

**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)**
- (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.  
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)**
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)**
- (b) Differentiate between the Limited Liability Partnership (LLP) and Limited Liability Company. **(5 Marks)**
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)**
- (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

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)**

(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.

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)**

(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.

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)**

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

(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
(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