

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)**
- (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. Laxan 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 Laxan 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) "All contracts are agreements, but all agreements are not contracts". Comment. **(4 Marks)**
- (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)**
- (iii) What do you mean by Designated Partner? Whether it is mandatory to appoint Designated partner in a LLP? **(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) 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)**
- (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.

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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) 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)**

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).

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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 18th 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)**