



## MITKARY SIR'S CAPS ACADEMY

CA Foundation - Test Series - Dec 2021

**Time: 3 hrs. Subject - Business Laws & Business Correspondence and Reporting Maximum Marks: 100**

### INSTRUCTIONS TO CANDIDATES

- Questions in Section – A are to be answered in the medium opted by the candidate. If a candidate has not opted for a Hindi Medium, his/her answers in Hindi will not be evaluated.
- Questions in Section – B are to be answered in English only, but all the candidates, including those who have opted for Hindi medium.

### SECTION – A (60 Marks)

Question No. 1 is compulsory

Answer **any four** out of the remaining **five** questions.

1. (a) 'X' entered into a contract with 'Y' to supply him 1,000 water bottles @ Rs. 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 @ Rs. 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 Rs. 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 Consequently, 'X' could not procure any water bottle and 'Y' rescinded the contract.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, 1972. **(4 Marks)**

1. (b) What are the significant points of Section 8 Company which are not applicable for other companies? Briefly explain with reference to provisions of the companies Act, 2013. **(4 Marks)**

1. (c) Classify the following transactions according to the types of goods they are:

- A wholesaler of cotton has 100 bales in his godown. He agrees to sell 50 bales and these bales were selected and set aside.
- A agrees to sell to B one packet of sugar out of the lot of one hundred packets lying in his shop.
- T agrees to sell to S all the apples which will be produced in his garden this year. **(4 Marks)**

2. (a) "Mere silence is not fraud" but there are some circumstances where the "silence is fraud". Explain the circumstances as per the provision of The Indian Contract Act, 1872? **(7 Marks)**

2. (b) Enumerate the circumstances in which LLP may be wound up by Tribunal. **(5 Marks)**

3. (a) (i) Comment on 'the right to expel partner must be exercised in good faith' under the Indian Partnership Act, 1932. **(2 Marks)**

Or

3. (a) (ii) What do you mean by Goodwill as per the provisions of Indian Partnership Act, 1932? **(2 Marks)**

3. (b) Master X was introduced to the benefits of partnership of M/s ABC & Co. with the consent of all partners. After attaining majority, more than six months elapsed, and he failed to give a public notice as to whether he elected to become or not to become a partner in the firm. Later on, Mr. L a supplier of materials to M/s ABC & Co., filled a suit against M/s ABC & Co. for recovery of the debt due.

In the light of The Indian Partnership Act, 1932, explain:

- To what extent X will be liable if he failed to give public notice after attaining majority? **(4 Marks)**
- Can Mr. L recover his debt from X?

3. (c) Explain the modes of discharge of a contract. **(6 Marks)**

4. (a) “Nemo Dat Quod Non Habet” – “None can give or transfer goods what he does not himself own.” Explain the rule and state the cases in which the rule does not apply under the provisions of The Sale of Goods Act, 1930. **(6 Marks)**

4. (b) “Whether a group of persons is or is not a firm, or whether a person is or not a partner in a firm.” Explain the mode of determining existence of partnership as per the Indian Partnership Act, 1932 **(6 Marks)**

5. (a) A person purchased bread from a baker’s shop. The piece of bread contained a stone in it which broke buyer’s tooth while eating. What are the rights available to the buyer against the seller under the Sale of Goods Act, 1930? **(6 Marks)**

5. (b) Mr. Anil formed a One Person Company (OPC) on 16<sup>th</sup> April, 2018 for manufacturing electric cars. The turnover of the OPC for the financial year ended 31<sup>st</sup> March, 2019 was about Rs. 2.25 Crores. His friend Sunil wanted to invest in his OPC, so they decided to convert it voluntarily into a private limited company. Can Anil do so? **(6 Marks)**

6. (a) Explain the modes of revocation of an offer as per the Indian Contract Act, 1872. **(5 Marks)**

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

6. (c) Examine the following whether they are correct or incorrect along with reasons:

(a) A company being an artificial person cannot own property and cannot sue or be sued.

(b) A private limited company must have a minimum of two members, while a public limited company must have at least seven members. **(3 Marks)**

### **SECTION – B (40 Marks)** **BUSINESS CORRESPONDENCE AND REPORTING**

Question number 1 is compulsory. Question No 7 is compulsory.

*Out of 8 to 11 attempt any three.*

**Q7(a)** Read the passage carefully and answer the questions that follow:

There are some men who seem to be always on the lookout for trouble and, to tell the truth, they are seldom disappointed. Listening to such men one would think that this world is one of the stormiest and most disagreeable places. Yet after all it is not such a bad place and the difficulty is often in the man who is too thin-skinned. On the other hand, the man who goes out expecting people to be like himself, kind and brotherly, will be surprised at the kindness he meets even in the most unlikely quarters. A smile is apt to be met with a responsive smile while the sneer is just as apt to provoke a snarl. Men living in the same neighbourhood may live vastly different lives. But it is not the neighbourhood which is quarrelsome, but the man within us. And we have it in our power to change our neighbourhood into a pleasant one by simply changing our own ways.

1. **The passage is about**  
A) our disagreeable and hostile world  
B) a kindly and pleasant world  
C) our indifferent and unresponsive world  
D) the world and what one makes of it
2. **‘..... they are seldom disappointed’. The statement denotes that such men**  
A) welcome difficulties as a morale booster  
B) do not have to face any trouble  
C) manage to keep unruffled in the face of discomforts  
D) generally do not fail to come across troubles
3. **The author’s own view of the world is that it is**  
A) one of the loveliest and quietest places  
B) an unpleasant and troublesome place  
C) one’s own excessive sensitivity that makes it a bad place  
D) a sordid place for those who suffer in life

4. Which of the following is opposite in meaning to the excessive 'thin-skinned' as used in the passage?  
 A) insensitive  
 B) intelligent  
 C) awkward  
 D) obstinate
5. 'On the other hand ..... unlikely' quarters. The statement shows that people's reaction to our attitude is  
 A) generally indifferent  
 B) surprisingly responsive  
 C) often adverse  
 D) mainly favourable.

b) Read the passage:

- (i) Make notes, using headings, sub-headings, and abbreviations wherever necessary.

(3Marks)

Write a summary.

(2Marks)

A good business letter is one of that get results. The best way to get results is to develop a letter that in its appearance, style and content, conveys information efficiently. To perform this function, a business letter should be concise, clear, and courteous. The business letter must be concise, don't waste words. Little introduction or preliminary chat is necessary. Get to the point, make the point, and leave it. It is safe to assume that your letter is being read by a very busy person with all kinds of papers to deal with. Re-read and revise your message until the words and sentences you have used are precise. This takes time, but is a necessary part of a good business letter. A short business letter that makes its point quickly has much more impact on a reader than along-winded, rambling, exercise in creative writing. This does not mean that there is no style and even, on occasion, humour in the business letter. While it conveys a message in its contents, the letter also provides the reader with an impression of you, its author, the medium is part of the message. The business letter must be clear. You should have a very firm idea of what you want to say, and you should let the reader know it. Use the structure of the letter- the paragraphs, topic sentences, introduction and conclusion. Paragraph often, to break up the page and to lend an air of organization to the letter. Use an accepted business letter format. Re-read what you have written from the point of someone who is seeing it for the first time, and be sure that all explanations are adequate, all information provided (including reference numbers, dates and other identification). A clear message, clearly delivered, is the essence of business communication. The business letter must be courteous. Sarcasm and insults are ineffective and can often work against you. If you are sure you are right, point that out politely, explain why you are right, and outline what the reader is expected to do about it. Another form of courtesy is taking care in your writing and typing of business letter. Grammatical and spellings errors (even if you call them typing errors) tell the readers that you don't think enough of him or can lower the reader opinion of your personality faster than anything you say, no matter how idiotic. There are excuses for ignorance; there are no excuses for sloppiness. The business letter is your custom-made representative. It speaks for you and is a permanent record of your message. It can pay high dividends on the time you invest in giving it a concise message, a clear structure, and a courteous tone.

Q8 a) Explain why is wheel and spoke network ineffective for large organizations?

(2 Mark)

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

Perilous

(1Mark)

- (1) Uncertain    (2) Agreeable    (3) Talkative    (4) Dangerous

(ii) Select the suitable antonym for the following word

(1Mark)

Sympathy

- (1) Enmity    (2) Cruelty    (3) Abhorrence    (4) Apathy

(iii) Choose the proper word to fill the blank.

The rich businessman has donated a.....amount from his savings

(1Mark)

- (1) Colossal    (2) Agrarian    (3) Ultimate    (4) Coward.

Write a suitable precis of the given passage below.

**(5 Mark)**

- c) English education and English language have done immense goods to India, In spite of their glaring drawbacks. The notions of democracy and self-government are the born of English education. Those who fought and died for mother India's freedom were nursed in the cradle of English thought and culture. The West has made contribution to the East. The history of Europe has fired the hearts of our leaders. Our struggle for freedom has been inspired by the struggles for freedom in England, America and France. If our leaders were ignorant of English and if they had not studied this language, how could they have been inspired by these heroic struggles for freedom in other lands? English, therefore, did us great good in the past and if properly studied will do immense good in future.

English is spoken throughout the world. For international contact our commerce and trade, for the development of our practical ideas, for the scientific studies, English is indispensable "English is very rich in literature," our own literature has been made richer by this foreign language. It will really be a fatal day if we altogether forget Shakespeare, Milton, Keats and Shaw.

**Q9 a) Define Chain of Command?**

**(2 Mark)**

- b) (i) Choose the word which expresses the meaning of the given word:

**(1 Mark)**

Frosty

- (1) Cool                      (2) Furious                      (3) Roar                      (4) Wail

- (ii) Select the suitable antonym for the following word

**(1 Mark)**

Balm

- (1) Zenith                      (2) Irritant                      (3) Mild                      (4) Unzip

- (iii) Fill in the blank by selecting the proper modal from the options given below

**(1 Mark)**

If the patient had not been provided with medical aid in time.....

- (1) he would not have survived.  
(2) he could not have survived.  
(3) he may not have survived.  
(4) he will not have survived.

- c) How do cultural barriers affect communication? Explain with examples of your own.

**(5 Mark)**

**Q10 a) Mention two disadvantages of oral communication?**

**(2 Mark)**

- b) (i) Fill in the blank with the proper collocation

**(1 Mark)**

Do we have any idea what the..... cause is of this issue? (Basic, key, base, root)

- (ii) Change to Active sentence

**(1 Mark)**

My watch has been stolen.

- (iii) Change to passive sentence

**(1 Mark)**

The rich should help the poor

- c) Draft an application letter for the post of a teacher you read in Hindustan Times dated November 7.

**(5 Mark)**

**Q 11 a) What is formal communication?**

**(2 Mark)**

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

**(1 Mark)**

- (i) Hobsons Choice

- (1) No choice at all                      (2) Lots of choices  
(3) Unanimous decision                      (4) To make eye contact.

(ii) Out of the blue **(1 Mark)**

- (1) Something happens that was very much expected
- (2) From the sky
- (3) From the ocean
- (4) ) Something happens that was unexpected.

(iii) Identify the main clause **(1 Mark)**

As he was not there, I could not speak to him. (Identify the Main clause)

c) Enlist the main steps or titles while drafting a memorandum? **(5 Mark)**

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