

**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)**
- (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)**
- (iii) Write any four exceptions to the doctrine of Caveat Emptor as per the Sale of Goods Act, 1930. **(4 Marks)**
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)**
- (ii) "LLP is an alternative corporate business form that gives the benefits of limited liability of a company and the flexibility of a partnership". Explain. **(5 Marks)**
3. (i) 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)**
4. (i) Explain any six circumstances in detail in which a non-owner can convey better title to the bona fide purchaser of goods for value under the Sale of Goods Act, 1930. **(6 Marks)**
- (ii) 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)**

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)**
- (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 "Coercion" and what are the effects of coercion under Indian Contract Act, 1872. **(5 Marks)**
- (ii) When does dissolution of a partnership firm take place under the provisions of the Indian Partnership Act, 1932? Explain. **(4 Marks)**
- (iii) 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)**

## 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