Test Series: October, 2018

FOUNDATION COURSE

MOCK TEST PAPER - 2

FOUNDATION COURSE

PAPER 2: BUSINESS LAWS AND BUSINESS CORRESPONDENCE AND REPORTING

SECTION 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.

Total Marks: 60

QUESTIONS

1. (a) Father promised to pay his son a sum of rupee one lakh if the son passed C.A. examination in the first attempt. The son passed the examination in the first attempt, but father failed to pay the amount as promised. Son files a suit for recovery of the amount. State along with reasons whether son can recover the amount under the Indian Contract Act, 1872. (4 Marks)

(b) Krishna, 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 Krishna as a pretended loan. This way, Krishna 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. (4 Marks)

(c) Explain the term goods and other related terms under the Sale of Goods Act, 1930. (4 Marks)

2. (a) Enumerate the persons by whom a contract may be performed under the provisions of the Indian Contract Act, 1872. (7 Marks)

(b) State the meaning of Limited Liability Partnership (LLP). What are the relevant steps to incorporate LLP? (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) ‘X’ entered into a contract with ‘Y’ to supply him 1,000 water bottles @ ₹ 5.00 per water bottle, to be delivered at a specified time. Thereafter, ‘X’ contracts with ‘Z’ for the purchase of 1,000 water bottles @ ₹ 4.50 per water bottle, and at the same time told ‘Z’ that he did so for the purpose of performing his contract entered into with ‘Y’. ‘Z’ failed to perform his contract in due course and market price of each water bottle on that day was ₹ 5.25 per water bottle. Consequently, ‘X’ could not procure any water bottle and ‘Y’ rescinded the contract. Calculate the amount of damages which ‘X’ could claim from ‘Z’ in the circumstances? What would be your answer if ‘Z’ had not informed about the ‘Y’s contract? Explain with reference to the provisions of the Indian Contract Act, 1872. (6 Marks)

4. (a) Explain the provisions of law relating to unpaid seller’s ‘right of lien’ and distinguish it from the “right of stoppage the goods in transit”. (6 Marks)
(b) A, B and C are partners in a firm called ABC Firm. A, with the intention of deceiving D, a supplier of office stationery, buys certain stationery on behalf of the ABC Firm. The stationery is of use in the ordinary course of the firm’s business. A does not give the stationery to the firm, instead brings it to his own use. The supplier D, who is unaware of the private use of stationery by A, claims the price from the firm. The firm refuses to pay for the price, on the ground that the stationery was never received by it (firm). Referring to the provisions of the Indian Partnership Act, 1932 decide:

(i) Whether the Firm’s contention shall be tenable?

(ii) What would be your answer if a part of the stationery so purchased by A was delivered to the firm by him, and the rest of the stationery was used by him for private use, about which neither the firm nor the supplier D was aware? (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) 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) “No consideration, no contract”. Discuss.

Or

What do you understand by “coercion”, describe its effect on the validity of a contract? (5 Marks)

(b) What is Partnership Deed and state the information contained therein? (4 Marks)

(c) Examine with reasons whether the following statement is correct or incorrect:

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

(ii) Affixing of Common seal on company’s documents is compulsory. (3 Marks)
1. (a) Read the passage carefully and answer the questions that follow:

In the world have we made health an end in itself? We have forgotten that health is really a means to enable a person to do his work and do it well. A lot of modern medicine is concerned with promotion of good health. Many patients as well as many physicians pay very little attention to health; but very much attention to health makes some people imagine that they are ill.

Our great concern with health is shown by the medical columns in newspapers, the health articles in popular magazines and the popularity of the television programmes and all those books on medicine. We talk about health all the time. Yet the only result of this obsession with health is the rise in the number of people with imaginary illnesses.

The healthy man should not be wasting any time talking about health; he should be using health for work, the work he does and the work that good health makes possible.

1) A healthy person should be primarily concerned with
   a) Looking after only his health
   b) The health of his near and dear ones
   c) His work which good health makes possible
   d) All of the above

2) Talking about health always makes people
   a) Suffer from imaginary diseases
   b) Smart and pro active
   c) Suffer at workplace only
   d) Promote good health

3) A suggestion we learn from the passage is:
   a) Health is the most important aspect of one’s life
   b) Work cannot be compromised
   c) Health is only a means to an end
   d) Health is a God given gift

4) According to the passage, which is true:
   a) Health must not be talked about always, but used at work
   b) Modern medicine is concerned with promotion of good health
   c) People talking of health can never develop imaginary diseases
   d) A and B but C
5) Select a suitable antonym for the word ‘promotion’
   a) Condemnation
   b) Contribution
   c) Conjugation
   d) Confederation (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)

Children spend the most productive time of the day in schools. Hence, schools should be a ‘happening place’ for them. Unless they voluntarily come to school, enjoy and understand the teaching methods, children will not like the experience. It is tragic that after 72 years of Independence, over 10 per cent of the government primary schools are still single-class room or single teacher schools; the condition being worse in the northeast. According to a World Bank survey, children in the age group 7-14 could not read even a simple story in India. Dropout rates are high and only about 25% of the children who enroll in primary education pass fifth grade.

Mere tall buildings or modern laboratories or even AC class rooms in schools cannot substitute a teacher who inspires the generation of students both inside and class room and outside. It is the duty of the government and every school management to train, motivate and compensate teachers well. Only then will they contribute willingly for the welfare of students.

In cities and towns, educated parents go out of their way to provide quality education to their children, but this does not happen in rural India. Most of the poor parents send their children to schools so that their children would get at least one meal free. As the days go by, roughly about 60 per cent drop outs are noticed for reasons known only to parents. In some states, parents take children to work whose income they believe will supplement their daily needs. They fear that they will lose the income of their children, once they go to school. Lack of awareness on the part of parents and their apathy is the root cause for not enrolling their children in schools. As we celebrate Independence Day this month and Teachers Day next month, let us remind ourselves the words of John F. Kennedy “Ask not what the country has done to you but ask what you have done to the country.” The easiest way is to adopt a primary school in our nearby area to express our solidarity to this great nation that has given us everything.

2. (a) Differentiate between the Vertical Network and the Wheel and spoke method of communication. (1 Mark)

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

Contingency
   (a) Existence (b) Evidence (c) Rebel (d) Emergency (1 Mark)

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

Proximity
   (a) Approximation (b) Assumingly (c) Remoteness (d) Cure (1 Mark)

(iii) Change the following sentences into passive voice.

   Abhishek speaks a lot on politics. (1 Mark)

(iv) Change the following sentences to indirect speech.

   The Principal said, ‘You are a bright child’. (1 Mark)
(c) Write a précis and give appropriate title to the passage given below.

The issue of war and peace has always been a focal issue in all periods of history and at all levels and relations among nations. The concern of the humankind for peace can be assessed by taking into account the fact that all religions, all religious scriptures and several religious ceremonies are committed to the cause of peace and all these advocate an elimination of war. The Shanti Path recited by the Hindus, the sermons of Pope and the commands of all the holy scriptures of the Christians, Muslims, Hindus, Sikhs and all other communities hold out a sacred commitment to peace.

Yet the international community fully realized the supreme importance of the virtue of peace against the evil of war only after having suffered the most unfortunate and highly destructive two World Wars in the first half of the 20th century. The blood soaked shreds of humanity that lay scattered in several hundred battle grounds, particularly on the soils of Hiroshima and Nagasaki, cried for peace, peace and peace on the earth. (5 Marks)

3. (a) Explain the Star Network in the channel of communication. (1 Mark)

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

Prototype
(a) Norm (b) Character (c) Tired (d) Resourceful (1 Mark)

(ii) Choose the appropriate antonym (opposite) for the word

Serene
(a) Valley (b) Young (c) Unrest (d) Harmless (1 Mark)

(iii) Change the following sentences into passive voice

People watch football matches late night (1 Mark)

(iv) Change the following sentence to indirect speech.

The athlete said, ‘I can break old records’ (1 Mark)

(c) As the Administration Head of your organization, write a letter to your vendor complaining about a faulty delivery of order (computer accessories). The quality and quantity both are a matter of concern. (5 Marks)

4. (a) List various characteristics of effective communication. Explain any two of them in your own words. (2 Marks)

(b) (i) Select the suitable antonym for the given word:

Proficient
(a) Incompetent (b) Probable (c) Skilled (d) Available (1 Mark)

(ii) Rewrite the following sentences in active voice

The test must be completed by you in one hour. (1 Mark)

(iii) Change the following sentence into Indirect speech.

She said, ‘My mother cooks well’ (1 Mark)

(c) Write an Article of about 250-300 words on the topic “GST and related reforms: what effect will it have on the Indian economy?” (5 Marks)

OR
As the School Captain, write a report of about 250-300 words for your school magazine, about Career Fair held in your school last week. Mention the institutions that participated, seminars held and interactive sessions conducted by them. (5 Marks)

5. (a) Based on communication channels, what are the different kinds of communication methods? Explain. (2 Marks)

(b) Select the correct meaning of the idioms/phrases given below.

(i) A wild goose chase
   a) Go hunting
   b) Enjoy the moment
   c) Capture the inferior
   d) Worthless search (1 Mark)

(ii) It's piece of cake
   a) Something too sweet
   b) Easy job
   c) A small bite
   d) Little to eat (1 Mark)

(ii) Change the following sentence into Indirect speech.

Brother said, ‘I have finished my studies’ (1 Mark)

(c) Prepare the Minutes of a Meeting, presided by the Chairman of HKU Pvt Ltd, an FMCG company. The main agenda of the meeting was introducing a new product, fixing a cost, discussing the Sales and Marketing and the advertising strategies. Speakers involved were: the chairperson, the Product Head, the Sales Head and the Creative Director. (5 Marks)

OR

Prepare a chronological resume of commerce background student, having worked in a firm for 1 year, and gained experience in general management skills. (5 Marks)