

**MOCK TEST PAPER - 1**

**FOUNDATION COURSE**

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

**PAPER 2A: BUSINESS LAWS**

*Question No. 1 is compulsory.*

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

**QUESTIONS**

1. (i) Mr. Sooraj sold 10 acres of his agricultural land to Mr. Murli on 25<sup>th</sup> September 2019 for Rs. 25 Lakhs. The Property papers mentioned a condition, amongst other details, that whosoever purchases the land is free to use 9 acres as per his choice but the remaining 1 acre has to be allowed to be used by Mr. Chander, son of the seller for carrying out farming or other activity of his choice. On 12<sup>th</sup> October, 2019, Mr. Sooraj died leaving behind his son and wife. On 15<sup>th</sup> October, 2019 Mr. Murli started construction of an auditorium on the whole 10 acres of land and denied any land to Mr. Chander.

Now Mr. Chander wants to file a case against Mr. Murli and get a suitable remedy. Discuss the above in light of provisions of Indian Contract Act, 1872 and decide upon Mr. Chander's plan of action? **(4 Marks)**

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

(a)	Members (including directors)	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. **(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. **(4 Marks)**
2. (i) State the grounds upon which a contract may be discharged under the provisions of the Indian Contract Act, 1872. **(7 Marks)**
- (ii) Enumerate the circumstances in which LLP may be wound up by Tribunal. **(5 Marks)**
3. (a) "Though a minor cannot be a partner in a firm, he can nonetheless be admitted to the benefits of partnership."
- (i) Referring to the provisions of the Indian Partnership Act, 1932, state the rights which can be enjoyed by a minor partner.

- (ii) State the liabilities of a minor partner both:
1. Before attaining majority and
  2. After attaining majority. **(6 Marks)**
- (b) 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:
- (i) If P says nothing about the unsoundness of the horse to Q.
  - (ii) If P says nothing about it to Q who is P's daughter.
  - (iii) If Q says to P "If you do not deny it, I shall assume that the horse is sound." P says nothing. **(3 Marks)**
- (c) 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. (a) "A non-owner can convey better title to the bonafide purchaser of goods for value." Discuss the cases when a person other than the owner can transfer title in goods as per the provisions of the Sale of Goods Act, 1930? **(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 incharge of purchase and sale, B was incharge of maintenance of accounts of the firm and C was incharge of handling all legal matters. Recently, through an agreement among them, it was decided that A will be incharge 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) 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 woodenlogs 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.
- (i) Explain the duty of the buyer as well as the seller according to the doctrine of "Caveat Emptor".
  - (ii) Whether Mr. Das would be able to get the money back or the right kind of wood as required serving his purpose? **(6 Marks)**

(b) 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)**

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)**

(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)**

(c) Alfa school started imparting education on 1<sup>st</sup> April, 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 30<sup>th</sup> March 2018, it came to the knowledge of the Central Government that the said school was operating by violating the objects 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)**

MOCK TEST PAPER 1

FOUNDATION COURSE

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 Centres for Disease Control and Prevention (CDC) released a report according to which 8.1 percent of adult ages 20 and over 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 in the brain. Constant feeling of sadness or loss of attentiveness characterises 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**. It 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 improve 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)**

Are your children toxic? I don't mean 'toxic' as in the pain-in-the-neck teenager state that occurs between the ages of 12 and 16 but because they grunt instead of talk, loiter about sighing endlessly for hours on end. I mean, are your children having the kind of childhood that is damaging them in a way that will debilitate them for the rest of their lives?

All around the world, teachers are examining and discussing how the cultural and the lifestyle changes of the past 25 years are affecting the lives of children. They know that many of the changes that benefit adults are far from healthy for our children. A toxic cocktail of the side effects of cultural change is now damaging the social, emotional and cognitive development of a growing number of children. Children's authors and leading childcare experts called on the government of Britain to act to prevent childhood being killed off altogether. According to them, processed food, computer games and over competitive education are poisoning today's children and increasingly children are being forced to act and dress like mini adults.

Research backs what these childcare experts are saying. Changes in diet, child care patterns, parenting, family structures, play, bed times, family interaction, education, marketing, peer pressure, technology, electronics, and the way we communicate with our children are creating a 'toxic mix' that is damaging them. Children are becoming increasingly unhealthy and depressed, and are experiencing growing levels of behavioural and developmental problems. Not only this, the experts also point out that children lack first-hand experience of the world and regular interaction with their parents.

Of course, we do not need experts or research to tell us that academic pressure, marketing, absent careerist parents and the rest of the modern toxic mix is damaging our children. We can see it here in the increase in childhood obesity and childhood diabetes; in the rise in the number of children with attention deficit problems and in the increase in numbers of hyperactive children. We know it from the stress and strain related to exams and study, and in the increase in study/exam related suicides.

So before you answer the question "Are your children toxic?", take a good look at them and their lifestyle. And remember parents don't usually poison their children on purpose. Adults too are susceptible to "market forces" and peer pressure. It is almost natural when all around you other people's kids are eating junk and living toxic lives, to look at your own child and think: mine must too... But it doesn't have to be that way. Luckily, for all of us there are plenty of changes we can make to detoxify our children's childhood. All it needs is a little thought and some common sense. In the process we can detoxify ourselves.

2. (a) Define communication? **(1 Mark)**

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

Purgative

a- Pertain b- Tentative c- Laxative d- Glorious

- (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 into passive voice. **(1 Mark)**

The Principal will give Arvind an award for his extraordinary performance.

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

The teacher said to the students, 'Be quiet and listen to me carefully.'

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

A decade after the first successful mission to the moon with Chandrayaan-1, the Indian Space Research Organisation successfully launched its sequel, Chandrayaan-2, to further explore the earth's natural satellite. Earlier this year, China landed a robotic spacecraft on the far side of the moon, in a first-ever attempt. Now India is attempting a similar feat-to land its rover Pragyan in the moon's South Polar Region, attempted so far by none. The equatorial region has been the only one where rovers have landed and explored. The launch by itself is a huge achievement considering that it is the first operational flight of the indigenously developed Geosynchronous Satellite Launch Vehicle Mark-III (GSLV Mark-III) to send up satellites weighing up to four tonnes. The orbiter, the lander (Vikram) and the rover (Pragyan) together weigh 3.87 tonnes. Having reached the earth parking orbit, the orbit of the Chandrayaan-2 spacecraft will be raised in five steps or manoeuvres in the coming 23 days before it reaches the final orbit of 150x 1,41,000 Km. it is in this orbit that Chandrayaan-2 will attain the velocity to escape from the earth's gravitational pull and start the long journey towards the moon. A week later, on August 20, the spacecraft will come under the influence of the moon's gravitational pull, and in a series of steps the altitude of the orbit will be reduce in 13 days to reach the final circular orbit at a height of 100 km. The next crucial step will be the decoupling of the lander (Vikram) and the rover (Pragyan) from the orbiter, followed by the soft-landing of the lander-rover in the early hours of September 7. Despite the postponement of the launch from July 16 owing to a technical snag, the tweaked flight plan has ensured that the Pragyan robotic vehicle will have 14 earth days, or one moon day, to explore.

Unlike the crash-landing of the Moon Impact Probe on the Chandrayaan-1 mission in November 2008, this will be the first time that ISRO is attempting to soft-land a lander on the earth's natural satellite. A series of braking mechanisms will be needed to drastically reduce the velocity of the Vikram lander from nearly 6,000 Km and hour, to ensure that the touchdown is soft. The presence of water on the moon was first indicated by the Moon Impact Probe and NASA's Moon Mineralogy Mapper on Chandrayaan-1 a decade ago. The imaging infrared spectrometer instrument on board the orbiter will enable ISRO to look for signatures indicating the presence of water. Though the Terrain Mapping Camera on board Chandrayaan-1 had mapped the moon three-dimensionally at 5-Km resolution, Chandrayaan-2 too has such a camera to produce a 3-D map. But it will be for the first time that the vertical temperature gradient and thermal conductivity of the lunar surface, and lunar seismicity, will be studied. While ISRO gained much with the success of Chandrayaan-1 and Mangalyaan, the success of Chandrayaan-2 will go a long way in testing the technologies for deep-space missions. (The Hindu-Editorial)

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.  
Quarantine  
a- Accessibility    b- Special    c- Group    d- Isolation                   **(1 Mark)**
- (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)**  
Rahul has kept his money safely in the bank.
- (iv) Change the following sentence to indirect speech.   **(1 Mark)**  
Rashmi said, "Hurray! I have scored good marks in my final examination."
- (c) You are SDF, Senior Manager Administration of ABC Solutions Pvt. Ltd. Draft a complaint letter to XYZ Appliances Pvt. Ltd regarding non-delivery of the order placed for products XXX and XXY.  
**(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 of about 250-300 words on the topic "**Time Management during Lockdown**".  
**(5 Marks)**

**Or**

Write a report on '**Guidelines in your town during lockdown**' in 250-300 words.

5. (a) What are the characteristics of effective communication?   **(2 Mark)**
- (b) (i) Select the correct meaning of the idioms/phrases given below.
- (ii) 1. Keep at bay:  
a. Keep at a distance  
b. Keep at the sea-shore  
c. Keep in mind  
d. Keep thinking about something
- (iii) 2. Hold one's horse:  
a. Keep one's expectations

- b. Keep one's gift
- c. Have patience
- d. High on energy

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

The teacher said to Rohan, 'pay attention in the class'

- (c) The marketing Head of the XYZ Logistic 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. (Participants should be from Sales and Marketing, Operations and Regional Manager). 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 Junior Translator in DFG Publishing Pvt. Ltd, Darya Ganj New Delhi.

Other inputs: Name: Mohit Garg

Experience: 6 months as Trainee in ABC Publication



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PAPER 2: BUSINESS LAWS AND BUSINESS CORRESPONDENCE & REPORTING

PAPER 2A: BUSINESS LAWS

ANSWERS

1. (i) Problem as asked in the question is based on the provisions of the Indian Contract Act, 1872 as contained in section 2(d) and on the principle 'privity of consideration'. Consideration is one of the essential elements to make a contract valid and it can flow from the promisee or any other person. In view of the clear language used in definition of 'consideration' in Section 2(d), it is not necessary that consideration should be furnished by the promisee only. A promise is enforceable if there is some consideration for it and it is quite immaterial whether it moves from the promisee or any other person. The leading authority in the decision of the *Chinnaya Vs. Ramayya*, held that the consideration can legitimately move from a third party and it is an accepted principle of law in India.

In the given problem, Mr. Sooraj has entered into a contract with Mr. Murli, but Mr. Chander has not given any consideration to Mr. Murli but the consideration did flow from Mr. Sooraj to Mr. Murli on the behalf of Mr. Chander and such consideration from third party is sufficient to enforce the promise of Mr. Murli to allow Mr. Chander to use 1 acre of land. Further the deed of sale and the promise made by Mr. Murli to Mr. Chander to allow the use of 1 acre of land were executed simultaneously and therefore they should be regarded as one transaction and there was sufficient consideration for it.

Moreover, it is provided in the law that "in case covenant running with the land, where a person purchases land with notice that the owner of the land is bound by certain duties affecting land, the covenant affecting the land may be enforced by the successor of the seller."

In such a case, third party to a contract can file the suit although it has not moved the consideration.

Hence, Mr. Chander is entitled to file a petition against Mr. Murli for execution of contract.

- (ii) 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, Sunflower 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)	Members (including Directors)	190
(ii)	5 Couples (5*1)	5
(iii)	Others	5
	<b>Total</b>	<b>200</b>

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.

### (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 fulfilment 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.
- (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.
  - (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.
  - (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.
- (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. (a) (i) **Rights which can be enjoyed by a minor partner:**
- (i) A minor partner has a right to his agreed share of the profits 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) (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.

- (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 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.
- (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, 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. (a) **In the following cases, a non-owner can convey better title to the bonafide 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 of the Sale of Goods Act, 1930).
- (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 of 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. [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)].
  - (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]
- (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 above 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. 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) (i) **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

- (ii) 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]

- (b) **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. (a) **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.

- (b) 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 person 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 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.
  - (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) 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 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.



MOCK TEST PAPER 1  
FOUNDATION COURSE

SECTION – B: BUSINESS CORRESPONDENCE AND REPORTING

ANSWER KEY

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, was earlier termed as **Dysthymia**.

(4) Major causes include a combination of biological, psychological and social distress that further 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. Toxic bhvr in Chrn

1.1 Def

1.1.1 kind of chd having dmg effect, dblt chrn for life

1.2 Teachers wldd exmg/dscng causes

1.2.1 cultural and lfst changes damage

1.2.1.1 social dvmt

1.2.1.2 emotional dvmt

1.2.1.3 cognitive dvmt

1.3. Acc. to chrn authors and chre experts

1.3.1 factors psng chldrn

1.3.1.1 psd food

1.3.1.2 computer games

1.3.1.3 over cmpt. edtn

1.3.2 chrn forced to act like mini adults

1.4 Acc. to research, factors dmg chrn:

1.4.1 changes in diet

1.4.2 chldcre ptrns

1.4.3 parenting

- 1.4.4 family str.
- 1.4.5 play
- 1.4.6 bed times
- 1.4.7 family intr.
- 1.4.8 edtn
- 1.4.9 marketing
- 1.4.10 peer pressure
- 1.4.11 tech.
- 1.4.12 elts.
- 1.4.13 manner of comm.
- 1.5 Effects in chrn
  - 1.5.1 Become unhealthy, depressed
  - 1.5.2 exp. bhvr and dvmtl problems
  - 1.5.3 Lack first hand world exp.
  - 1.5.4 Lack regular intr. with parents
  - 1.5.5 Obesity
  - 1.5.6 Diabetes
  - 1.5.7 Attn. deficit problems
  - 1.5.8 Incr. in hypty
  - 1.5.9 Exam related stress and strain
  - 1.5.10 Incr. in exam related suicides
- 1.6 Role of Parents in detox. Chd
  - 1.6.1 Observe your child's lfst
  - 1.6.2 Don't follow others
  - 1.6.3 Think deep
  - 1.6.4 Apply common sense
  - 1.6.5 Make relevant changes

Key:

bhvr: behavior

Chrn: children

Def: definition

Chd: childhood

Dmg: damaging

dblt : debilitating

Wldd: worldwide

Exmg: examining  
dscng : discussing  
lfst: lifestyle  
dvmt: development  
Acc. : According  
Chre: childcare  
psng : poisoning  
psd: processed  
cmpt.: competitive  
edtn: education  
ptrns: patterns  
str.: structures  
intr: interaction  
tech.: technology  
elts : electronics  
comm.: communication  
dvmtl : developmental  
exp.: experience  
attn.: attention  
incr : increase  
hypty: hyperactivity  
detox. : detoxifying

### Summary

Toxic behaviour in children can be defined as kind of childhood having damaging effect, debilitating children for life. Teachers worldwide are examining/discussing the causes as cultural and lifestyle changes in the last 25 years that have damaged social, emotional and cognitive development of the children. According to children authors and child care experts processed food, computer games and over competitive education are poisoning the minds of children. As a result, they have started behaving like mini adults. Research confirms that changes in diet, child care patterns, parenting, family structures, play, bed times, family interactions, education, marketing, peer pressure, technology, electronic gadgets and manner in which parents communicate with children are damaging them. All these factors have detrimental effects on children such as childhood obesity and diabetes along with many other issues like depression, behaviour and developmental problems, attention deficit, hyperactivity, lack of interaction with parents, lack of first-hand experience of the world around them, exam related stress and suicide. Role of parents/adults is crucial in detoxifying their child's childhood by observing their lifestyle, not following others, deep thinking, applying their common sense and gradually making the relevant changes.

2. (a) The word communication is derived from the Latin word "Communicare" which means to share or exchange information, ideas, or feelings. So, it can be defined as an activity or process of exchanging or expressing ideas and feeling of people. It is imparting or interchange of thoughts, opinions, or information by verbal or non-verbal.

- (b) (i) c- Laxative  
(ii) d- Unguarded  
(iii) An award will be given to Arvind for his extraordinary performance.  
(iv) The teacher urged the students to be quite and listen to her/him carefully.

(c) Title- Soaring to the moon

A decade after the first successful mission to the moon with Chandrayaan-1, the Indian Space Research Organisation successfully launched its sequel, Chandrayaan-2, to further explore the earth's natural satellite. Having reached the earth parking orbit, the orbit of the Chandrayaan-2 spacecraft will be raised in five steps or manoeuvres in the coming 23 days before it reaches the final orbit of 150x 1,41,000 Km. Despite the postponement of the launch from July 16 owing to a technical snag, the tweaked flight plan has ensured that the Pragyan robotic vehicle will have 14 earth days, or one moon day, to explore. Unlike the crash-landing of the Moon Impact Probe on the Chandrayaan-1 mission in November 2008, this will be the first time that ISRO is attempting to soft-land a lander on the earth's natural satellite. The presence of water on the moon was first indicated by the Moon Impact Probe and NASA's Moon Mineralogy Mapper on Chandrayaan-1 a decade ago. Though the Terrain Mapping Camera on board Chandrayaan-1 had mapped the moon three-dimensionally at 5-Km resolution, Chandrayaan-2 too has such a camera to produce a 3-D map.

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 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- Isolation  
(ii) c- cleansing, democracy  
(iii) The money has been kept safely in the bank by Rahul.  
(iv) Rashmi exclaimed with joy as she had scored good marks in her final examination.

(c) April 16, 20XX

The Sales Manager  
XYZ Appliances Pvt. Ltd.  
A-60/C Hari Nagar  
New Delhi-06

Dear Sir/Ma'am,

**Subject: Complaint against the order no. S/N-226**

This is with reference to order no. S/N-226 made on March 28, 20XX. The order comprised six 1.5 tonne split air-conditioners of XXX brand and four 1.5 tonne window air-conditioners of XXY brand. As per the 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 to be delivered. This has caused a great deal of embarrassment and inconvenienced 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.

SDF

Senior Manager (Administration)

ABC Solutions Pvt. Ltd.

4. (a) **Paralanguage:** It is the manner in which we say something, more than the actual words use, reveal the intent of the message, the voice quality, volume, intonation, pitch, stress, emotion, tone. It communicates approval, interest or lack of it.
- (b) (i) b- Defeat  
(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 :

- Lock down for safety and well-being of the people
- Encourage children to attend online classes seriously
- After classes children should engage themselves in creative pursuits or learning new skills ; should help their mother rather than wasting time
- Work should not suffer
- Work from home approach
- Make 'Tasks To Do' list on basis of priority
- Set timeline for each task
- Adhere to the timelines.
- Devote complete 8 hours to work.
- Spend quality time with family

Report Hints:

- Pandemic: A national emergency
- Emergency situation demands emergency measures.
- Strict Lockdown enforced for 15 days. Complete lockdown curfew to be observed between 7PM and 7AM
- Schools, Colleges, Offices(public and private),Malls, Cinemas, Restaurants Public transport to be closed
- Public transport including buses, metro, 2-4 wheelers to be suspended.

- Shops selling essential items including grocery, milk, chemists shops in localities to remain open.
  - Street vendors and hawkers strictly prohibited
  - 2 and 4 wheeler private vehicles not allowed on the roads
  - People not allowed to gather in parks
  - People allowed to venture out with masks only to buy essential items
  - RWAs to devise their own rules and regulations with regard to entry of maids/domestic helps.
  - Police to be deployed to ensure no crowding, social distancing
  - Home delivery of essential items like food, medicines, grocery to continue.
5. (a) Good communication is an art that has be developed and honed. Effective communicators practice every aspect of the skill frequently. These aspects are the following:
1. **Clarity**- Clarity means your meaning of message should be the same what you are trying to convey. Choosing conversational words, constructing effective sentence and paragraph is important when you communicate.
  2. **Conciseness**- Avoid using too many irrelevant words or adjectives. Ensure that there is no repetition.
  3. **Concreteness**- you must be specific, definite and vivid rather than vague.
  4. **Coherence**- It refers to the logical bridge between words, sentences, and paragraphs. All content under the topic should be pertinent, interconnected and present information in a flow.
  5. **Completeness**- Communication must be complete and requisite in every aspect. A complete communication helps in building the company's reputation, aids in better decision making as all appropriate and required information is available with the receiver.
  6. **Courteous**- It implies that the sender is polite, considerate, respectful, open and honest with the receiver. You must be sincere, thoughtful and appreciative in nature.
  7. **Focus and attention**- Everyday work environment has multiple activities going on simultaneously. You must focus and attention during the communication is imperative for effectiveness.
5. (b) (i)
- (ii) (1) a Keep at a distance
  - (iii) (2) c Have patience
  - (iv) The teacher warned Rohan to pay attention in the class.

(c)

### Minutes

XYZ Logistic Company

Marketing Team Meeting

April 16, 20XX

Time: 10-11 A.M.

Venue: Conference Room-06

In attendance: Mr, R. Gulati, Head, Operations, two senior members of his team (Ms. X and Mr. Y) , Mr. Amit Tyagi Head Sales and Marketing, two members of his team (Ms. Neha Kumari and Mr. P), Mr. Prem Kishore, Regional Manager (Delhi/NCR) , four members of his team( Mr. A, Mr. B, Ms. C, Ms. D)

Mr. R. Gulati, introduced the agenda i.e., decline in business bookings in the past one year.

Ms. Neha Kumari, gave a detailed presentation on analysis of the booking figures for the previous year.

Mr. P elaborated on new trends in marketing, target customers and their needs.

Mr. Gulati suggested diversification into the 'Packers and Movers' segment at no extra cost to company. He emphasized optimal utilization of resources.

Ms. X and Mr. Y jointly presented a report suggesting ways and means to cut costs and maximize utilization of resources.

Mr. Prem Kishore, expressed his agreement. He suggested expansion by opening new branches in neighbouring states. Discussed modalities for the same in terms of procuring office space (leased), more trucks, tempos, staff requirement, recruitments.

Mr. A, Mr. B presented details of procurement process.

Ms. C and Ms. D presented details of the recruitment process at all levels required.

Mr. Gulati declared the house open for deliberations.

The team members were requested to circulate the reports and collate suggestions of the department heads.

Mr. Amit Tyagi proposed a vote of thanks and declared the tentative date of next meeting to be held on May 05, 20XX for discussion of reports.

ATR (Action Taken Report ) i.e. consolidated reports including suggestion for business expansion to be submitted for circulation by April 30, 20XX.

5 (c) **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, 20XX  
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, 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 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 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,

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, 20XX

Place: XYZ

(Mohit Garg)–