buyer repudiates the contract before the date of delivery, the seller may treat the contract as rescinded and sue damages for the breach. This is known as the 'rule of anticipatory breach of contract'.

**4. Suit for interest [Section 61]:** Where there is specific agreement between the seller and the buyer as to interest on the price of the goods from the date on which payment becomes due, the seller may recover interest from the buyer. If, however, there is no specific agreement to this effect, the seller may charge interest on the price when it becomes due from such day as he may notify to the buyer.

In the absence of a contract to the contrary, the Court may award interest to the seller in a suit by him at such rate as it thinks fit on the amount of the price from the date of the tender of the goods or from the date on which the price was payable.

- (b) According to Section 29 of the Indian Partnership Act, 1932,
- (1) A transfer by a partner of his interest in the firm, either absolute or by mortgage, or by the creation by him of a charge on such interest, does not entitle the transferee, during the continuance of the firm, to interfere in the conduct of business, or to require accounts, or to inspect the books of the firm, but entitles the transferee only to receive the share of profits of the transferring partner, and the transferee shall accept the account of profits agreed to by the partners.
  - (2) If the firm is dissolved or if the transferring partner ceases to be a partner, the transferee is entitled as against the remaining partners to receive the share of the assets of the firm to which the transferring partner is entitled, and, for the purpose of ascertaining that share, to an account as from the date of the dissolution.

In the light of facts of the question and provision of law:

- (i) Yes, Mr. M can validly transfer his interest in the firm by way of sale.
- (ii) On the retirement of the transferring partner (Mr. M), the transferee (Mr. Z) will be entitled, against the remaining partners:
  - (a) to receive the share of the assets of the firm to which the transferring partner was entitled, and
  - (b) for the purpose of ascertaining the share,he is entitled to an account as from the date of the dissolution.

So, in this case on Mr. M's retirement, Mr. Z would be entitled to receive the value of Mr. M's share to the extent of ₹ 6 crore in the firm's assets.

5. (a) As per Section 4(3) of the Sale of Goods Act, 1930, where under a contract of sale, the property in the goods is transferred from the seller to the buyer, the contract is called a sale, but where the transfer of the property in the goods is to take place at a future time or subject to some condition thereafter to be fulfilled, the contract is called an agreement to sell and as per Section 4(4), an agreement to sell becomes a sale when the time elapses or the conditions are fulfilled subject to which the property in the goods is to be transferred.
- (i) On the basis of above provisions and facts given in the question, it can be said that there is an agreement to sell between Sonal and Jeweller and not a sale. Even though the payment was made by Sonal, the property in goods can be transferred only after the fulfilment of conditions fixed between the buyer and the seller. As due to Ruby Stones, the original design is disturbed, bangles are not in original position. Hence, Sonal has right to avoid the agreement to sell and can recover the price paid.
  - (ii) If Jeweller offers to bring the bangles in original position by repairing, he cannot charge extra cost from Sonal. Even though he has to bear some expenses for repair; he cannot charge it from Sonal.
- (b) (i) **Meaning of capital:** The term capital has variety of meanings. But in relation to a company limited by shares, the term 'capital' means 'share capital'. Share capital means capital of the company expressed in terms of rupees divided into shares of fixed amount.
- (ii) **Classification of capital:** In the domain of Company Law, the term capital can be classified as follows:
- (a) **Nominal or authorised or registered capital:**

This expression means such capital as is authorised by memorandum of a company to be the maximum amount of share capital of the company.

- (b) **Issued capital:** It means such capital as the company issues from time to time for subscription.
- (c) **Subscribed capital:** As such part of the capital which is for the time being subscribed by the members of a company.
- (d) **Called up capital:** As such part of the capital which has been called for payment. It is the total amount called up on the shares issued.
- (e) **Paid-up capital:** It is the total amount paid or credited as paid up on shares issued. It is equal to called up capital less calls in arrears.

6. (a) According to Section 56 of the Indian Contract Act, 1872, the impossibility of performance may be of the two types, namely (a) initial impossibility, and (b) subsequent impossibility.

Subsequent impossibility is also known as Supervening impossibility i.e. becomes impossible after entering into contract. When performance of promise become impossible or illegal by occurrence of an unexpected event or a change of circumstances beyond the contemplation of parties, the contract becomes void e.g. change in law etc. In other words, sometimes, the performance of a contract is quite possible when it is made. But subsequently, some event happens which renders the performance impossible or unlawful. Such impossibility is called the subsequent or supervening. It is also called the post-contractual impossibility.

**Example:** 'A' and 'B' contracted to marry each other. Before the time fixed for the marriage, 'A' became mad. In this case, the contract becomes void due to subsequent impossibility, and thus discharged.

**Effect of impossibility:** The effect of such impossibility is that it makes the contract void, and the parties are discharged from further performance of the contract.

- (b) **Mode of Settlement of partnership accounts:** As per Section 48 of the Indian Partnership Act, 1932, in settling the accounts of a firm after dissolution, the following rules shall, subject to agreement by the partners, be observed:-
- (i) Losses, including deficiencies of capital, shall be paid first out of profits, next out of capital, and, lastly, if necessary, by the partners individually in the proportions in which they were entitled to share profits;
  - (ii) The assets of the firm, including any sums contributed by the partners to make up deficiencies of capital, must be applied in the following manner and order:
    - (a) in paying the debts of the firm to third parties;
    - (b) in paying to each partner rateably what is due to him from capital;
    - (c) in paying to each partner rateably what is due to him on account of capital; and
    - (d) the residue, if any, shall be divided among the partners in the proportions in which they were entitled to share profits.
- (c) Section 2(87) defines "subsidiary company" in relation to any other company (that is to say the holding company), means a company in which the holding company—
- (i) controls the composition of the Board of Directors; or
  - (ii) exercises or controls more than one-half of the total voting power either at its own or together with one or more of its subsidiary companies:

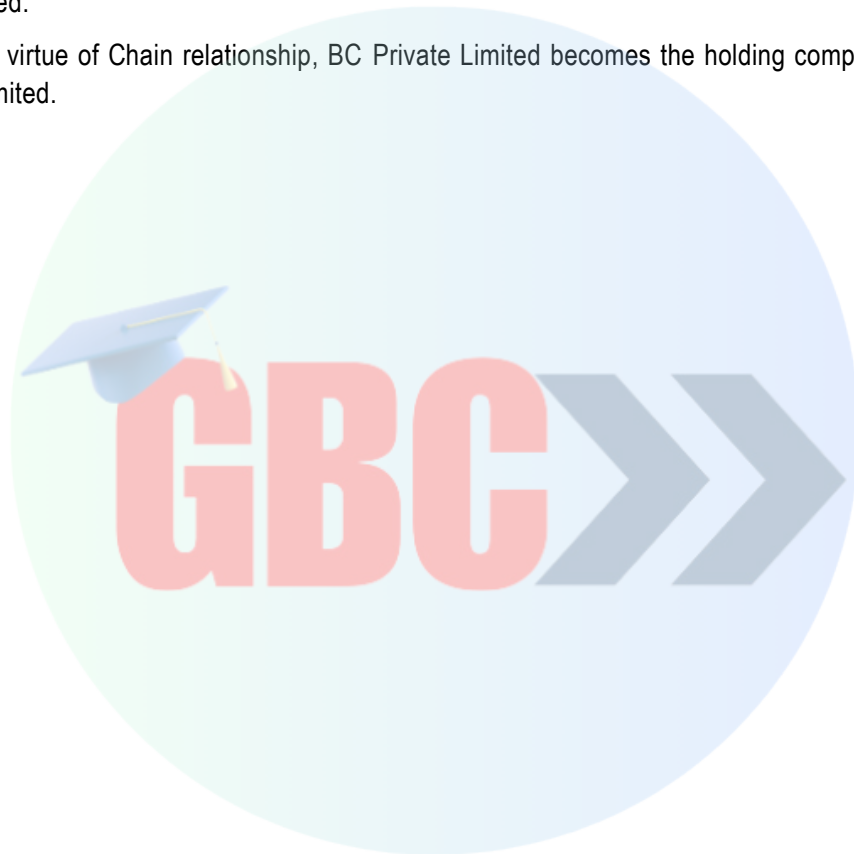
For the purposes of this section —

- (I) a company shall be deemed to be a subsidiary company of the holding company even if the control referred to in sub-clause (i) or sub-clause (ii) is of another subsidiary company of the holding company;
- (II) “layer” in relation to a holding company means its subsidiary or subsidiaries.

In the instant case, BC Private Limited together with its subsidiary KL Private Limited is holding 1,60,000 shares (90,000+70,000 respectively) which is more than one half in nominal value of the Equity Share Capital of PQ Private Limited. Hence, PQ Private Limited is subsidiary of BC Private Limited.

- (ii) In the second case, the answer will remain the same. KL Private Limited is a holding 1,60,000 shares i.e., more than one half in nominal value of the Equity Share Capital of PQ Private Limited (i.e., holding more than one half of voting power). Hence, KL Private Limited is holding company of PQ Private Company and BC Private Limited is a holding company of KL Private Limited.

Hence, by virtue of Chain relationship, BC Private Limited becomes the holding company of PQ Private Limited.



## SECTION – B: BUSINESS CORRESPONDENCE AND REPORTING

### ANSWER KEY/HINTS

1. (a) (1) (a)
- (2) (d)
- (3) There are two major types of depression:
  - (i) **Major depressive disorder:** It is the more dangerous form of depression, characterised by persistent feelings of sadness, hopelessness and worthlessness that cannot be overcome easily.
  - (ii) **Persistent depressive disorder:** It is a mild, but chronic form of depression, earlier termed as **Dysthymia**.
- (4) Major causes include a combination of biological, psychological and social distress that cause change in activity of certain neural circuits in the brain.
- (5) Depression can be cured by a combination of medication, psychotherapy, light therapy, exercises and last but not the least family support.

- (b) 1. Title: Importance of Holidays / Holidays- for Rejuvenation

#### Notes

##### 1. Need for Holdys:

- 1.1 To Rlx
- 1.2 Change of environ
- 1.3 Resuming work with renewed vgr

##### 2. Holdys in institutions:

- 2.1 Lng holdys during summer
- 2.2 Parents coincide leave with vac
- 2.3 August- Tradl. Holdys season in Britain
- 2.4 Resorts packed preference to seaside

##### 3. Constituents of a Holdy:

- 3.1 Wther condns
- 3.2 Carefree atmosphr
- 3.3 Seekin plesre

#### List of / Key to abbreviations:

Environ – environment

Vac – vacation

Tradl— traditional

Rlx- relax

Vgr- vigour

Lng-long

Holdys- holidays

Holdy-holiday

Wther-weather

Condns- conditions

Atmosphr- atmosphere

Plesre- pleasure

Seekin-seeking

## Summary:

A person lifestyle today is full of stress leaving no leisure time to spend with family. Availing holidays at regular intervals and more so linking it with the vacation period of kids, has been found to be relaxing, refreshing and adding to renewed vigour. Realising the importance of holidays for healthy and better human behaviour and inter-personnel relations, many educational institutions, corporate houses, government establishments and various organizations are providing holiday facilitates to their students and personnel working with them to bring increased efficiency in their performance. Holiday time is about seeking pleasures leaving the worries behind and indeed it rejuvenates a person completely.

2. (a) An individual's body language that is, facial expressions, stances, gestures, touches and other physical signals constitute this type of communication. The body language clearly expresses the positive and negative aspects. Example: leaning forward may mean friendliness, acceptance and interest while crossing arms can be interpreted as being antagonistic or defensive posture. Folding hands throughout the interview process gives a negative impact to the interviewer. A firm handshake conveys positivity to the interviewer and the interviewee alike. We communicate numerous messages through our body language. Using appropriate expressions and gestures strengthen our speech. For example, in a declamation contest, if our body language reflects confidence, our speech will have a greater impact on the audience as well as on the judges.
- (b) (i) (b)  
(ii) (d)  
(iii) Shaurya said that the auditions had ended the previous day.
- (c) Earthquake - The Great Destroyer
- Earthquake is the mankind's deadly enemy. Earthquake strikes all without a distinction of nationality or political affiliation. The power of a quake is greater than that of any man-made weapon of destruction. An earthquake strikes mankind without a warning. When quake strikes, a modern city is reduced to a nibble. A quake strikes plains, seas and mountains causing all round destruction. The quake struck Lisbon in 1755 killing 450; Peru in 1970 killing 50,000; Alaska in 1968 moving it 80 feet into the Pacific Ocean. Scientists are trying to find out means to combat earthquakes, to predict the origin of the quake so that precaution can be taken to save man and property from destruction.
3. (a) A **communication network** refers to the method and pattern used by members of an organisation to pass on information to other employees in the organization. Network helps managers to create various types of communication flow according to requirement of the task at hand. Some companies have established and predefined networks of communication for specified venture.
- (b) (i) (d)  
(ii) (c)  
(iii) This mischief could not have been done by a child.

(iv) He said to him that he didn't believe him .

(c)

November 16, 20XX

The Sales Manager  
Teams Appliances Pvt. Ltd.  
A-60/C Hari Nagar  
New Delhi-06

Dear Sir/Ma'am,

**Subject: Complaint against order no. S/N-226**

This is with reference to order no. S/N-226 made on October 28, 20XX. The order comprised six 1.5 tonne split air-conditioners of Alpha brand and four 1.5 tonne window air-conditioners of Beta brand. As per order details, the products were to be delivered within ten days and a representative was to be sent for installation along with the delivery.

It is more than 15 days since the order was placed and despite several reminders the order is still pending. This has caused a great deal of embarrassment and inconvenience to our clients. In addition, we have no correspondence from your side explaining the delay.

You are requested to look into the matter urgently and ensure that the order is delivered in the next two days' time failing which the order will be summarily cancelled.

Looking forward to your prompt action/reply.

Arvind  
Senior Manager (Administration)  
Soft Skill Solutions Pvt. Ltd.

4. (a) **Paralanguage:** It is the manner in which we say something, more than the actual words used, reveal the intent of the message. The voice quality, volume, intonation, pitch, stress, tone and style of speaking communicates approval, interest or lack of it.

(b) (i) (d)

(ii) The passengers are forbidden to use the railway services due to outbreak of the pandemic.

OR

Due to outbreak of the pandemic, the passengers are forbidden to use the railway services.

(iii) Abhishek informed that he was unable to attend the meeting because he was ill that day.

(c) **Article Hints:**

- World class health care readily available across India.
- Specializes in prognosis, diagnosis, treatment and therapeutical care.
- India leading player in healthcare infrastructure, research, pharmaceuticals and post-trauma care.
- Hub of generic medicines, vaccines and hi-tech medical equipment.
- Affordable prices as compared to developed countries.
- Experienced doctors and highly skilled medical staff.

- Specialized care for serious diseases viz. cancers, complicated heart surgeries and rare transplants.
- Special care facilities for infants, elderly and the differently abled.
- Easy visa norms.
- Affordable cost of living for a prolonged stay.

### Report Hints:

- Facilities for the elderly
    - Spacious rooms single and twin sharing
    - Lush green lawns
    - Attendants provided for the needy
    - Recreational facilities
    - Special yoga classes
    - Monthly health check-ups, vaccination for Covid done
    - Picnic trips
    - Complete Covid care including quarantine facility and medication
  - Interaction with staff and occupants
    - Dedicated staff
    - Homely environment
    - Get love, care and affection
    - Share experiences
    - Playing cricket with the elderly
    - Joy of living life to the fullest
5. (a) In the present world, communication modes are primarily technology driven. Communication technology is being constantly upgraded and new formats emerge very frequently. Anyone who is not such tech friendly struggles to communicate effectively via the medium. Moreover, an individual is swamped with a huge amount of information every day in the form of emails, texts and social updates. Multitasking is the norm these days. The information overload and trying to accomplish too many things together can lead to gaps resulting in miscommunication.
- (b) (i) (b)  
(ii) A movie is going to be watched by my friends tonight.  
(iii) He said “will you listen to such a man?”
- (c) **Minutes:**  
Participants in attendance: Managing Director, Senior Manager Sales and Marketing, Manager Customer Care, Manager HR  
Date: November xx, 20xx  
Meeting started at 11: 00 am.  
**Mr. CM, Managing Director**, briefly introduced the agenda i.e. to suggest measures to be introduced by the participating departments to popularize their product line.  
**Mr. SM, Senior Manager Sales and Marketing**, proposed that advertising strategy should be



focused on social media platforms such as You Tube, Facebook, Instagram etc. He suggested

- small videos to be uploaded featuring actual users using the products in real time as a demonstration. These users can be families of employees.
- small videos to be uploaded with users endorsing the products, specifically discussing quality parameters and ease of usage.
- Product review and feedback including product rating to be sought in writing from the users.

**Mr. MN, Manager Customer Care**, proposed that a toll-free customer care helpline be initiated to render information about the products, their usage and grievance redressal. He further suggested to outsource the service to a call centre.

**Mr. FA, Manager HR**, expressed his concerns over monitoring and supervision of the outsourcing entity.

**Mr. CM directed Mr. MN and Mr. FA** to jointly prepare a concept paper on outsourcing, discussing its pros and cons and complete work details.

**ATR to be submitted by Mr. SM, Mr. MN and Mr. FA** in the next 10 days.

latest by **November xx, 20xx**.

Group to again meet virtually on **December x, 20xx** at same time

OR

(c) **Cover Letter**

A-26 E, Sector-35

C-16/A, Tri Nagar

New Delhi -110006

[aman.gupta@gmail.com](mailto:aman.gupta@gmail.com)

April 16, 20XX

The Manager HRD

Times Publishing Pvt. Ltd.

Darya Ganj,

New Delhi 110002.

**Dear Sir/Ma'am,**

**Subject:** Application for the Post of Junior Translator

This is with reference to your advertisement in 'The Hindu' dated April 04, 20XX, for the post of Junior Translator in your organization. I wish to apply for the same.

I am a post graduate in English from TD College, Delhi University. I am focused, punctual and open to learning. Currently, I am working as a Trainee at Punch Mark Publication for the past 6 months in the translation section. This position in your esteemed organization completely gels with my profile and career aspirations.

I can assure that if given the opportunity, I shall work with utmost allegiance and sincerity and prove to be an asset to your organization.

I am enclosing my résumé for your reference. I shall be available for an interview through online or in person on any day of your convenience.

Thank you for your consideration, looking forward to a positive response from you!

Yours Sincerely,

Aman Gupta

Enclosure:

1. Résumé

## Résumé

### Aman Gupta

A-26 E, Sector-35

C-16/A,

Tri Nagar,

New Delhi

Mob: +91-xxxxx xxxxx

Email: [aman.gupta@gmail.com](mailto:aman.gupta@gmail.com)

**Objective:** To work in an environment where I can hone my skills, enrich my knowledge, realize my true potential and grow as a professional.

**Experience:** More than 6 months at Punch Mark Publications as a trainee (Translation section)

### Educational Qualifications:

S. No.	Examination/ Degree/ Course	Subject / Stream	Name of the Institution / Institute / College	Board / University	Year of Passing	Percentage/ Division
1	MA	English	TD College	Delhi University	2019	69%
2	BA	English (Hons.)	ASD College	Delhi University	2017	76%
3	Higher Secondary	Humanities	St. George Public School, New Delhi	CBSE	2014	89%

### Skills:

- Professional: Translation, Transcription, Transliteration
- Technical: MS Word, Excel, Photoshop
- Interpersonal :
  - Good communication skills
  - Highly organized and efficient

- Ability to work independently
- Ability to work in a team

**Language Known:**

- English, Hindi

**Hobbies:**

- Reading, Travelling

**Personal Details:**

- Father's Name: XYZ
- Mother's Name: XYX
- DoB: xx/xx/xxxx
- Gender: Male
- Marital Status: Single

**Declaration:** I solemnly declare that all the above information is correct to the best of my knowledge and belief.

**Date:** April 16, 20XX

**Place:** XYZ

(Aman Gupta)



## 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)** TICA
- (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. SOGA
- (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)** TICA
- (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)** LLP
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)** TIPA

- (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)** TICA
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)** SOGA
- (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. TIPA
- (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)** SOGA
- (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. CA
- 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)** TICA

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

TIP A

(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

CA

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)

Ipsa 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: **(1 Mark)**  
One should not give unsolicited advice.
- (iii) Change the following into indirect speech **(1 Mark)**  
'I will do it tomorrow', Suraj said.
- (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 **(1 Mark)**  
The Commander said, 'Get ready soldiers, it's time for war'.
- (ii) Change the following sentence into active voice. **(1 Mark)**  
The wooden box was made by students of class 10.
- (iii) Change the following sentence into passive voice. **(1 Mark)**  
The teacher is teaching an important topic of Algebra.
- (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: **(1 Mark)**
- (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)**



## MOCK TEST PAPER - 1

### FOUNDATION COURSE

#### PAPER 2: BUSINESS LAWS AND BUSINESS CORRESPONDENCE AND REPORTING

#### SECTION A: BUSINESS LAWS

#### ANSWERS

1. (i) **An invitation to offer is different from offer.** Quotations, menu cards, price tags, advertisements in newspaper for sale are not offer. These are merely invitations to public to make an offer. An invitation to offer is an act precedent to making an offer. Acceptance of an invitation to an offer does not result in the contract and only an offer emerges in the process of negotiation.

In the instant case, Ashwin reaches to super market and selects a Air Conditioner with a discounted price tag of ₹ 40,000 but cashier denied to sell at discounted price by saying that discount is closed from today and request to make full payment. But Ashwin insists to purchase at discounted price.

On the basis of above provisions and facts, the price tag with Air Conditioner was not offer. It is merely an invitation to offer. Hence, it is the Ashwin who is making the offer not the super market. Cashier has right to reject the Ashwin's offer. Therefore, Ashwin cannot enforce cashier to sell at discounted price.

- (ii) **Doctrine of Indoor Management:** The Doctrine of Indoor Management is the exception to the Doctrine of Constructive Notice. The Doctrine of Constructive Notice does not mean that outsiders are deemed to have notice of the internal affairs of the company. For instance, if an act is authorised by the Articles or Memorandum, an outsider is entitled to assume that all the detailed formalities for doing that act have been observed.

The doctrine of Indoor Management is important to persons dealing with a company through its directors or other persons. They are entitled to assume that the acts of the directors or other officers of the company are validly performed, if they are within the scope of their apparent authority. So long as an act is valid under the articles, if done in a particular manner, an outsider dealing with the company is entitled to assume that it has been done in the manner required.

In the given question, Mr. Mohan has made payment to Mr. Ramesh and he (Mr. Ramesh) gave to receipt of the same to Mr. Mohan. Thus, it will be rightful on part of Mr. Mohan to assume that Mr. Ramesh was also authorised to receive money on behalf of the company. Hence, Mr. Mohan will be free from liability for payment of goods purchased from Sunflower Limited, as he has paid amount due to an employee of the company.

- (iii) (a) A wholesaler of cotton has 100 bales in his godown. So, the goods are existing goods. He agrees to sell 50 bales and these bales were selected and set aside. On selection, the goods becomes ascertained. In this case, the contract is for the sale of ascertained goods, as the cotton bales to be sold are identified and agreed after the formation of the contract.
- (b) If A agrees to sell to B one packet of sugar out of the lot of one hundred packets lying in his shop, it is a sale of existing but unascertained goods because it is not known which packet is to be delivered.
- (c) T agrees to sell to S all the apples which will be produced in his garden in the year 2023. It is contract of sale of future goods, amounting to 'an agreement to sell.'

2. (i) An anticipatory breach of contract is a breach of contract occurring before the time fixed for performance has arrived. When the promisor refuses altogether to perform his promise and signifies his unwillingness even before the time for performance has arrived, it is called Anticipatory Breach.

**Effect of Anticipatory Breach:** The promisee is excused from performance or from further performance. Further he gets an option:

- (1) To either treat the contract as rescinded and sue the other party for damages for breach of contract immediately without waiting until the due date of performance; or
- (2) He may elect not to rescind but to treat the contract as still operative, and wait for the time of performance and then hold the other party responsible for the consequences of non-performance. But in this case, he will keep the contract alive for the benefit of the other party as well as his own, and the guilty party, if he so decides on re-consideration, may still perform his part of the contract and can also take advantage of any supervening impossibility which may have the effect of discharging the contract.

- (ii) **LLP is an alternative corporate business form that gives the benefits of limited liability of a company and the flexibility of a partnership**

**Limited Liability:** Every partner of a LLP is, for the purpose of the business of LLP, the agent of the LLP, but not of other partners (Section 26 of the LLP Act, 2008). The liability of the partners will be limited to their agreed contribution in the LLP, while the LLP itself will be liable for the full extent of its assets.

**Flexibility of a partnership:** The LLP allows its members the flexibility of organizing their internal structure as a partnership based on a mutually arrived agreement. The LLP form enables entrepreneurs, professionals and enterprises providing services of any kind or engaged in scientific and technical disciplines, to form commercially efficient vehicles suited to their requirements. Owing to flexibility in its structure and operation, the LLP is a suitable vehicle for small enterprises and for investment by venture capital.

3. (i) A minor cannot be bound by a contract because a minor's contract is void and not merely voidable. Therefore, a minor cannot become a partner in a firm because partnership is founded on a contract. Though a minor cannot be a partner in a firm, he can nonetheless be admitted to the benefits of partnership under Section 30 of the Indian Partnership Act, 1932. In other words, he can be validly given a share in the partnership profits. When this has been done and it can be done with the consent of all the partners then the rights of such a partner will be governed under Section 30 as follows:

**Rights:**

- (i) A minor partner has a right to his agreed share of the profits and of the firm.
- (ii) He can have access to, inspect and copy the accounts of the firm.
- (iii) He can sue the partners for accounts or for payment of his share but only when severing his connection with the firm, and not otherwise.
- (iv) On attaining majority he may within 6 months elect to become a partner or not to become a partner. If he elects to become a partner, then he is entitled to the share to which he was entitled as a minor. If he does not, then his share is not liable for any acts of the firm after the date of the public notice served to that effect.

- (ii) **Subsequent or Supervening impossibility (Becomes impossible after entering into contract):** When performance of promise become impossible or illegal by occurrence of an unexpected event or a change of circumstances beyond the contemplation of parties, the contract becomes void e.g. change in law etc.

Also, according to section 65 of the Indian Contract Act, 1872, when an agreement is discovered to be void or when a contract becomes void, any person who has received any advantage under such agreement or contract is bound to restore it, or to make compensation for it to the person from whom he received it.

In the given question, after Mr. Gaurav and Mr. Vikas have entered into the contract to supply 100 tons of sugar, the event of flood occurred which made it impossible to deliver the sugar within the stipulated time. Thus, the promise in question became void. Further, Mr. Gaurav has to pay back the amount of ₹ 70,000 that he received from Mr. Vikas as an advance for the supply of sugar within the stipulated time. Hence, the contention of Mr. Vikas is correct.

4. (i) In the following cases, a non-owner can convey better title to the bona fide purchaser of goods for value:

(1) **Sale by a Mercantile Agent:** A sale made by a mercantile agent of the goods for document of title to goods would pass a good title to the buyer in the following circumstances; namely;

- (a) If he was in possession of the goods or documents with the consent of the owner;
- (b) If the sale was made by him when acting in the ordinary course of business as a mercantile agent; and
- (c) If the buyer had acted in good faith and has at the time of the contract of sale, no notice of the fact that the seller had no authority to sell (**Proviso to Section 27**).

**Mercantile Agent** means an agent having in the customary course of business as such agent has authority either to sell goods, or to consign goods for the purposes of sale, or to buy goods, or to raise money on the security of goods [Section 2(9)].

(2) **Sale by one of the joint owners (Section 28):** If one of several joint owners of goods has the sole possession of them by permission of the co-owners, the property in the goods is transferred to any person who buys them from such joint owner in good faith and has not at the time of the contract of sale notice that the seller has no authority to sell.

(3) **Sale by a person in possession under voidable contract:** A buyer would acquire a good title to the goods sold to him by a seller who had obtained possession of the goods under a contract voidable on the ground of coercion, fraud, misrepresentation or undue influence provided that the contract had not been rescinded until the time of the sale (**Section 29**).

(4) **Sale by one who has already sold the goods but continues in possession thereof:** If a person has sold goods but continues to be in possession of them or of the documents of title to them, he may sell them to a third person, and if such person obtains the delivery thereof in good faith and without notice of the previous sale, he would have good title to them, although the property in the goods had passed to the first buyer earlier. A pledge or other disposition of the goods or documents of title by the seller in possession are equally valid [**Section 30(1)**].

(5) **Sale by buyer obtaining possession before the property in the goods has vested in him:** Where a buyer with the consent of the seller obtains possession of the goods before the property in them has passed to him, he may sell, pledge or otherwise dispose of the goods to a third person, and if such person obtains delivery of the goods in good faith and

without notice of the lien or other right of the original seller in respect of the goods, he would get a good title to them [**Section 30(2)**].

However, a person in possession of goods under a 'hire-purchase' agreement which gives him only an option to buy is not covered within the section unless it amounts to a sale.

- (6) **Effect of Estoppel:** Where the owner is estopped by the conduct from denying the seller's authority to sell, the transferee will get a good title as against the true owner. But before a good title by estoppel can be made, it must be shown that the true owner had actively suffered or held out the other person in question as the true owner or as a person authorized to sell the goods.
- (7) **Sale by an unpaid seller:** Where an unpaid seller who had exercised his right of lien or stoppage in transit resells the goods, the buyer acquires a good title to the goods as against the original buyer [**Section 54 (3)**].
- (8) **Sale under the provisions of other Acts:**
- (i) Sale by an Official Receiver or Liquidator of the Company will give the purchaser a valid title.
  - (ii) Purchase of goods from a finder of goods will get a valid title under circumstances [Section 169 of the Indian Contract Act, 1872]
  - (iii) A sale by pawnee can convey a good title to the buyer [Section 176 of the Indian Contract Act, 1872]

(ii) **Expulsion of a Partner (Section 33 of the Indian Partnership Act, 1932):**

A partner may not be expelled from a firm by a majority of partners except in exercise, in good faith, of powers conferred by contract between the partners.

The test of good faith as required under Section 33(1) includes three things:

- The expulsion must be in the interest of the partnership.
- The partner to be expelled is served with a notice.
- He is given an opportunity of being heard.

If a partner is otherwise expelled, the expulsion is null and void.

- (a) Action by the partners of M/s ABC & Associates, a partnership firm to expel Mr. P from the partnership was justified as he was expelled by approval of the other partners exercised in good faith to protect the interest of the partnership against the unauthorized activities charged against Mr. P. A proper notice and opportunity of being heard has to be given to Mr. P.
- (b) The following are the factors to be kept in mind prior expelling a partner from the firm by other partners:
- the power of expulsion must have existed in a contract between the partners;
  - the power has been exercised by a majority of the partners; and
  - it has been exercised in good faith.

5. (i) According to Section 15 of the Sale of Goods Act, 1930, whenever the goods are sold as per sample as well as by description, the implied condition is that the goods must correspond to both sample as well as description. In case, the goods do not correspond to sample or description, the buyer has the right to repudiate the contract.

Further under Sale of Goods Act, 1930, when the buyer makes known to the seller, the particular purpose for which the goods are required and he relies on his judgment and skill of the seller, it is the duty of the seller to supply such goods which are fit for that purpose.

In the given case, Mr. Vishal has informed to Mr. Dheeraj that he wanted the washing machine for washing woollen clothes. However, the machine which was delivered by Mr. Dheeraj was unfit for the purpose for which Mr. Vishal wanted the machine.

Based on the above provision and facts of case, there is breach of implied condition as to sample as well as description, therefore Mr. Vishal can either repudiate the contract or claim the refund of the price paid by him or he may require Mr. Dheeraj to replace the washing machine with desired one.

- (ii) The House of Lords in *Salomon Vs. Salomon & Co. Ltd.* laid down that a company is a person distinct and separate from its members, and therefore, has an independent separate legal existence from its members who have constituted the company. But under certain circumstances the separate entity of the company may be ignored by the courts. When that happens, the courts ignore the corporate entity of the company and look behind the corporate facade and hold the persons in control of the management of its affairs liable for the acts of the company. Where a company is incorporated and formed by certain persons only for the purpose of evading taxes, the courts have discretion to disregard the corporate entity and tax the income in the hands of the appropriate assessee.

1. The problem asked in the question is based upon the aforesaid facts. The three companies were formed by the assessee purely and simply as a means of avoiding tax and the companies were nothing more than the facade of the assessee himself. Therefore, the whole idea of Mr. Rajeev was simply to split his income into three parts with a view to evade tax. No other business was done by the company.
2. The legal personality of the three private companies may be disregarded because the companies were formed only to avoid tax liability. It carried on no other business, but was created simply as a legal entity to ostensibly receive the dividend and interest and to hand them over to the assessee as pretended loans. The same was upheld in *Re Sir Dinshaw Maneckjee Petit and Juggilal vs. Commissioner of Income Tax*.

6. (i) **Consideration** [Section 2(d) of the Indian Contract Act, 1872]

“When at the desire of the promisor, the promisee or any other person has done, or does or abstains from doing of promises to do or abstain from doing something, such an act or abstinence or promise is called consideration for the promise”.

The essential characteristics of a valid consideration are as follows:

- (1) Consideration must move at the desire of the promisor.
- (2) It may proceed from the promisee or any other person on his behalf.
- (3) It may be executed or executory. It may be past, present or future.
- (4) It must be real and have some value in the eyes of law.
- (5) It must not be something which the promisor is already legally bound to do.
- (6) It must not be unlawful, immoral or opposed to public policy.



- (7) Inadequacy of consideration does not invalidate the contract. Thus, it need not be proportionate to the value of the promise of the other.
  - (8) It may comprise of some benefit, profit, right or interest accruing to one or some loss, detriment, obligation or responsibility undertaken by the other.
- (ii) **Dissolution of Firm:** The Dissolution of Firm means the discontinuation of the jural relation existing between all the partners of the Firm. But when only one of the partners retires or becomes incapacitated from acting as a partner due to death, insolvency or insanity, the partnership, i.e., the relationship between such a partner and other is dissolved, but the rest may decide to continue. In such cases, there is in practice, no dissolution of the firm. The particular partner goes out, but the remaining partners carry on the business of the Firm. In the case of dissolution of the firm, on the other hand, the whole firm is dissolved. The partnership terminates as between each and every partner of the firm.

**Dissolution of a Firm may take place (Section 39 - 44)**

- (a) as a result of any agreement between all the partners (i.e., dissolution by agreement);
  - (b) by the adjudication of all the partners, or of all the partners but one, as insolvent (i.e., compulsory dissolution);
  - (c) by the business of the firm becoming unlawful (i.e., compulsory dissolution);
  - (d) subject to agreement between the parties, on the happening of certain contingencies, such as: (i) effluence of time; (ii) completion of the venture for which it was entered into; (iii) death of a partner; (iv) insolvency of a partner.
  - (e) by a partner giving notice of his intention to dissolve the firm, in case of partnership at will and the firm being dissolved as from the date mentioned in the notice, or if no date is mentioned, as from the date of the communication of the notice; and
  - (f) by intervention of court in case of: (i) a partner becoming the unsound mind; (ii) permanent incapacity of a partner to perform his duties as such; (iii) Misconduct of a partner affecting the business; (iv) willful or persistent breach of agreement by a partner; (v) transfer or sale of the whole interest of a partner; (vi) business being carried on at a loss; (vii) the court being satisfied on other equitable grounds that the firm should be dissolved.
- (iii) According to section 2(68) of the Companies Act, 2013, "Private company" means a company having a minimum paid-up share capital as may be prescribed, and which by its articles, except in case of One Person Company, limits the number of its members to two hundred.

However, where two or more persons hold one or more shares in a company jointly, they shall, for the purposes of this clause, be treated as a single member.

It is further provided that -

- (A) persons who are in the employment of the company; and
- (B) persons who, having been formerly in the employment of the company, were members of the company while in that employment and have continued to be members after the employment ceased,

shall not be included in the number of members.

In the instant case, Aqua Limited may be converted into a private company only if the total members of the company are limited to 200.

## Total Number of members

(i)	Directors and their relatives	190
(ii)	5 Couples (5*1)	5
(iii)	Others	5
	Total	200

Therefore, there is no need for reduction in the number of members since existing number of members are 200 which does not exceed maximum limit of 200.



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

### ANSWERS

1. (a)
  1. The first choice of ignoring people is not effective as it is neither effective nor predictable. We give up on hope of influencing people and thus surrender ourselves to the whims of fate.
  2. Option b
  3. The third way of influencing people is to persuade them to do what you want them to do simply because they really want to.
  4. Fear forces people to operate in a survival mode, and thus brings short terms results. Hence it does not bring the best out of people
  5. Option c
- (b) All About Kangaroos
  1. Whr are kngrs fnd?
    - 1.1 Australia
    - 1.2 Tasmania
    - 1.3 New Guinea
  2. Phycl ftres of kngrs
    - 2.1 Man sized kngrs
      - 2.1.1 High speed 88 km/hr
      - 2.1.2 Cn jump upto 9 metres
      - 2.1.3 Hind legs hpfl for locmtn
    - 2.2 Weight and life span
      - 2.2.1 70 kgs
      - 2.2.2 Avg life spn of 6 to 8 yrs
      - 2.2.3 Max lngvty 20 yrs
  3. Bhvrl patterns
    - 3.1 Intelligent while fcng their prdtrs
      - 3.1.1 Head twds wtr
      - 3.1.2 Sbmrg thmslvs to chest
      - 3.1.3 Try to drown the atckr
    - 3.2 Play defensive
      - 3.2.1 Get to a tree
      - 3.2.2 Atck their prdtr with shrp claws
      - 3.2.3 Sometimes sfnt force to kill man

- 3.3 Normally shy animals
  - 3.3.1 Make a loud stamp snd
  - 3.3.2 Alert thr grp membrs
- 4. Physiology
  - 4.1 Tail is imp as helps in
    - 4.1.1 Balance whl sitting
    - 4.1.2 Fighting fellw kangaroos
  - 4.2 Short legs used for:
    - 4.2.1 Fnctn of arm
      - 4.2.1.1 scratching,
      - 4.2.1.2 cleaning fur
      - 4.2.1.3 holding branches
- 5. Gwth and dvlpmnt
  - 5.1 Marsupial category
  - 5.2 Females hv pouches to carry babies
  - 5.3 Stay in pouch for 225 days to eat, sleep and grow
- 6. Attributes
  - 6.1 Young kngrs is a 'joey'
  - 6.2 Take naps in afrn
  - 6.3 Graze at night
  - 6.4 Drool and lick saliva over faces to stay cool!

## Key

- 1. Kngrs= Kangaroos
- 2. Whr= where
- 3. Fnd= found
- 4. Phycl= physical
- 5. Ftres= features
- 6. Hr= hour
- 7. Cn= can
- 8. Hpfl= helpful
- 9. Locmnt= locomotion
- 10. Avg= average
- 11. Spn= span

12. Max= Maximum
13. Longvty= longevity
14. Bhvrl= behavioral
15. Fcng= facing
16. Prdtrs= predators
17. Twds= towards
18. Wtr= water
19. Sbmrg= submerge
20. Thmslvs= themselves
21. Atckr= attacker
22. Sfnt=Sufficient
23. Shrp= sharp
24. Thr= their
25. Grp= group
26. Membrs= members
27. Imp= important
28. Whl= while
29. Fllw= fellow
30. Fnctn= function
31. Gwth= growth
32. Dvlpmnt= development
33. Hv= have
34. Afrn= afternoon

## Summary

Kangaroos are marsupials that run fast and have a life span of about 6 to 8 years. They are defensive with their predators and have the ability to attack when in danger. Their tail and short legs help them perform various functions. A baby kangaroo known as 'joey' stays in its mothers pouch for about 225 days before it comes out. They are usually active at night and sleep in the afternoon. Kangaroos are known to stay cool by a unique habit of licking their faces and bodies with saliva.

2. (a) Appearance is usually the first thing noticed about a person. A well dressed and groomed person is presumed to be organised and methodical, whereas a sloppy or shabby person fails to make a favourable impression through non- verbal communication. Therefore, dressing appropriately in all formal interactions is emphasised.
- (b) (i) Option d  
(ii) Option a

(iii) Reema prompted, 'Call the ambulance'.

**(c) Handicrafts: the dying art form**

Technology has its own repercussions when we become highly dependent on its usage. One such example is the handicraft industry losing its importance and significance. With about 35 languishing crafts, the need has shifted to the reducing the effort of making goods, increasing production and of course promoting efficiency. While devices have taken over common tools, machinery has intruded into all stages of production from cutting, polishing to edging and designing. However, the fact remains that around 65 lakh artisans depend on handicrafts for their bread and butter. The government and private sectors should take appropriate steps to save this dying form of art and help the artisan revive their skills and expertise. This will ensure a stronger presence not only of the artisans but also of the culture of handicrafts.

3. (a) Perception is the way one sees the world and things around. Each one of us perceives the world differently and this causes problems in communicating. The same content is seen and interpreted differently by two people and therein lies the root cause of miscommunications and misunderstandings which act as a barrier to communication.

- (b) (i) Option b
- (ii) Option d
- (iii) Unsolicited advice should not be given.
- (iv) Suraj exclaimed that he would do it the next day.

**(c)**

ABC Pvt Ltd,  
Ashok Nagar,  
New Delhi

18<sup>th</sup> April, 2023

M/S Vijay Enterprises,  
Nehru Place,  
New Delhi

Subject: Placing an order for stationery supplies

Dear Sir,

This is with respect to placing an order for stationery items needed in our office. Please find the detailed list below:

Name of the product	Quantity required
Ball point pens (Black and blue ink)	20 each
Glue sticks/Fevicol	15 each
Staplers and pins	15 each
Pencil packs of 12	10 each

Rim of A 4 white paper	30 sets
------------------------	---------

Kindly ensure all items are in good condition and nothing is broken or defective. We request you to expedite the delivery of our order since the above items are in short supply in our stationary stock.

We also request you to offer a reasonable discount for the order, since we are an old and regular customer. We will make sure that your invoice for the above items is processed on time, once received.

Thanking You!

Yours Sincerely,

Kamal Bhatia

Operations Manager

ABC Pvt. Ltd

4. (a)

Wheel & Spoke Network	Star Network
This network has a single controlling authority.	This network allows multiple controls.
It allows linear flow of orders and instructions.	It allows group communication and team work.
All employees get instructions directly from the leader and report back to him/her.	The members communicate and exchange information with each other freely, and without hindrance or hesitation

- (b) (i) The commander ordered the soldiers to get ready as it was time for war.  
 (ii) The students of class 10 made the wooden box.  
 (iii) An important topic of algebra is being taught by the teacher.

(c) A healthy mind and a healthy body (Title)

**Hints**

- Healthy mind healthy body.
- Need to decrease screen time.
- Need to tackle health problems like obesity!
- Regular habit of exercise to be inculcated in the youth
- Easy way is to start from schools.
- Motivation from school teachers
- Other options can include, yoga, aerobics, gymnastics
- Health awareness camps, with parents and children
- Towards a fit society

OR

**Hints**

- Illiteracy is a sin
  - The educated/literate child/student can help
  - Spread awareness in the rural side
  - Talk to new parents in rural areas
  - Organize literacy camps
  - Inculcate civic sense
  - Discuss the need to educate girl child
  - Share your thoughts, values as learnt in school
  - Aspire for a better future
5. (a) Diagonal communication is the cross functional communication between employees at different levels of the organizational hierarchy. It is common in large organizations. It reduces the chances of distortion or misinterpretation by encouraging direct communication between the relevant parties. For example, a Junior Engineer reports directly to the General Manager regarding the progress on a project.
- (b) (i) Option 4  
(ii) Option 1  
(iii) All the English literature books were stocked by the librarian.  
(iv) Option a
- (c) Newspaper Report format

**Landslide causes havoc in Tehri Garhwal**

**By Senior Correspondent**

A severe and sudden landslide has caused havoc in the Tehri district on 9<sup>th</sup> April. While life was running smoothly, a big boulder was seen rolling down on a narrow internal road of the city. Gradually, one after the other boulders came tumbling causing obstacle to the movement of people and traffic.

Soon, there was thunder, lightning and a break in the land. This landslide was so intense that it led to the complete blockage of the narrow road. About 10 people got injured during the landslide. Fortunately, no casualties have been recorded. The state government has asked for help from paramilitary forces, that are on their way. A call to the local disaster management team has also been made by the state CM to start the rescue process. The CM has addressed the locals requesting them to stay strong in this time of trouble and pray for improvement in the situation. Markets, shops and kiosks have been shut down due to the landslide and unfavourable weather. Many two wheelers were seen falling and getting damaged, when parked near the location of the slide. Schools, colleges and government offices have announced a full 5 day leave to allow the city to get back to normal. The injured were rushed to the municipal hospital for first aid.

The Central government has also released funds for rescue and repair work in the terror stricken state.



OR

## **Minutes of Meeting**

Participants in the meeting: Mr. ABC, Marketing Head; Mr. A, Sales Director; Mr. B. HR Head and Chairman; Mr. C, Operations Manager and other senior managers across verticals.

Date: April 18, 2023

Meeting started at 11.00 am

Mr. B started the meeting and discussed the agenda announcing the need for a lay offs in lieu of cost cutting

Mr. ABC agrees and adds his points supporting the lay- offs.

Mr. C presents the falling revenue chart and shares the news of loss of many projects in hand.

Mr. B gives the ideas of putting a few people on bench and waiting for at least next three months before laying off.

Mr. A gave his valuable inputs on how the modus operandi, as sales in the last quarters have dwindled.

Mr. XY a senior team member proposes to freeze the new recruitment process to reduce the increasing fixed cost.

All senior personnel agree to the points put forward and decide to implement the latest policies regards lay- offs and recruitment as discussed.

## **Action Taken Report**

As per the meeting held on 18<sup>th</sup> April at the Head office of Aztech Technologies, following actions have been reported:

- The decision to lay off selected employees has been put on hold
- Recruitment process has been put on hold for the next few months.
- New policies to be implemented vis-à-vis employees for the next three months

Undersigned

Marketing Head

HR Head

Operations Head

## 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)** TICA
- (b) A company registered under section 8 of the Companies Act, 2013, earned huge profit during the financial year ended on 31<sup>st</sup> 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)** CA
- (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)** SOGA
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)** TICA
- (b) Enumerate the circumstances in which Limited Liability Partnership (LLP) may be wound up by Tribunal under the LLP Act, 2008. **(5 Marks)** LLP
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)** TIPA
- (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: TICA
  - (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)** TICA
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)** SOGA
- (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: TIPA
- (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. SOGA
- (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. CA
- 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)** TICA
- (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. TIPA
- (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 3<sup>rd</sup> 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)**





## MOCK TEST PAPER 2

### FOUNDATION COURSE

#### PAPER 2: BUSINESS LAWS AND BUSINESS CORRESPONDENCE AND REPORTING

#### SECTION A: BUSINESS LAWS

#### ANSWERS

1. (a) Section 73 of Indian Contract Act, 1872 provides that when a contract has been broken, the party who suffers by such breach is entitled to receive, from the party who has broken the contract, compensation for any loss or damage caused to him thereby, which naturally arose in the usual course of things from such breach, or which the parties knew, when they made the contract, to be likely to result from the breach of it. But such compensation is not to be given for any remote and indirect loss or damage sustained by reason of the breach.

In the instant case, Mr. Harish filed the suit against Himalya Travels Pvt. Ltd. for damages for the personal inconvenience, hotel charges and medical treatment for his wife.

On the basis of above provisions and facts of the case, it can be said that Mr. Harish can claim damages for the personal inconvenience and hotel charges but not for medical treatment for his wife because it is a remote or indirect loss.

- (b) Section 8 of the Companies Act, 2013 deals with the formation of companies which are formed to promote the charitable objects of commerce, art, science, sports, education, research, social welfare, religion, charity, protection of environment etc.

Such company intends to apply its profit in promoting its objects and prohibiting the payment of any dividend to its members.

Hence, a company that is registered under section 8 of the Companies Act, 2013, is prohibited from the payment of any dividend to its members.

In the present case, the company in question is a section 8 company and hence it cannot declare dividend. Thus, the contention of members is incorrect.

(c) **Difference between Condition and Warranty**

- (i) A condition is a stipulation essential to the main purpose of the contract whereas a warranty is a stipulation collateral to the main purpose of the contract.
- (ii) Breach of condition gives rise to a right to treat the contract as repudiated whereas in case of breach of warranty, the aggrieved party can claim damage only.
- (iii) Breach of condition may be treated as breach of warranty whereas a breach of warranty cannot be treated as breach of condition.

According to Section 13 of the Sale of Goods Act, 1930 a breach of condition may be treated as breach of warranty in following circumstances:

- (i) Where a contract of sale is subject to any condition to be fulfilled by the seller, the buyer may waive the condition,
- (ii) Where the buyer elects to treat the breach of condition as breach of a warranty.
- (iii) Where the contract of sale is non-severable and the buyer has accepted the whole goods or any part thereof.

(iv) Where the fulfilment of any condition or warranty is excused by law by reason of impossibility or otherwise.

2. (a) **Definition of 'Contingent Contract' (Section 31 of the Indian Contract Act, 1872):** A contract to do or not to do something, if some event, collateral to such contract, does or does not happen.

**Example:** A contracts to pay B ₹ 1,00,000 if B's house is burnt. This is a contingent contract.

**Rules Relating to Enforcement:** The rules relating to enforcement of a contingent contract are laid down in sections 32, 33, 34, 35 and 36 of the Act.

- (i) **Enforcement of contracts contingent on an event happening:** Where a contract identifies happening of a future contingent event, the contract cannot be enforced until and unless the event 'happens'. If the happening of the event becomes impossible, then the contingent contract is void.
- (ii) **Enforcement of contracts contingent on an event not happening:** Where a contingent contract is made contingent on non-happening of an event, it can be enforced only when it's happening becomes impossible.
- (iii) **A contract would cease to be enforceable if it is contingent upon the conduct of a living person when that living person does something to make the 'event' or 'conduct' as impossible of happening.**
- (iv) **Contingent on happening of specified event within the fixed time:** Section 35 says that Contingent contracts to do or not to do anything, if a specified uncertain event happens within a fixed time, becomes void if, at the expiration of time fixed, such event has not happened, or if, before the time fixed, such event becomes impossible.
- (v) **Contingent on specified event not happening within fixed time:** Section 35 also says that "Contingent contracts to do or not to do anything, if a specified uncertain event does not happen within a fixed time, may be enforced by law when the time fixed has expired, and such event has not happened or before the time fixed has expired, if it becomes certain that such event will not happen".
- (vi) **Contingent on an impossible event (Section 36):** Contingent agreements to do or not to do anything, if an impossible event happens are void, whether the impossibility of the event is known or not to the parties to the agreement at the time when it is made.

- (b) **Circumstances in which LLP may be wound up by Tribunal (Section 64 of the LLP Act, 2008):** A LLP may be wound up by the Tribunal:

- (a) if the LLP decides that LLP be wound up by the Tribunal;
- (b) if, for a period of more than six months, the number of partners of the LLP is reduced below two;
- (c) if the LLP is unable to pay its debts;
- (d) if the LLP has acted against the interests of the sovereignty and integrity of India, the security of the State or public order;
- (e) if the LLP has made a default in filing with the Registrar the Statement of Account and Solvency or annual return for any five consecutive financial years; or
- (f) if the Tribunal is of the opinion that it is just and equitable that the LLP be wound up.

3. (a) **Definition of Partnership:** 'Partnership' is the relation between persons who have agreed to share the profits of a business carried on by all or any of them acting for all. (Section 4 of the Indian Partnership Act, 1932)

The definition of the partnership contains the following five elements which must co-exist before a partnership can come into existence:

1. Association of two or more persons
2. Agreement
3. Business
4. Agreement to share Profits
5. Business carried on by all or any of them acting for all

## ELEMENTS OF PARTNERSHIP

The definition of the partnership contains the following five elements which must co-exist before a partnership can come into existence:

1. **Association of two or more persons:** Partnership is an association of 2 or more persons. Again, only persons recognized by law can enter into an agreement of partnership. Therefore, a firm, since it is not a person recognized in the eyes of law cannot be a partner. Again, a minor cannot be a partner in a firm, but with the consent of all the partners, may be admitted to the benefits of partnership.

The Partnership Act is silent about the maximum number of partners but Section 464 of the Companies Act, 2013 read with the relevant Rules has now put a limit of 50 partners in any association / partnership firm.

2. **Agreement:** It may be observed that partnership must be the result of an agreement between two or more persons. There must be an agreement entered into by all the persons concerned. This element relates to voluntary contractual nature of partnership. Thus, the nature of the partnership is voluntary and contractual. An agreement from which relationship of Partnership arises may be express. It may also be implied from the act done by partners and from a consistent course of conduct being followed, showing mutual understanding between them. It may be oral or in writing.
3. **Business:** In this context, we will consider two propositions. First, there must exist a business. For the purpose, the term 'business' includes every trade, occupation and profession. The existence of business is essential. Secondly, the motive of the business is the "acquisition of gains" which leads to the formation of partnership. Therefore, there can be no partnership where there is no intention to carry on the business and to share the profit thereof.
4. **Agreement to share profits:** The sharing of profits is an essential feature of partnership. There can be no partnership where only one of the partners is entitled to the whole of the profits of the business. Partners must agree to share the profits in any manner they choose. But an agreement to share losses is not an essential element. It is open to one or more partners to agree to share all the losses. However, in the event of losses, unless agreed otherwise, these must be borne in the profit-sharing ratio.
5. **Business carried on by all or any of them acting for all:** The business must be carried on by all the partners or by anyone or more of the partners acting for all. This is the cardinal principle of the partnership Law. In other words, there should be a binding contract of mutual agency between the partners. An act of one partner in the course of the business of the firm is in fact an act of all partners. Each partner carrying on the business is the principal as well as the agent for all the other partners. He is an agent in so far as he can bind the other partners by his acts and he is a principal to the extent that he is bound by the act of other

partners. It may be noted that the true test of partnership is mutual agency rather than sharing of profits. If the element of mutual agency is absent, then there will be no partnership.

- (b) According to section 17 of the Indian Contract Act, 1872, mere silence as to facts likely to affect the willingness of a person to enter into a contract is not fraud, unless the circumstances of the case are such that, regard being had to them, it is the duty of the person keeping silence to speak, or unless his silence is, in itself, equivalent to speech. Hence, in the instant case,
- (i) This contract is valid since as per section 17, mere silence as to the facts likely to affect the willingness of a person to enter into a contract is not fraud. Here, it is not the duty of the seller to disclose defects.
  - (ii) This contract is not valid since as per section 17, it becomes Pradeep's duty to tell Rakesh about the unsoundness of the horse because a fiduciary relationship exists between Pradeep and his son Rakesh. Here, Pradeep's silence is equivalent to speech and hence amounts to fraud.
  - (iii) This contract is not valid since as per section 17, Pradeep's silence is equivalent to speech and hence amounts to fraud.
- (c) In the instant case, the aggrieved party, in case of misrepresentation by the other party, can avoid or rescind the contract [Section 19, Indian Contract Act, 1872]. The aggrieved party loses the right to rescind the contract if he, after becoming aware of the misrepresentation, takes a benefit under the contract or in some way affirms it.

Accordingly, in the given case, Neeraj could not rescind the contract, as his acceptance to the offer of Rahul to bear 45% of the cost of repairs impliedly amount to final acceptance of the sale.

4. (a) **Exceptions to the Rule *Nemo dat Quod Non Habet*:** The term means, "none can give or transfer goods what he does not himself own". Exceptions to the rule and the cases in which the Rule does not apply under the provisions of the Sale of Goods Act, 1930 are enumerated below:
- (i) **Sale by a Mercantile Agent:** A sale made by a mercantile agent of the goods or document of title to goods would pass a good title to the buyer in the following circumstances, namely;
    - (a) if he was in possession of the goods or documents with the consent of the owner;
    - (b) if the sale was made by him when acting in the ordinary course of business as a mercantile agent; and
    - (c) if the buyer had acted in good faith and has at the time of the contract of sale, no notice of the fact that the seller had no authority to sell. (Proviso to Section 27).

Mercantile agent means an agent having in the customary course of business as such agent authority either to sell goods, or to consign goods for the purposes of sale, or to buy goods, or to raise money on the security of goods. [section 2(9)]

- (ii) **Sale by one of the joint owners:** If one of the several joint owners of goods has the sole possession of them with the permission of the others the property in the goods may be transferred to any person who buys them from such a joint owner in good faith and does not at the time of the contract of sale have notice that the seller has no authority to sell. (Section 28)
- (iii) **Sale by a person in possession under voidable contract:** A buyer would acquire a good title to the goods sold to him by seller who had obtained possession of the goods under a contract voidable on the ground of coercion, fraud, misrepresentation or undue influence provided that the contract had not been rescinded until the time of the sale (Section 29).

- (iv) **Sale by one who has already sold the goods but continues in possession thereof:** If a person has sold goods but continues to be in possession of them or of the documents of title to them, he may sell them to a third person, and if such person obtains the delivery thereof in good faith without notice of the previous sale, he would have good title to them, although the property in the goods had passed to the first buyer earlier. A pledge or other deposition of the goods or documents of title by the seller in possession are equally valid. [Section 30(1)]
  - (v) **Sale by buyer obtaining possession before the property in the goods has vested in him:** Where a buyer with the consent of seller obtains possession of the goods before the property in them has passed to him, he may sell, pledge or otherwise dispose of the goods to a third person, and if such person obtains delivery of the goods in good faith and without notice of the lien or other right of the original seller in respect of the goods in good faith and without notice of the lien or other right of the original seller in respect of the goods, he would get a good title to them. [Section 30(2)].
  - (vi) **Sale by an unpaid seller:** Where an unpaid seller who had exercised his right of lien or stoppage in transit resells the goods, the buyer acquires a good title to the goods as against the original buyer [Section 54(3)].
  - (vii) **Sale under the provisions of other Acts:**
    - (a) Sale by an official Receiver or liquidator of the company will give the purchaser a valid title.
    - (b) Purchase of goods from a finder of goods will get a valid title under circumstances.
    - (c) Sale by a pawnee under default of pawnor will give valid title to the purchaser.
- (b) According to Section 29 of the Indian Partnership Act, 1932,
- (1) A transfer by a partner of his interest in the firm, either absolute or by mortgage, or by the creation by him of a charge on such interest, does not entitle the transferee, during the continuance of the firm, to interfere in the conduct of business, or to require accounts, or to inspect the books of the firm, but entitles the transferee only to receive the share of profits of the transferring partner, and the transferee shall accept the account of profits agreed to by the partners.
  - (2) If the firm is dissolved or if the transferring partner ceases to be a partner, the transferee is entitled as against the remaining partners to receive the share of the assets of the firm to which the transferring partner is entitled, and, for the purpose of ascertaining that share, to an account as from the date of the dissolution.

In the light of facts of the question and provision of law:

- (i) Yes, Mr. *Naresh* can validly transfer his interest in the firm by way of sale.
- (ii) On the retirement of the transferring partner (Mr. *Naresh*), the transferee (Mr. *Akash*) will be entitled, against the remaining partners:
  - (a) to receive the share of the assets of the firm to which the transferring partner was entitled, and
  - (b) for the purpose of ascertaining the share, he is entitled to an account as from the date of the dissolution.

So, in this case on Mr. *Naresh*'s retirement, Mr. *Akash* would be entitled to receive the value of Mr. *Naresh*'s share to the extent of ₹ 6 crore in the firm's assets.

5. (a) According to Section 50 to 52 of the Sale of Goods Act, 1930, when the buyer of goods becomes insolvent, the unpaid seller who has parted with the possession of the goods has the right of stopping them in transit and he may resume possession of the goods as long as they are in the course of transit and may retain them until payment or tender of the price. However right of stoppage in transit is available only in the following conditions:

- (i) The seller must be an unpaid seller.
- (ii) When the buyer becomes insolvent; and
- (iii) When the goods are in transit.

This right of stoppage in transit is lost if buyer makes sub – sale of such goods during in transit and that buyer purchased in good faith.

- (a) On the basis of above provisions and facts, it can be said that even Mr. Shekharan is an unpaid seller, he cannot apply his right of stoppage in transit as goods has been taken by Mr. Ravi in good faith.
- (b) Further, if Mr. Ravi has knowledge of Mr. Raghwan’s insolvency at the time of buying the goods, Mr. Ravi has not bought the goods in good faith. Hence, Mr. Shekharan can exercise his right of stoppage in transit.

- (b) **Doctrine of ultra vires:** The meaning of the term ultra vires is simply “beyond (their) powers”. The legal phrase “ultra vires” is applicable only to acts done in excess of the legal powers of the doers. This presupposes that the powers in their nature are limited. It is a fundamental rule of Company Law that the objects of a company as stated in its memorandum can be departed from only to the extent permitted by the Act, thus far and no further. In consequence, any act done or a contract made by the company which travels beyond the powers not only of the directors but also of the company is wholly void and inoperative in law and is therefore not binding on the company.

The impact of the doctrine of ultra vires is that a company can neither be sued on an ultra vires transaction, nor can it sue on it. Since the memorandum is a “public document”, it is open to public inspection. Therefore, when one deals with a company one is deemed to know about the powers of the company. If in spite of this you enter into a transaction which is ultra vires the company, you cannot enforce it against the company.

An act which is ultra vires the company being void, cannot be ratified even by the unanimous consent of all the shareholders of the company.

Hence in the given case, ABC Limited cannot enter into a contract outside the purview of its object clause of Memorandum of Association as it becomes ultra vires and thus null and void.

6. (a) According to Section 56 of the Indian Contract Act, 1872, the impossibility of performance may be of the two types, namely (a) initial impossibility, and (b) subsequent impossibility.

**Subsequent impossibility is also known as Supervening impossibility i.e. becomes impossible after entering into contract.** When performance of promise becomes impossible or illegal by occurrence of an unexpected event or a change of circumstances beyond the contemplation of parties, the contract becomes void e.g. change in law etc. In other words, sometimes, the performance of a contract is quite possible when it is made. But subsequently, some event happens which renders the performance impossible or unlawful. Such impossibility is called the subsequent or supervening. It is also called the post-contractual impossibility.

**Example:** 'A' and 'B' contracted to marry each other. Before the time fixed for the marriage, 'A' became mad. In this case, the contract becomes void due to subsequent impossibility, and thus discharged.

**Effect of impossibility:** The effect of such impossibility is that it makes the contract void, and the parties are discharged from further performance of the contract.

**(b) Mode of Settlement of partnership accounts:** As per Section 48 of the Indian Partnership Act, 1932, in settling the accounts of a firm after dissolution, the following rules shall, subject to agreement by the partners, be observed:-

- (i) Losses, including deficiencies of capital, shall be paid first out of profits, next out of capital, and, lastly, if necessary, by the partners individually in the proportions in which they were entitled to share profits;
- (ii) The assets of the firm, including any sums contributed by the partners to make up deficiencies of capital, must be applied in the following manner and order:
  - (a) in paying the debts of the firm to third parties;
  - (b) in paying to each partner rateably what is due to him from capital;
  - (c) in paying to each partner rateably what is due to him on account of capital; and
  - (d) the residue, if any, shall be divided among the partners in the proportions in which they were entitled to share profits.

**(c) Separate Legal Entity:** Corporate Veil refers to a legal concept whereby the company is identified separately from the members of the company.

The term Corporate Veil refers to the concept that members of a company are shielded from liability connected to the company's actions. If the company incurs any debts or contravenes any laws, the corporate veil concept implies that members should not be liable for those errors.

Thus, the shareholders are protected from the acts of the company. The leading case law of *Saloman Vs Saloman and Co. Limited*, laid the foundation of concept of corporate veil or independent corporate personality. A company is a person distinct and separate from its members.

Based on the above discussion and provisions, Mr. Raj was entitled to the assets of the company as he was a secured creditor of the company and the contention of the creditors that Mr. Raj and the company are one and same person is wrong.

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

### ANSWERS

1. (a) (1) Option d
- (2) The increase in the gross national product and the increase in mean life expectancy shows that higher life expectancy is caused by improved environmental conditions.
- (3) Option a
- (4) 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.
- (5) The decrease in death due to coronary heart disease illustrates that the abundant resources that have helped to overcome child mortality have also led to better survival at middle age and old age.
- (b) "The Bonsai Culture"
- (1) Bonsai means 'Tray planting'
- (a) These are small trees
- (b) Generally small
- (c) Resembles a large tree
- (2) Bonsai growing is an art form
- (a) Needs care and precision
- (b) Requires training and pruning
- (c) Grown in shallow containers
- (3) Shaped like a mature tree
- (a) The plant is given a specific shape
- (b) Requires patience
- (c) It takes years to grow a bonsai
- (4) Various species can be grown as Bonsai
- (a) Citrus trees
- (b) Jade plants
- (c) Fig trees
- (d) Pine trees
- (e) Herbs like rosemary and basil
- (5) How to grow a bonsai?
- (a) Can be started from a seed
- (b) Root cloning can be done
- (c) A pre-started bonsai can be used



- (6) Beauty of a Bonsai
  - (a) Decorated with rocks or Japanese figurines
  - (b) Pruned to form unique shapes
  - (c) Act as a starting point for an aspiring bonsai grower

**Key:**

- (1) Ths= these
- (2) Sml= small
- (3) Gntclly= genetically
- (4) Rsmbl= resemble
- (5) Lrg= large
- (6) Grng= growing
- (7) Prpr= proper
- (8) Grn= grown
- (9) Cntnrs= containers
- (10) Spcfc= specific
- (11) Rqrs= requires
- (12) Tks= takes
- (13) Yrs= years
- (14) Vrs= various
- (15) Hw= how
- (16) Strd= started
- (17) Dcrts= decorated
- (18) Unq= unique
- (19) Strtng= starting
- (20) Grwr= grower

**(b) Summary**

Bonsai means 'tray planting'. It is an art of growing small sized plants that remain short genetically. Bonsai can be grown by using a seed, a root clone or a pre started bonsai. It needs patience and years of hard work and skill to grow a new bonsai. Enthusiasts have to learn the art and often decorate it with rocks and Japanese figurines. Grown in containers, bonsai are pruned in unique shapes that add to their beauty.

- 2. (a) Listening is an important part of oral communication because as listening happens, the mind registers sub consciously the accent, vocabulary, grammar and voice modulation. So listening is an important segment of learning to speak just as a child would do. It is essential to listen to the best models of the language to improve it naturally. The more we listen, the better our conversation will get. Hence, listening is an important aspect to learn speaking.

- (b) (i) Option a
- (ii) Option c
- (iii) Arun said, 'I have visited all the continents'.

(c) **Nature is our teacher**

As children, we were taught to worship gods and read the holy books of our religion. Stories from mythology were told to inculcate morals values in us and to judge what is good and bad, besides learning how to respect parents and teachers. However, later we realize that even elements of nature can be our teachers, the sun, the moon, stars, birds and all the bio diversity around us.

Probably this, is the reason why many cultures worship nature; to teach man to save environment and maintain ecological balance. A good example is the river that keeps on moving and finds its own path. It teaches progression. Man should learn from its surroundings and accept its interference with nature that eventually causes natural disasters like floods and landslides. So, as they say, better late than never, let us start to respect nature and learn from it.

3. (a) Personal attitudes of employees can affect communication within the organisation. A proactive, motivated worker will facilitate the communication process, whereas a dissatisfied, disgruntled, shy, introvert or lazy employee can delay, hesitate in taking the initiative, or refuse to communicate. Good management and regular interaction with staff members can help overcome attitude as a barrier in communication.

- (b) (i) Option 3
- (ii) Option 3
- (iii) Mridula told her mother that she wanted to become a doctor.

(c) Complaint Letter

Education Services Coaching Institute

Chennai

5<sup>th</sup> May, 2023

M/s Furniture,

T. Nagar, Chennai

Dear Sir/Madam

Subject: Complaint against order number 4/2023/54

This is with reference to order number 4/2023/54, made on 20<sup>th</sup> April, 2023. The order included two wooden tables, eight chairs, one side stool and two long benches. The order was delivered within the timelines, as promised. However, some of the items delivered are of low quality and some are rather defective.

Firstly, the arm rest of two chairs have a big crack on it. Secondly, the leg of one table is shaky, it looks like it has not been designed properly. Lastly, the long bench was supposed to have a cushioned seat which is missing.

I request you to investigate the concerns and reply as soon as possible. Hope to hear from a representative from your office. I would appreciate it if you could pre-check the quality of orders before sending them to avoid any post- delivery hassles.

Waiting for a quick response!

Thanks and Regards

Ajay Kumar

Founder and Head,

Education Services Coaching Institute

**4. (a)**

Formal Communication	Informal Communication
Formal communication follows rules, principles and convention.	Informal communication is friendly, casual, and unofficial.
It is usually followed in offices, between employees, seniors, juniors, colleagues, clients	This communication is usually between family, friends, neighbours, members of the community and people working together in an organization
In formal communication, the hierarchy in the organisation has to be followed.	Informal communication is spontaneous conversation and exchange of information between two or more persons without conforming any chain of command.
The communication pattern can be vertical, horizontal or diagonal.	No communication pattern is followed in informal communication.

- (b)** (i) Sumita asked the children to quickly make a queue.  
(ii) Students of the final year submitted the research thesis.  
(iii) Extra classes in Accounts subject are being requested by students.

**(c)** Hints: Artificial Intelligence and its impact:

- Age old saying 'Technology has its pros and cons'
- Discuss the importance of technology and its growing dependency.
- Give a few examples of how new technology has brought about landmark changes .
- Introduce the topic of Artificial intelligence (AI).
- Give examples where AI is being used.
- Justify your opinion by taking sides; how AI has entered into human lives.

OR

Hints: Increasing number of juvenile crimes in India

- Reasons for increasing juvenile crimes:
  - easy access of internet
  - Over exposure to content: crime, action etc.

- Adults unable to keep constant check.
- Teenagers accept fiction as reality.
- Accept challenges and in doing so end up committing a crime.
- Measures of control:
  - Constant checks.
  - Limited screen time
  - Spend more time with family and in outdoor activities

5. (a) **Vertical Communication** is a form of communication pattern where information flows upward or downward in the organisation. Data that is collected flows up to the top levels of management for review and decision making, while instructions and orders are passed down from the management/ seniors to the subordinates for implementation.

**Horizontal Communication** involves communication between two employees of the organisation at the same level. For example, the managers of a project in a company may hold a regular daily, weekly or monthly meeting to discuss the progress of a project.

- (b) (i) Option 3  
(ii) Option 2  
(iii) Five rounds of the museum were taken by the watchman at night.  
(iv) Option 3

(c) **Formal Report (Hints)**

**To:** Management panel

**From:** Operations Team

**Date:** 5<sup>th</sup> May 2023

**Subject:** Proposal for regular cleanliness drives

**Acknowledgements:**

**Contents:**

1. Need for cleanliness
2. Problems that can be resolved
3. Methodology and plan of action discussed
4. Cost, inventory and expenditure details

**Summary**

We propose to start cleanliness drives in the office premises as a regular practice. The intent is to spread the message of hygienic surroundings to ensure better productivity. After the pandemic, cleanliness in the surroundings has become an essential part of life. The cost details have been elaborated and a reasonable proposal has been made. Employees will not only benefit from this drive but also get to learn more about health and hygiene. The plan can be executed as soon as possible without further delays.

OR

**Cover Letter**

A-26 E, Sector-35

C-16/A, Tri Nagar

New Delhi -110006

[mohit.garg@gmail.com](mailto:mohit.garg@gmail.com)

April 16, 2023

The Manager HRD

DFG Publishing Pvt. Ltd.

Darya Ganj,

New Delhi 110002.

Dear Sir/Ma'am,

**Subject: Application for the Post of Junior Translator**

This is with reference to your advertisement in 'The Times of India' dated April 04, 2023, for the post of Junior Translator in your organization. I wish to apply for the same.

I am a post graduate in English from TD College, Delhi University. I am focused, punctual and open to learning. Currently, I am working as a trainee at ABC Publication for the past 6 months in the translation section. This position in your esteemed organization completely gels with my profile and career aspirations.

I can assure that if given an opportunity, I shall work with utmost allegiance and sincerity and prove to be an asset to your organization.

I am enclosing my résumé for your reference. I shall be available for an interview through online or in person on any day of your convenience.

Thank you for your consideration, looking forward to a positive response from you!

Yours Sincerely,

Mohit Garg

Enclosure:

1. Résumé

**Résumé**

**Mohit Garg**

A-26 E, Sector-35

C-16/A,

Tri Nagar,

New Delhi

Mob: +91-xxxxx xxxxx

Email: [mohit.garg@gmail.com](mailto:mohit.garg@gmail.com)

**Objective:** To work in an environment where I can hone my skills, enrich my knowledge, realize my true potential and grow as a professional.

**Experience:** More than 6 months at ABC Publications as a trainee (Translation section)

**Educational Qualifications:**

S. No.	Examination / Degree/ Course	Subject Stream	Name of the Institution / Institute / College	Board University	Year of Passing	Percentage/ Division
1	MA	English	TD College	Delhi University	2019	69%
2	BA	English (Hons.)	ASD College	Delhi University	2017	76%
3	Higher Secondary	Humanities	St. George Public School, New Delhi	CBSE	2014	89%

**Skills:**

- Professional: Translation, Transcription, Transliteration
- Technical: MS Word, Excel, Photoshop
- Interpersonal :
  - Good Communication Skills
  - Highly organized and efficient
  - Ability to work independently
  - Ability to work in team

**Language Known:**

- English, Hindi

**Hobbies:**

- Reading, Travelling

**Personal Details:**

- Father's Name: XYZ
- Mother's Name: XYX
- DoB: xx/xx/xxxx
- Gender: Male
- Marital Status: Single

**Declaration:** I solemnly declare that all the above information is correct to the best of my knowledge and belief.

Date: April 16, 2023

Place: XYZ

(Mohit Garg)

## 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. Ayush is the principal in Modern Public School. He needs 2000 packets of Biscuits to be distributed to students in his school on the occasion of Republic Day celebration. For this purpose, he contracted with Yograj Biscuit Company. Mr. Ayush visited the workshop of Yograj Biscuit Company and was very much satisfied with the quality of biscuits. He also found that a large number of varieties of biscuits are manufactured in the workshop. He ordered 2000 packs of biscuits and gave the token money but did not specify the category of biscuits, he needed. Yograj Biscuit Company did not supply the biscuits on the due date. Mr. Ayush filed the suit against Yograj Biscuit Company for compensation. State with reasons, whether Yograj Biscuit Company is liable under Indian Contract Act, 1872? **(4 Marks)** TICA
- (b) Parasnath Infra Height Limited is a public company having 215 members. Out of 215 members, 20 members were employee in the company during the period 1<sup>st</sup> June, 2021 to 30<sup>th</sup> June, 2023. They were allotted shares in Parasnath Infra Height Limited on 1<sup>st</sup> April, 2017 which are held by them till today i.e. 31<sup>st</sup> October, 2023. Now, company wants to convert itself into a private company. State with reasons, whether Parasnath Infra Height Limited is required to reduce the number of members under the provisions of Companies Act, 2013? **(4 Marks)** CA
- (c) "Risk Prima Facie passes with property." Elaborate in the context of the Sale of Goods Act, 1930. **(4 Marks)** CA  
SOGA
2. (a) Explain any five circumstances under which contracts need not be performed with the consent of both the parties. **(7 Marks)**
- (b) "A LLP (Limited Liability Partnership) is a type of partnership in which participants' liability is fixed to the amount of money they invest whereas a LLC (Limited Liability Private/Public Company) is a tightly held business entity that incorporates the qualities of a corporation and a partnership". In line of above statement clearly elaborate the difference between LLP and LLC. **(5 Marks)** LLP
3. (a) "Indian Partnership Act does not make the registration of firm's compulsory nor does it impose any penalty for non-registration." In light of the given statement, discuss the consequences of non-registration of the partnership firms in India. Also, explain the rights unaffected due to non-registration of firms. **(6 Marks)** TIPA
- (b) Chhotu of 17 years has purchased a mobile of ₹ 25,000 for his online classes from Mobile Sales Centre on credit. On due date, he did not make the payment of mobile. Mobile Sales Centre sued Chhotu and his parents for the price of mobile. Chhotu has ₹ 15,000 as his cash balance but his father has enough money to pay the price of mobile. Who will be liable to pay the price of mobile under the provisions of Indian Contract Act, 1872? **(6 Marks)** TICA
4. (a) What are the rights of unpaid seller in context to re-sale of the goods under Sale of Goods Act, 1930? **(6 Marks)** SOGA

- (b) A and B are partners in M/s Aee Bee & Company. Firm is doing business of trading of plastic bottles. A is authorised to sell the stock of plastic bottles. It was decided between them that A should sell the plastic bottles at the minimum price which they have decided and if A sell at a price less than minimum price, he should first take the permission of B. Due to sudden change in government policy, the price of plastic bottles was continuously declining. To save the loss of firm, A sold the stock at lower price. Meanwhile, A tried to contact B but couldn't do so as B was on foreign trip. Afterwards when B came, he filed the suit to recover the difference of sale price and minimum price to the firm. Whether B can do so under the provisions of Indian Partnership Act, 1932? **(6 Marks)** TIPA
5. (a) Ram Bilas Yadav is a farmer. Anna Chips Company approached him and entered in a contract to supply 100 quintals of potatoes which to be grown in the fields belonging to Ram Bilas Yadav @ ₹1000/- per quintal. Anna Chips Company made the payment of price but delivery to be made after six months. Before the time of delivery, the whole crop of potatoes was destroyed due to flood. Anna Chips Company demanded the payment of price which is already made by it. Ram Bilas Yadav denied returning the price by saying that contract of sale was already entered and hence crop belongs to Anna Chips Company. Hence loss of crop must be borne by it. Referring to the provisions of the Sale of Goods Act, 1930, whether Anna Chips Company recover amount from Ram Bilas Yadav? **(6 Marks)** SOGA
- (b) The Articles of Association (AOA) of Avenue International Private Limited contained a clause that in case of insolvency of any member, his shares in the company should be sold to other person and at the price fixed by directors of the company. Mr. Neeraj, a shareholder was adjudicated insolvent. His official assignee in insolvency claimed that he was not bound by the provisions of AOA and is free to sell the shares at their true value. Referring the provisions of the Companies Act 2013, whether official assignee is bound by AOA? **(6 Marks)** CA
6. (a) Explain the following statements in the light of provisions of Indian Contract Act, 1872: TICA
- (i) "Agreements made out of love and affection are valid agreements." **(5 Marks)**
- (ii) "Promise to pay a time barred debt cannot be enforced." **(5 Marks)**
- (b) "Sharing in the profits is not conclusive evidence in the creation of partnership". Comment. TIPA  
**(4 Marks)**
- (c) Mike LLC incorporated in Singapore having an office in Pune, India. Analyse whether Mike LLC would be called as a foreign company as per the provisions of the Companies Act, 2013? Also explain the meaning of foreign company. CA  
**(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

People these days are beginning to think twice before having people over for lunch or dinner. Soaring food prices of everything from tomatoes to tapioca, from potatoes to pumpkins are part of the problem, but only a part.

The real problem is diets. Many if not most of the people you know, gender and age no bar are on some diet of some sort. To further complicate matters, everyone's on a different diet from everyone else. In a middle class India everyone is becoming health conscious, diets are the latest fad and going on a special designer diet is even more fashionable than snapping selfies with your latest model customized iPhone.

There's one diet, called the Atkins, in which people will eat only proteins (meat, fish, eggs) and veggies, but no cereals or carbs, as carbohydrates are referred to in diatese, the special language in which dieters speak to each other.

Then there are people who will eat all carbs, but won't eat wheat because that has gluten in it. There are diehard non vegetarians who become vegetarians on Tuesday or during certain phases of the moon. There are vegans who are not only pure vegetarians but won't eat any animal products, like paneer, cheese though food cooked in pure ghee is presumably exempt.

There's even something called the paleo diet or caveman's diet in which you are only allowed what are prehistoric ancestors ate before they invented agriculture. So paleo's will eat only meat, and berries and other stuff that grows in the wild.

The keto diet is the latest low carb craze to hit the active scene. In truth, it's been around for a while decades, in fact and has been used in treatment of children with epilepsy; but the term is now finding a mainstream health following. On the plus side, it offers weight loss, and on the minus side, according to few nutrition experts, there isn't much negative about it.

The keto (short for ketogenic) diet works when your body produces ketones from broken down fats in the liver for energy, rather than relying on insulin to convert carbohydrates. The body enters a state of ketosis in layman's terms, suing fat rather than sugar for energy.

Will diet spell the doom of the shared dinner table? Not at all. There is for sure one form of diet that will solve the problem. It's the special diet called 'fasting'. The fast feast will provide the perfect social evening, guaranteed to reduce both food bills and waistlines.

- (1) Identify the tone of the passage (1 Mark)

- (a) Descriptive
- (b) Skeptical
- (c) Persuasive
- (d) Retrospective

- (2) Which diet allows the body to use fat and not sugar for releasing energy? (1 Mark)

- (3) Which of the following statements is incorrect according to the passage: (1 Mark)

- (a) Atkins is a diet which allows people to eat only proteins
- (b) Vegans do not eat animal products on Tuesdays only

- (c) Keto is not a useful diet in any respect
- (d) High food prices discourage inviting people for lunch or dinner.
- (4) Choose the word similar in meaning to 'fad' as used in paragraph two: **(1 Mark)**
- (a) Need
- (b) Desire
- (c) Responsibility
- (d) Trend
- (5) Give the passage a suitable title. **(1 Mark)**
- (b) Read the following passage
- The Sundarbans is a cluster of low-lying islands in the Bay of Bengal, spread across India and Bangladesh, famous for its unique mangrove forests. This active delta region is among the largest in the world, measuring about 40,000 sq km.
- The Sundarbans forest is about 10,000 sq km across India and Bangladesh, of which 40% lies in India, and is home to many rare and globally threatened wildlife species such as the estuarine crocodile (*Crocodilus porosus*), royal Bengal tiger (*Panthera tigris*), Water monitor lizard (*Varanus salvator*), Gangetic dolphin (*Platinista gangetica*), and olive ridley turtle (*Lepidochelys olivacea*). The forest in India is divided into the Sundarbans Tiger Reserve and 24 Parganas (South) Forest Division, and together with the forest in Bangladesh is the only mangrove forest in the world where tigers are found.
- The Sundarbans delta in India has been a priority region for WWF-India since 1973 due to its unique biodiversity. While it supports a sizeable population of wild tigers and other wildlife, it is also an ecologically fragile and climatically vulnerable region that is home to over 4.5 million people. Securing the future of the Sundarbans, its biodiversity and people requires a long term vision that can integrate climate adaptation and conservation strategies along with shorter term interventions such as ensuring sustainable livelihoods, access to clean and sustainable energy and effective human wildlife conflict management.
- WWF-India's vision for this landscape is to develop a climate resilient Sundarbans that supports biodiversity, ecosystems services and sustainable development.
- (i) Make notes, sub-heading, abbreviations, wherever necessary giving a suitable title. **(3 Marks)**
- (ii) Write a summary **(2 Marks)**
2. (a) List down the advantages of learning 'Business English'. **(2 Marks)**
- (b) (i) Choose the suitable synonym for the word: **(1 Mark)**
- Abetment**
- a. Finalise
- b. Assist
- c. Curb
- d. Destroy

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

**Exuberant**

- a. Dull
- b. Joyful
- c. Important
- d. Extra

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

Shikha said that she had finished the project work already.

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

Ideas rule the world. You shape your fate and decide your destiny by your thoughts. You have to believe and be sure of yourself to win a prize. Life's battles don't always go to the stronger or the faster man. But, sooner or later, the man who wins is the man who thinks he can.

Success starts with your thoughts. Whatever your mind can conceive and believe, it can achieve. And your mind is nothing more than a bundle of thoughts. Since you have the power to shape your thoughts, you automatically have the power to fashion your fate and decide your destiny. Thus your thoughts are the most potent, powerful and prime source of your success. For your thoughts to blossom into success, they should be combined with definiteness of purpose, perseverance and a burning, pulsating strong desire to translate them into action. Believe that you will succeed and believe it firmly. You will then do whatever is necessary to bring success about.

3. (a) How does 'body language' constitute a kind of communication? (2 Marks)

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

**Bona fide**

- (1) Achievable
- (2) Worthless
- (3) In good faith
- (4) Benevolent

- (ii) Choose the option which best expresses the opposite meaning of the word (1 Mark)

**Heinous**

- (1) Unacceptable
- (2) Shocking
- (3) Desirable
- (4) Distant

- (iii) Change the following into indirect speech (1 Mark)

Siddhant said to his colleague, 'I can't work anymore'

- (c) You are Mr. Rakesh Tripathi, Administration Head at Horizon Public School, Jaipur, Rajasthan. Write an Order letter to M/S Vinayak School supplies Ltd, stating your bulk order for various types of school supplies (including, stationery, black boards, chalk boxes, book shelves etc.). Give a detailed list of the items to be ordered with the quantity required and the date by which you wish the order to be delivered. **(5 Marks)**
4. (a) The effectiveness of written communication depends on certain factors. Explain. **(2 Marks)**
- (b) (i) Change the following sentence into indirect speech **(3 Marks)**  
Priya said, 'We will sing a song.'
- (ii) Change the following sentence into active voice  
The car was repaired by a 10 year old child.
- (iii) Change the following sentence into passive voice  
Farmers held a protest in the city yesterday.
- (c) Write a 250 words article on the topic 'The increasing incidents of cyber bullying and its consequences'. **(5 Marks)**

OR

- Write a 250 words article on the topic 'The need to use renewable resources of energy for a better and safer future'.
5. (a) Explain 'Informal communication' in the light of the statement, 'Information can flow from any source in any direction'. **(2 Marks)**
- (b) Select the correct meaning of the following idiom/phrase **(3 Marks)**
- (i) Go down in flames
- (1) to get serious burns
- (2) Fail badly
- (3) To destroy the enemy
- (4) To accept one's fault
- (ii) Haste makes waste
- (1) Keep up with the pace
- (2) Allow others to rule you
- (3) Utilize the waste in a good way
- (4) Things go wrong in hurry
- (iii) Change the sentence into passive voice  
The fast moving bike hit the pavement .
- (c) Choose the word that best expresses the meaning of the given word **(1 Mark)**  
**Barren**
- (1) Green
- (2) Brilliant

- (3) Cautious
- (4) Unfertile
- (c) You are a senior member of the HR team. Write a report using the official report format proposing to conduct health and hygiene workshops for the employees of the organization. Include details of expenditure.

OR

The HR Head of Verity Technologies has decided to hold a meeting to discuss the need to regularly attend training programs held by office (onshore and offshore), to understand the work better and know the organization. The meeting will include the presence of all Vertical and Department Heads.

Write the agenda of the meeting in a tabular form. Include the names of speakers also.

**(4 Marks)**



MOCK TEST PAPER - 1

FOUNDATION COURSE

PAPER 2: BUSINESS LAWS AND BUSINESS CORRESPONDENCE AND REPORTING

SECTION A: BUSINESS LAWS

ANSWERS

1. (a) According to the Indian Contract Act 1872, the meaning of agreement must be certain and not vague or indefinite. If the meaning of agreement is not certain, the agreement is not enforceable by law.

In the instant case, Mr. Ayush is being principal in Modern Public School ordered 2000 packs of biscuits to Yograj Biscuit Company for the purpose of distribution on Republic Day among students. He also gave the token money but did not specify the category of biscuits. Yograj Biscuit Company did not supply the biscuits on the due date and Mr. Ayush filed the suit for compensation.

On the basis of above provisions and facts, it can be said that the agreement was not enforceable for want of certainty of meaning as Mr. Ayush did not specify the category of biscuits. Hence, Yograj Biscuit Company is not liable to pay any compensation to Mr. Ayush.

- (b) According to Section 2(68) of Companies Act, 2013, "Private company" means a company having a minimum paid-up share capital as may be prescribed, and which by its articles,—

- (i) restricts the right to transfer its shares;
- (ii) except in case of One Person Company, limits the number of its members to two hundred:

Provided that where two or more persons hold one or more shares in a company jointly, they shall, for the purposes of this clause, be treated as a single member:

Provided further that—

- (A) persons who are in the employment of the company; and
- (B) persons who, having been formerly in the employment of the company, were members of the company while in that employment and have continued to be members after the employment ceased,

shall not be included in the number of members; and

- (iii) prohibits any invitation to the public to subscribe for any securities of the company;

In the given problem, 20 members were employees of the company but they were not employee at the time of getting membership i.e. 1<sup>st</sup> April, 2017 and nor on existing date i.e. 31<sup>st</sup> October, 2023. Hence, they will be considered as members for the purpose of the limit of 200 members.

Hence, taking into account the provisions of Section 2(68) of the Act, the company is required to reduce the number of members to 200 before converting it into a private company.

- (c) **Risk prima facie passes with property (Section 26 of the Sale of Goods Act, 1930)**

According to Section 26, unless otherwise agreed, the goods remain at the seller's risk until the property therein is transferred to the buyer, but when the property therein is transferred to the buyer, the goods are at the buyer's risk whether delivery has been made or not.

It is provided that, where delivery has been delayed because of the fault of either buyer or seller, the goods are at the risk of the party in fault as regards any loss which might not have occurred but for such fault.

Provided also that nothing in this section shall affect the duties or liabilities of either seller or buyer as bailee of the goods of the other party.

2. (a) Under following circumstances, the contracts need not be performed with the consent of both the parties:
  - (i) **Novation:** Where the parties to a contract substitute a new contract for the old, it is called novation. A contract in existence may be substituted by a new contract either between the same parties or between different parties the consideration mutually being the discharge of old contract. Novation can take place only by mutual agreement between the parties. On novation, the old contract is discharged and consequently it need not be performed. (Section 62 of the Indian Contract Act, 1872)
  - (ii) **Rescission:** A contract is also discharged by rescission. When the parties to a contract agree to rescind it, the contract need not be performed. (Section 62)
  - (iii) **Alteration:** Where the parties to a contract agree to alter it, the original contract is rescinded, with the result that it need not be performed. In other words, a contract is also discharged by alteration. (Section 62)
  - (iv) **Remission:** Every promisee may dispense with or remit, wholly or in part, the performance of the promise made to him, or may extend the time for such performance or may accept instead of it any satisfaction which he thinks fit. In other words, a contract is discharged by remission. (Section 63)
  - (v) **Rescinds voidable contract:** When a person at whose option a contract is voidable rescinds it, the other party thereto need not perform any promise therein contained in which he is the promisor.
  - (vi) **Neglect of promisee:** If any promisee neglects or refuses to afford the promisor reasonable facilities for the performance of his promise, the promisor is excused by such neglect or refusal as to any non-performance caused thereby. (Section 67)

(b) **Distinction between Limited Liability Partnership (LLP) and Limited Liability Company (LLC)**

S. No.	Basis	Limited Liability Partnership (LLP)	Limited Liability Company (LLC)
1.	<b>Regulating Act</b>	The LLP Act, 2008.	The Companies Act, 2013.
2.	<b>Members/Partners</b>	The persons who contribute to LLP are known as partners of the LLP.	The persons who invest the money in the shares are known as members of the company.
3.	<b>Internal governance structure</b>	The internal governance structure of a LLP is governed by agreement between the partners.	The internal governance structure of a company is regulated by statute (i.e., Companies Act, 2013) read with its Memorandum of Association and Articles of Association.
4.	<b>Name</b>	Name of the LLP to contain the word "Limited Liability partnership" or "LLP" as suffix.	Name of the public company to contain the word "limited" and Pvt. Co. to contain the word "Private limited" as suffix.
5.	<b>No. of members/partners</b>	Minimum – 2 partners Maximum – No such limit on the partners in the Act. The	<b>Private company:</b> Minimum – 2 members Maximum 200 members

		partners of the LLP can be individuals/or body corporate through the nominees.	<b>Public company:</b> Minimum – 7 members Maximum – No such limit on the members. Members can be organizations, trusts, another business form or individuals.
6.	<b>Liability of members/partners</b>	Liability of a partner is limited to the extent of agreed contribution.	Liability of a member is limited to the amount unpaid on the shares held by them.
7.	<b>Management</b>	The business of the LLP managed by the partners including the designated partners authorized in the agreement.	The affairs of the company are managed by board of directors elected by the shareholders.
8.	<b>Minimum number of directors/designated partners</b>	2 designated partners.	Pvt. Co. – 2 directors Public co. – 3 directors

3. (a) The Indian Partnership Act, 1932 does not make the registration of firm's compulsory nor does it impose any penalty for non-registration. However, under Section 69 of the Indian Partnership Act, 1932, non-registration of partnership gives rise to a number of disabilities. These disabilities briefly are as follows:

- (i) **No suit in a civil court by firm or other co-partners against third party:** The firm or any other person on its behalf cannot bring an action against the third party for breach of contract entered into by the firm, unless the firm is registered and the persons suing are or have been shown in the register of firms as partners in the firm.
- (ii) **No relief to partners for set-off of claim:** If an action is brought against the firm by a third party, then neither the firm nor the partner can claim any set-off, if the suit be valued for more than ` 100 or pursue other proceedings to enforce the rights arising from any contract.
- (iii) **Aggrieved partner cannot bring legal action against other partner or the firm:** A partner of an unregistered firm (or any other person on his behalf) is precluded from bringing legal action against the firm or any person alleged to be or to have been a partner in the firm. But such a person may sue for dissolution of the firm or for accounts and realization of his share in the firm's property where the firm is dissolved.
- (iv) **Third party can sue the firm:** In case of an unregistered firm, an action can be brought against the firm by a third party.

**Following are the Rights unaffected due to non-registration of firms:** Non-registration of a firm does not, however effect the following rights:

1. The right of third parties to sue the firm or any partner.
2. The right of partners to sue for the dissolution of the firm or for the settlement of the accounts of a dissolved firm, or for realization of the property of a dissolved firm.
3. The power of an Official Assignees, Receiver of Court to release the property of the insolvent partner and to bring an action.
4. The right to sue or claim a set-off if the value of suit does not exceed ` 100 in value.
5. The right to suit and proceeding instituted by legal representatives or heirs of the deceased partner of a firm for accounts of the firm or to realise the property of the firm.



- (b) Section 11 of the Indian Contract Act, 1872 provides that a minor is not capable to enter into a contract. A contract with minor is *void-ab-initio*. A minor cannot be enforced to pay off his liabilities. Parents or guardians of minor are also not liable for any contract entered by minor. However, a minor is liable for supplies of necessaries out of his assets. Minor is not personally liable even for necessaries.

In the instant case, parents of Chhotu are not liable for price of mobile. Chhotu's assets are liable to make the payment of price. Hence, Mobile Sales Centre can recover only ₹ 15,000 from Chhotu i.e. equal to his assets.

#### 4. (a) Right of re-sale [Section 54 of the Sale of Goods Act, 1930]:

The unpaid seller can exercise the right to re-sell the goods under the following conditions:

- (i) **Where the goods are of a perishable nature:** In such a case, the buyer need not be informed of the intention of resale.
- (ii) **Where he gives notice to the buyer of his intention to re-sell the goods:** If after the receipt of such notice, the buyer fails within a reasonable time to pay or tender the price, the seller may resell the goods.

It may be noted that in such cases, on the resale of the goods, the seller is also entitled to:

- (a) Recover the difference between the contract price and resale price, from the original buyer, as damages.
- (b) Retain the profit if the resale price is higher than the contract price.

It may also be noted that the seller can recover damages and retain the profits only when the goods are resold after giving the notice of resale to the buyer. Thus, if the goods are resold by the seller without giving any notice to the buyer, the seller cannot recover the loss suffered on resale. Moreover, if there is any profit on resale, he must return it to the original buyer, i.e. he cannot keep such surplus with him [Section 54(2)].

- (iii) **Where an unpaid seller who has exercised his right of lien or stoppage in transit resells the goods:** The subsequent buyer acquires the good title thereof as against the original buyer, despite the fact that the notice of re-sale has not been given by the seller to the original buyer.
- (iv) **A re-sale by the seller where a right of re-sale is expressly reserved in a contract of sale:** Sometimes, it is expressly agreed between the seller and the buyer that in case the buyer makes default in payment of the price, the seller will resell the goods to some other person. In such cases, the seller is said to have reserved his right of resale, and he may resell the goods on buyer's default.

It may be noted that in such cases, the seller is not required to give notice of resale. He is entitled to recover damages from the original buyer even if no notice of resale is given.

- (v) **Where the property in goods has not passed to the buyer:** The unpaid seller has in addition to his remedies a right of withholding delivery of the goods. This right is similar to lien and is called "quasi-lien".

- (b) According to Section 13(e) of Indian Partnership Act, 1932, every partner has the right to be indemnified by the firm in respect of payments made and liabilities incurred by him in the ordinary and proper conduct of the business of the firm as well as in the performance of an act in an emergency for protecting the firm from any loss, if the payments, liability and act are such as a prudent man would make, incur or perform in his own case, under similar circumstances.

In the instant case, due to some emergency, A sold the stock at lower price to save the firm from loss. A couldn't contact B as he was on foreign trip.

Hence, on the basis of above provisions and facts of the problem given, selling by A at a lower price was to save the firm from loss. As the act of A was in favour of firm, he was not liable to bear the loss.

5. (a) As per Section 4(3) of the Sale of Goods Act, 1930, where under a contract of sale, the property in the goods is transferred from the seller to the buyer, the contract is called a sale, but where the transfer of the property in the goods is to take place at a future time or subject to some condition thereafter to be fulfilled, the contract is called an agreement to sell and as per Section 4(4), an agreement to sell becomes a sale when the time elapses or the conditions are fulfilled subject to which the property in the goods is to be transferred.

Further Section 2(6) defines “future goods” means goods to be manufactured or produced or acquired by the seller after making of the contract of sale.

In the instant case, on the basis of above provisions and facts, it can be said that there was an agreement to sell between Ram Bilas Yadav and Anna Chips Company because the goods under agreement was future goods. Even the payment was made by Anna Chips Company, the property in goods can be transferred only after the goods is ascertained. As the goods was not ascertained, property is not passed to buyer. Hence, Ram Bilas Yadav must return the price to Anna Chips Company.

- (b) The Articles of Association (AOA) of a company are its rules and regulations, which are framed to manage its internal affairs. Just as the Memorandum contains the fundamental conditions upon which the company is allowed to be incorporated, so also the articles are the internal regulations of the company (*Guinness vs. Land Corporation of Ireland*). Further according to the decision taken in case of *S.S. Rajkumar vs. Perfect Castings (P) Ltd.*, the document containing the AOA of a company (the Magna Carta) is a business document; hence it has to be construed strictly. It regulates the domestic management of a company and creates certain rights and obligations between the members and the company.

On the basis of above, it can be said that Official assignee of Mr. Neeraj is bound by the AOA.

6. (a) (i) **Agreements made out of love and affection are valid agreements:** A written and registered agreement based on natural love and affection between the parties standing in near relation (e.g., husband and wife) to each other is enforceable even without consideration. The various conditions to be fulfilled as per Section 25(1) of the Indian Contract Act, 1872:
- (A) It must be made out of natural love and affection between the parties.
  - (B) Parties must stand in near relationship to each other.
  - (C) It must be in writing.
  - (D) It must also be registered under the law.

Hence, the agreements made out of love and affection, without consideration, shall be valid, if the above conditions are fulfilled.

- (ii) **Promise to pay a time barred debt cannot be enforced:** According to Section 25(3) of the Indian Contract Act, 1872, where a promise in writing signed by the person making it or by his authorised agent, is made to pay a debt barred by limitation is valid without consideration.

Hence, this statement is not correct.

**Note:** The above statement can be correct also on the basis of the “Discharge of Contract by Lapse of time” as per Limitation Act, 1963, and accordingly it can be mentioned that contract should be performed within a specified period as prescribed by the Limitation Act, 1963 and if no action is taken by the promisee within the specified period of limitation, he is deprived of remedy at law.

**(b) “Sharing in the profits is not conclusive evidence in the creation of partnership”**

Sharing of profit is an essential element to constitute a partnership. But it is only a prima facie evidence and not conclusive evidence, in that regard. The sharing of profits or of gross returns accruing from property by persons holding joint or common interest in the property would not by itself make such persons partners. Although the right to participate in profits is a strong test of partnership, and there may be cases where, upon a simple participation in profits, there is a partnership, yet whether the relation does or does not exist must depend upon the whole contract between the parties.

Where there is an express agreement between partners to share the profit of a business and the business is being carried on by all or any of them acting for all, there will be no difficulty in the light of provisions of Section 4 of the Indian Partnership Act, 1932, in determining the existence or otherwise of partnership.

But the task becomes difficult when either there is no specific agreement or the agreement is such as does not specifically speak of partnership. In such a case for testing the existence or otherwise of partnership relation, Section 6 has to be referred.

According to Section 6, regard must be had to the real relation between the parties as shown by all relevant facts taken together. The rule is easily stated and is clear, but its application is difficult. Cumulative effect of all relevant facts such as written or verbal agreement, real intention and conduct of the parties, other surrounding circumstances etc., are to be considered while deciding the relationship between the parties and ascertaining the existence of partnership.

Hence, the statement is true / correct that mere sharing in the profits is not conclusive evidence.

- (c)** Mike LLC is incorporated in Singapore and having a place of business in Pune, India. Since, Mike LLC is incorporated outside India and having a Place of business in India, hence it is a foreign Company.

**Foreign Company [Section 2(42) of the Companies Act, 2013]:** It means any company or body corporate incorporated outside India which—

- (i) has a place of business in India whether by itself or through an agent, physically or through electronic mode; and
- (ii) conducts any business activity in India in any other manner.

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

### ANSWERS

1. (a) (1) Option a  
(2) Keto or ketogenic diet allows the body to use fat and not sugar for releasing energy.  
(3) Option b  
(4) Option d  
(5) The diet trends: New diets and their effects;
- (b) (1) Sundarbans  
(a) Sprd ovr Bay of Bengal  
(b) Mangrove forests  
(c) Actv delta rgn  
(d) Largest in wrld
- (2) Inside Sunderbans  
(a) 10,000 sq km acrs B'desh and India  
(b) 40% in India  
(c) Home to thrtnd and rare spcs  
(i) Estuarine crocodile  
(ii) Royal Bengal Tiger  
(iii) Water monitor Lizard  
(iv) Gangetic Dolphin  
(v) Olive ridley turtle  
(d) Only mngr fst in the wrld
- (3) WWE- prty rgn  
(a) Unq bdvsty  
(b) Ecgly frgl, clmtcly vlnrbl rgn  
(c) 4.5 mln ppl rsde  
(d) Acs to clean stnbl ergy
- (4) WWE India vsn to make Sundarbans  
(a) Clmt rsInt  
(b) and has sntbl dvlpmnt

#### Key:

- (1) Sprd= spread  
(2) Ovr= over  
(3) Actv= active  
(4) Rgn= region

- (5) wrld= world
- (6) Acrs= across
- (7) B'desh= Bangladesh
- (8) Thrthn= threatened
- (9) Spcs= species
- (10) mngr= mangrove
- (11) fst= forest
- (12) Prt= priority
- (13) unq= unique
- (14) Bdvsty= biodiversity
- (15) Ecgly= ecologically
- (16) Frgl= fragile
- (17) Cmlctly= climactically
- (18) Vlnrbl= vulnerable
- (19) Mln= million
- (20) Ppl= people
- (21) Rsd= reside
- (22) Acs= access
- (23) Stnbl=sustainable
- (24) Ergy=energy
- (25) Vsn= vision
- (26) Clmt= climate
- (27) Rslnt= resilient
- (28) Dvlpmnt= development

## Summary

Sunderbans, an active delta region with over 40,000km of stretch is largest in the world. A cluster of low lying islands, the forest area is spread over Bangladesh and India and is the only mangrove forest in India with wild tigers. A host to threatened and rare species like the water monitor lizard, Gangetic dolphin etc, the forests have been a hub of ecological balance. The WWE has its visions to maintain the ecological bi diversity and make for the sustainable development in the region.

2. (a) Business English skills are essential for getting ahead at the work place.
  - 1) Improving Business English knowledge and vocabulary helps to work more effectively.
  - 2) It opens new career opportunities.
  - 3) It helps in developing interview skills and write emails with clarity.
  - 4) It increases awareness on business topics and issues.
  - 5) Business English is the language used for Correspondence and Reporting.

- (b) (i) Option b  
 (ii) Option a  
 (iii) Shikha said, 'I have finished the work already'.  
 (c) Precis writing

### Our thoughts make us the winner

A man's thoughts are one of the important factor to shape his destiny. The stronger you believe, the closer you are to your goal. Battles in life are not won by anybody faster or stronger. One can mould one's destiny with one's beliefs and conviction. So believe in your success with thoughts of purpose and perseverance and nothing can stop you. A strong desire to bring the thoughts into action can help to achieve success. One who thinks he can win, wins!

3. (a) Body language, that is facial expressions, gestures, stances and other physical signals constitute a means of communication known as non verbal communication. For example, leaning forward may mean friendliness, acceptance and interest, while crossing arms can be interpreted as antagonistic or defensive posture. Smiles, frowns, pursing of lips, clenching of wrists etc. transmit emotions which are not expressed through verbal communication.
- (b) (i) Option 3  
 (ii) Option 3  
 (iii) Siddhant told his colleague that couldn't work anymore.

- (c) Horizon Public School

Jaipur, Rajasthan

27<sup>th</sup> Sept, 2023

M/s Vinayak School Supplies,

Jaipur, Rajasthan

Dear Sir/Madam

Subject: Bulk order for school supplies

We would like to place a bulk order of various types of school supplies for our school. Please find the detailed list below:

Name of the product	Quantity
Black Board	25
White Board	30
Duster, Chalks, Marker box	20 each
Dust bins	30
Bulletin Boards	28
Book shelves	20
World map	10

We request you to send us an approximate price list for the above mentioned items. Also, a discount on the above items would be highly appreciated.

Kindly also mention the tentative delivery date for the order.

Waiting for a quick response!

Thanks and Regards

Rakesh Tripathi

Admin Head,

Horizon Public School

4. (a) The effectiveness of written communication depends on grammar, writing style, vocabulary and clarity. The choice of words, framing of suitable sentences, division of paragraphs, inclusion of anecdotes and dialogues and use of illustrations and examples, decide whether the written content makes an impact on the readers. A simple idea can be expressed in a beautiful way by using interesting, specific and jargon based words. This is a time consuming and laborious task. One may write, delete and rewrite before the final product is ready.
- (b) (i) Priya said that they would sing a song.  
(ii) A 10 year old child repaired the car.  
(iii) A protest was held by farmers in the city the previous day.

- (c) Increasing incidents of Cyber Bullying and its consequences:

**Hints:**

- Cyber crime has been increasing every year.
- More than crime it is now cyber bullying.
- Cyber bullying occurs over digital devices and platforms like sms, chats, social media etc.
- There is a thin line of difference between bullying and making fun
- Cyber bullying may include sending abusive/ hurting/ threatening messages or videos.
- Impersonating someone and sending wrong messages by faking identity.
- One should be cautious while sharing email ids and personal social media account details.
- Any kind of bullying should be immediately reported.
- Cyber police is very active and alert.
- Staying quiet and tolerating a stalker is a crime in itself.

OR

Need to use renewable energy resources

**Hints:**

- (1) With the increase in population and urbanization, resources being used would come to an end.
- (2) Over use of non renewable resources would not be beneficial for the future generations.
- (3) Need of the hour; shift to renewable sources of energy like Solar, wind, tidal, hydro etc.
- (4) These resources are cost effective, safe, no side effects, do not cause pollution.
- (5) Initial cost of shifting from non- renewable to renewable sources might be high but there are many long term benefits.
- (6) We should act as responsible citizens of the world.

(7) Let's make the Earth a better place to live.

5. (a) **Informal Communication** is casual, friendly and unofficial. It is spontaneous conversation and exchange of information between two or more persons without being restricted to rules, processes, systems, formalities and chain of command.

Since informal communication is between families, friends, neighbours, members of the community and other social relations which are based on common interests, and dispositions, the Information can flow from any source in any direction.

- (b) (i) Option 2  
 (ii) Option 4  
 (iii) The pavement was hit by a fast moving bike.

(c) **Option 4**

**Formal Report (Hints)**

To: Management division

From: HR

Date: 5<sup>th</sup> May 2023

Subject: Proposal for conducting health and hygiene workshops

Acknowledgements: Names of people who helped in drafting the report

**Contents:**

1. Need for awareness about health and hygiene
2. Lifestyle diseases are increasing: Reason and understanding
3. Methodology and plan of action
4. Cost, inventory and expenditure details

**Summary**

We propose to conduct workshops focusing on health and hygiene to spread awareness about the health issues. With the increasing mental stress and unhealthy lifestyle, one must spare time to work on one's health and do the best for it. This can be a good opportunity to discuss the importance of exercise and cleanliness in life. We propose to have talks, group discussions, quiz sessions to engage the audience in a unique way.

OR

**Agenda for meeting**

Time	Topic	Attendees	Speaker	Duration
9:00am	Introduction: Need for training programs	Names of the participants	Name of the speaker	15 mins
9:15 am	How training helps	Names of the participants	Name of the speaker	30 mins
9:45 am	Practical knowledge, interaction, group discussions is the need of the hour after covid.	Name of the participants	Name of the speaker	30 mins



10:15 am	Tea break	All members		
10:40 am	Training improves personality; gives a better overview of the company	Names of the participants	Name of the speaker	35 mins
11:15 am to 11:25	Thank you Note	Name of the participants	Chairperson/CEO	10 mins



## 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.

1. (a) Mr. Nikhil has decided to get interior work for his new office. For this purpose, he entered into a contract with M/s Sherry Fine Interiors. It was agreed that M/s Sherry Fine Interiors will complete the interior work latest by 31<sup>st</sup> January, 2023. On 31<sup>st</sup> January, 2023, Mr. Nikhil observed that only 20% to 30% work has been completed. He decided to cancel the contract with M/s Sherry Fine Interiors. On cancellation of the contract, M/s Sherry Fine Interiors filed a suit against Mr. Nikhil for recovery of the cost which it has incurred on the interior work. Mr. Nikhil argued that M/s Sherry Fine Interiors did not complete the work within the time as per contract and further the work done till 31<sup>st</sup> January, 2023 by M/s Sherry Fine Interiors was of no use for him as he has to appoint a new interior designer. Explain, whether Mr. Nikhil is liable to pay the cost of work done by M/s Sherry Fine Interiors under the provisions of Indian Contract Act, 1872? **(4 Marks)** TICA
- (b) ABC Private Limited is a registered company under the Companies Act, 2013 with paid up capital of ₹ 35 lakhs and turnover of ₹ 2.5 crores. Whether the ABC Private Limited can avail the status of a Small Company in accordance with the provisions of the Companies Act, 2013? Also discuss the meaning of a Small Company. **(4 Marks)** CA
- (c) Discuss the essential elements regarding the sale of unascertained goods and its appropriation as per the Sale of Goods Act, 1930. **(4 Marks)** SOGA
2. (a) As per the general rule, "Stranger to a contract cannot file a suit in case of breach of contract". Comment and explain the exceptions to this rule as per the provisions of the Indian Contract Act, 1872. **(7 Marks)** TICA
- (b) Discuss the liabilities of Limited Liability Partnership (LLP) and its partners in case of fraud as per the provisions of the Limited Liability Partnership Act, 2008. **(5 Marks)** LLP
3. (a) (i) What do you mean by 'Partnership for a fixed period' as per the Indian Partnership Act, 1932? **(2 Marks)** TIPA
- (ii) Can a minor become a partner in a partnership firm? Justify your answer and also explain the rights of a minor in a partnership firm. **(4 Marks)** TIPA
- (b) Ayush, who is a minor, purchased 10 fancy coats for the wedding ceremony of his sister on credit from M/s Surjewala & sons. The cost of all coats was ₹ 80,000. Not even a single coat was a necessity. Ayush has assets of worth of ₹ 1,00,000. M/s Surjewala & sons file a suit against Ayush for recovery of ₹ 80,000 out of his assets. Following the provisions of Indian Contract Act, 1872, whether Ayush is liable to pay ₹ 80,000 to M/s Surjewala & sons? **(6 Marks)** TICA
4. (a) Describe in brief the rights of the buyer against the seller in case of breach of contract of Sale under Sale of Goods Act, 1930. **(6 Marks)** SOGA

- (b) P, Q and R are partners in a partnership firm. R retires from the firm without giving public notice. P approached S, an electronic appliances trader, for purchase of 25 fans for his firm. P introduced E, an employee of the firm, as his partner to S. S believing E and R as partners supplied 25 fans to the firm on credit. S did not receive the payment for the fans even after the expiry of the credit period. Advise S, from whom he can recover the payment as per the provisions of the Indian Partnership Act, 1932. **(6 Marks)** TIPA
5. (a) Samar was in search of a second-hand car. For this purpose, he approached "Car Wala 007", a dealer in pre-owned cars. The sales manager of "Car Wala 007" showed him three cars which were standing in the parking lane just outside the office. Samar finalised red Wagon R car. After completing the documenting formalities and receiving the price of car, sales manager of "Car Wala 007" handed over the key of car to Samar. But when Samar was coming to parking area for picking the car, the electric poll fell on the car which badly damaged the car. Samar claimed that repair expenses of the car should be borne by "Car Wala 007" as car was not delivered to him. Referring to the provisions of the Sales of Goods Act 1930, state who will be liable to get the car repaired? **(6 Marks)** SOGA
- (b) Explain the concept of 'Corporate Veil'. Briefly state the circumstances when the corporate veil can be lifted as per the provisions of the Companies Act, 2013. **(6 Marks)** CA
6. (a) "Liquidated damage is a genuine pre-estimate of compensation of damages for certain anticipated breach of contract whereas Penalty on the other hand is an extravagant amount stipulated and is clearly unconscionable and has no comparison to the loss suffered by the parties". Explain the statement by differentiating between liquidated damages and penalty with reference to provisions of the Indian Contract Act, 1872. **(5 Marks)** TICA
- (b) What is the difference between partnership and co-ownership as per the Indian Partnership Act, 1932? **(4 Marks)** TIPA
- (c) Mr. R, a manufacturer of toys approached MNO Private Limited for supply of raw material worth ₹ 1,50,000/-. Mr. R was offered a credit period of one month. Mr. R went to the company prior to the due date and met Mr. C, an employee at the billing counter, who convinced the former that the payment can be made to him as the billing-cashier is on leave. CA
- Mr. R paid the money and was issued a signed and sealed receipt by Mr. C. After the lapse of due date, Mr. R received a recovery notice from the company for the payment of ₹ 1,50,000/-.
- Mr. R informed the company that he has already paid the above amount and being an outsider had genuine reasons to trust Mr. C who claimed to be an employee and had issued him a receipt.
- The Company filed a suit against Mr. R for non-payment of dues. Discuss the fate of the suit and the liability of Mr. R towards company as on current date in consonance with the provision of the Companies Act 2013? Would your answer be different if a receipt under the company seal was not issued by Mr. C after receiving payment? **(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:

Wealth management is an extremely personal industry, with the client dictating the face and personality of the management strategies being pursued. An in-depth analysis of the wealth management space indicates that, over the years, there has been a significant evolution in client segmentation. There has been a gradual yet decided shift in the ownership of the person or client that wealth managers deal with, and these are the people who have the decision-making power when it comes to decoding portfolio tactics. While a male member of the family, usually a patriarch in the 60 to 70-year age group, would have been the client and deciding force behind wealth management portfolios a few decades earlier, managers today are meeting with individuals in their 30s and 40s. Further, wealth management is no longer the bastion of men – today, clients are both male and female and they have equal decision-making power, indicating strong equality in the ecosystem. One of the biggest changes in wealth management revolves around the average age of the decision-makers. Wealth managers are witnessing a major shift in this area, with millennials taking over from their predecessors and injecting a much-needed dose of vitality and innovation into the environment. This generational shift in wealth is also visible from the results of the IIFL Wealth Hurun India Rich List 2022, which indicates that the youngest on the list today is a teenager, as against a 37-year-year-old a decade ago. The decreasing age of the wealthy also adds an element of risk-taking to the wealth management space because, being in their prime, these individuals are willing to take on greater risk in the pursuit of higher returns, something which wasn't the case just a decade or so earlier.

The next major trend that wealth managers have witnessed is the increasing number of female clients coming to the forefront of the ecosystem. With equal deciding power as their male counterparts, women are taking the reins of finance into their own hands and making decisions that attest to their individual personalities and requirements. Gone is the era when a woman's financial well-being was dependent on her father, brother or husband. Today, women are charting their own path, be it on their education and career fronts or in their financial lives. There is greater awareness and understanding of the nuances of finance and wealth management is slowly transitioning into a sector wherein women now play an active role.

As the average age of the decision-maker trends downward, there is one segment of the clientele which is playing a bigger part in making this a reality and that is Gen Z.

Wealth managers are now noticing youngsters, who belong to the late millennial and early Gen Z tribe, coming in and playing a leading role in managing at least a part of the portfolio themselves. Retail investments in India have grown steadily, as indicated by the sustained rise in demat accounts, and a number of the younger individuals today are extremely well-versed with money matters and proactively manage their investment portfolios. In this scenario, while they invite advice from wealth managers, these individuals are running the last mile of the race themselves, building up a portfolio, which reflects their unique personas and focus sectors.

(1) What adds an element of risk today to wealth management? **(1 Mark)**

(2) What factors indicate that retail investments in India have grown steadily?

**(1 Mark)**

(3) 'Women are taking the reins of finance into their own hands'. What does the word 'rein' mean as used in this line? **(1 Mark)**

(a) Responsibility

(b) Wish

(c) Fear

(d) Command

(4) Select a suitable title for the passage: **(1 Mark)**

(a) Wealth an management

(b) Wealth management

(c) Wealth management and its changing trends

(d) Rise of wealth in management

(5) 'Wealth management is no longer the bastion of men'. Choose a suitable synonym for bastion: **(1 Mark)**

(a) Stronghold

(b) Control

(c) Dedication

(d) Duty

(b) Read the following passage

El Niño refers to the change in climate across the Pacific Ocean. Although it normally occurs every two to seven years, the El Niño phenomenon has taken place more often in the past three decades. El Niños have an effect on climate and weather around the

globe. A single phase can last for about one and a half years and is often followed by an opposite climate pattern called, La Niña.

The term El Niño means “Christ child” and was first used by Peruvian fishermen. They discovered that in some years there were fewer fish around Christmas time.

In normal years, cold water comes from the Antarctic region and flows along the eastern coast of South America. A high-pressure area develops, warms the water on the surface and pushes it in a westward direction. In the western Pacific, the air becomes warmer. A low-pressure area forms and leads to tropical rainfall in Indonesia and northern Australia.

Because of this climate cycle cold water rises from deeper regions of the South American coast to replace the warmer water on the surface. This part of the ocean belongs to the richest fishing regions of the world because fish can find more than enough food.

During a typical El Niño phase, the air pressure is higher than normal in the western Pacific and lower than normal on the South American coast. Ocean temperatures along Peru and Chile become higher and the water does not have the nutrients that fish need to survive. They stay in the colder regions near the Antarctic. Other animals that feed on fish also suffer so that the whole food chain is affected. In addition, more rainfall comes to a normally dry area and occasional flooding also occurs. On the other side, eastern Australia and Indonesia are hit by unusual periods of dry weather. Climate experts have seen more tropical storms in the central Pacific during an El Niño year.

El Niño does not only affect the climate of the Pacific regions but has an impact on global climate. Climatologists claim that frequent occurrences of El Niño are another sign of global warming.

- (i) Make notes, sub-heading, abbreviations, wherever necessary giving a suitable title **(3 Marks)**
- (ii) Write a summary **(2 Marks)**
- 2. (a) Write a short note on ‘Oral Communication’ and its nuances. **(2 Marks)**
- (b) (i) Choose the suitable synonym for the word: **(1 Mark)**  
Exorbitant
  - a. Inflated
  - b. Reasonable
  - c. Initiate
  - d. Encouraging

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

Innumerable

- a. Resistive
- b. Limited
- c. Probable
- d. Uncountable

(iii) Change the following sentence into direct speech

Rhea said that she had gone to the market the previous day. **(1 Mark)**

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

Knowledge Management is the management of the accumulated expertise and abilities within the organization by the collaboration of right people and right information. Knowledge management is the framework within which the organization views all its processes as knowledge processes. In this respect, all business processes involve creation, dissemination, renewal and application of information towards organizational sustenance and survival. Knowledge management is becoming increasingly important because of a paradigm shift in the world from one, which was predictable to one of rapid discontinuous change.

The words Intellectual Capital and Knowledge Management are sometimes used synonymously, however there is a slight difference. Intellectual Capital is all about measuring and quantifying the intellectual assets of a firm, whereas Knowledge Management includes the development, creation, and management of knowledge assets. In other words, it is an active and dynamic procedure. At this point, there are two schools of thought. The first believes in the management of information entirely whereas the second focuses on people.

3. (a) Why is vertical communication a two-way process? **(2 Marks)**

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

Abstract

- (1) Trustworthy
- (2) Powerful
- (3) Hypothetical
- (4) Empower

(ii) Choose the option which best expresses the opposite meaning of the word  
Inevitable **(1 Mark)**

- (1) Recognizable
- (2) Unruly
- (3) Threatened
- (4) Avoidable

(iii) Change the following into indirect speech **(1 Mark)**  
John said to his teacher, 'Please help me!'

(c) You are Ms. Lakshmi Ranganathan, Administration Head at Broadridge Communications, Hyderabad, Telangana. Write a letter of enquiry to Woodland Furniture Pvt Ltd Hyderabad, enquiring about the prices for office furniture (desks, chairs, bookshelves etc.). You may ask about product details, delivery time, and warranty. **(5 Marks)**

4. (a) Why may the chain network take a longer time? Explain briefly. **(2 Marks)**

(b) (i) Change the following sentence into indirect speech **(3 Marks)**  
Shireen said "I want to go to the local market".

(ii) Change the following sentence into active voice  
The question paper was made by me.

(iii) Change the following sentence into passive voice  
We cleared the trash yesterday.

(c) Write a 250 word article on the topic 'Each one teach one'

OR

Write a 250 word article on the topic 'United we stand, divided we fall' **(5 Marks)**

5. (a) 'Emotional awareness is a necessary element for good communication'. Comment. **(2 Marks)**

(b) Select the correct meaning of the following idiom/phrase **(3 Marks)**

- (i) A penny saved is a penny earned
- (1) To spend all your money
  - (2) To get robbed
  - (3) Not spending money, saves it
  - (4) Spending your money, saves it



- (ii) A piece of cake
- (1) Something very sweet
  - (2) A bakery item
  - (3) To have fun
  - (4) Something very easy
- (iii) Change the sentence into passive voice  
Farida switched on the fan.
- (c) Choose the word that best expresses the meaning of the given word **(1 Mark)**  
Forbidden
- (1) Not allowed
  - (2) Permissible
  - (3) Dangerous
  - (4) Famous
- (d) You are a senior member of the Sales team explaining the need to improve the sales for FY 2024, to handle the growing competition in the field of FMCG. Write a report using the official report format proposing to conduct monthly sales meets to understand, explain, present and discuss the sales figures on a monthly basis.
- OR
- The Chairman of Arvind Agro industries has decided to stop operations and manufacturing at one of their plants based in Solan, Himachal Pradesh. Prepare an agenda of the meeting to discuss the need for the closure, causes and effects, consequences and other related discussions. The meeting will be attended by the heads of the sales and marketing division, Solan plant manager, Solan plant chairman and vice chairman of the organization, admin heads and few members of the workers Union. **(4 Marks)**

## MOCK TEST PAPER - 2

### FOUNDATION COURSE

#### PAPER 2: BUSINESS LAWS AND BUSINESS CORRESPONDENCE AND REPORTING

#### SECTION A: BUSINESS LAWS

#### Answers

1. (a) Section 2(i) of Indian Contract Act, 1872 provides that an agreement which is enforceable by law at the option of one or more parties thereto, but not at the option of the other or others is a voidable contract. Further, when a party to a contract promise to perform a work within a specified time, could not perform within that time, the contract is voidable at the option of the promisee. If promisee has received any benefit, he must return to promisor.

In the given problem, the contract is voidable at the option of Mr. Nikhil as work is not completed within the time agreed in the contract. Further, Mr. Nikhil is not liable to pay the cost incurred by M/s Sherry Fine Interiors as that cost did not provide any benefit to him and he has to appoint a new interior designer.

- (b) **Small Company:** Small Company as defined under Section 2(85) of the Companies Act, 2013 means a company, other than a public company—

- (i) **paid-up share capital** of which does not exceed ₹ 4 crore or such higher amount as may be prescribed which shall not be more than ₹ 10 crore; and
- (ii) **turnover** of which as per profit and loss account for the immediately preceding financial year does not exceed ₹ 40 Crore or such higher amount as may be prescribed which shall not be more than ₹ 100 crore.

**Exceptions:** This clause shall not apply to:

- (A) a holding company or a subsidiary company;
- (B) a company registered under section 8; or
- (C) a company or body corporate governed by any special Act.

In the instant case, since the paid-up capital of ABC Private Limited is ₹ 35 Lakhs and turnover is ₹ 2.5 crore, it can avail the status of a small company as both the requirements with regard to paid-up share capital as well as turnover are fulfilled by the Company.

- (c) **Sale of unascertained goods and Appropriation [Section 23(1) of the Sale of Goods Act, 1930]**

Where there is a contract for the sale of unascertained goods by description and goods of that description are in a deliverable state are unconditionally appropriated to the contract, either by the seller with the assent of the buyer or by the buyer with the assent of the seller, the property in the goods thereupon passes to the buyer.

Whereas, Appropriation of goods involves selection of goods with the intention of using them in performance of the contract and with the mutual consent of the seller and the buyer.

**The essentials elements are:**

- (a) There is a contract for the sale of unascertained or future goods.
- (b) The goods should conform to the description and quality stated in the contract.
- (c) The goods must be in a deliverable state.

- (d) The goods must be unconditionally (as distinguished from an intention to appropriate) appropriated to the contract either by delivery to the buyer or his agent or the carrier.
  - (e) The appropriation must be made by:
    - (i) the seller with the assent of the buyer; or
    - (ii) the buyer with the assent of the seller.
  - (f) The assent may be express or implied.
  - (g) The assent may be given either before or after appropriation.
2. (a) Under the Indian Contract Act, 1872, the consideration for an agreement may proceed from a third party; but the third party cannot sue on contract. Only a person who is party to a contract can sue on it.

The aforesaid rule, that **stranger to a contract cannot sue** is known as a “**doctrine of privity of contract**”, is however, subject to certain exceptions. In other words, even a stranger to a contract may enforce a claim in the following cases:

- (1) **In the case of trust**, a beneficiary can enforce his right under the trust, though he was not a party to the contract between the settler and the trustee.
  - (2) **In the case of a family settlement**, if the terms of the settlement are reduced into writing, the members of family who originally had not been parties to the settlement, may enforce the agreement.
  - (3) **In the case of certain marriage contracts/arrangements**, a provision may be made for the benefit of a person, who may file a suit though he is not a party to the agreement.
  - (4) **In the case of assignment of a contract**, when the benefit under a contract has been assigned, the assignee can enforce the contract but such assignment should not involve any personal skill.
  - (5) **Acknowledgement or estoppel** – Where the promisor by his conduct acknowledges himself as an agent of the third party, it would result into a binding obligation towards third party.
  - (6) **In the case of covenant running with the land**, the person who purchases land with notice that the owner of land is bound by certain duties affecting land, the covenant affecting the land may be enforced by the successor of the seller.
  - (7) **Contracts entered into through an agent**: The principal can enforce the contracts entered by his agent where the agent has acted within the scope of his authority and in the name of the principal.
- (b) **Unlimited liability in case of fraud (Section 30 of the Limited Liability Partnership Act, 2008):**
- (1) **In case of fraud:**
    - In the event of an act carried out by a LLP, or any of its partners,
    - with intent to defraud creditors of the LLP or any other person, or for any fraudulent purpose,
    - the liability of the LLP and partners who acted with intent to defraud creditors or for any fraudulent purpose,
    - shall be unlimited for all or any of the debts or other liabilities of the LLP.

However, in case any such act is carried out by a partner, the LLP is liable to the same extent as the partner, unless it is established by the LLP that such act was without the knowledge or the authority of the LLP.

(2) **Punishment:** Where any business is carried on with such intent or for such purpose as mentioned in sub-section (1), every person who was knowingly a party to the carrying on of the business in the manner aforesaid shall be punishable with

- imprisonment for a term up to 5 years and
- with fine which shall not be less than ₹ 50,000, but which may extend to ₹ 5 Lakhs.

(3) **Compensations on commission of fraud:** Where a LLP or any partner or designated partner or employee of such LLP has conducted the affairs of the LLP in a fraudulent manner, then without prejudice to any criminal proceedings which may arise under any law for the time being in force, the LLP and any such partner or designated partner or employee shall be liable to pay compensation to any person who has suffered any loss or damage by reason of such conduct.

However, such LLP shall not be liable if any such partner or designated partner or employee has acted fraudulently without knowledge of the LLP.

3. (a) (i) **Partnership for a fixed period (Indian Partnership Act, 1932):** Where a provision is made by a contract for the duration of the partnership, the partnership is called 'partnership for a fixed period'. It is a partnership created for a particular period of time. Such a partnership comes to an end on the expiry of the fixed period.

(ii) **Minor as a partner:** A minor is not competent to contract. Hence, a person who is a minor according to the law to which he is subject may not be a partner in a firm, but with the consent of all the partners for the time being, he may be admitted to the benefits of partnership.

#### **Rights of a minor in a partnership firm:**

- (i) A minor partner has a right to his agreed share of the profits and of the firm.
- (ii) He can have access to, inspect and copy the accounts of the firm.
- (iii) He can sue the partners for accounts or for payment of his share but only when severing his connection with the firm, and not otherwise.
- (iv) On attaining majority, he may within 6 months elect to become a partner or not to become a partner. If he elects to become a partner, then he is entitled to the share to which he was entitled as a minor. If he does not, then his share is not liable for any acts of the firm after the date of the public notice served to that effect.

(b) According to Section 11 of Indian Contract Act, 1872, a contract with minor is void-ab-initio. A minor cannot be enforced to pay off his liabilities. Parents or guardians of minor are also not liable for any contract entered by minor. However, a minor is liable for supplies of necessities out of his assets. Minor is not personally liable even for necessities.

In the instant case, M/s Surjewala & sons file a suit against Ayush for recovery of ₹ 80,000 out of his assets who purchased 10 fancy coats for the wedding ceremony of his sister on credit from M/s Surjewala & sons.

On the basis of the facts of the problem, coats were not necessary items for Ayush. Hence, his assets cannot be attached for payment of price of coats. Therefore, M/s Surjewala & sons cannot claim ₹ 80,000 from Ayush.

4. (a) If the seller commits a breach of contract, the buyer gets the following rights against the seller:

1. **Damages for non-delivery [Section 57 of the Sale of Goods Act, 1930]:** Where the seller wrongfully neglects or refuses to deliver the goods to the buyer, the buyer may sue the seller for damages for non-delivery.

2. **Suit for specific performance (Section 58):** Where the seller commits breach of the contract of sale, the buyer can appeal to the court for specific performance. The court can order for specific performance only when the goods are ascertained or specific and where damages would not be an adequate remedy.
  3. **Suit for breach of warranty (Section 59):** Where there is breach of warranty on the part of the seller, or where the buyer elects to or is forced to treat breach of condition as breach of warranty, the buyer is not by reason only of such breach of warranty entitled to reject the goods on the basis of such breach of warranty; but the buyer may –
    - (i) set up against the seller the breach of warranty in diminution or extinction of the price; or
    - (ii) sue the seller for damages for breach of warranty.
  4. **Repudiation of contract before due date (Section 60):** Where either party to a contract of sale repudiates the contract before the date of delivery, the other may either treat the contract as:
    - subsisting and wait till the date of delivery, or
    - he may treat the contract as rescinded and sue for damages for the breach.
  5. **Suit for interest:**
    - (1) The buyer is entitled to recover interest or special damages, or to recover the money paid where the consideration for the payment of it has failed.
    - (2) In the absence of a contract to the contrary, the court may award interest at such rate as it thinks fit on the amount of the price to the buyer in a suit by him for the refund of the price in a case of a breach of the contract on the part of the seller from the date on which the payment was made.
- (b) According to sub-section (3) of Section 32 of the Indian Partnership Act, 1932, a retiring partner along with the continuing partners continue to be liable to any third party for acts of the firm after his retirement until public notice of his retirement has been given either by himself or by any other partner. But the retired partner will not be liable to any third party if the latter deals with the firm without knowing that the former was a partner.

As per the provisions of Section 28, where a man holds himself out as a partner or allows others to do it, when in fact he is not a partner, he is liable like a partner in the firm to anyone who on the faith of such representation has given credit to the firm.

In the instant case, since Mr. R has not given the public notice of his retirement from the partnership firm and Mr. S believes that Mr. R is a partner, Mr. R will be liable to Mr. S under the provisions of Section 32.

Also Mr. E, who has been introduced as a partner of the firm to which Mr. E has not presumably denied, will also be liable for the payment of 25 fans supplied to the firm on credit along with other partners in terms of the provisions of Section 28 as stated above.

Over and above R and E, P and Q being the partners of the firm along with the firm will also be held liable to S.

Therefore, S can recover the payment from the Firm, P, Q, R and E.

5. (a) According to the provisions of the Sale of Goods Act, 1930, there are three modes of delivery, (i) Actual delivery, (ii) Constructive delivery and (iii) Symbolic delivery.

Symbolic delivery is a delivery of a thing in token of a transfer of something else, i.e., delivery of goods in the course of transit may be made by handing over documents of title to goods, like bill of lading or railway receipt or delivery orders or the key of a warehouse containing the goods is handed over to buyer.

In the instant case, Samar purchased a pre-owned car from “Car Wala 007” which was standing in the parking lane just outside of office. After completing the documenting formalities, he received the key of car from sales manager of “Car Wala 007”. But when he was coming to parking area for picking the car, the car which badly damaged due to fall of the electric poll on the car.

On the basis of above provisions and facts, it is clear that handing over the key of car is the symbolic delivery of car. Hence, Samar being owner of the car must bear the repair expenses of car.

- (b) **Corporate Veil:** Corporate Veil refers to a legal concept whereby the company is identified separately from the members of the company. Due to this, members of a company are shielded from liability connected to the company’s actions.

**Lifting of Corporate Veil:** The following are the cases where company law disregards the principle of corporate personality or the principle that the company is a legal entity distinct and separate from its shareholders or members:

- (1) **To determine the character of the company i.e. to find out whether co-enemy or friend:** It is true that, unlike a natural person, a company does not have mind or conscience; therefore, it cannot be a friend or foe. It may, however, be characterised as an enemy company, if its affairs are under the control of people of an enemy country. For this purpose, the Court may examine the character of the persons who are really at the helm of affairs of the company.
  - (2) **To protect revenue/tax:** In certain matters concerning the law of taxes, duties and stamps particularly where question of the controlling interest is in issue. Where corporate entity is used to evade or circumvent tax, the Court can disregard the corporate identity.
  - (3) **To avoid a legal obligation:** Where it was found that the sole purpose for the formation of the company was to use it as a device to reduce the amount to be paid by way of bonus to workmen, the Supreme Court upheld the piercing of the veil to look at the real transaction.
  - (4) **Formation of subsidiaries to act as agents:** A company may sometimes be regarded as an agent or trustee of its members, or of another company, and may therefore be deemed to have lost its individuality in favour of its principal. Here the principal will be held liable for the acts of that company.
  - (5) **Company formed for fraud/improper conduct or to defeat law:** Where the device of incorporation is adopted for some illegal or improper purpose, e.g., to defeat or circumvent law, to defraud creditors or to avoid legal obligations.
6. (a) **Liquidated damages** is a genuine pre-estimate of compensation of damage for certain anticipated breach of contract. This estimate is agreed to between parties to avoid at a later date detailed calculation and the necessity to convince outside parties.

**Penalty** on the other hand is an extravagant amount stipulated and is clearly unconscionable and has no comparison to the loss suffered by the parties.

### **Distinction between liquidated damages and penalty**

Penalty and liquidated damages have one thing in common that both are payable on the occurrence of a breach of contract. It is very difficult to draw a clear line of distinction between the two but certain principles as laid down below may be helpful.

1. If the sum payable is so large as to be far in excess of the probable damage on breach, it is certainly a penalty.
2. Where a sum is expressed to be payable on a certain date and a further sum in the event of default being made, the latter sum is a penalty because mere delay in payment is unlikely to cause damage.
3. The expression used by the parties is not final. The court must find out whether the sum fixed in the contract is in truth a penalty or liquidated damages. If the sum fixed is extravagant or exorbitant, the court will regard it as a penalty even if, it is termed as liquidated damages in the contract.
4. The essence of a penalty is payment of money stipulated as a *terrorem* of the offending party. The essence of liquidated damages is a genuine pre-estimate of the damage.
5. English law makes a distinction between liquidated damages and penalty, but no such distinction is followed in India. The courts in India must ascertain the actual loss and award the same which amount must not, however exceed the sum so fixed in the contract. The courts have not to bother about the distinction but to award reasonable compensation not exceeding the sum so fixed.

**(b) Partnership Vs. Co-Ownership or joint ownership i.e. the relation which subsists between persons who own property jointly or in common.**

Basis of difference	Partnership	Co-ownership
<b>1. Formation</b>	Partnership always arises out of a contract, express or implied.	Co-ownership may arise either from agreement or by the operation of law, such as by inheritance.
<b>2. Implied agency</b>	A partner is the agent of the other partners.	A co-owner is not the agent of other co-owners.
<b>3. Nature of interest</b>	There is community of interest which means that profits and losses must have to be shared.	Co-ownership does not necessarily involve sharing of profits and losses.
<b>4. Transfer of interest</b>	A share in the partnership is transferred only by the consent of other partners.	A co-owner may transfer his interest or rights in the property without the consent of other co-owners.

**(c) (i) Fate of the suit and the liability of Mr. R towards the company:**

**Doctrine of the Indoor Management**

According to the Doctrine of the Indoor Management, the outsiders are not deemed to have notice of the internal affairs of the company. They are entitled to assume that the acts of the directors or other officers of the company are validly performed, if they are within the scope of their apparent authority. So long as an act is valid under the articles, if done in a particular manner, an outsider dealing with the company is entitled to assume that it has been done in the manner required. This is the indoor management rule, that the company's indoor affairs are the company's problem. This rule has been laid down in the landmark case-*the Royal British Bank vs. Turquand*. (Known as "Turquand Rule")

In the instant case, Mr. R is not liable to pay the amount of ₹ 1,50,000 to MNO Private Limited as he had genuine reasons to trust Mr. C, an employee of the company who had issued him a signed and sealed receipt.

(ii) **Liability of Mr. R in case no receipt is issued by Mr. C:**

**Exceptions to doctrine of indoor management:** Suspicion of irregularity is an exception to the doctrine of indoor management. The doctrine of indoor management, in no way, rewards those who behave negligently. It is the duty of the outsider to make necessary enquiry, if the transaction is not in the ordinary course of business.

If a receipt under the company seal was not issued by Mr. C after receiving payment, Mr. R is liable to pay the said amount as this will be deemed to be a negligence on the part of Mr. R and it is his duty to make the necessary enquiry to check that whether Mr. C is eligible to take the payment or not.





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

**ANSWERS**

**1. (a) Passage based questions**

- (1) The decreasing age of the wealthy also adds an element of risk-taking to the wealth management space because, being in their prime, these individuals are willing to take on greater risk in the pursuit of higher returns, something which wasn't the case just a decade or so earlier.
- (2) The sustained rise in demat accounts, and a number of the younger individuals today are extremely well-versed with money matters and proactively manage their investment portfolios. These factors show that retail investments have grown in India.
- (3) Option d
- (4) Option c
- (5) Option a

**(b) Note making**

- (1) What is El nino?
  - (a) Chng in clmt in Pcfc Ocn
  - (b) Ocrs 2 to 7 yrs
  - (c) Sngl phs 1st one nd hlf yrs
  - (d) Flwd by opp clmt ptrn La Nina
  - (e) El nino mns Christ child
- (2) Flow of water and pressure
  - (a) Cld wtr flows from Antrct rgn to estrn cst of S.Amrc
  - (b) Hgh prsr area dvlp, wrms the wtr, pushes it wstwr
  - (c) Wrms wtr Home to thrtnd and rare spcs
  - (d) Wrm air in Wstrn Pcfc
  - (e) Low prsr area- rnfll in Indonesia and n Astrl
  - (f) Cld wtr rises
  - (g) Replaces wrm wtr of srfc

- (h) This rgn is rchst in fishing
- (3) A typical El nino phase
  - (a) air prsr is hghr than nrml in w. Pcfc
  - (b) air prsr is lwr thn nrml in S. Amrcn cst
  - (c) Wtr lacks ntrnts; fish do not surv
  - (d) Ocsnl flooding ocrs
  - (e) More trpcl strm in C Pcfc drng El nino yr
- (4) El nino ds not effect clmt of Pcfc rgn
- (5) Has impt on glbl clmt
- (6) Frqnt occurrences of El nino: signs of glbl wrmng, acdng to climatologists

**Key:**

- (1) Chng= changing
- (2) Clmt= climate
- (3) Pcfc= Pacific
- (4) Ocn= Ocean
- (5) Ocrs= occurs
- (6) Yrs= years
- (7) Sngl= single
- (8) Phs= phase
- (9) Lst= last
- (10) nd= and
- (11) Hlf= half
- (12) Flwd= followed
- (13) Opp= opposite
- (14) Ptrn= pattern
- (15) Mns= means
- (16) Cld= cold

- (17) Wtr= water
- (18) Antrct= Antarctic
- (19) Rgn= region
- (20) Estrn= eastern
- (21) Cst= cost
- (22) S. Amrc= South America
- (23) Hgh= high
- (24) Prsr=pressure
- (25) Dvlps=develops
- (26) Wrms= warms
- (27) wstwrđ= westward
- (28) Thrtnd= threatened
- (29) Spcs= species
- (30) Wstrn= western
- (31) Rnfl= rainfall
- (32) Astrl= Australia
- (33) Srfc= surface
- (34) Rchst= richest
- (35) Nrml= normal
- (36) Ntrnts= nutrients
- (37) Surv= survive
- (38) Ocsnl= occasional
- (39) Trpcl= tropical
- (40) Strm= storm
- (41) Impt= impact
- (42) Glbl= global
- (43) Frqnt= frequent

(44) Wrmng= warming

(45) Acdng= according

## Summary

The change in climate across the Pacific Ocean is known as the El Nino, which literally means 'Christ child', as used by Peruvian fishermen. The cold and hot water flow and pressure patters across the Antarctic region and South American led to a few discoveries about rainfall and fishing rich regions. The climate changes during El Nino also led to a disruption of the food chain. More rainfall leads to occasional flooding in dry areas. More so, tropical storms occur in an El Nino year. Frequent occurrence of El Nino result in global warming, according to climatologists.

2. (a) Communication that happens through the spoken word, either face to face or telephonic is known as 'Oral Communication'. Formal mediums like Lectures, seminars, video conferences are also part of Oral Communication.

Nuances:

(1) Effectiveness of oral communication depends on clear speech and tone of the speaker.

(2) Speaking too high/ low or too fast/slow can impair oral communication.

- (b) (i) Option a  
(ii) Option b  
(iii) Rhea said, 'I had gone to the market yesterday'

- (c) **Precis writing**

### **Knowledge Management: an emerging trend**

Knowledge management in an organization involves collaboration of right people at the right time. The rapidly changing world makes knowledge management an inevitable subject. The difference between Intellectual capital and Knowledge management is that the former involves the measuring and quantifying the intellectual assets while the latter deals with development, creation and management of knowledge assets. However, there exist two schools of thought, one that lays emphasis on management of information, while the other on people.

3. (a) Vertical communication is a two-way process because information can flow upwards and downwards in an organization. It is a form of formal communication where data that is collected flows up to the top levels of management, and instructions and orders are passed down from the management/ seniors to the subordinates for implementation.
- (b) (i) Option 3  
(ii) Option 4

(iii) John requested his teacher to help him.

(c) Broadridge Communications  
Hyderabad, Telangana  
3<sup>rd</sup> Oct, 2023

Woodland Furniture Pvt. Ltd.,  
Hyderabad, Telangana

Subject: Enquiry to purchase office furniture

Dear Sir/Madam,

This is with respect to our enquiry to purchase office furniture like Desks, Chairs, Book shelves etc.

We request you to send us a detailed price list of the office furniture and maximum time needed for delivery once the order is placed. We also expect you to provide a certain warranty period on the goods purchased; in case of any issue while using the product.

It would be great if you could share your purchase policies stating all details.

Also, an attractive discount would be highly appreciated.

Waiting for a quick response!

Thanks and Regards

Lakshmi Ranganathan

Admin Head,

Broadridge Communications

4. (a) The communication pattern that follows the chain of command from the senior to the junior is called the chain network. Communication starts at the top, like from a CEO, and works its way down to the different levels of employees. The supervisor/manager/ CEO gives commands or instructions to those working under him/her in the organization. Since this network involves multiple levels of hierarchy from CEO to manager to supervisor and so on, it may take a longer time.

- (b) (i) Shireen said that she wanted to go to the local market.  
(ii) I made the question paper.  
(iii) The trash was cleared by us yesterday.

(c) Hints:

Each One Teach One

- (1) Illiteracy is the root cause of all crimes.
- (2) An educated mind thinks better and thinks good. Whereas an uneducated or rather illiterate mind tends to go the wrong way.
- (3) In that regard, every country should make it a rule for the citizens to be literate.
- (4) As citizens we can adopt the policy of 'each one teach one'.
- (5) Students can take the responsibility of visiting rural areas and spreading the good word about literacy.
- (6) NGO's are already their bit. They can do a collaboration with public schools and get help from volunteers in this regard.
- (7) One needs to be aware of the good effects of having a 100% literate state. Kerala in India is a perfect example.
- (8) It is a chain of spreading knowledge, spreading wisdom and spreading literacy. So let's take the pledge and decide to make at least one person literate.

OR

Hints:

United we stand, divided we fall

- (1) An old adage/ old saying. Take us back to the pre independence era.
- (2) Strength comes from being together, not by being divided and fighting with each other.
- (3) Discrimination on any basis be it caste, creed, colour, culture, gender, Nationality should be kept aside. We should respect each other as human beings.
- (4) Strength can be shown by our fist. If we close all fingers, we make a fist which will have enough energy and momentum. Where as even if one finger is removed from the fist, the strength reduces.
- (5) The world is a beautiful place. Let's all respect humanity and stay united.

- (6) War and differences lead to severe consequences. Which towards the end only give loss and destruction.
- (7) Also, the adage stands true within a family. If all family members stay together and united, nobody can divide them or misuse them. There are so many mythological stories and folk tales that give us the same message.
- (8) Let's stay connected, let's stay united; no one can do any harm.
5. (a) Emotions play an important role in our interactions with other people. They are a powerful force that affect our perception of reality regardless of how hard we try to remain unbiased. In fact, intense emotions can undermine a person's capacity for rational decision-making, even when the individual is aware of the need to make careful decisions

While interacting with another person or group, it is important to understand the emotions he/she/they are bringing to the discussion. It helps us relate and answer accordingly. Thus, managing ones' own emotions and respecting the others' helps in smooth interaction.

- (b) (i) Option 3  
(ii) Option 4  
(iii) The fan was switched on by Farida.

(c) Option 1

(d) **Formal Report (Hints)**

To: Sales and Marketing Team

From: Sales team senior member

Date: 10<sup>th</sup> Oct, 2023

Subject: Proposal for conducting regular sales meet

Acknowledgements: Names of people who helped in drafting the report

**Contents:**

1. Immediate need to start regular Sales meet
2. Helps to understand sales figures on regular and short term basis.
3. Number crunch can be understood immediately.
4. Any decline in numbers can be addressed at that point; thus avoiding pending discussions.
5. Regular sales meet will keep the team motivated and alert.

6. Discussions and presentations will enable a healthy exchange of ideas.

**Summary**

We propose to have a regular sales meeting between members of the sales and marketing division. We would like to get regular updates from the members on sales of FMCG products. Looking at the cutthroat competition in the market, it is suggested that we exchange new ideas, come up with presentations and invite the young minds to contribute to increasing the sales numbers. This will ensure regular attendance on the part of the employees and encourage face-to-face open-ended discussions.

**OR**

**Agenda for meeting**

Time	Topic	Attendees	Speaker	Duration
9:00am	Introduction: Immediate need to close the Solan manufacturing plant.	Names of the participants	Vice-Chairman	15 mins
9:15 am	The reasons behind the decision	Names of the participants	Name of the speaker	30 mins
9:45 am	The impact of the closure of the plant on the sales and revenue	Name of the participants	Finance Head	30 mins
10:15 am	Tea break	All members		
10:40 am	Other related consequences after the closure: like unemployment	Names of the participants	Head of Human Resource Department	35 mins
11:15 am to 11:25	Thank you Note	Name of the participants	Chairperson/ CEO	10 mins



gopal bhoot classes

## Gopal Bhoot Classes

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Coaching center in Kolkata, West Bengal · **Open**

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4.8 ★★★★★ (383)

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**madhu singh**

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**Aditya Pandey**

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Sir is so friendly and motivating , his skills and tricks are so much helpfull. His experience and knowledge is incomparable also his teaching style is different from others he is so energetic and his books are best have all more than 20 years question in all subjects +RTP+MTP+PYQS. Thank You Sir.





**neha jain**

Local Guide · 5 reviews



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**jyoti korav**

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★★★★★ a week ago

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**Aniket Sinha**

3 reviews



★★★★★ 2 months ago

I really felt very comfortable while studying through your video's. Sir hindi meaning was very helpful in all subjects and help in memorizing. Any difficulty or help related to subject or tech are solved immediately. Thank you very much for all help and support.







**Amitabh Pandey**

3 reviews



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Gopal sir ia excellent teacher and kind too. He helps a lot in my studies, 2-3 I got confused and get nervous but he help me to come out from this. He has excellent teaching skills and his notes are too much helpful.

Thank you, so much sirji. 😊❤️🙏





**gayatri goyal**

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Sir use to solve PYQ,MTP,RTP of past 30 years chapterwise at the time of doing chapters only, for that your each doubt will be cleared at time of doing that chapter in the class. Ye mujhe bahut help kiya acha Mark's gain karne me





**abhilekha nirwan**

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Mujhe Law subject se bahut darr tha but first day se hi laga hi nahi ki wohi subject ki class hai jis se bahut darta tha





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I was from science background and don't have any base of accounts but only and only for Gopal sir I had cleared my CA Foundation Dec 2022 exam in 1st attempt





**Rohit K. (Rohit)**

1 review



★★★★★ 2 months ago

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