



CA. FOUNDATION

PAPER – 2 BUSINESS LAWS AND BUSINESS CORRESPONDENCE AND REPORTING

ICAI RESOURCES BOOK

(Question and Answers)

November 2019



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PAPER – 2: BUSINESS LAW & BUSINESS CORRESPONDENCE AND REPORTING

SECTION A – BUSINESS LAW

Question No. 1 is compulsory.

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

Question 1

- (a) *X, Y and Z are partners in a firm. They jointly promised to pay ₹ 3,00,000 to D. Y become insolvent and his private assets are sufficient to pay 1/5 of his share of debts. X is compelled to pay the whole amount to D. Examining the provisions of the Indian Contract Act, 1872, decide the extent to which X can recover the amount from Z.*
(4 Marks)
- (b) *Ravi Private Limited has borrowed ₹ 5 crores from Mudra Finance Ltd. This debt is ultra vires to the company. Examine, whether the company is liable to pay this debt? State the remedy if any available to Mudra Finance Ltd.?*
(4 Marks)
- (c) *What is meant by delivery of goods under the Sale of Goods Act, 1930? State various modes of delivery.*
(4 Marks)

Answer

- (a) As per section 43 of the Indian Contract Act, 1872, when two or more persons make a joint promise, the promisee may, in the absence of express agreement to the contrary, compel any one or more of such joint promisors to perform the whole of the promise.

Each of two or more joint promisors may compel every other joint promisor to contribute equally with himself to the performance of the promise, unless a contrary intention appears from the contract.

If any one of two or more joint promisors makes default in such contribution, the remaining joint promisors must bear the loss arising from such default in equal shares.

In the instant case, X, Y and Z jointly promised to pay ₹ 3,00,000. Y become insolvent and his private assets are sufficient to pay 1/5 of his share of debts. X is compelled to pay the whole amount. X is entitled to receive ₹ 20,000 from Y's estate, and ₹ 1,40,000 from Z.

- (b) As per the facts given, Ravi Private Limited borrowed ₹ 5 crore from Mudra Finance Ltd. This debt is ultra vires to the company, which signifies that Ravi Private Limited has borrowed the amount beyond the expressed limit prescribed in its memorandum. This act of the company can be said to be null and void.

In consequence, any act done or a contract made by the company which travels beyond the powers not only of the directors but also of the company is wholly void and inoperative in law and is therefore not binding on the company.

So is being the act void in nature, there being no existence of the contract between the Ravi Private Ltd. and Mudra Finance Ltd. Therefore, the company Ravi Private Ltd. is liable to pay this debt amount upto the limit prescribed in the memorandum.

Remedy available to the Mudra Finance Ltd.: The impact of the doctrine of ultra vires is that a company can neither be sued on an ultra vires transaction, nor can it sue on it. Since the memorandum is a "public document", it is open to public inspection. Therefore, a company which deals with the other, is deemed to know about the powers of the company.

So, Mudra Finance Ltd. can claim for the amount within the expressed limit prescribed in its memorandum.

- (c) **Delivery of goods [section 2(2) of the Sale of Goods Act, 1930]:** Delivery means voluntary transfer of possession from one person to another. As a general rule, delivery of goods may be made by doing anything, which has the effect of putting the goods in the possession of the buyer, or any person authorized to hold them on his behalf.

Modes of delivery: Following are the modes of delivery for transfer of possession:

- (i) **Actual delivery:** When the goods are physically delivered to the buyer.
- (ii) **Constructive delivery:** When it is effected without any change in the custody or actual possession of the thing as in the case of delivery by attornment (acknowledgement) e.g., where a warehouseman holding the goods of A agrees to hold them on behalf of B, at A's request.
- (iii) **Symbolic delivery:** When there is a delivery of a thing in token of a transfer of something else, i.e., delivery of goods in the course of transit may be made by handing over documents of title to goods, like bill of lading or railway receipt or delivery orders or the key of a warehouse containing the goods is handed over to buyer.

Question 2

- (a) *State the exceptions to the rule "An agreement without consideration is void".* **(5 Marks)**
- (b) *What are the essential elements to form a LLP in India as per the LLP Act, 2008?*

(5 Marks)

- (c) (i) *Distinguish between wagering agreement and contract of insurance.* **(2 Marks)**

OR

- (ii) *Examine with reason that the given statement is correct or incorrect "Minor is liable to pay for the necessities supplied to him".* **(2 Marks)**

Answer

- (a) The general rule is that an agreement made without consideration is void (Section 25 of the Indian Contract Act, 1872). However, the Indian Contract Act contains certain exceptions to this rule. In the following cases, the agreement though made even without consideration, will be valid and enforceable.
1. **Natural Love and Affection:** Any written and registered agreement made on account of love and affection between the parties standing in near relationship to each other.
 2. **Compensation for past voluntary services:** A promise to compensate, wholly or in part, a person who has already voluntarily done something for the promisor.
 3. **Promise to pay time barred debt:** A promise in writing signed by the person making it or by his authorized agent, made to pay a debt barred by limitation.
 4. **Agency:** According to Section 185 of the Indian Contract Act, 1872, no consideration is necessary to create an agency.
 5. **Completed gift:** In case of completed gifts, the rule no consideration no contract does not apply. Explanation (1) to Section 25 states "nothing in this section shall affect the validity as between the donor and donee, of any gift actually made." Thus, gifts do not require any consideration.
 6. **Bailment:** No consideration is required to effect the contract of bailment (Section 148).
 7. **Charity:** If a promisee undertakes the liability on the promise of the person to contribute to charity, there the contract shall be valid.
- (b) **Essential elements to incorporate LLP-** Under the LLP Act, 2008, the following elements are very essential to form a LLP in India:
- (i) To complete and submit incorporation document in the form prescribed with the Registrar electronically;
 - (ii) To have at least two partners for incorporation of LLP [Individual or body corporate];
 - (iii) To have registered office in India to which all communications will be made and received;
 - (iv) To appoint minimum two individuals as designated partners who will be responsible for number of duties including doing of all acts, matters and things as are required to be done by the LLP. Atleast one of them should be resident in India.
 - (v) A person or nominee of body corporate intending to be appointed as designated partner of LLP should hold a Designated Partner Identification Number (DPIN) allotted by MCA.

(vi) To execute a partnership agreement between the partners *inter se* or between the LLP and its partners. In the absence of any agreement the provisions as set out in First Schedule of LLP Act, 2008 will be applied.

(vii) LLP Name.

(c) (i) **Distinction between Wagering Agreement and Contract of Insurance**

	Basis	Wagering Agreement	Contracts of Insurance
1.	Meaning	It is a promise to pay money or money's worth on the happening or non happening of an uncertain event.	It is a contract to indemnify the loss.
2.	Consideration	There is no consideration between the two parties. There is just gambling for money.	The crux of insurance contract is the mutual consideration (premium and compensation amount).
3.	Insurable Interest	There is no property in case of wagering agreement. There is betting on other's life and properties.	Insured party has insurable interest in the life or property sought to be insured.
4.	Contract of Indemnity	Loser has to pay the fixed amount on the happening of uncertain event.	Except life insurance, the contract of insurance indemnifies the insured person against loss
5.	Enforceability	It is void and unenforceable agreement.	It is valid and enforceable
6.	Premium	No such logical calculations are required in case of wagering agreement.	Calculation of premium is based on scientific and actuarial calculation of risks.
7.	Public Welfare	They have been regarded as against the public welfare.	They are beneficial to the society.

OR

(ii) **Minor is liable to pay for the necessities supplied to him:** This statement is incorrect. The case of necessities supplied to a minor or to any other person whom

such minor is legally bound to support is governed by section 68 of the Indian Contract Act, 1872. A claim for necessities supplied to a minor is enforceable by law, only against minor's estate, if he possesses. But a minor is not liable for any price that he may promise and never for more than the value of the necessities. There is no personal liability of the minor, but only his property is liable.

Question 3

(a) *Distinguish between dissolution of firm and dissolution of partnership.* **(2 Marks)**

(b) *What are the consequences of Non-Registration of a Partnership Firm? Discuss.*

(4 Marks)

(c) *M Ltd., contract with Shanti Traders to make and deliver certain machinery to them by 30.6.2017 for ₹ 11.50 lakhs. Due to labour strike, M Ltd. could not manufacture and deliver the machinery to Shanti Traders. Later, Shanti Traders procured the machinery from another manufacturer for ₹ 12.75 lakhs. Due to this Shanti Traders was also prevented from performing a contract which it had made with Zenith Traders at the time of their contract with M Ltd. and were compelled to pay compensation for breach of contract. Advise Shanti Traders the amount of compensation which it can claim from M Ltd., referring to the legal provisions of the Indian Contract Act, 1872.* **(6 Marks)**

Answer**(a) DISSOLUTION OF FIRM VS. DISSOLUTION OF PARTNERSHIP**

S. No.	Basis of Difference	Dissolution of Firm	Dissolution of Partnership
1.	Continuation of business	It involves discontinuation of business in partnership.	It does not affect continuation of business. It involves only reconstitution of the firm.
2.	Winding up	It involves winding up of the firm and requires realization of assets and settlement of liabilities.	It involves only reconstitution and requires only revaluation of assets and liabilities of the firm.
3.	Order of court	A firm may be dissolved by the order of the court.	Dissolution of partnership is not ordered by the court.
4.	Scope	It necessarily involves dissolution of partnership.	It may or may not involve dissolution of firm.
5.	Final closure of books	It involves final closure of books of the firm.	It does not involve final closure of the books.

(b) **Consequences of Non-Registration of a Partnership Firm [Section 69 of the Indian Partnership Act, 1932]:** Although registration of firms is not compulsory, yet the consequences or disabilities of non-registration have a persuasive pressure for their registration. **These disabilities briefly 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 persons 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 ₹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. But, such a person may sue for dissolution of the firm or for accounts and realization of his share in the firm's property where the firm is dissolved.
 - (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 73 of the Indian Contract Act, 1872 provides for consequences of breach of contract. According to it, when a contract has been broken, the party who suffers by such breach is entitled to receive from the party who has broken the contract, compensation for any loss or damage caused to him thereby which naturally arose in the usual course of things from such breach or which the parties knew when they made the contract, to be likely to result from the breach of it. Such compensation is not given for any remote and indirect loss or damage sustained by reason of the breach. It is further provided in the explanation to the section that in estimating the loss or damage from a breach of contract, the means which existed of remedying the inconvenience caused by the non-performance of the contract must be taken into account.

Applying the above principle of law to the given case, M Ltd. is obliged to compensate for the loss of ₹ 1.25 lakh (i.e. ₹ 12.75 minus ₹ 11.50 = ₹ 1.25 lakh) which had naturally arisen due to default in performing the contract by the specified date.

Regarding the amount of compensation which Shanti Traders were compelled to make to Zenith Traders, it depends upon the fact whether M Ltd., knew about the contract of Shanti Traders for supply of the contracted machinery to Zenith Traders on the specified date. If so, M Ltd is also obliged to reimburse the compensation which Shanti Traders had to pay to Zenith Traders for breach of contract. Otherwise M Ltd is not liable.

Question 4

- (a) *What is appropriation of goods under the Sale of Goods Act, 1930? State the essentials regarding appropriation of unascertained goods.* **(6 Marks)**
- (b) *X, Y and Z are partners in a Partnership Firm. They were carrying their business successfully for the past several years. Spouses of X and Y fought in ladies club on their personal issue and X's wife was hurt badly. X got angry on the incident and he convinced Z to expel Y from their partnership firm. Y was expelled from partnership without any notice from X and Z. Considering the provisions of the Indian Partnership Act, 1932, state whether they can expel a partner from the firm. What are the criteria for test of good faith in such circumstances?* **(6 Marks)**

Answer

- (a) **Appropriation of goods:** Appropriation of goods involves selection of goods with the intention of using them in performance of the contract and with the mutual consent of the seller and the buyer.

The essentials regarding appropriation of unascertained goods are:

- (a) There is a contract for the sale of unascertained or future goods.
 - (b) The goods should conform to the description and quality stated in the contract.
 - (c) The goods must be in a deliverable state.
 - (d) The goods must be unconditionally (as distinguished from an intention to appropriate) appropriated to the contract either by delivery to the buyer or his agent or the carrier.
 - (e) The appropriation must be made by:
 - (i) the seller with the assent of the buyer; or
 - (ii) the buyer with the assent of the seller.
 - (f) The assent may be express or implied.
 - (g) The assent may be given either before or after appropriation.
- (b) A partner may not be expelled from a firm by a majority of partners except in exercise, in good faith, of powers conferred by contract between the partners. It is, thus, essential that:
- (i) the power of expulsion must have existed in a contract between the partners;
 - (ii) the power has been exercised by a majority of the partners; and
 - (iii) it has been exercised in good faith.

If all these conditions are not present, the expulsion is not deemed to be in bonafide interest of the business of the firm.

The test of good faith as required under Section 33(1) includes three things:

- The expulsion must be in the interest of the partnership.
- The partner to be expelled is served with a notice.
- He is given an opportunity of being heard.

If a partner is otherwise expelled, the expulsion is null and void.

Thus, according to the test of good faith as required under Section 33(1), expulsion of Partner Y is not valid.

Question 5

- (a) *Mr. D sold some goods to Mr. E for ₹ 5,00,000 on 15 days credit. Mr. D delivered the goods. On due date Mr. E refused to pay for it. State the position and rights of Mr. D as per the Sale of Goods Act, 1930. (6 Marks)*
- (b) *Define OPC (One Person Company) and state the rules regarding its membership. Can it be converted into a non-profit company under Section 8 or a private company? (6 Marks)*

Answer

- (a) **Position of Mr. D:** Mr. D sold some goods to Mr. E for ₹ 5,00,000 on 15 days credit. Mr. D delivered the goods. On due date Mr. E refused to pay for it. So, Mr. D is an unpaid seller as according to section 45(1) of the Sale of Goods Act, 1930 the seller of goods is deemed to be an 'Unpaid Seller' when the whole of the price has not been paid or tendered and the seller had an immediate right of action for the price.

Rights of Mr. D: As the goods have parted away from Mr. D, therefore, Mr. D cannot exercise the right against the goods, he can only exercise his rights against the buyer i.e. Mr. E which are as under:

(i) **Suit for price (Section 55)**

In the mentioned contract of sale, the price is payable after 15 days and Mr. E refuses to pay such price, Mr. D may sue Mr. E for the price.

- (ii) **Suit for damages for non-acceptance (Section 56):** Mr. D may sue Mr. E for damages for non-acceptance if Mr. E wrongfully neglects or refuses to accept and pay for the goods. As regards measure of damages, Section 73 of the Indian Contract Act, 1872 applies.

- (iii) **Suit for interest [Section 61]:** If there is no specific agreement between the Mr. D and Mr. E as to interest on the price of the goods from the date on which payment becomes due, Mr. D may charge interest on the price when it becomes due from such day as he may notify to Mr. E.

- (b) **One Person Company (OPC) [Section 2(62) of the Companies Act, 2013]:** The Act defines one person company (OPC) as a company which has only one person as a member.

Rules regarding its membership:

- Only one person as member.
- The memorandum of OPC shall indicate the name of the other person, who shall, in the event of the subscriber's death or his incapacity to contract, become the member of the company.
- The other person whose name is given in the memorandum shall give his prior written consent in prescribed form and the same shall be filed with Registrar of companies at the time of incorporation.
- Such other person may be given the right to withdraw his consent.
- The member of OPC may at any time change the name of such other person by giving notice to the company and the company shall intimate the same to the Registrar.
- Any such change in the name of the person shall not be deemed to be an alteration of the memorandum.
- Only a natural person who is an Indian citizen and resident in India (person who has stayed in India for a period of not less than 182 days during the immediately preceding one calendar year)-
 - shall be eligible to incorporate a OPC;
 - shall be a nominee for the sole member of a OPC.
- No person shall be eligible to incorporate more than one OPC or become nominee in more than one such company.
- No minor shall become member or nominee of the OPC or can hold share with beneficial interest.

OPC cannot be incorporated or converted into a company under section 8 of the Act. Though it may be converted to private or public companies in certain cases. OPC cannot convert voluntarily into any kind of company unless two years have expired from the date of incorporation, except where the paid up share capital is increased beyond fifty lakh rupees or its average annual turnover during the relevant period exceeds two crore rupees.

Question 6

- (a) *Define Fraud. Whether "mere silence will amount to fraud" as per the Indian Contract Act, 1872?* **(5 Marks)**

- (b) *What is the conclusive evidence of partnership? State the circumstances when partnership is not considered between two or more parties.* **(4 Marks)**
- (c) *State the limitations of the doctrine of indoor management under the Companies Act, 2013.* **(3 Marks)**

Answer

- (a) **Definition of Fraud under Section 17: 'Fraud' means and includes** any of the following acts committed by a party to a contract, or with his connivance, or by his agent, with an intent to deceive another party thereto or his agent, or to induce him to enter into the contract:

- (1) the suggestion, as a fact, of that which is not true, by one who does not believe it to be true;
- (2) the active concealment of a fact by one having knowledge or belief of the fact;
- (3) a promise made without any intention of performing it;
- (4) any other act fitted to deceive;
- (5) any such act or omission as the law specially declares to be fraudulent.

Mere silence will amount to fraud: This statement is incorrect as per the Indian Contract Act, 1872. A party to the contract is under no obligation to disclose the whole truth to the other party. 'Caveat Emptor' i.e. let the purchaser beware is the rule applicable to contracts. There is no duty to speak in such cases and silence does not amount to fraud. Similarly, there is no duty to disclose facts which are within the knowledge of both the parties.

- (b) **Conclusive evidence of partnership:** Existence of Mutual Agency which is the cardinal principle of partnership law is very much helpful in reaching a conclusion with respect to determination of existence of partnership. Each partner carrying on the business is the principal as well as an agent of other partners. So, the act of one partner done on behalf of firm, binds all the partners. If the element of mutual agency relationship exists between the parties constituting a group formed with a view to earn profits by running a business, a partnership may be deemed to exist.

Circumstances when partnership is not considered between two or more parties: Various judicial pronouncements have laid to the following factors leading to no partnership between the parties:

- (i) Parties have not retained any record of terms and conditions of partnership.
- (ii) Partnership business has maintained no accounts of its own, which would be open to inspection by both parties
- (iii) No account of the partnership was opened with any bank

- (iv) No written intimation was conveyed to the Deputy Director of Procurement with respect to the newly created partnership.
- (c) The doctrine of Indoor Management has limitations of its own. That is to say, it is inapplicable to the following cases, namely:
 - (i) **Actual or constructive knowledge of irregularity:** The rule does not protect any person when the person dealing with the company has notice, whether actual or constructive, of the irregularity.
 - (ii) **Suspicion of Irregularity:** The doctrine in no way, rewards those who behave negligently. Where the person dealing with the company is put upon an inquiry, for example, where the transaction is unusual or not in the ordinary course of business, it is the duty of the outsider to make the necessary enquiry.
 - (iii) **Forgery:** The doctrine of indoor management applies only to irregularities which might otherwise affect a transaction, but it cannot apply to forgery which must be regarded as nullity.

SECTION B – BUSINESS CORRESPONDENCE AND REPORTING

Question No. 7 is compulsory.

Attempt any **three** questions from the remaining **four** questions.

Question 7

- (a) Read the passage carefully and answer the questions given below:

A life of action and danger moderates the dread of death. It not only gives us fortitude to bear pain, but teaches us at every step the precarious tenure on which we hold our present being. Sedentary and studious men are the most apprehensive on this score. Dr. Johnson was an instance in point. A few years seemed to him soon over, compared with those sweeping contemplations on time and infinity with which he had been used to pose himself. In the still life of a man of letters there was no obvious reason for a change. He might sit in an arm chair and pour out cups of tea to all eternity would it had been possible for him to do so. The most rational cure after all for the inordinate fear of death is to set a just value on life. If we mere wish to continue on the scene to indulge our head-strong humour and tormenting passions, we had better be gone at once; and if we only cherish a fondness for existence according to the good we desire from it, the pang we feel at parting it will not be very server.

- (i) What type of people are afraid of death and Why? (1 Mark)
- (ii) How can we get rid of fear of death? (1 Mark)
- (iii) What idea do you form about Dr. Johnson from this passage? (1 Mark)
- (iv) Write Summary of the Passage. (2 Marks)

- (b) Read the passage:

- (i) Make Notes, using headings, sub headings, and abbreviations whenever necessary. (3 Marks)

- (ii) Write Summary. (2 Marks)

- (I) Anything printed and bound in a book size can be called a book, but the quality or mind distinguishes the value of it.

What is a book? This is' how Anatole France describes it:" A series of little printed signs essentially only that. It is for the reader to supply himself the forms and colors and sentiments to which these signs correspond. It will depend on him whether the book be dull or brilliant, hot with passion or cold as ice. Or if you prefer to put it otherwise each word in a book is a magic finger that sets a fibre of our brain vibrating like a hard string and so evokes a note from the sounding board of our soul No matter how skilful, how inspired the artist's hand, the sound it makes depends on the quality of the strings within ourselves"

Until recently books were the preserve of a small section _____ the urban upper classes. Some, even today, make it a point to call themselves intellectuals. It would be a pity if books were meant only for intellectuals and not for housewives, farmers, factory workers, artisans and, so on.

In India there are first generation learners, whose parents might have been illiterate. This poses special challenges to our authors and to those who are entrusted with the task of disseminating knowledge. We need much more research in the use of language and the development of techniques by which know ledge can be transferred to these people without transmission loss. Publishers should initiate campaigns to persuade people that a good book makes a beautiful present and that reading a good book can be the most relaxing as well as absorbing of pastimes. We should aim at books of quality no less than at quantitative expansion in production and sale. Unless one is constantly exposed to the best, one cannot develop a taste for the good.

(2 Marks)

Answer

(a) Reading comprehension

People who have a sedentary lifestyle and are too much into writing/literature are afraid of death.

We can get rid of the fear of death by following a life of action and danger and also by setting a value on life.

Dr. Johnson, being a man of letters seemed to have a sedentary life style. He feared death because of his monotonous life.

A life that is full of action and danger would not fear death. One needs to be active and avoid a sedentary life full of contemplation. One must cherish what one has and enjoy moments as they come, rather than brood over the past and future. Dr. Johnson is a good example of a case where death was severely dreaded.

(b) (i) A. Value of bks. acc. to Anatole France

- (1) not merely printed signs
- (2) reader gives
 - (i) colours
 - (ii) forms
 - (iii) sentiments
 - a. brilliant or boring
 - b. touches our souls

B. Bks. are meant for diff. sections of society

- (1) until recently bks. were read by only intellect.
- (2) meant for all housewives, farmers, artisans, etc.

C. Bks. for 1st gen. learners

- (1) challenge for authors
- (2) need more research in use of lang.
- (3) need for dev. of teaching tech. a. knowledge transfer w/o transmsⁿ loss

D. Publisher's role

- (1) campaigns to persuade
 - a. bks make good presents
 - b. rdng – a relaxing pastime

Key

- 1. acc. - according
- 2. 1st - first
- 3. bks. - books
- 4. gen. - generation
- 5. diff. – different
- 6. lang. - language
- 7. intellect. - intellectuals
- 8. dev. – development
- 9. w/o – without
- 10. transmsⁿ - transmission

Summary

A book can be defined as anything that is bound and printed. However, there can be factors of quality and the mind applied to it that distinguish a book. According to Anatole France, a reader has powers to convert the book into magic; using his brain connect with the words printed in it. No matter how good an author is, the content becomes interesting only if the reader wishes to make it so. Apparently, books have always been associated with the urban sector. One must try to spread the reach to a wider audience, emphasizing the fact that good techniques and language can make book reading the most enjoyable of all pass times.

Question 8

(a) Define visual communication. **(2 Marks)**

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

Perpetual

- (1) General
- (2) Emotional
- (3) Stubborn
- (4) Continuous

(1 Mark)

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

Disparage

- (1) Eulogise
- (2) Belittle
- (3) Alert
- (4) Defame

(iii) Change the following sentence to indirect speech:

The policeman said to the stranger who are you.

(1 Mark)

(c) Write a precis and give appropriate title to the passage given below:

Teaching is the noblest of professions. A teacher has a scared duty to perform. It is he on whom rests the responsibility of moulding the character of young children. Apart from developing their intellect, he can inculcate in them qualities of good citizenship, remaining neat and clean, talking decently and sitting properly. These virtues are not easy to be imbibed. Only he who himself leads a life of simplicity, purity and rigid discipline can successfully cultivate these habits in his pupils.

Besides a teacher always remain young. He may grow old in age, but not in spite. Perpetual contact with budding youths keeps him happy and cheerful These are moments when domestic worries weigh heavily on his mind, but the delightful company of innocent children makes him overcome his transient moods of despair. **(5 Marks)**

Answer**(a) Visual communication**

Communication that happens through visual aids such as signs, graphic designs, colour, illustrations etc is visual communication. It is a powerful medium these days, especially for office presentations. Visuals can also include pie charts, graphs, or any other colourful representation. It adds value to the content and forms a major part of audio visual ppt's.

- (b) (i) (4) continuous
 (ii) (1) eulogize
 (iii) Indirect speech: the policeman asked the stranger who he was.

(c) Precis writing

Possible Titles: A teacher remains immortal

A Teacher never grows old

Teaching: a selfless and noble profession

Teaching is constant learning and practicing

Teaching is a selfless job which goes on even when the teacher gets old. He/she is constantly learning, no matter how old one grows. From imparting education to discipline to mannerisms, a teacher is a role model. He leads a simple life, of virtues and morals and inculcates the same in his students. The pleasant company of students removes a teacher's personal worries and refreshes his mind.

Question 9

- (a) Write any four barriers to effective communication? **(2 Marks)**

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

- (i) Despot

- (1) Tyrant
 (2) Storage
 (3) Hot meal
 (4) Against

(1 Mark)

- (ii) Illicit

- (1) Storage
 (2) Emotional
 (3) Unlawful
 (4) Grand

(1 Mark)

- (iii) Change the following sentence into indirect speech:

The Shopkeeper says, "prices are shooting up alarmingly."

(1 Mark)

- (c) Write circular addressing to the employees regarding office timings. **(5 Marks)**

Answer

- (a) Four barriers to Effective communication

- (1) **Physical barriers:** include noise, old technology, technical disturbances, distant locations, lack of appropriate infrastructure.
 - (2) **Organizational structural barriers:** Lack of a proper chain of command in office, gaps in the hierarchy creates problems in communication
 - (3) **Language barriers:** Language creates problems in communication. Difficult words, unclear jargon, different community having different languages
 - (4) **Cultural barriers:** Cultures have different customs and can lead to miscommunication.
 - (5) **Emotional barriers:** One of the chief barriers to open and free communications is the emotional barrier. Anger, fear of criticism or ridicule, mistrust of person, suspicion of intentions, jealousy, anxiety and many more feelings and sentiments we carry within us, affect our communication ability and quality. A person who is upset and disturbed cannot pass on or receive information appropriately and objectively. His emotions will colour his perception and assessment of the communication.
 - (6) **Attitude barriers:** Personal attitudes of employees can affect communication within the organization.
 - (7) **Perception Barriers:** Each one of us perceives the world differently and this causes problems in communicating.
 - (8) **Physiological barriers:** Ill health, poor eyesight, hearing difficulties or any other physiological problems can be hurdles in effective interaction with others.
 - (9) **Technology barriers:** Anyone who is not tech friendly struggles to communicate effectively via the medium.
 - (10) **Gender barriers:** Due to traditional mindsets, many men find it difficult to take orders from, or provide information to women.
- (b) (i) 1. Tyrant
(ii) 3. Unlawful
(iii) The shopkeeper said that prices were shooting up alarmingly.
- (c) **Circular Writing Sample 1: Employees working as per flexible office timings**

Circular No. XV

14th May, 2018**Office Timings**

For all employees

This is an official communication about the office timings to be followed by all employees. As per flexible timings approved by the management, working hours/timings are as under:

9:30 am to 5:30 pm

10:00 am to 6:30 pm

10:30 am to 7:00 pm

For Housekeeping staff:

Shift-1: 8:00 am to 4:00 pm

Shift-2: 2:00 pm to 8:00 pm

Saturday and Sunday is a holiday for all employees.

Strict action will be taken against defaulters. In case of any emergency, please inform your respective heads/managers.

XYZ

HR manager

Circular Writing Sample 2: Employees working for different foreign clients

Circular No. XV

14th May, 2018

Office Timings

For employees

This is an official communication about the office timings to be followed by employees working for foreign clients. With regard to the time zone based on the geography of the client country, the working hours/timings are as under:

Employees for US client: working hours will be 6 am to 2 pm.

Employees for UK client: working hours will be 1:30 pm to 9:30 pm

Employees for Indian client: working hours will be 9: 30 am to 5:30 pm

For Housekeeping staff

Shift-1: 8:00 am to 4:00 pm

Shift-2: 2:00 pm to 8:00 pm

Saturday and Sunday is a holiday for all employees.

Strict action will be taken against defaulters. In case of any emergency, please inform your respective heads/managers.

XYZ

HR manager

Question 10

- (a) (i) *What are the characteristics of effective communication?* **(2 Marks)**

OR

- (ii) *What is diagonal communication?* **(2 Marks)**
- (b) (i) *Complete the expression by supplying a suitable preposition or adverb particle. Choose your answer from the options given in brackets.*
We will take _____ this issue when we meet next week. (up/on/over) **(1 Mark)**
- (ii) *Rewrite the following sentence in Passive Voice*
The customer should receive the delivery by Friday. **(1 Mark)**
- (iii) *Rewrite the following sentence in Active Voice.*
He will be given a ticket for over speeding by the police officer. **(1 Mark)**
- (c) *Write an article of about 250 words on the topic "Global warming".* **(5 Marks)**

Answer**(a) Characteristics of effective communication**

1. **Clear:** Any spoken or written communication should state the purpose of message clearly.
2. **Concise:** Brevity is the essence of business communication.
3. **Concrete:** The content of your communiqué should be tangible. Base it on facts and figures.
4. **Coherent:** Coherence is sequentially organized and logically presented information which is easily understood.
5. **Complete:** A complete communication conveys all facts and information required by the recipient.
6. **Courteous:** Courtesy implies that the sender is polite, considerate, respectful, open and honest with the receiver.
7. **Listening for Understanding:** Focus on the individual and his agenda. A perceptive listener is able to provide information as per the needs of the client
8. **Focus and Attention: Everyday work environment** Paying attention to the pertinent details is imperative for effective communication.
9. **Emotional Awareness and Control:** Managing your own and others emotions and communicating keeping in mind the emotional state of others helps in smooth interaction and breakdown of the communication process.

OR

Diagonal Communication.

It is part of the formal communication section. It refers to the cross functional communication between different levels of employees in an organization. It is commonly found in large organization. Diagonal communication is recommended as it reduces the gaps between communication and encourages direct talks with the third party. For example a junior engineer directly reporting to the General Manager about the progress of a project.

- (b) (i) We will take up this issue when we meet next week.
 (ii) The delivery would be received by the customer by Friday (Passive voice)
 (iii) The police officer will give him a ticket for over speeding (Active voice)

(c) Global Warming

The retention of extra heat by the Earth is known as Global warming. It is basically an increase in the amount of greenhouse gases in the air that results in more heat being trapped in the atmosphere. The green houses gases include carbon dioxide, methane, water vapour and ozone. This leads to an overall rise in the surface temperature of the Earth.

The temperature of the Earth has increase by about 1-2 degree Fahrenheit in the last 100 years and is continuing to increase further. The warming has led to the decrease of cold nights and increase in warm/summer days. Melting glaciers is also a result of global warming.

The amount of carbon di oxide in air has been increasing at an alarming rate. The main cause of this increase being burning of fossil fuels and deforestation. Production, distribution and combustion of fossil fuel also results in the emission of methane gas.

As responsible citizens of the Earth, we must take measures to curb the problem of global warming and save the environment. Use of renewable sources of energy, like solar energy should be promoted. Solar heater, solar cooker, solar coolers are some devices that run on the energy captured from the Sun. Farmers should be encouraged to use natural fertilizers that provide better yields and are environment friendly. Children in school should participate in 'plant a tree' campaigns. Afforestation is an easy and simple step towards saving our environment. Air pollution should be checked, probably by making catalytic inverters compulsory for all vehicles.

If the above measures are followed and every individual pledges to keep the environment clean, problems like global warming can be under control. Let us all pledge to GO GREEN

Question 11

- (a) *What are the main steps in the process of communication?* **(2 Marks)**

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

(i) Storm in tea cup

(1) Crave for something

(2) Drink tea often

(3) Get into quarrel

(4) Making a big issue out of a small thing.

(1 Mark)

(ii) To grease the palm

(1) Treat suffer

(2) To offer bribe

(3) To swim in deep sea

(4) To be in deep thought.

(1 Mark)

(iii) Rewrite the following sentences in the active voice:

The entire district was destroyed by cyclone.

(1 Mark)

(c) Write a memo letter informing the employees of all branches about the suspension order of Mr. Z, cashier, on charge of misappropriation of fund of the same office. **(5 Marks)**

Answer

(a) Steps in the process of communication

(i) The purpose or reason

(ii) The content or message

(iii) The medium used for conveying the message (internet, written text, speech etc)

(iv) Transmitting the message

(v) Messages are often misinterpreted due to external disturbances. These factors disrupt communication

(vi) Receiving the message

(vii) Deciphering/decoding the message

(viii) Interpreting and figuring out what the real message is.

(b) (i) 4. Making a big issue out of a small thing

(ii) 2. To offer bribe

(iii) The cyclone destroyed the entire district. (Active voice)

(c) Memo (suspension order of cashier)

XYZ Bank

36, NOIDA, Uttar Pradesh

Interoffice memo

Date: 14/05/2018

To: All employees of branch

From: Ms. ABC, General Manager

Reference: 44L/T2

Subject: Suspension order

This is to inform you that Mr. Z, cashier of XYZ bank, Noida, UP branch has been suspended on charge of misappropriation of funds. All concerned are requested to refrain from any transaction with him. If not, the bank authorities would not be held responsible.

PAPER – 2: BUSINESS LAW & BUSINESS CORRESPONDENCE AND REPORTING

SECTION A – BUSINESS LAW

Question No. 1 is compulsory.

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

Question 1

- (a) *Mr. X and Mr. Y entered into a contract on 1st August, 2018, by which. Mr. X had to supply 50 tons of sugar to Mr. Y at a certain price strictly within a period of 10 days of the contract. Mr. Y also paid an amount of ₹ 50,000 towards advance as per the terms of the above contract. The mode of transportation available between their places is roadway only. Severe flood came on 2nd August, 2018 and the only road connecting their places was damaged and could not be repaired within fifteen days. Mr. X offered to supply sugar on 20th August, 2018 for which Mr. Y did not agree. On 1st September, 2018, Mr. X claimed compensation of ₹ 10,000 from Mr. Y for refusing to accept the supply of sugar, which was not there within the purview of the contract. On the other hand, Mr. Y claimed for refund of ₹ 50,000 which he had paid as advance in terms of the contract. Analyse the above situation in terms of the provisions of the Indian Contract Act, 1872 and decide on Y's contention. (4 Marks)*
- (b) *A company registered under section 8 of the Companies Act, 2013, earned huge profit during the financial year ended on 31st March, 2018 due to some favorable policies declared by the Government of India and implemented by the company. Considering the development, some members of the company wanted the company to distribute dividends to the members of the company. They approached you to advise them about the maximum amount of dividend that can be declared by the company as per the provisions of the Companies Act, 2013. Examine the relevant provisions of the Companies Act, 2013 and advise the members accordingly. (4 Marks)*
- (c) *Differentiate between Ascertained and Unascertained Goods with example. (4 Marks)*

Answer

- (a) **Subsequent or Supervening impossibility (Becomes impossible after entering into contract):** When performance of promise become impossible or illegal by occurrence of an unexpected event or a change of circumstances beyond the contemplation of parties, the contract becomes void e.g. change in law etc.

Also, according to section 65 of the Indian Contract Act, 1872, when an agreement is discovered to be void or when a contract becomes void, any person who has received any advantage under such agreement or contract is bound to restore it, or to make compensation for it to the person from whom he received it.

In the given question, after Mr. X and Mr. Y have entered into the contract to supply 50 tons of sugar, the event of flood occurred which made it impossible to deliver the sugar within the stipulated time. Thus, the promise in question became void. Further, Mr. X has to pay back the amount of ₹ 50,000 that he received from Mr. Y as an advance for the supply of sugar within the stipulated time. Hence, the contention of Mr. Y is correct.

- (b) A company that is registered under section 8 of the Companies Act, 2013, is prohibited from the payment of any dividend to its members.

The company in question is a section 8 company and hence it cannot declare dividend. Thus, the contention of members is incorrect.

- (c) **Ascertained Goods** are those goods which are identified in accordance with the agreement after the contract of sale is made. This term is not defined in the Act but has been judicially interpreted. In actual practice the term 'ascertained goods' is used in the same sense as 'specific goods.' When from a lot or out of large quantity of unascertained goods, the number or quantity contracted for is identified, such identified goods are called ascertained goods.

Unascertained goods: The goods which are not specifically identified or ascertained at the time of making of the contract are known as 'unascertained goods'. They are indicated or defined only by description or sample.

Question 2

- (a) *What is Contingent Contract? Discuss the essentials of Contingent Contract as per the Indian Contract Act, 1872.* **(7 Marks)**
- (b) *Explain the essential elements to incorporate a Limited Liability Partnership and the steps involved therein under the LLP Act, 2008.* **(5 Marks)**

Answer

- (a) According to section 31 of the Indian Contract Act, 1872, contingent contract means a contract to do or not to do something, if some event, collateral to such contract, does or does not happen.

Example: Contracts of Insurance, indemnity and guarantee.

Essentials of a contingent contract

- (a) **The performance of a contingent contract would depend upon the happening or non-happening of some event or condition.** The condition may be precedent or subsequent.
- (b) **The event referred to, is collateral to the contract.** The event is not part of the contract. The event should be neither performance promised nor a consideration for a promise.
- (c) **The contingent event should not be a mere 'will' of the promisor.** The event

should be contingent in addition to being the will of the promisor.

(d) The event must be uncertain. Where the event is certain or bound to happen, the contract is due to be performed, then it is a not contingent contract.

(b) Essential elements to incorporate Limited Liability Partnership (LLP)- Under the LLP Act, 2008, the following elements are very essential to form a LLP in India:

- (i) To complete and submit incorporation document in the form prescribed with the Registrar electronically;
- (ii) To have at least two partners for incorporation of LLP [Individual or body corporate];
- (iii) To have registered office in India to which all communications will be made and received;
- (iv) To appoint minimum two individuals as designated partners who will be responsible for number of duties including doing of all acts, matters and things as are required to be done by the LLP. Atleast one of them should be resident in India.
- (v) A person or nominee of body corporate intending to be appointed as designated partner of LLP should hold a Designated Partner Identification Number (DPIN) allotted by Ministry of Corporate Affairs.
- (vi) To execute a partnership agreement between the partners inter se or between the LLP and its partners. In the absence of any agreement the provisions as set out in First Schedule of LLP Act, 2008 will be applied.
- (vii) LLP Name.

Steps to incorporate LLP:

1. Name reservation:
 - The first step to incorporate Limited Liability Partnership (LLP) is reservation of name of LLP.
 - Applicant has to file e-Form 1, for ascertaining availability and reservation of the name of a LLP business.
2. Incorporate LLP:
 - After reserving a name, user has to file e- Form 2 for incorporating a new Limited Liability Partnership (LLP).
 - e-Form 2 contains the details of LLP proposed to be incorporated, partners'/ designated partners' details and consent of the partners/designated partners to act as partners/ designated partners

3. LLP Agreement

- Execution of LLP Agreement is mandatory as per Section 23 of the Act.
- LLP Agreement is required to be filed with the registrar in e-Form 3 within 30 days of incorporation of LLP.

Question 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.* **(4 Marks)**

(II) A. *State the liabilities of a minor partner both:*

- (i) *Before attaining majority and*
- (ii) *After attaining majority.* **(2 Marks)**

OR

B. *State the legal position of a minor partner after attaining majority:*

- (i) *When he opts to become a partner of the same firm.*
- (ii) *When he decide not to become a partner.* **(2 Marks)**

(b) (i) *Mr. Ramesh promised to pay ₹50,000 to his wife Mrs. Lali so that she can spend the sum on her 30th birthday. Mrs. Lali insisted her husband to make a written agreement if he really loved her. Mr. Ramesh made a written agreement and the agreement was registered under the law. Mr. Ramesh failed to pay the specified amount to his wife Mrs. Lali. Mrs. Lali wants to file a suit against Mr. Ramesh and recover the promised amount. Referring to the applicable provisions of the Contract Act, 1872, advise whether Mrs. Lali will succeed.* **(3 Marks)**

(ii) *A shop-keeper displayed a pair of dress in the show-room and a price tag of ₹2,000 was attached to the dress. Ms. Lovely looked to the tag and rushed to the cash counter. Then she asked the shop-keeper to receive the payment and pack up the dress. The shop-keeper refused to hand-over the dress to Ms. Lovely in consideration of the price stated in the price tag attached to the Ms. Lovely seeks your advice whether she can sue the shop-keeper for the above cause under the Indian Contract Act, 1872.* **(3 Marks)**

Answer

(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 and 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) A. (i) 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.
- (ii) 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.

OR

- B. (i) When he becomes partner:** If the minor becomes a partner on his own willingness or by his failure to give the public notice within specified time, his rights and liabilities as given in Section 30(7) of the Indian Partnership Act, 1932, are as follows:
- (a) He becomes personally liable to third parties for all acts of the firm done since he was admitted to the benefits of partnership.
 - (b) His share in the property and the profits of the firm remains the same to which he was entitled as a minor.
- (ii) When he elects not to become a partner:**
- (a) His rights and liabilities continue to be those of a minor up to the

date of giving public notice.

- (b) His share shall not be liable for any acts of the firm done after the date of the notice.
- (c) He shall be entitled to sue the partners for his share of the property and profits. It may be noted that such minor shall give notice to the Registrar that he has or has not become a partner.

- (b) (i) **Parties must intend to create legal obligations:** There must be an intention on the part of the parties to create legal relationship between them. Social or domestic type of agreements are not enforceable in court of law and hence they do not result into contracts.

In the given question, Mr. Ramesh promised to pay ₹ 50,000 to his wife so that she can spend the same on her birthday. However, subsequently, Mr. Ramesh failed to fulfil the promise, for which Mrs. Lali wants to file a suit against Mr. Ramesh. Here, in the given circumstance wife will not be able to recover the amount as it was a social agreement and the parties did not intend to create any legal relations.

- (ii) The offer should be distinguished from an invitation to offer. An offer is definite and capable of converting an intention in to a contract. Whereas an invitation to an offer is only a circulation of an offer, it is an attempt to induce offers and precedes a definite offer. Where a party, without expressing his final willingness, proposes certain terms on which he is willing to negotiate, he does not make an offer, but invites only the other party to make an offer on those terms. This is the basic distinction between offer and invitation to offer.

The display of articles with a price in it in a self-service shop is merely an invitation to offer. It is in no sense an offer for sale, the acceptance of which constitutes a contract. In this case, Ms. Lovely by selecting the dress and approaching the shopkeeper for payment simply made an offer to buy the dress selected by her. If the shopkeeper does not accept the price, the interested buyer cannot compel him to sell.

Question 4

- (a) *What is the Doctrine of "Caveat Emptor"? What are the exceptions to the Doctrine of "Caveat Emptor"?* **(6 Marks)**
- (b) (i) *Mr. A. Mr. B and Mr. C were partners in a partnership firm M/s ABC & Co., which is engaged in the business of trading of branded furniture. The name of the partners was clearly written along with the firm name in front of the head office of the firm as well as on letter-head of the firm. On 1st October, 2018, Mr. C passed away. His name was neither removed from the list of partners as stated in front of*

the head office nor from the letter-heads of the firm. As per the terms of partnership, the firm continued its operations with Mr. A and Mr. B as partners. The accounts of the firm were settled and the amount due to the legal heirs of Mr. C was also determined on 10th October, 2018. But the same was not paid to the legal heirs of Mr. C. On 16th October, 2018, Mr. X, a supplier supplied furniture worth ₹ 20,00,000 to M/s ABC & Co. M/s ABC & Co. could not repay the amount due to heavy losses. Mr. X wants to recover the amount not only from M/s ABC & Co., but also from the legal heirs of Mr. C.

Analyses the above situation in terms of the provisions of the Indian Partnership Act, 1932 and decide whether the legal heirs of Mr. C can also be held liable for the dues towards Mr. X. **(3 Marks)**

- (ii) *Mr. M, Mr. N and Mr. P were partners in a firm, which was dealing in refrigerators. On 1st October, 2018, Mr. P retired from partnership, but failed to give public notice of his retirement. After his retirement, Mr. M, Mr. N and Mr. P visited a trade fair and enquired about some refrigerators with latest techniques. Mr. X, who was exhibiting his refrigerators with the new techniques was impressed with the interactions of Mr. P and requested for the visiting card of the firm. The visiting card also included the name of Mr. P as a partner even though he had already retired. Mr. X supplied some refrigerators to the firm and could not recover his dues from the firm. Now, Mr. X wants to recover the dues not only from the firm, but also from Mr. P.*

Analyse the above case in terms of the provisions of the Indian Partnership Act, 1932 and decide whether Mr. P is liable in this situation. **(3 Marks)**

Answer

(a) 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.

Exceptions: Following are the exceptions to the doctrine of Caveat Emptor:

1. **Fitness as to quality or use:** Where the buyer makes known to the seller the particular purpose for which the goods are required, so as to show that he relies on the seller's skill or judgment and the goods are of a description which is in the course of seller's business to supply, it is the duty of the seller to supply such goods as are reasonably fit for that purpose [Section 16 (1) of the Sales of Goods Act, 1930].

2. **Goods purchased under patent or brand name:** In case where the goods are purchased under its patent name or brand name, there is no implied condition that the goods shall be fit for any particular purpose [Section 16(1)].
 3. **Goods sold by description:** Where the goods are sold by description there is an implied condition that the goods shall correspond with the description [Section 15]. If it is not so then seller is responsible.
 4. **Goods of Merchantable Quality:** Where the goods are bought by description from a seller who deals in goods of that description there is an implied condition that the goods shall be of merchantable quality. The rule of Caveat Emptor is not applicable. But where the buyer has examined the goods this rule shall apply if the defects were such which ought to have not been revealed by ordinary examination [Section 16(2)].
 5. **Sale by sample:** Where the goods are bought by sample, this rule of Caveat Emptor does not apply if the bulk does not correspond with the sample [Section 17].
 6. **Goods by sample as well as description:** Where the goods are bought by sample as well as description, the rule of Caveat Emptor is not applicable in case the goods do not correspond with both the sample and description or either of the condition [Section 15].
 7. **Trade Usage:** An implied warranty or condition as to quality or fitness for a particular purpose may be annexed by the usage of trade and if the seller deviates from that, this rule of Caveat Emptor is not applicable [Section 16(3)].
 8. **Seller actively conceals a defect or is guilty of fraud:** Where the seller sells the goods by making some misrepresentation or fraud and the buyer relies on it or when the seller actively conceals some defect in the goods so that the same could not be discovered by the buyer on a reasonable examination, then the rule of Caveat Emptor will not apply. In such a case the buyer has a right to avoid the contract and claim damages.
- (b) (i) Generally, the effect of the death of a partner is the dissolution of the partnership, but the rule in regard to the dissolution of the partnership, by death of partner, is subject to a contract between the parties and the partners are competent to agree that the death of one will not have the effect of dissolving the partnership as regards the surviving partners unless the firm consists of only two partners. In order that the estate of the deceased partner may be absolved from liability for the future obligations of the firm, it is not necessary to give any notice either to the public or the persons having dealings with the firm.

In the light of the provisions of the Act and the facts of the question, Mr. X (creditor) can have only a personal decree against the surviving partners (Mr. A and Mr. B) and a decree against the partnership assets in the hands of those partners. A suit

for goods sold and delivered would not lie against the representatives of the deceased partner. Hence, the legal heirs of Mr. C cannot be held liable for the dues towards Mr. X.

- (ii) A retiring partner continues to be liable to third party for acts of the firm after his retirement until public notice of his retirement has been given either by himself or by any other partner. But the retired partner will not be liable to any third party if the latter deals with the firm without knowing that the former was partner.

Also, if the partnership is at will, the partner by giving notice in writing to all the other partners of his intention to retire will be deemed to be relieved as a partner without giving a public notice to this effect.

Also, as per section 28 of the Indian Partnership Act, 1932, where a man holds himself out as a partner, or allows others to do it, he is then stopped from denying the character he has assumed and upon the faith of which creditors may be presumed to have acted.

In the light of the provisions of the Act and facts of the case, Mr. P is also liable to Mr. X.

Question 5

- (a) *Mr. G sold some goods to Mr. H for certain price by issue of an invoice, but payment in respect of the same was not received on that day. The goods were packed and lying in the godown of Mr. G. The goods were inspected by H's agent and were found to be in order. Later on, the dues of the goods were settled in cash. Just after receiving cash, Mr. G asked Mr. H that goods should be taken away from his godown to enable him to store other goods purchased by him. After one day, since Mr. H did not take delivery of the goods, Mr. G kept the goods out of the godown in an open space. Due to rain, some goods were damaged.*

Referring to the provisions of the Sale of Goods Act, 1930, analyse the above situation and decide who will be held responsible for the above damage. Will your answer be different, if the dues were not settled in cash and are still pending? **(6 Marks)**

- (b) *There are cases where company law disregards the principle of corporate personality or the principle that the company is a legal entity distinct from its shareholders or members. Elucidate.* **(6 Marks)**

Answer

- (a) 1. According to section 44 of the Sales of Goods Act, 1932, when the seller is ready and willing to deliver the goods and requests the buyer to take delivery, and the buyer does not within a reasonable time after such request take delivery of the goods, he is liable to the seller for any loss occasioned by his neglect or refusal to take delivery and also for a reasonable charge for the care and custody of the goods.

The property in the goods or beneficial right in the goods passes to the buyer at appoint of time depending upon ascertainment, appropriation and delivery of goods. Risk of loss of goods *prima facie* follows the passing of property in goods. Goods remain at the seller's risk unless the property there in is transferred to the buyer, but after transfer of property therein to the buyer the goods are at the buyer's risk whether delivery has been made or not.

In the given case, since Mr. G has already intimated Mr. H, that he wanted to store some other goods and thus Mr. H should take the delivery of goods kept in the godown of Mr. G, the loss of goods damaged should be borne by Mr. H.

2. If the price of the goods would not have settled in cash and some amount would have been pending then Mr. G will be treated as an unpaid seller and he can enforce the following rights against the goods as well as against the buyer personally:
 - (a) Where under a contract of sale the property in the goods has passed to the buyer and the buyer wrongfully neglects or refuses to pay for the goods according to the terms of the contract, the seller may sue him for the price of the goods. [Section 55(1) of the Sales of Goods Act, 1930]
 - (b) Where under a contract of sale the price is payable on a day certain irrespective of delivery and the buyer wrongfully neglects or refuses to pay such price, the seller may sue him for the price although the property in the goods has not passed and the goods have not been appropriated to the contract. [Section 55(2) of the Sales of Goods Act, 1930].
- (b) Corporate Veil refers to a legal concept whereby the company is identified separately from the members of the company.

However, this veil can be lifted which means looking behind the company as a legal person, i.e., disregarding the corporate entity and paying regard, instead, to the realities behind the legal facade. Where the Courts ignore the company, and concern themselves directly with the members or managers, the corporate veil may be said to have been lifted. Only in appropriate circumstances, the Courts are willing to lift the corporate veil and that too, when questions of control are involved rather than merely a question of ownership.

Lifting of Corporate Veil

The following are the cases where company law disregards the principle of corporate personality or the principle that the company is a legal entity distinct and separate from its shareholders or members:

- **Trading with enemy:** If the public interest is likely to be in jeopardy, the Court may be willing to crack the corporate shell
- Where corporate entity is used to evade or circumvent tax, the corporate veil may

be lifted

- Where companies form other companies as their subsidiaries to act as their agent
- Company is formed to circumvent welfare of employees
- **Where the device of incorporation is adopted for some illegal or improper purpose:** Where the device of incorporation is adopted for some illegal or improper purpose, e.g., to defeat or circumvent law, to defraud creditors or to avoid legal obligations.

Question 6

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

(5 Marks)

(b) State any four grounds on which Court may dissolve a partnership firm in case any partner files a suit for the same.

(4 Marks)

(c) Mr. X had purchased some goods from M/s ABC Limited on credit. A credit period of one month was allowed to Mr. X. Before the due date Mr. X went to the company and wanted to repay the amount due from him. He found only Mr. Z there, who was the factory supervisor of the company. Mr. Z told Mr. X that the accountant and the cashier were on leave, he is in-charge of receiving money and he may pay the amount to him. Mr. Z issued a money receipt under his signature. After two months M/s ABC Limited issued a notice to Mr. X for non-payment of the dues within the stipulated period. Mr. X informed the company that he had already cleared the dues and he is no more responsible for the same. He also contended that Mr. Z is an employee of the company to whom he had made the payment and being an outsider, he trusted the words of Mr. Z as duty distribution is a job of the internal management of the company.

Analyse the situation and decide whether Mr. X is free from his liability. **(3 Marks)**

Answer

(a) Modes of revocation of Offer

- (i) By notice of revocation
- (ii) **By lapse of time:** The time for acceptance can lapse if the acceptance is not given within the specified time and where no time is specified, then within a reasonable time.
- (iii) **By non-fulfillment of condition precedent:** Where the acceptor fails to fulfill a condition precedent to acceptance the proposal gets revoked.
- (iv) **By death or insanity:** Death or insanity of the proposer would result in automatic revocation of the proposal but only if the fact of death or insanity comes to the knowledge of the acceptor.

- (v) By counter offer
- (vi) By the non- acceptance of the offer according to the prescribed or usual mode
- (vii) By subsequent illegality

(b) Dissolution by the Court (Section 44 of the Indian Partnership Act, 1932):

Court may, at the suit of the partner, dissolve a firm on any of the following ground:

- (1) **Insanity/unsound mind:** Where a partner (not a sleeping partner) has become of unsound mind, the court may dissolve the firm on a suit of the other partners or by the next friend of the insane partner.
- (2) **Permanent incapacity:** When a partner, other than the partner suing, has become in any way permanently incapable of performing his duties as partner, then the court may dissolve the firm. Such permanent incapacity may result from physical disability or illness etc.
- (3) **Misconduct:** Where a partner, other than the partner suing, is guilty of conduct which is likely to affect prejudicially the carrying on of business, the court may order for dissolution of the firm, by giving regard to the nature of business.
- (4) **Persistent breach of agreement:** Where a partner other than the partner suing, wilfully or persistently commits breach of agreements relating to the management of the affairs of the firm or the conduct of its business, or otherwise so conduct himself in matters relating to the business that it is not reasonably practicable for other partners to carry on the business in partnership with him, then the court may dissolve the firm at the instance of any of the partners. Following comes in to category of breach of contract:
 - Embezzlement,
 - Keeping erroneous accounts
 - Holding more cash than allowed
 - Refusal to show accounts despite repeated request etc.
- (5) **Transfer of interest:** Where a partner other than the partner suing, has transferred the whole of his interest in the firm to a third party or has allowed his share to be charged or sold by the court, in the recovery of arrears of land revenue, the court may dissolve the firm at the instance of any other partner.
- (6) **Continuous/Perpetual losses:** Where the business of the firm cannot be carried on except at a loss in future also, the court may order for its dissolution.
- (7) **Just and equitable grounds:** Where the court considers any other ground to be just and equitable for the dissolution of the firm, it may dissolve a firm. The following are the cases for the just and equitable grounds-
 - (i) Deadlock in the management.

- (ii) Where the partners are not in talking terms between them.
- (iii) Loss of substratum.
- (iv) Gambling by a partner on a stock exchange.

(c) **Doctrine of Indoor Management:** The Doctrine of Indoor Management is the exception to the doctrine of constructive notice. The doctrine of constructive notice does not mean that outsiders are deemed to have notice of the internal affairs of the company. For instance, if an act is authorised by the articles or memorandum, an outsider is entitled to assume that all the detailed formalities for doing that act have been observed.

The doctrine of Indoor Management is important to persons dealing with a company through its directors or other persons. They are entitled to assume that the acts of the directors or other officers of the company are validly performed, if they are within the scope of their apparent authority. So long as an act is valid under the articles, if done in a particular manner, an outsider dealing with the company is entitled to assume that it has been done in the manner required.

In the given question, Mr. X has made payment to Mr. Z and he (Mr. Z) gave to receipt of the same to Mr. X. Thus, it will be rightful on part of Mr. X to assume that Mr. Z was also authorised to receive money on behalf of the company. Hence, Mr. X will be free from liability for payment of goods purchased from M/s ABC Limited, as he has paid amount due to an employee of the company.

PAPER – 2: BUSINESS LAW & BUSINESS CORRESPONDENCE AND REPORTING

SECTION-B : BUSINESS CORRESPONDENCE AND REPORTING

Question No. 7 is compulsory.

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

All candidates (including those who have opted for Hindi Medium) are required to answer the questions in Section B, in English only.

Question 7

(a) *Read the passage carefully and answer the questions given below :*

"Your room is so ugly that no one can enter your room except yourself, son. Please take care of yourself at least. "Harish's mother was simply shouting at Harish. It was a beautiful Sunday morning and. Harish was in no mood to get up from bed even it was already 9.00 A.M. His mother had completed cleaning the whole house except Harish's Room. Harish got up and finished his daily routine. Still, he was only at the receiving end. "All your friends have finished morning walk, breakfast and completed their weekly homework given in the college. Just clean your room and take the whole garbage and throw outside." Harish was surprised. What is mom speaking about? Yesterday only his mom was teaching him about "Swachh Bharat Abhiyan" and today asking him to throw the garbage outside ! "What's this Mom? You advised me so much and today asking to throw garbage outside?" Harish had two options, either to follow his mother's last night advice or to follow her present order. He decided to follow the first and raised objection. His Mom said, "It was just a book son, I was teaching from that only. "Harish still objected and threw the garbage inside a dustbin, located around 200 metres away from his house.

Is it only a matter of reading only? Is really cleanliness not, necessary? Is it a duty of the politicians and Government servants? Harish asked himself all the questions to himself and decided to do what he thought to be proper. If all of us with a little effort try it in our daily life, slowly, but surely we can clean our environment. Only we are responsible for all this non-sense. Therefore we have to act. We have to avoid the use of polythene bags to save our environment; we have to give up our habit of throwing garbage and used plastic bags and bottles here and there. Otherwise day will come, when we and our future generation will be struggling to find a clean road to walk. Think seriously and act accordingly.

- (i) *What was the subject matter of the book, which Harish's mother was teaching him last night? (1 Mark)*
- (ii) *Who has to act properly to ensure a clean environment? (1 Mark)*
- (iii) *Who will suffer if we do not ensure clean environment? (1 Mark)*
- (iv) *Write a summary of the above paragraph. (2 Marks)*

Read the passage :

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

(3 Marks)

- (ii) Write Summary.

A good business letter is one that gets 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 a long-winded, rambling exercise in creative writing. This does not mean that there is no place for 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- to guide the reader point by point from your thesis, through your reasoning, to your 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 view 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 as politely as possible, 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 spelling errors (even if you call them typing errors) tell a reader that you don't think enough of him or can lower the reader's 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 big dividends on the time you invest in giving it a concise message, a clear structure, and a courteous tone.

(2 Marks)

Answer**(a) Reading comprehension**

- (i) The subject matter of the book was “Swacch Bharat Abhiyan”
- (ii) We the citizens have to act properly to ensure a clean environment.
- (iii) Our future generations will suffer if we do not ensure clean environment.
- (iv) Harish’s mother scolded him for not cleaning his room, asked him to clean his room and to throw the garbage out as he got up on a Sunday morning. He got confused as previous night his mother was teaching him about “Swacch Bharat Abhiyan” and this morning asked him to throw the garbage recklessly on the road. He acted responsibly, after cleaning his room; he disposed the garbage in a dustbin away from his house.

Every citizen is responsible for cleanliness, not just people in the government. With a little effort, we can keep our environment clean and tidy. We must avoid using polythene bags and littering else, our future generations will struggle for a clean environment.

(b) (i) Note Making

Business Letter

- (i) Rprsnts the athr
- (ii) Gives an idea about the athr’s nature
- (ii) Is a prmnt rcrd

A. Good Business Letter

- (i) Gets results
- (ii) Cnvys infmrtn effctly
- (iii) Characteristics:

(a) Concise

- Brief Intro.
- To the point
- Precise words

(b) Clear

- Cnvys a firm idea
- Has a structure/format with
 - Subject line
 - Intro

- Main Para
- Cnclsn
- Adqt Info like
 - Ref. No.
 - Date
 - Other idntfctn

(c) Courteous

- Be polite
- Mention reason for your stance
- Specify action to be taken
- Avoid grmtcl/splng errors

Key:

Abbreviations:

Rprsnts: Represents

Athr: Author

Prmnt: Permanent

Rrcrd: Record

Cnvys: Conveys

Infrmtn: Information

Effcntly: Efficiently

Intro: Introduction

Para: Paragraph

Cnclsn: Conclusion

Adqt: Adequate

Ref. No: Reference Number

Idntfctn: Identification

Grmtcl: Grammatical

Splng: Spelling

(ii) Summary

A business letter represents the sender, gives an idea about the author's nature and creates a permanent record. A good business letter is one that conveys information efficiently. It must be:

Concise: Should briefly introduce the intent then explain the main point precisely. It saves reader's precious time and is much more impactful.

Clear: It must convey the idea firmly. It has a structure: subject/topic line, introduction, main paragraph and conclusion. The details mentioned viz. Reference number, dates, other identifications should be sufficient for the reader to make out the letter's intent/essence.

Courteous: Be polite while justifying your stance and specify action to be taken by the reader. Avoid grammatical and spelling mistakes.

Question 8

(a) Describe the term 'paralanguage', a mode of communication. **(2 Marks)**

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

Proficient

- (1) Regular (2) Expert
(3) Weak (4) Reserve

(1 Mark)

(ii) Select a suitable **antonym** for the following word:

Support

- (1) Disturb (2) Attend
(3) Oppose (4) Attack

(1 Mark)

(iii) Change the following sentence into indirect speech:

Suchi asked Sunil, "Are you interested to visit the temple?"

(1 Mark)

(c) Write a précis and give appropriate title to the passage given below :

Trees give shade for the benefit of others, and while they themselves stand in the sun and endure the scorching heat, they produce the fruit of which others profit. The character of good men is like that of trees. What is the use of this perishable body if no use is made of it for the benefit of mankind? Sandalwood, the more it is rubbed, the more scent does it yield. Sugarcane, the more it is peeled and cut up into pieces, the more juice does it produce. The men who are noble at heart do not lose their qualities even in losing their lives. What matters whether men praise them or not? What difference does it make whether they die at this moment or whether lives are prolonged? Happen what may, those who tread in the right path will not set foot in any other. Life itself is unprofitable to a man who does not live for others. To live for the mere sake of living one's life is to live the life of

dogs and crows. Those who lay down their lives for the sake of others will assuredly dwell forever in a world of bliss. **(5 Marks)**

Answer

(a) Paralanguage

It refers to the way you say something rather than the actual words used, the voice quality, intonation, pitch, stress, emotion and style of speaking communicates approval, interest or lack of it. Research estimates that tone accounts for 38 percent of communication.

- (b)** i. (2) Expert
 ii. (3) Oppose
 iii. Indirect speech: Suchi asked Sunil if he was interested to visit the temple.
(Objective questions, hence either right or wrong)

(c) Precis writing

Possible Titles: Good/Great Men/Souls never die

Good/Great Men/Souls live forever

Good men like trees, live for others. As trees, who face the heat of the sun themselves but bear fruits for others, good men serve others. They do not lose their character, even if they have to lose their lives. They are not bothered whether they are praised or not, or whether they live long or are short lived. They live forever in eternal bliss.

Question 9

- (a) (i)** Discuss "Cultural barrier in communication." **(2 Marks)**

OR

- (ii)** What do you mean by (A) Vertical and (B) Horizontal formal communication?

(2 Marks)

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

- (i)** Fiction

- | | |
|-------------|-------------|
| (1) Fantasy | (2) Story |
| (3) Fact | (4) Reality |

(1 Mark)

- (ii)** Demote

- | | |
|-------------|---------------|
| (1) Rise | (2) Upgrade |
| (3) Decline | (4) Downgrade |

(1 Mark)

(iii) *Change the following sentence into indirect speech :*

Shalini gave order to her younger sister, "Go home immediately." (1 Mark)

(c) *Write a circular addressing to the employees regarding re-organization of manpower and their responsibility in finance department of the company.* (5 Marks)

Answer

(a) (i) **Cultural barriers:** Understanding *cultural aspects of communication* refers to having knowledge of different cultures in order to communicate effectively with cross culture people. Understanding various cultures in this era of globalization is an absolute necessity as the existence of cultural differences between people from various countries, regions tribes and, religions, where words and symbols may be interpreted differently can result in communication barriers and miscommunications. Multinational companies offer special courses and documents to familiarize their staff with the culture of the country where they are based for work.

(ii) **Formal communication:** Formal communication, both oral and written, follows certain rules, principles and conventions in conveying the message. The hierarchy in the organization has to be followed. Formal format, style and language have to be used. The communication pattern can be vertical, horizontal or diagonal.

Vertical: Information can flow upwards or downwards in the organization. Data that is collected flows up to the top levels of management for review and decision making, while instructions and orders are passed down from the management/ seniors to the subordinates for implementation.

Horizontal: Horizontal communication that involves communication between two parts of the organization at the same level. For example, the managers of a project in a company may hold a regular daily, weekly or monthly meeting to discuss the progress of the project.

- (b) i. 1. Fantasy
 ii. 4. Downgrade
 iii. Shalini ordered her younger sister to go home immediately.

(Objective type answers; either right or wrong)

(c) Circular

Circular No. XV

13th Nov, 2018

Office Circular

Due to urgent work requirements in the Finance department, the following employees are temporarily shifted to the department for a period of 2 months (60 days) w.e.f Nov 14 2018.

Name	Designation	Department	Current Responsibility (Finance Department)
Mr. WER	Upper Division Clerk	Accounts	Clerk
Mr. XYZ	Junior Accountant	Accounts	Accounts Assistant
Ms. PRT	Senior Accountant	Accounts	Accounts Officer
Ms. SDF	Project Manager	Information Technology	Technical Support Manager
Mr. LMN	Network Engineer	Information Technology	Engineer
Mr. RST	Office Assistant	Sales and Marketing Office	Assistant

The above employees are directed to report to Mr. X (Head Finance) at 10 AM tomorrow, Nov 14, 2018.

Office timings will be from 10 AM till 7PM

Saturday will be a working day; Sunday is a holiday.

JKL

Manager, HR

Question 10

- (a) *How do Technology barriers effects communication? Explain.* **(2 Marks)**
- (b) (i) *Fill up the blank with the most suitable preposition or adverb given in the brackets.*
He apologized _____ his teacher for his misbehaviour. (to /from / with / against) **(1 Mark)**
- (ii) *Rewrite the following sentence in Passive Voice.*
Sunita said, "Please give me a glass of water." **(1 Mark)**
- (iii) *Rewrite the following sentence in Active Voice.*
The case should be handled by you carefully since it is critical in nature. **(1 Mark)**

(c) Write a Newspaper Report in 250 words on the topic:

"Daughter of Gardener Tops Board Exams."

(5 Marks)

Answer

(a) In the present world, communication modes are primarily technology driven. The communication technology is being constantly upgraded or new formats emerge ever so frequently. Anyone who is not abreast with these struggles to communicate effectively via the medium.

An individual is swamped with huge amount of information every day in the form of emails, texts and social updates. Multitasking is the norm these days. The information overload and trying to accomplish too many things together can result in gaps in communication and miscommunications.

- (b) i. He apologized to his teacher for his misbehaviour.
- ii. Sunita said, "A glass of water be kindly given to me"/ Sunita requested that a glass of water be given to her.
- iii. You should handle the case carefully since it is critical in nature.

(c) Report

"Daughter of a Gardener Tops Board Exams"

Monday June 25, 2018

Sitting in a dingy servant quarters of a sprawling government bungalow in Lodhi Estate, Priya Kumari cannot stop smiling. Priya, daughter of a gardener Mr. Ram Swaroop, a class IV government employee has topped the class XII CBSE Board Examination in the humanities stream. She secured 98.8% marks. A student of Rajkiya Kanya Pratibha Vidyalaya, Sardar Patel Marg, is visibly elated. Eldest of the three siblings, she has always been a bright student, remarked her mother who prepared her daughter's favourite laddoos as the news broke. Her father is proud at her achievement and wants her to become an IAS officer.

Just a month into class XII, she had taken seriously ill with Meningitis that kept her bed ridden for two months. Her Principal granted her medical leave and allowed her to file her exam forms from the hospital. After resuming classes, she completed her pending assignments with the help of her teachers in a month and soon caught up with her peers. "we were confident that she would top in the region(Northern) but topping the Board exams nation-wide, came as a pleasant surprise", quipped one of her teachers. Talking about her daily regimen, she said "I studied regularly for about 5 hours daily after school and often stayed back to study at the school library." She attributes her success to her unflinching spirit, hard work and support of her parents, teachers and principal. Priya plans to pursue English Honours from Lady Sriram College and aspires to fulfil her father's dream by becoming an IAS officer. With her relentless efforts and spirit of steel, she certainly will!

(Staff correspondent)

Question 11

- (a) *Non-verbal is also one of the Broad Categories of Communication? Explain. (2 Marks)*
- (b) *Select the correct meaning of the following idioms/phrases among the alternatives given below*
- (i) *Out of the blue*
- (1) *Something happens that was unexpected.*
 - (2) *Something happens that was very much expected.*
 - (3) *From the sky*
 - (4) *From the Ocean (1 Mark)*
- (ii) *Day in and day out*
- (1) *Coming and returning in day time*
 - (2) *The day of importance.*
 - (3) *Continuously*
 - (4) *Within a day (1 Mark)*
- (iii) *Rewrite the following sentence in the Active Voice :*
- The deer was trapped by the cunning fox. (1 Mark)*
- (c) *Mr. Mohit Agarwal, a resident of Meerut, have recently come across an advertisement, for a job vacancy in a leading TV Channel for the post of journalist, in The Times of India dated August 1, 2018.*
- Draft a Resume alongwith a cover letter in response to the advertisement. (5 Marks)*

Answer

- (a) **Nonverbal Communication:** Nonverbal communication is the process of communicating by sending and receiving wordless messages. These messages can aid verbal communication, convey thoughts and feelings contrary to the spoken words or express ideas and emotions on their own. Some of the functions of nonverbal communication in humans are to complement and illustrate, to reinforce and emphasize, to replace and substitute, to control and regulate, and to contradict the denoted message

Physical nonverbal communication: An individual's body language that is, facial expressions, stance, gestures, tone of voice, touch, and other physical signals constitute this type of communication. For example, leaning forward may mean friendliness, acceptance and interest, while crossing arms can be interpreted as antagonistic or defensive posture.

Research estimates that physical, non-verbal communication accounts for 55 percent of all communication. Smiles, frowns, pursing of lips, clenching of hands etc. transmit emotions which are not expressed through verbal communication.

Paralanguage: The way you say something, more than the actual words used, reveal the intent of the message. The voice quality, intonation, pitch, stress, emotion, tone, and style of speaking, communicates approval, interest or the lack of it. **Research estimates that tone of the voice accounts for 38 percent of all communications.**

Aesthetic communication: Art forms such as dancing, painting, sculptor, music are also means of communication. They distinctly convey the ideas and thoughts of the artist.

Appearance: Appearance is usually the first thing noticed about a person. A well dressed and groomed person is presumed to be organized and methodical, whereas a sloppy or shabby person fails to make a favourable impression. Therefore, dressing appropriately in all formal interactions is emphasized.

The dress code in office is generally formal. It constitutes of formal suits, trousers with plain white or light coloured shirts and leather shoes. Bright colours, jeans, T-shirts, especially with slogans and other informal wear are frowned upon. For women formal two-piece trouser or skirt sets or formal ethnic wear like sarees, is permissible.

Symbols such as religious, status, or ego-building symbols

- (b) i. 1. Something happens that was unexpected.
 ii. 3. Continuously
 iii. The cunning fox trapped the deer.

(c) Cover Letter

To
 Date: Nov 13, 2018
 Manager(HR)
 ABC TV
 FGH Media Pvt Ltd
 Mandi House
 New Delhi.
 Sir,

Subject: Application for the post of Journalist

Greetings for the day ! I am writing this letter to express my interest in the position of Journalist as advertised in the SDF national daily, Careers section dated August 1, 2018.

I fulfil all the educational and professional requirements as specified in the advert. I am a post graduate in Media Studies from ASD University and interned at renowned media

houses (print and TV) I have two years of relevant experience. Currently I am heading the regional news section at XYZ TV at their Meerut office.

My detailed resume is appended herewith for your perusal. Looking forward for a positive response.

Best Regards,

Mohit Agarwal

36, Civil Lines,

Meerut.

UP.

Resume

Mohit Agarwal

36, Civil Lines

Meerut, UP

Phone: 98XXXXXXX

Email: abc@xyz.com

OBJECTIVE:

To be associated with an organisation that offers tremendous opportunities for growth and autonomy, providing a challenging environment to harness my creative streak, innovative ideas and utilise my experience as a media correspondent to the maximum.

SUMMARY:

- One year of experience as a staff correspondent in CVB TV.
- Two years of experience as Head Regional News XYZ TV
- Proven skills in content planning, selection and presentation.
- Excellent Reporting skills in English and Hindi.

EXPERIENCE:

2016 – PRESENT Head Regional News XYZ TV Meerut

- Planning and deployment of staff correspondents
- Sponsorship Planning from corporate and media houses
- Staff selection and Training
- Media Planning for regional corporate houses

2015– 2016 Staff Correspondent CVB TV

- Capturing Events
- Conceptualising stories
- Presenter for “Khufia” section of Daily News

EDUCATION:

2014 Masters in Mass Comm, ASD University, New Delhi

2012 English(H), ASD University, New Delhi

INTERNSHIPS:

2014 Two month at World Journalists Association (Articles Section)

2013 4 months at CNN TV in News production and planning

SKILLS

- Well versed with Media Softwares
- Meticulous Planning and Execution skills with an eye for detail

PERSONAL DETAILS

Date of Birth 15 June, 1992

Marital Status Unmarried

Languages Known English, Hindi

DECLARATION

I solemnly declare that all the above information is correct to the best of my knowledge and belief.

Date: Nov 13, 2018

Place: Meerut

(Mohit Agarwal)

PAPER – 2: BUSINESS LAW & BUSINESS CORRESPONDENCE AND REPORTING

SECTION A – BUSINESS LAW

Question No. 1 is compulsory.

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

Question 1

- (a) Mr. Sohanlal sold 10 acres of his agricultural land to Mr. Mohanlal on 25th September 2018 for ₹ 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. Chotelal, son of the seller for carrying out farming or other activity of his choice. On 12th October, 2018, Mr. Sohanlal died leaving behind his son and wife. On 15th October, 2018 purchaser started construction of an auditorium on the whole 10 acres of land and denied any land to the son.

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

- (b) Sound Syndicate Ltd., a public company, its articles of association empowers the managing agents to borrow both short and long term loans on behalf of the company, Mr. Liddle, the director of the company, approached Easy Finance Ltd., a non banking finance company for a loan of ₹ 25,00,000 in name of the company.

The Lender agreed and provided the above said loan. Later on, Sound Syndicate Ltd. refused to repay the money borrowed on the pretext that no resolution authorizing such loan have been actually passed by the company and the lender should have enquired about the same prior providing such loan hence company not liable to pay such loan.

Analyse the above situation in terms of the provisions of Doctrine of Indoor Management under the Companies Act, 2013 and examine whether the contention of Sound Syndicate Ltd. is correct or not? **(4 Marks)**

- (c) Discuss the various types of implied warranties as per the Sales of Goods Act, 1930?

(4 Marks)

Answer

- (a) 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. Sohanlal has entered into a contract with Mr. Mohanlal, but Mr. Chotelal has not given any consideration to Mr. Mohanlal but the consideration did flow from Mr. Sohanlal to Mr. Mohanlal on the behalf of Mr. Chotelal and such consideration from third party is sufficient to enforce the promise of Mr. Mohanlal to allow Mr. Chotelal to use 1 acre of land. Further the deed of sale and the promise made by Mr. Mohanlal to Mr. Chotelal 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. Chotelal is entitled to file a petition against Mr. Mohanlal for execution of contract.

(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 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.

Thus,

1. What happens internal to a company is not a matter of public knowledge. An outsider can only presume the intentions of a company, but do not know the information he/she is not privy to.
2. If not for the doctrine, the company could escape creditors by denying the authority of officials to act on its behalf.

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In the given question, Easy Finance Ltd. being external to the company, need not enquire whether the necessary resolution was passed properly. Even if the company claim that no resolution authorizing the loan was passed, the company is bound to pay the loan to Easy Finance Ltd.

(c) Various types of implied warranties

1. **Warranty as to undisturbed possession [Section 14(b) of the Sales of Goods Act, 1930]:** An implied warranty that the buyer shall have and enjoy quiet possession of the goods. That is to say, if the buyer having got possession of the goods, is later on disturbed in his possession, he is entitled to sue the seller for the breach of the warranty.
2. **Warranty as to non-existence of encumbrances [Section 14(c)]:** An implied warranty that the goods shall be free from any charge or encumbrance in favour of any third party not declared or known to the buyer before or at the time the contract is entered into.
3. **Warranty as to quality or fitness by usage of trade [Section 16(3)]:** An implied warranty as to quality or fitness for a particular purpose may be annexed or attached by the usage of trade.
4. **Disclosure of dangerous nature of goods:** Where the goods are dangerous in nature and the buyer is ignorant of the danger, the seller must warn the buyer of the probable danger. If there is a breach of warranty, the seller may be liable in damages.

Question 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 Indian Contract Act, 1872?*

(7 Marks)

- (b) *"LLP is an alternative corporate business form that gives the benefits of limited liability of a company and the flexibility of a partnership". Explain.*

(5 Marks)**Answer****(a) Mere silence is not fraud**

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.

It is a rule of law that mere silence does not amount to fraud. A contracting party is not duty bound to disclose the whole truth to the other party or to give him the whole information in his possession affecting the subject matter of the contract.

The rule is contained in explanation to Section 17 of the Indian Contract Act which clearly states the position that mere silence as to facts likely to affect the willingness of a person to enter into a contract is not fraud.

Silence is fraud:

1. **Duty of person to speak:** Where the circumstances of the case are such that it is the duty of the person observing silence to speak.

Following contracts come within this category:

- (a) **Fiduciary Relationship:** Here, the person in whom confidence is reposed is under a duty to act with utmost good faith and make full disclosure of all material facts concerning the agreement, known to him.
- (b) **Contracts of Insurance:** In contracts of marine, fire and life insurance, there is an implied condition that full disclosure of material facts shall be made, otherwise the insurer is entitled to avoid the contract.
- (c) **Contracts of marriage:** Every material fact must be disclosed by the parties to a contract of marriage.
- (d) **Contracts of family settlement:** These contracts also require full disclosure of material facts within the knowledge of the parties.
- (e) **Share Allotment contracts:** Persons issuing 'Prospectus' at the time of public issue of shares/debentures by a joint stock company have to disclose all material facts within their knowledge.

2. **Where the silence itself is equivalent to speech:** For example, A says to B "If you do not deny it, I shall assume that the horse is sound." A says nothing. His silence amounts to speech.

- (b) **LLP is an alternative corporate business form that gives the benefits of limited liability of a company and the flexibility of a partnership**

Limited Liability: Every partner of a LLP is, for the purpose of the business of LLP, the agent of the LLP, but not of other partners (Section 26 of the LLP Act, 2008). The liability of the partners will be limited to their agreed contribution in the LLP, while the LLP itself will be liable for the full extent of its assets.

Flexibility of a partnership: The LLP allows its members the flexibility of organizing their internal structure as a partnership based on a mutually arrived agreement. The LLP form enables entrepreneurs, professionals and enterprises providing services of any kind or engaged in scientific and technical disciplines, to form commercially efficient vehicles suited to their requirements. Owing to flexibility in its structure and operation, the LLP is a suitable vehicle for small enterprises and for investment by venture capital.

PAPER – 2 : BUSINESS LAW & BUSINESS CORRESPONDENCE AND REPORTING 5**Question 3**

- (a) (i) *What is the provision related to the effect of notice to an acting partner of the firm as per the Indian Partnership Act, 1932?* **(2 Marks)**

OR

- (ii) *Discuss the provisions regarding personal profits earned by a partner under the Indian Partnership Act, 1932?* **(2 Marks)**
- (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?* **(4 Marks)**
- (c) *Mr. Rich aspired to get a self-portrait made by an artist. He went to the workshop of Mr. C an artist and asked whether he could sketch the former's portrait on oil painting canvass. Mr. C agreed to the offer and asked for ₹ 50,000 as full advance payment for the above creative work. Mr. C clarified that the painting shall be completed in 10 sittings and shall take 3 months.*

On reaching to the workshop for the 6th sitting, Mr. Rich was informed that Mr. C became paralyzed and would not be able to paint for near future. Mr. C had a son Mr. K who was still pursuing his studies and had not taken up his father's profession yet?

Discuss in light of the Indian Contract Act, 1872?

- (i) *Can Mr. Rich ask Mr. K to complete the artistic work in lieu of his father?*
- (ii) *Could Mr. Rich ask Mr. K for refund of money paid in advance to his father?*

(6 Marks)

Answer

- (a) (i) Effect of notice to an acting partner of the firm**

According to Section 24 of the Indian Partnership Act, 1932, notice to a partner who habitually acts in the business of the firm of any matter relating to the affairs of the firm operates as notice to the firm, except in the case of a fraud on the firm committed by or with the consent of that partner.

Thus, the notice to one is equivalent to the notice to the rest of the partners of the firm, just as a notice to an agent is notice to his principal. This notice must be actual and not constructive. It must further relate to the firm's business. Only then it would constitute a notice to the firm.

OR

- (ii) Personal Profit earned by Partners (Section 16 of the Indian Partnership Act, 1932)**

According to section 16, subject to contract between the partners:

- (a) If a partner derives any profit for himself from any transaction of the firm, or from the use of the property or business connection of the firm or the firm name, he shall account for that profit and pay it to the firm;
- (b) If a partner carries on any business of the same nature and competing with that of the firm, he shall account for and pay to the firm all profits made by him in that business.

(b) Mode of determining existence of partnership (Section 6 of the Indian Partnership Act, 1932): In determining whether a group of persons is or is not a firm, or whether a person is or not a partner in a firm, regard shall be had to the real relation between the parties, as shown by all relevant facts taken together.

For determining the existence of partnership, it must be proved.

1. There was an **agreement** between all the persons concerned
2. The agreement was to **share the profits** of a business and
3. the business was **carried on by all or any of them** acting for all.

1. **Agreement:** Partnership is created by agreement and not by status (Section 5). The relation of partnership arises from contract and not from status; and in particular, the members of a Hindu Undivided family carrying on a family business as such are not partners in such business.

2. **Sharing of Profit:** Sharing of profit is an essential element to constitute a partnership. But, it is only a *prima facie* evidence and not conclusive evidence, in that regard. The sharing of profits or of gross returns accruing from property by persons holding joint or common interest in the property would not by itself make such persons partners. Although the right to participate in profits is a strong test of partnership, and there may be cases where, upon a simple participation in profits, there is a partnership, yet whether the relation does or does not exist must depend upon the whole contract between the parties.

3. **Agency:** Existence of Mutual Agency which is the cardinal principle of partnership law, is very much helpful in reaching a conclusion in this regard. Each partner carrying on the business is the principal as well as an agent of other partners. So, the act of one partner done on behalf of firm, binds all the partners. If the elements of mutual agency relationship exist between the parties constituting a group formed with a view to earn profits by running a business, a partnership may be deemed to exist.

- (c) A contract which involves the use of personal skill or is founded on personal consideration comes to an end on the death of the promisor. As regards any other contract the legal representatives of the deceased promisor are bound to perform it unless a contrary intention appears from the contract (Section 37 of the Indian Contract

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Act, 1872). But their liability under a contract is limited to the value of the property they inherit from the deceased.

- (i) In the instant case, since painting involves the use of personal skill and on becoming Mr. C paralyzed, Mr. Rich cannot ask Mr. K to complete the artistic work in lieu of his father Mr. C.
- (ii) According to section 65 of the Indian Contract Act, 1872, when an agreement is discovered to be void or when a contract becomes void, any person who has received any advantage under such agreement or contract is bound to restore it, or to make compensation for it to the person from whom he received it.

Hence, in the instant case, the agreement between Mr. Rich and Mr. C has become void because of paralysis to Mr. C. So, Mr. Rich can ask Mr. K for refund of money paid in advance to his father, Mr. C.

Question 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 Sales of Goods Act, 1930?* **(6 Marks)**
- (b) *M/s XYZ & Associates, a partnership firm with X, Y, Z as senior partners were engaged in the business of carpet manufacturing and exporting to foreign countries. On 25th August, 2016, they inducted Mr. G, an expert in the field of carpet manufacturing as their partner. On 10th January 2018, Mr. G was blamed for unauthorized activities and thus expelled from the partnership by united approval of rest of the partners.*
 - (i) *Examine whether action by the partners was justified or not?*
 - (ii) *What should have the factors to be kept in mind prior expelling a partner from the firm by other partners according to the provisions of the Indian Partnership Act, 1932?* **(6 Marks)**

Answer

- (a) In the following cases, a non-owner can convey better title to the bona fide 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]

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- (iii) A sale by pawnee can convey a good title to the buyer [Section 176 of the Indian Contract Act, 1872]

(b) Expulsion of a Partner (Section 33 of the Indian Partnership Act, 1932):

A partner may not be expelled from a firm by a majority of partners except in exercise, in good faith, of powers conferred by contract between the partners.

The test of good faith as required under Section 33(1) includes three things:

- The expulsion must be in the interest of the partnership.
- The partner to be expelled is served with a notice.
- He is given an opportunity of being heard.

If a partner is otherwise expelled, the expulsion is null and void.

- (i) Action by the partners of M/s XYZ & Associates, a partnership firm to expel Mr. G from the partnership was justified as he was expelled by united approval of the partners exercised in good faith to protect the interest of the partnership against the unauthorized activities charged against Mr. G. A proper notice and opportunity of being heard has to be given to Mr. G.
- (ii) The following are the factors to be kept in mind prior expelling a partner from the firm by other partners:
 - (a) the power of expulsion must have existed in a contract between the partners;
 - (b) the power has been exercised by a majority of the partners; and
 - (c) it has been exercised in good faith.

Question 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 wooden logs 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) What do you mean by "Companies with charitable purpose" (section 8) under the Companies Act, 2013? Mention the conditions of the issue and revocation of the licence of such company by the government. **(6 Marks)**

Answer

- (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) **Formation of companies with charitable purpose etc. (Section 8 company):**

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, sports, education, research, social welfare, religion, charity, protection of environment etc.

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Such company intends to apply its profit in

- promoting its objects and
- prohibiting the payment of any dividend to its members.

Examples of section 8 companies are FICCI, ASSOCHAM, National Sports Club of India, CII etc.

Power of Central government to issue the license–

- (i) Section 8 allows the Central Government to register such person or association of persons as a company with limited liability without the addition of words 'Limited' or 'Private limited' to its name, by issuing licence on such conditions as it deems fit.
- (ii) The registrar shall on application register such person or association of persons as a company under this section.
- (iii) On registration the company shall enjoy same privileges and obligations as of a limited company.

Revocation of license: 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.

Question 6

- (a) *Discuss the essentials of Undue Influence as per the Indian Contract Act, 1872. (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) *Popular Products Ltd. is company incorporated in India, having a total Share Capital of ₹ 20 Crores. The Share capital comprises of 12 Lakh equity shares of ₹ 100 each and 8 Lakhs Preference Shares of ₹ 100 each. Delight Products Ltd. and Happy Products Ltd. hold 2,50,000 and 3,50,000 shares respectively in Popular Products Ltd. Another company Cheerful Products Ltd. holds 2,50,000 shares in Popular Products Ltd. Jovial Ltd. is the holding company for all above three companies namely Delight Products Ltd; Happy Products Ltd.; Cheerful Products Ltd. Can Jovial Ltd. be termed as subsidiary company of Popular products. Ltd., if it. Controls composition of directors of Popular Products Ltd. State the related provision in the favour of your answer. (3 Marks)*

Answer

- (a) The essentials of Undue Influence as per the Indian Contract Act, 1872 are the following:
- (1) **Relation between the parties:** A person can be influenced by the other when a near relation between the two exists.
 - (2) **Position to dominate the will:** Relation between the parties exist in such a manner that one of them is in a position to dominate the will of the other. A person is deemed to be in such position in the following circumstances:
 - (a) **Real and apparent authority:** Where a person holds a real authority over the other as in the case of master and servant, doctor and patient and etc.
 - (b) **Fiduciary relationship:** Where relation of trust and confidence exists between the parties to a contract. Such type of relationship exists between father and son, solicitor and client, husband and wife, creditor and debtor, etc.
 - (c) **Mental distress:** An undue influence can be used against a person to get his consent on a contract where the mental capacity of the person is temporarily or permanently affected by the reason of mental or bodily distress, illness or of old age.
 - (d) **Unconscionable bargains:** Where one of the parties to a contract is in a position to dominate the will of the other and the contract is apparently unconscionable i.e., unfair, it is presumed by law that consent must have been obtained by undue influence. Unconscionable bargains are witnessed mostly in money lending transactions and in gifts.
 - (3) **The object must be to take undue advantage:** Where the person is in a position to influence the will of the other in getting consent, must have the object to take advantage of the other.
 - (4) **Burden of proof:** The burden of proving the absence of the use of the dominant position to obtain the unfair advantage will lie on the party who is in a position to dominate the will of the other.
- (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

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breach of contract entered into by the firm, unless the firm is registered and the persons 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 ₹ 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) In the present case, the total share capital of Popular Products Ltd. is ₹ 20 crores comprised of 12 Lakh equity shares and 8 Lakhs preference shares.

Delight Products Ltd., Happy Products Ltd. and Cheerful Products Ltd together hold 8,50,000 shares (2,50,000+3,50,000+2,50,000) in Popular Products Ltd. Jovial Ltd. is the holding company of all above three companies. So, Jovial Ltd. along with its subsidiaries hold 8,50,000 shares in Popular Products Ltd. which amounts to less than one-half of its total share capital. Hence, Jovial Ltd. by virtue of share holding is not a holding company of Popular Products Ltd.

Secondly, it is given that Jovial Ltd. controls the composition of directors of Popular Products Ltd., hence, Jovial Ltd. is a holding company of Popular Products Ltd. and not a subsidiary company. [Section 2(87) of the Companies Act, 2013]

PAPER – 2: BUSINESS LAW & BUSINESS CORRESPONDENCE AND REPORTING**SECTION-B : BUSINESS CORRESPONDENCE AND REPORTING**

Question No. 7 is compulsory.

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

All candidates (including those who have opted for Hindi Medium) are required to answer the questions in Section B, in English only.

Question 7

(a) *Read the passage carefully and answer the questions given below:*

Coral reefs are one of the most fragile, biologically complex, and diverse marine ecosystems on Earth. This ecosystem is one of the fascinating paradoxes of the biosphere. Found along the sea coasts they are formed in various shapes and sizes. They constitute as one of the beautiful creations of nature. Symbiotic cells of algae known as zooxanthellae carry out photosynthesis using the metabolic wastes of the coral thereby producing food for themselves; for their corals, hosts, and even for other members of the reef community. This symbiotic process allows organisms in the reef community to use sparse nutrient resources efficiently.

Unfortunately for coral reefs, however, a variety of human activities are causing worldwide degradation of shallow marine habitats by adding nutrients to the water. Agriculture, slash-and-burn¹ and clearing, sewage disposal and manufacturing that create waste by-products all increase nutrient loads in these waters. Typical symptoms of reef decline are destabilized herbivore populations and an increasing abundance of algae and filter-feeding animals. Declines in reef communities are consistent with observations that nutrient input is increasing in direct proportion to growing human populations, thereby threatening reef communities sensitive to subtle changes in nutrient input to their waters.

(i) *What are the indicators of reef decay?* **(1 Mark)**

(ii) *How does Algae carry out the process of photosynthesis?* **(1 Mark)**

(iii) *How is man responsible for destruction of Natural Reef?* **(1 Mark)**

(iv) *Write a Summary of the above Passage.* **(2 Marks)**

(b) *Read the passage :*

(i) *Make Notes, using Headings, Sub headings and abbreviations whenever necessary.* **(3 Marks)**

(ii) *Write Summary,*

In most sectors of the economy, it is the seller who attempts to attract a potential buyer with various inducements of price, quality and utility and it is the buyer who makes the decision. Where circumstances permit the buyer no choice because

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there is effectively only one seller and the product is relatively essential, government usually asserts monopoly and places the industry under price and other regulations. Neither of these conditions prevails in most of the health-care industry;

In the health-care industry, the doctor-patient relationship is the mirror image of the ordinary relationship between producer and consumer. Once an individual has chosen to see a physician and even then there may be real choice-it is the physician who usually makes all significant purchasing decisions whether the patient should return "next Wednesday," whether X-rays are needed, whether drugs should be prescribed, etc. It is a rare and sophisticated patient who will challenge such professional decisions or raise in advance questions about price, especially when the ailment is regarded as serious.

This is particularly significant in relation to hospital care. The physician must certify the need for hospitalization, determine what procedures will be performed and announce when the patient may be discharged. The patient may be consulted about some of these decisions; but in the main it is the doctor's judgment that are final. Little wonder then that in the eyes of the hospital it is the physician who is the real "consumer." As a consequence, the medical staff represents the "power centre" in hospital policy and decision-making, not the administration;

Although usually there are in this situation four identifiable participants the physician, the hospital, the patient, and the payer the physician makes the essential decisions for all of them. The hospital becomes an extension of the physician; the payer generally meets most of the bill, a bill generated by the physician/hospital; and for the most part the patient plays a passive role. In routine or minor illnesses, or just plain worries, the patient's options are, of course, much greater with respect to use and price. In illnesses that are of some significance, however, such choices tend to evaporate or away: DISAPPEAR "my despair evaporated J. F. Wharton", and it is for these illnesses that the bulk of the health-care dollar, is spent. We estimate that about 75-80 percent of health-care expenditures are determined by physicians, not patients; For this reason, economy measures directed at patients or the general public are relatively ineffective.

(2 Marks)

Answer

- (a)** (i) Indicators of reef decay include destabilized herbivore populations and an increasing abundance of algae and filter-feeding animals.
- (ii) Algae carry out the process of photosynthesis by using the metabolic wastes of the coral thereby producing food for themselves, for their corals, hosts, and even for other members of the reef community.

- (iii) Man is responsible for decay of reef because activities such as agriculture, slash-and-burn land clearing, sewage disposal and manufacturing that create waste by-products all increase nutrient loads in these waters that cause degradation of reef.

- (iv) Summary of the above passage-

Coral reefs are one of the most fragile and complex, marine ecosystem on Earth. Cells of algae known as zooxanthellae carry out photosynthesis using the metabolic wastes of the coral thereby producing food for themselves, for their corals, and for other members of the reef community. Man on other hand is destroying the coral reefs by carrying out agriculture, slash-and-burn land clearing etc. Thus the reef communities are in decline.

- (b) (i) **Notes, using Headings, Sub-headings and Abbreviations-**

MONOPOLY IN HEALTH CARE INDUSTRY

A. Govt. regulates industry.

- a. In Economics: the seller attracts buyers
- b. In Monopoly: Govt. puts price/other curbs against industry.
- c. but in HC Industry Govt. fails to put such curbs.

B. HC Industry.

- a. Dr.- Pt. relationship = Producer-Consumer.
- b. It's the Dr. who decides everything i.e. Pt. visit; test types;
- c. Rarely the Dr.'s decision is questioned.

C. Hospital Care.

- a. Dr. decides hospitalization need; procedures to be performed; discharge period.
- b. Dr. decision final.

D. Participants.

- a. Four participants - Dr. Hospital; Pt.; payer.
- b. Payer pays bills as decided by hospital; dr.
- c. Pt. is passive.
- d. Health care expenses determined by physicians.

Key

1. Dr. = Doctor
2. Pt. = patient
3. HC = health care
4. Govt. -Government.

PAPER – 2 : BUSINESS LAW & BUSINESS CORRESPONDENCE AND REPORTING 17**(ii) Summary-**

The health care industry has four participants namely the physician; the hospital; the patient; and the payer. The physician and hospitals are at the commanding position. They dominate over the patient and the payers with regard to type of medication and test needed. The medical staff is the power centre; the hospital comes secondary. Unlike other sector where the government puts checks to curb monopoly of the industry over the customers, restrictions do not work for the health care industry and hence any progressive measures started by the government towards patients and public becomes ineffective.

Question 8

(a) Define Vertical & Chain Network under network in communication? **(2 Marks)**

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

Crooked

(1) Straight (2) Tapering (3) Twisted (4) Circle
(1 Mark)

(ii) Select a suitable antonym for the word given under:

Predicament

(1) Injury (2) Ease (3) Accident (4) Horrifying
(1 Mark)

(iii) Change the following sentence to indirect speech:

Pari said to me "I have been living in London since last December" **(1 Mark)**

(c) Write a precis and give appropriate title to the 'passage given below:

India has witnessed great expansion of educational opportunities since the attainment of independence. However, the disabled children have not yet benefited in any substantial manner from the growth in educational facilities.

Education of handicapped children, ultimately become more dependent and non productive. It is therefore believed that scarce national resources should not be wasted on them. Further, it has been our misconceived notion that the education of handicapped children requires highly specialized people and as such, it must essentially be very costly. Maybe, precisely for these wrong notions we have not been able to involve clinical and educational specialization programmers of training and education exclusively 'meant' for handicapped children. It is encouraging to note that the new National Policy on Education has recommended the placement of such children in Regular schools so as to provide them integrated education along with normal students. The integrated education will take care of the different needs of various categories and types of disabled children. The objective is to place the disabled children in ordinary

schools for imparting education in the help of special teachers, aids and other resources. For fulfilling this objective an array, of the necessary infrastructure by way of training of teachers, provision of equipment and book etc. are some of the basic pre-requisition. Hopefully, the parents and their handicapped children will be greatly relieved when the latter are transferred to regular schools. **(5 Marks)**

Answer**(a) Vertical and Chain Network**

Vertical network: The vertical network is a formal network. It is usually between a higher ranking employee and a subordinate. This is a two-way communication in which immediate feedback is possible.

Chain Network: The communication pattern that follows the chain of command from the senior to junior is called the chain network. Communication starts at the top, like from a CEO, and works its way down to the different levels of employees.

(b) (i) Crooked = Twisted

(ii) Predicament = Ease

(iii) Pari told me she had been living in London since last December.

(c) Précis**Education for handicapped children**

Education opportunities for handicapped children are sparse as compared to the normal children. Expenditure on their education is treated as a wastage and rather non-productive. The view that education for handicapped requires higher costs and specialized people has led to discouragement towards development of measures towards the same. The National Education Policy recommends integrating the education for handicapped with the normal children with the help of specialized teachers and other aids. Training of teachers and necessary infrastructure shall help the handicapped children and shall relieve their parents regarding worries about their education.

Question 9

(a) (i) *Discuss the "Gender Barrier" in communication.* **(2 Marks)**

Or

(ii) *What do you mean by Informal Communication?* **(2 Marks)**

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

(i) **Reckless**

(1) Cautious (2) Clear (3) Careless (4) Fearless

(1 Mark)

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(ii) **Humongous**

(1) Minute (2) Huge (3) Hungry (4) Hassel

(1 Mark)

(iii) *Change the following sentence into indirect speech.*

She said "I am watching a television show"

(1 Mark)

(c) *Draft Newspaper Report on "Six Lane highway connecting two states inaugurated" to be published in a national newspaper.*

(5 Marks)

Answer

- (a) (i) Gender barriers may be defined as the communication gap created due to the different ways of inherent mindsets of men and women as given by nature. Men talk in linear, logical and compartmentalized manner whereas the women use both logic and emotion, and are more verbose. This may be cause of communication problem in an office where both men and women work side by side. Men can be held guilty of providing insufficient information, while women may be blamed for providing too much detail.

OR

- (ii) Informal communication is the casual, friendly and unofficial. It is spontaneous conversation and exchange of information between two or more persons without conforming to the prescribed official rules, processes, systems, formalities, and chain of command. Informal communication is between family, friends, neighbours, members of community and other social relations that are based on common interests, tastes and dispositions. Information can flow from any source in any direction.

(b) (i) **Reckless = Careless**

(i) Humongous = Huge

(ii) She said that she was watching a television show.

(c) **Six Lane Highway Connecting Two States Inaugurated**

Indian Express

Anpara (UP), Feb 01, 2019.

The honourable Chief Minister of the Uttar Pradesh Mr. XY inaugurated the all new six lane highway between the States of Uttar Pradesh and Madhya Pradesh on 01st Feb, 2019. The six lane highway ranging 65 kilometers has been completed by Highway Authority of India at a record period of 24 months. The Highway will connect Anpara (U.P.) with Satna (M.P.).

The chief Minister in his inaugural speech said "the need that was being felt for the several years for a highway that shall connect the bordering areas of the two biggest

States of India. I personally thank the local people who have given their land for construction of the highway”.

The Highway has been constructed with an approved width of 43.6 Meters with speed limit indicators; caution indicators at every 6 Kilometers of the route. Energy saving LED lights have been put up at both sides of the Lanes so that perfect visibility of the road can be ensured at nights. The Toll Plaza has been set-up at 35 kilometers from Anapara near Shakti Nagar (U.P.)

The Six Lane Highway shall encourage the journey of the local people by road, thus reducing the traffic load on railways. The communication of commercial traffic shall be facilitated which will significantly reduce the time required earlier for the above purpose.

Source: PTI

Question 10

- (a) *"The listener has to be objective, practical and control his emotions" Explain with reference to importance of listening in communication?* **(2 Marks)**
- (b) (i) *Change the sentence from Active to Passive Voice.*
The teacher always answers the students' questions. **(1 Mark)**
- (ii) *Change the sentence from Passive to Active Voice;*
Every night the office is vacuumed and dusted by the cleaning crew. **(1 Mark)**
- (iii) *Change the following sentence to indirect speech.*
She said "My Father came yesterday". **(1 Mark)**
- (c) *Write an article of about 250 words on the topic "The Fearless Indian Army":* **(5 Marks)**

Answer

- (a) A good listener does not only listen to the spoken words, but observes carefully the non-verbal cues to understand the complete message. He absorbs the given information, processes it, understands its context and meaning and forms an accurate, reasoned, intelligent response. The listener has to be objective, practical and in control of his emotions. Often the understanding of a listener is coloured by his own emotions judgements, opinions, and reactions to what is being said.
- (b) (i) The student questions are always answered by the teacher.
 (ii) The cleaning crew vacuums and dusts the office every night.
 (iii) She said that her father had come the day before.
- (c) **The Fearless Indian Army**

The Indian army is undoubtedly one of the finest armies in the world. Since prehistoric to modern times the Indian soldiers are one of the bravest, fighting both for homeland as well as for ensuring peace even on foreign lands such as peace keeping force in Sri Lanka.

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Our soldiers never surrendered before enemies. Their motto has always been 'do or die'. During Indo- china war of October – November, 1962 and later on in the Indo-Pak war of September 1965, one Indian Soldier killed many soldiers of enemy armies on various fronts. During the World war II the Indian soldiers proved their mettle on the foreign land of Europe' Africa and the Korea on various missions.

The Indian army has proved their superiority whenever the neighboring country Pakistan challenged us. The Kargil war In 1999 was triggered by the spring and summer incursion of Pakistan backed armed forces into territory on the Indian side of the LOC around Kargil in State of Jammu & Kashmir. The Indian forces were prepared for a major high altitude offensive against Pakistani posts along the border in the Kashmir region. India had to move five infantry divisions, five independent brigades and 44 battalions of paramilitary troops to Kashmir. The total Indian army troop strength in the region reached to 7,30,000. The build-up included the deployment of around 60 frontline aircraft. The Indian army campaign to repel the intrusion left 524 Indian soldiers dead and 1,363 wounded, as per the data released by then Indian defence minister Shri George Fernandez on December 01, 1999.

Question 11

- (a) *Define the importance of Para language Hi Non Verbal Communication.*
- (b) *Select the correct meaning of idioms/phrases given below:*
- (i) *Cry over spilled milk*
- (1) *Drain milk*
 - (2) *Complain about something that cannot be rectified*
 - (3) *Get into altercation with someone*
 - (4) *Misbehave with someone* **(1 Mark)**
- (ii) *Judge a book by its cover.*
- (1) *Reading a book*
 - (2) *To detect a fraud*
 - (3) *Rely on outward appearances*
 - (4) *To be intimated by appearances* **(1 Mark)**
- (iii) *Change the sentence into Active Voice: The Grand Canyon is visited by thousands of tourists every year.* **(1 Mark)**
- (iv) *Cheese the word which best expresses the meaning of the given word:*
- Mesmerized**
- (1) *Enthrall*
 - (2) *Gruesome*
 - (3) *Scary*
 - (4) *Harmony* **(1 Mark)**

- (c) Write a Formal E Mail: 'Mail is written by the Manager to the employees about the changed dress code for Republic day function including time and venue of function.

(4 Marks)

Answer

- (a) Paralanguage may be defined as the way a person says something. It reveals more than the actual words used, the intent of the message. The voice quality, intonation, pitch, stress, emotion, tone and style of speaking, communicants' approval, interest or the lack of it are depicted through paralanguage. Research estimates that tone of the voice accounts for 38 percent of all communications.
- (b) (i) Complain about something that cannot be rectified.
 (ii) Rely on outward appearances.
 (iii) Thousands of tourists visit the Grand Canyon every year.
 (iii) Enthral
- (c) To: Mr. A; Mr. B; Mr. c

Subject: Dress code for Republic Day Function as on 26th January, 2019

Dear sir/madam,

Greetings of the day.

As you all be aware that the Republic day is round the corner. Your company is organising a flag hoisting followed by cultural program and traditional get together of all the rank and file of the organization including the executive heads.

The ceremony shall be held at 9.00 A.M. sharp at the ground in front of company's gate.

The company has decided a mandatory dress code for the occasion for all participants as-

For Men- White Kurta- Payjama

For Women- Saree preferably of white colour.

Dress code is mandatory.

Hope that all our esteemed employees and executives will grace the function by their benign presence at the time and venue in the prescribed dress code.

Thanks & Regards.

Sd/-

Company secretary,

XWZ Ltd.

PAPER – 2: BUSINESS LAWS AND BUSINESS CORRESPONDENCE AND REPORTING**SECTION A: BUSINESS LAWS****PART – I: RELEVANT AMENDMENTS APPLICABLE FOR MAY 2018 EXAMINATION****Applicability of Relevant Amendments/ Circulars/ Notifications/ Regulations etc.**

For May 2018 examinations for Paper 2, Section A: Business Laws, the significant amendments made in the respective subject for the period 1st May 2017 to 31st October, 2017 are relevant and applicable for said examinations.

This RTP of May 2018 examination is very important to the students to update themselves with the relevant amendments pertaining to the Business Laws.

Students are advised to refer the following publications -

1.	Study Material (Edition July 2017) containing Legislative amendments issued upto 30 th April, 2017.
2.	RTP of May 2018 examination containing a gist of all the significant notified legislative amendments from 1 st May 2017 to 31 st October, 2017 along with the suggested sample questions and answers for understanding and practice.

Following is the relevant amendment:

S. No.	Subject Matter
1.	The Ministry of Corporate Affairs vide Notification S.O. 3086(E) dated 20 th September, 2017 has notified the proviso to clause (87) of section 2 of the Companies Act, 2013 w.e.f. 20 th September, 2017. [Proviso to clause (87) of Section 2 of the Companies Act, 2013 is covered on Page No. 5.12, Chapter 5 of the study material]

PART II: QUESTIONS AND ANSWERS**QUESTIONS****The Indian Contract Act, 1872**

1. (i) 'X' agreed to become an assistant for 2 years to 'Y' who was practicing Chartered Accountant at Jodhpur. It was also agreed that during the term of agreement 'X' will not practice as a Chartered Accountant on his own account within 20 kms of the office of 'Y' at Jodhpur. At the end of one year, 'X' left the assistantship of 'Y' and started practice on his own account within the said area of 20 kms.

Referring to the provisions of the Indian Contract Act, 1872, decide whether 'X' could be restrained from doing so?

- (ii) A stranger to a contract cannot sue, however in some cases even a stranger to contract may enforce a claim. Explain.
2. (i) PM Ltd., contracts with Gupta Traders to make and deliver certain machinery to them by 30th June 2017 for ₹ 21.50 Lakhs. Due to labour strike, PM Ltd. could not manufacture and deliver the machinery to Gupta Traders. Later Gupta Traders procured the machinery from another manufacturer for ₹ 22.75 lakhs. Gupta Traders was also prevented from performing a contract which it had made with Zenith Traders at the time of their contract with PM Ltd. and were compelled to pay compensation for breach of contract. Calculate the amount of compensation which Gupta Traders can claim from PM Ltd., referring to the legal provisions of the Indian Contract Act, 1872.
- (ii) A student was induced by his teacher to sell his brand new car to the latter at less than the purchase price to secure more marks in the examination. Accordingly the car was sold. However, the father of the student persuaded him to sue his teacher. State on what ground the student can sue the teacher?
3. (i) Explain the term "coercion" and describe its effect on the validity of a contract?
- (ii) "Though a minor is not competent to contract, nothing in the Contract Act prevents him from making the other party bound to the minor". Discuss.
- (iii) A received certain goods from B promising to pay ₹ 1,00,000. Later on, A expressed his inability to make payment. C, who is known to A, pays ₹ 60,000 to B on behalf of A. However, A was not aware of the payment. Now B is intending to sue A for the amount of ₹ 1,00,000. Discuss whether the contention of B is right?
4. Decide with reasons whether the following agreements are valid or void under the provisions of the Indian Contract Act, 1872:
 - (i) Vijay agrees with Saini to sell his black horse for ₹ 3,00,000. Unknown to both the Parties, the horse was dead at the time of the agreement.
 - (ii) Sarvesh sells the goodwill of his shop to Vikas for ₹ 10,00,000 and promises not to carry on such business forever and anywhere in India.
 - (iii) Mr. X agrees to write a book with a publisher. After few days, X dies in an accident.

The Sale of Goods Act, 1930

5. (i) Explain the term "Delivery and its form" under the Sale of Goods Act, 1930.
- (ii) Describe the consequences of "destruction of goods" under the Sale of Goods Act, 1930, where the goods have been destroyed after the agreement to sell but before the sale is affected.

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6. (i) Describe the term “unpaid seller” under the Sale of Goods Act, 1930? When can an unpaid seller exercise the right of stoppage of goods in transit?
- (ii) Explain the “condition as to Merchantability” and “condition as to wholesomeness” under the Sale of Goods Act, 1930.
7. (i) J the owner of a Fiat car wants to sell his car. For this purpose he hand over the car to P, a mercantile agent for sale at a price not less than ₹ 50, 000. The agent sells the car for ₹ 40, 000 to A, who buys the car in good faith and without notice of any fraud. P misappropriated the money also. J sues A to recover the Car. Decide given reasons whether J would succeed.
- (ii) Explain the term “Caveat-Emptor” under the Sale of Goods Act, 1930? What are the exceptions to this rule?

The Indian Partnership Act, 1932

8. (i) Whether a minor may be admitted in the business of a partnership firm? Explain the rights of a minor in the partnership firm.
- (ii) A & Co. is registered as a partnership firm in 2015 with A, B and C partners. In 2016, A dies. In 2017, B and C sue X in the name and on behalf of A & Co., without fresh registration. Decide whether the suit is maintainable. Whether your answer would be same if in 2017 B and C had taken a new partner D and then filed a suit against X without fresh registration?
9. (i) A, B and C are partners in a firm. As per terms of the partnership deed, A is entitled to 20 percent of the partnership property and profits. A retires from the firm and dies after 15 days. B and C continue business of the firm without settling accounts. Explain the rights of A's legal representatives against the firm under the Indian Partnership Act, 1932?
- (ii) State the differences between Partnership and Hindu Undivided Family.

The Limited Liability Partnership Act, 2008

10. (i) What do you mean by Limited Liability Partnership (LLP)? What are the advantages for forming a LLP for doing business?
- (ii) List the differences between the Limited Liability Partnership and the Limited Liability Company.

The Companies Act, 2013

11. (i) Explain the concept of "Dormant Company" as envisaged in the Companies Act, 2013.
- (ii) The Articles of Association of XYZ Ltd. provides that Board of Directors has authority to issue bonds provided such issue is authorized by the shareholders by a necessary resolution in the general meeting of the company. The company was in dire need of

funds and therefore, it issued the bonds to Mr. X without passing any such resolution in general meeting. Can Mr. X recover the money from the company? Decide referring the relevant provisions of the Companies Act, 2013.

12. (i) State whether a non-profit organization be registered as a company under the Companies Act, 2013? If so, what procedure does it have to adopt?
- (ii) When a company is registered, it is clothed with a legal personality. Explain.

SUGGESTED ANSWERS / HINTS

1. (i) **Agreement in Restraint of Trade:** Section 27 of the Indian Contract Act, 1872 deals with agreements in restraint of trade. According to the said section, every agreement by which any person is restrained from exercising a lawful profession, trade or business of any kind, is to that extent void. However, in the case of the service agreements restraint of trade is valid. In an agreement of service by which a person binds himself during the term of agreement not to take service with anyone else directly or indirectly to promote any business in direct competition with that of his employer is not in restraint of trade, so it is a valid contract.

In the instant case, agreement entered by 'X' with 'Y' is reasonable, and do not amount to restraint of trade and hence enforceable.

Therefore, 'X' can be restrained by an injunction from practicing on his own account in within the said area of 20 Kms for another one year.
- (ii) **Stranger to a contract cannot sue is known as a "doctrine of privity of contract".** This rule is however, subject to certain exceptions. In other words, even a stranger to a contract may enforce a claim in the following cases:
 - (1) **In the case of trust**, a beneficiary can enforce his right under the trust, though he was not a party to the contract between the settler and the trustee.
 - (2) **In the case of a family settlement**, if the terms of the settlement are reduced into writing, the members of family who originally had not been parties to the settlement may enforce the agreement.
 - (3) **In the case of certain marriage contracts, or arrangements**, a provision may be made for the benefit of a person. The person may enforce the agreement though he is not a party to the agreement.
 - (4) **In the case of assignment of a contract**, when the benefit under a contract has been assigned, the assignee can enforce the contract.
 - (5) **Acknowledgement or estoppel** – where the promisor by his conduct acknowledges himself as an agent of the third party, it would result into a binding obligation towards third party.

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- (6) **In the case of covenant running with the land**, the person who purchases land with notice that the owner of land is bound by certain duties affecting land, the covenant affecting the land may be enforced by the successor of the seller.
- (7) **Contracts entered into through an agent**: The principal can enforce the contracts entered by his agent where the agent has acted within the scope of his authority and in the name of the principal.

2. (i) Section 73 of the Indian Contract Act, 1872 provides for compensation for loss or damage caused by breach of contract. According to it, when a contract has been broken, the party who suffers by such a breach is entitled to receive from the party who has broken the contract, compensation for any loss or damage caused to him thereby which naturally arose in the usual course of things from such breach or which the parties knew when they made the contract, to be likely to result from the breach of it.

Such compensation is not to be given for any remote and indirect loss or damage sustained by reason of the breach.

It is further provided in the explanation to the section that in estimating the loss or damage from a breach of contract, the means which existed of remedying the inconvenience caused by the non-performance of the contract must be taken into account.

Applying the above principle of law to the given case, PM Ltd. is obliged to compensate for the loss of ₹ 1.25 lakhs (i.e. ₹ 22.75 lakhs – ₹ 21.50 lakhs) which had naturally arisen due to default in performing the contract by the specified date.

Regarding the amount of compensation which Gupta Traders were compelled to make to Zenith Traders, it depends upon the fact whether PM Ltd. knew about the contract of Gupta Traders for supply of the contracted machinery to Zenith Traders on the specified date. If so, PM Ltd. is also obliged to reimburse the compensation which Gupta Traders had to pay to Zenith Traders for breach of contract. Otherwise PM Ltd. is not liable for that.

- (ii) Yes, the student can sue his teacher on the ground of undue influence under the provisions of Indian Contract Act, 1872. A contract brought as a result of coercion, undue influence, fraud or misrepresentation would be voidable at the option of the person whose consent was caused.
3. (i) **“Coercion”** is the committing or threatening to commit any act forbidden by the Indian Penal Code 1860, or the unlawful detaining or threatening to detain any property, to the prejudice of any person whatever, with the intention of causing any person to enter into an agreement. (Section 15 of the Indian Contract Act, 1872).

It is also important to note that it is immaterial whether the Indian Penal Code, 1860 is or is not in force at the place where the coercion is employed.

Effects on validity: According to section 19 of the Act, when consent to an agreement is caused by coercion, the contract is voidable at the option of the party, whose consent was so caused. The aggrieved party, whose consent was so caused can enforce the agreement or treat it as void and rescind it. It is seen that in all these cases though the agreement amounts to a contract, it is voidable. The injured party might insist on being placed in the same position in which he might have been had the vitiating circumstances not been present.

Where a contract is voidable and the party entitled to avoid it decides to do so by rescinding it, he must restore any benefit which he might have received from the other party. He cannot avoid the contract and at the same time enjoy the benefit under the rescinded/avoided contract. (Section 64)

- (ii) **Minor can be a beneficiary or can take benefit out of a contract:** Though a minor is not competent to contract, nothing in the Contract Act prevents him from making the other party bound to the minor.

For example: A promissory note duly executed in favour of a minor is not void and can be sued upon by him, because he though incompetent to contract, may yet accept a benefit.

A minor cannot become partner in a partnership firm. However, he may with the consent of all the partners, be admitted to the benefits of partnership (Section 30 of the Indian Partnership Act, 1932).

- (iii) As per Section 41 of the Indian Contract Act, 1872, when a promisee accepts performance of the promise from a third person, he cannot afterwards enforce it against the promisor. That is, performance by a stranger, accepted by the promisee, produces the result of discharging the promisor, although the latter has neither authorized nor ratified the act of the third party. Therefore, in the present instance, B can sue only for the balance amount i.e. ₹ 40,000 and not for the whole amount.
4. (i) As per Section 20 of the Indian Contract Act, 1872, an agreement under by mistake of fact are void. In this case, there is mistake of fact as to the existence of the subject-matter, i.e., with respect to the selling of horse which was dead at the time of the agreement. It is unknown to both the parties. Therefore, **it is a void agreement.**
- (ii) As per Section 27 of the Indian Contract Act, 1872, an agreement in restraint of trade is void. However, a buyer can put such a condition on the seller of goodwill, not to carry on same business, provided that the conditions must be reasonable regarding the duration and place of the business. Since in the given case, restraint to carry on business was forever and anywhere in India, so **the agreement in question is void.**
- (iii) As per section 2(j) of the Contract Act, "A contract which ceases to be enforceable by law becomes void when it ceases to be enforceable". In the present case, Mr. X agrees to write a book with a publisher. After few days, X dies in an accident. Here **the contract becomes void** due to the impossibility of performance of the contract.

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5. (i) **Delivery and its forms:** Delivery means voluntary transfer of possession from one person to another [Section 2(2)]. As a general rule, delivery of goods may be made by doing anything, which has the effect of putting the goods in the possession of the buyer, or any person authorized to hold them on his behalf.

Forms of delivery: Following are the kinds of delivery for transfer of possession:

- (a) **Actual delivery:** When the goods are physically delivered to the buyer.
 - (b) **Constructive delivery:** When it is effected without any change in the custody or actual possession of the thing as in the case of delivery by attornment (acknowledgement) e.g., where a warehouseman holding the goods of A agrees to hold them on behalf of B, at A's request.
 - (c) **Symbolic delivery:** When there is a delivery of a thing in token of a transfer of something else, i.e., delivery of goods in the course of transit may be made by handing over documents of title to goods, like bill of lading or railway receipt or delivery orders or the key of a warehouse containing the goods is handed over to buyer.
- (ii) **Destruction of Goods-Consequences:** In accordance with the provisions of the Sale of Goods Act, 1930 as contained in Section 7, a contract for the sale of specific goods is void if at the time when the contract was made; the goods without the knowledge of the seller, perished or become so damaged as no longer to answer to their description in the contract, then the contract is *void ab initio*. This section is based on the rule that where both the parties to a contract are under a mistake as to a matter of fact essential to a contract, the contract is void.

In a similar way Section 8 provides that an agreement to sell specific goods becomes void if subsequently the goods, without any fault on the part of the seller or buyer, perish or become so damaged as no longer to answer to their description in agreement before the risk passes to the buyer. This rule is also based on the ground of impossibility of performance as stated above.

It may, however, be noted that section 7 and 8 apply only to specific goods and not to unascertained goods. If the agreement is to sell a certain quantity of unascertained goods, the perishing of even the whole quantity of such goods in the possession of the seller will not relieve him of his obligation to deliver the goods.

6. (i) **Unpaid Seller :** According to Section 45 of the Sale of Goods Act, 1930 the seller of goods is deemed to be an 'Unpaid Seller' when-
- (a) the whole of the price has not been paid or tendered.
 - (b) a bill of exchange or other negotiable instrument has been received as conditional payment, and it has been dishonoured.

Right of stoppage of goods in transit

When the unpaid seller has parted with the goods to a carrier and the buyer has become insolvent, he can exercise this right by asking the carrier to return the goods back, or not to deliver the goods to the buyer.

However, the right of stoppage in transit is exercised only when the following conditions are fulfilled:

- (a) The seller must be unpaid.
- (b) The seller must have parted with the possession of goods.
- (c) The goods must be in the course of transit.
- (d) The buyer must have become insolvent.
- (e) The right is subject to provisions of the Act.

(ii) Condition as to Merchantability [Section 16(2) of the Sale of Goods Act, 1930]:

Where goods are bought by description from a seller who deals in goods of that description (whether he is the manufacturer or producer or not), there is an implied condition that the goods shall be of merchantable quality.

Provided that, if the buyer has examined the goods, there shall be no implied condition as regards defects which such examination ought to have revealed.

The expression "merchantable quality", though not defined, nevertheless connotes goods of such a quality and in such a condition a man of ordinary prudence would accept them as goods of that description. It does not imply any legal right or legal title to sell.

Example: If a person orders motor horns from a manufacturer of horns, and the horns supplied are scratched and damaged owing to bad packing, he is entitled to reject them as unmerchantable.

Condition as to wholesomeness: In the case of eatables and provisions, in addition to the implied condition as to merchantability, there is another implied condition that the goods shall be wholesome.

Example: A supplied F with milk. The milk contained typhoid germs. F's wife consumed the milk and was infected and died. Held, there was a breach of condition as to fitness and A was liable to pay damages.

7. (i) The problem in this case is based on the provisions of the Sale of Goods Act, 1930 contained in the proviso to Section 27. The proviso provides that a mercantile agent is one who in the customary course of his business, has, as such agent, authority either to sell goods, or to consign goods, for the purpose of sale, or to buy goods, or to raise money on the security of goods [Section 2(9)]. The buyer of goods from a mercantile agent, who has no authority from the principal to sell, gets a good title to the goods if the following conditions are satisfied:

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- (1) The agent should be in possession of the goods or documents of title to the goods with the consent of the owner.
- (2) The agent should sell the goods while acting in the ordinary course of business of a mercantile agent.
- (3) The buyer should act in good faith.
- (4) The buyer should not have at the time of the contract of sale notice that the agent has no authority to sell.

In the instant case, P, the agent, was in the possession of the car with J's consent for the purpose of sale. A, the buyer, therefore obtained a good title to the car. Hence, J in this case, cannot recover the car from A.

- (ii) **Caveat emptor** means "let the buyer beware", i.e. in sale of goods the seller is under no duty to reveal unflattering truths about the goods sold. Therefore, when a person buys some goods, he must examine them thoroughly. If the goods turn out to be defective or do not suit his purpose, or if he depends upon his skill and judgment and makes a bad selection, he cannot blame any body excepting himself.

The rule is enunciated in the opening words of section 16 of the Sale of Goods Act, 1930 which runs thus: "Subject to the provisions of this Act and of any other law for the time being in force, there is no implied warranty or condition as to the quality or fitness for any particular purpose of goods supplied under a contract of sale"

The rule of caveat emptor does not apply in the following cases:

- (a) **Fitness for buyer's purpose:** Where the buyer, expressly or by implication, makes known to the seller the particular purpose for which he requires the goods and relies on the seller's skill or judgment and the goods are of a description which it is in the course of the seller's business to supply, the seller must supply the goods which shall be fit for the buyer's purpose. [Section 16(1)].
- (b) **Sale under a patent or trade name:** In the case of a contract for the sale of a specified article under its patent or other trade name, there is no implied condition that the goods shall be reasonably fit for any particular purpose [Section 16(1)].
- (c) **Merchantable quality:** Where goods are bought by description from a seller who deals in goods of that description (whether he is in the manufacturer or producer or not), there is an implied condition that the goods shall be of merchantable quality. But if the buyer has examined the goods, there is no implied condition as regards defects which such examination ought to have revealed. [Section 16(2)].
- (d) **Usage of trade:** An implied warranty or condition as to quality or fitness for a particular purpose may be annexed by the usage of trade. [Section 16(3)].

(e) **Consent by fraud:** Where the consent of the buyer, in a contract of sale, is obtained by the seller by fraud or where the seller knowingly conceals a defect which could not be discovered on a reasonable examination, the doctrine of caveat emptor does not apply.

8. (i) **Minor as a partner:** A minor is incompetent to do the contract and such contract is void-ab-initio. Therefore, a minor cannot be admitted in the business of the partnership firm because the partnership is formed on a contract. Though a minor cannot be a partner in a firm, he can nevertheless be admitted to the benefits of partnership under section 30 of the Indian Partnership Act, 1932. He may be validly have a share in the profit of the firm but this can be done with the consent of all the partners of the firm.

Rights of the minor in the firm:

- (a) a minor has a right to his agreed share of the profits and of the firm.
 - (b) he can have access to, inspect and copy the accounts of the firm.
 - (c) he can sue the partners for accounts or for payments of his share but only, when severing his connection with the firm, and not otherwise. The amount of share shall be determined by a valuation made in accordance with the rules upon a dissolution.
 - (d) 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) As regards the question whether in the case of a registered firm (whose business was carried on after its dissolution by death of one of the partners), a suit can be filed by the remaining partners in respect of any subsequent dealings or transactions without notifying to the Registrar of Firms, the changes in the constitution of the firm, it was decided that the remaining partners should sue in respect of such subsequent dealings or transactions even though the firm was not registered again after such dissolution and no notice of the partner was given to the Registrar.

The test applied in these cases was whether the plaintiff satisfied the only two requirements of Section 69 (2) of the Act namely,

- (a) the suit must be instituted by or on behalf of the firm which had been registered;
- (b) the person suing had been shown as partner in the register of firms. In view of this position of law, the suit is in the case by B and C against X in the name and on behalf of A & Co. is maintainable.

Now, in 2017, B and C had taken a new partner, D, and then filed a suit against X without fresh registration. Where a new partner is introduced, the fact is to be notified

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to Registrar who shall make a record of the notice in the entry relating to the firm in the Register of firms. Therefore, the firm cannot sue as D's (new partner's) name has not been entered in the register of firms. It was pointed out that in the second requirement, the phrase "person suing" means persons in the sense of individuals whose names appear in the register as partners and who must be all partners in the firm at the date of the suit.

9. (i) Section 37 of the Indian Partnership Act, 1932 provides that where a partner dies or otherwise ceases to be a partner and there is no final settlement of account between the legal representatives of the deceased partner or the firms with the property of the firm, then, in the absence of a contract to the contrary, the legal representatives of the deceased partner or the retired partner are entitled to claim either.

- (1) Such shares of the profits earned after the death or retirement of the partner which is attributable to the use of his share in the property of the firm; or
- (2) Interest at the rate of 6 per cent annum on the amount of his share in the property.

Based on the aforesaid provisions of Section 37 of the Indian Partnership Act, 1932, in the given problem, A's Legal representatives shall be entitled, at their option to:

- (a) the 20% shares of profits (as per the partnership deed); or
- (b) interest at the rate of 6 per cent per annum on the amount of A's share in the property.

(ii) **Differences between the Partnership & Joint Hindus Family.**

Basis of difference	Partnership	Joint Hindu family
Mode of creation	Partnership is created necessarily by an agreement.	The right in the joint family is created by status means its creation by birth in the family.
Death of a member	Death of a partner ordinarily leads to the dissolution of partnership.	The death of a member in the Hindu undivided family does not give rise to dissolution of the family business.
Management	All the partners are equally entitled to take part in the partnership business.	The right of management of joint family business generally vests in the Karta, the

		governing male member or female member of the family. ¹
Authority to bind	Every partner can, by his act, bind the firm.	The Karta or the manager, has the authority to contract for the family business and the other members in the family.
Liability	In a partnership, the liability of a partner is unlimited.	In a Hindu undivided family, only the liability of the Karta is unlimited, and the other co-partners are liable only to the extent of their share in the profits of the family business.
Calling for accounts on closure	A partner can bring a suit against the firm for accounts, provided he also seeks the dissolution of the firm.	On the separation of the joint family, a member is not entitled to ask for account of the family business.
Governing Law	A partnership is governed by the Indian Partnership Act, 1932.	A Joint Hindu Family business is governed by the Hindu Law.
Minor's capacity	In a partnership, a minor cannot become a partner, though he can be admitted to the benefits of partnership, only with the consent of all the partners.	In Hindu undivided family business, a minor becomes a member of the ancestral business by the incidence of birth. He does not have to wait for attaining majority.
Continuity	A firm subject to a contract between the partners gets dissolved by death or insolvency of a partner.	A Joint Hindu family has the continuity till it is divided. The status of Joint Hindu family is not thereby affected by the death of a member.
Number of Members	In case of Partnership number of members should not exceed 50	Members of HUF who carry on a business may be unlimited in number.

¹ **Joint Hindu Family:** The amendment in the Hindu Succession Act, 2005, entitled all adult members – Hindu males and females to become coparceners in a HUF. They now enjoy equal rights of inheritance due to this amendment. On 1st February 2016, Justice Najmi Waziri gave a landmark judgement which allowed the eldest female coparceners of an HUF to become its Karta.

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Share in the business	In a partnership each partner has a defined share by virtue of an agreement between the partners.	In a HUF, no coparceners has a definite share. His interest is a fluctuating one. It is capable of being enlarged by deaths in the family diminished by births in the family.
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10. (i) **LLP:** A LLP is a new form of legal business entity with limited liability. It is an alternative corporate business vehicle that not only gives the benefits of limited liability at low compliance cost but allows its partners the flexibility of organising their internal structure as a traditional partnership. The LLP is a separate legal entity and, while the LLP itself will be liable for the full extent of its assets, the liability of the partners will be limited.

LLP is an alternative corporate business form that gives the benefits of limited liability of a company and the flexibility of a partnership.

Since LLP contains elements of both 'a corporate structure' as well as 'a partnership firm structure' LLP is called a hybrid between a company and a partnership.

Advantages of LLP form:

- (a) LLP is organized and operates on the basis of an agreement.
 - (b) It provides flexibility without imposing detailed legal and procedural requirements
 - (c) It enables professional/technical expertise and initiative to combine with financial risk taking capacity in an innovative and efficient manner.
 - (d) It is easy to form
 - (e) In LLP form, all partners enjoy limited liability
 - (f) Flexible capital structure is there in this form
 - (g) It is easy to dissolve
- (ii) **Distinction between LLP and Limited Liability Company:** The points of distinction between a limited liability partnership and Limited Liability Company are tabulated as follows:

	Basis	LLP	Limited Liability Company
1.	Regulating Act	The LLP Act, 2008.	The Companies Act, 2013.
2.	Members/Partners	The persons who contribute to LLP are known as partners of the LLP.	The persons who invest the money in the shares are known as members of the company.

3.	Internal governance structure	The internal governance structure of a LLP is governed by contract agreement between the partners.	The internal governance structure of a company is regulated by statute (i.e., Companies Act, 2013).
4.	Name	Name of the LLP to contain the word "Limited Liability partnership" or "LLP" as suffix.	Name of the public company to contain the word "limited" and Pvt. Co. to contain the word "Private limited" as suffix.
5.	No. of members/partners	Minimum – 2 members Maximum – No such limit on the members in the Act. The members of the LLP can be individuals/or body corporate through the nominees.	Private company: Minimum – 2 members Maximum 200 members Public company: Minimum – 7 members Maximum – No such limit on the members. Members can be organizations, trusts, another business form or individuals.
6.	Liability of members/partners	Liability of a partners is limited to the extent of agreed contribution in case of intention is fraud.	Liability of a member is limited to the amount unpaid on the shares held by them.
7.	Management	The business of the company managed by the partners including the designated partners authorized in the agreement.	The affairs of the company are managed by board of directors elected by the shareholders.
8.	Minimum number of directors/designated partners	Minimum 2 designated partners.	Pvt. Co. – 2 directors Public co. – 3 directors

11. (i) Dormant Company (Section 455 of the Companies Act, 2013)

Where a company is formed and registered under this Act for a future project or to hold an asset or intellectual property and has no significant accounting transaction, such a company or an inactive company may make an application to the Registrar in such manner as may be prescribed for obtaining the status of dormant company.

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“Inactive company” means a company which has not been carrying on any business or operation, or has not made any significant accounting transaction during the last two financial years, or has not filed financial statements and annual returns during the last two financial years.

“Significant accounting transaction” means any transaction other than –

- (a) payment of fees by a company to the Registrar;
 - (b) payments made by it to fulfil the requirements of this Act or any other law;
 - (c) allotment of shares to fulfil the requirements of this Act; and
 - (d) payments for maintenance of its office and records.
- (ii) According to the Doctrine of Indoor Management, if an act is authorised by the articles or memorandum, an outsider is entitled to assume that all the detailed formalities for doing that act have been observed. As per the case of *the Royal British Bank vs. Turquand* [1856] 6E & B 327, the directors of R.B.B. Ltd. gave a bond to T. The articles empowered the directors to issue such bonds under the authority of a proper resolution. In fact, no such resolution was passed. Notwithstanding that, it was held that T could sue on the bonds on the ground that he was entitled to assume that the resolution had been duly passed. This is the doctrine of indoor management, popularly known as Turquand Rule.

Since, the given question is based on the above facts, accordingly here in this case Mr. X can recover the money from the company considering that all required formalities for the passing of the resolution have been duly complied.

12. (i) Yes, a non-profit organization be registered as a company under the Companies Act, 2013 by following the provisions of section 8 of the Companies Act, 2013. 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, sports, education, research, social welfare, religion, charity, protection of environment etc.

Such company intends to apply its profit in

- promoting its objects and
- prohibiting the payment of any dividend to its members.

The Central Government has the power to issue license for registering a section 8 company.

- (a) Section 8 allows the Central Government to register such person or association of persons as a company with limited liability without the addition of words ‘Limited’ or ‘Private limited’ to its name, by issuing licence on such conditions as it deems fit.

- (b) The registrar shall on application register such person or association of persons as a company under this section.
- (c) On registration the company shall enjoy same privileges and obligations as of a limited company.
- (ii) When a company is registered, it is clothed with a legal personality. It comes to have almost the same rights and powers as a human being. Its existence is distinct and separate from that of its members. A company can own property, have bank account, raise loans, incur liabilities and enter into contracts.
 - (a) It is at law, a person different altogether from the subscribers to the memorandum of association. Its personality is distinct and separate from the personality of those who compose it.
 - (b) Even members can contract with company, acquire right against it or incur liability to it. For the debts of the company, only its creditors can sue it and not its members.

A company is capable of owning, enjoying and disposing of property in its own name. Although the capital and assets are contributed by the shareholders, the company becomes the owner of its capital and assets. The shareholders are not the private or joint owners of the company's property.

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SECTION A: BUSINESS LAWS

PART – I: RELEVANT AMENDMENTS APPLICABLE FOR NOVEMBER 2018 EXAMINATION

Applicability of Relevant Amendments/ Circulars/ Notifications/ Regulations etc.

For November 2018 examinations for Paper 2, Section A: Business Laws, the significant amendments made in the respective subject for the period 1st November, 2017 to 30th April, 2018 are relevant and applicable for said examinations.

This RTP of November 2018 examination is very important to the students to update themselves with the relevant amendments pertaining to the Business Laws.

Students are advised to refer the following publications –

1.	Study Material (Edition July 2017) containing Legislative amendments issued upto 30th April, 2017.
2.	RTP of November 2018 examination containing a gist of all the significant legislative amendments from 1st May 2017 to 30th April, 2018 along with the suggested sample questions and answers for understanding and practice.

Following are the relevant amendments/ Chapters of the Study material:

S. No.	Subject Matter
1.	The Ministry of Corporate Affairs vide Notification S.O. 3086(E) dated 20th September, 2017 has notified the proviso to clause (87) of section 2 of the Companies Act, 2013 w.e.f. 20th September, 2017. [Proviso to clause (87) of Section 2 of the Companies Act, 2013 is covered on Page No. 5.12, Chapter 5 of the study material]
2.	The Ministry of Corporate Affairs vide the Companies (Amendment) Act, 2017 dated 9th February, 2018 has inserted the word "and" in clause (71) of section 2, in sub-clause (a), after the word "company". [Section 2(71) of the Companies Act, 2013 is covered on Page No. 5.12, chapter 5 of the study material]
3.	The Ministry of Corporate Affairs vide the Companies (Amendment) Act, 2017 dated 9th February, 2018 has inserted the following Explanation in clause (46) of section 2: 'Explanation- For the purposes of this clause, the expression "company" includes any body corporate.' [Section 2(46) of the Companies Act, 2013 is covered on Page No. 5.12, chapter 5 of the study material]

4.	The Ministry of Corporate Affairs vide the Companies (Amendment) Act, 2017 dated 9 th February, 2018 has inserted the words “other than this Act or the previous company law” after the words “State Act” in clause (A) in proviso to clause (72) of section 2. [Section 2(72) of the Companies Act, 2013 is covered on Page No. 5.17, chapter 5 of the study material]
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PART II: QUESTIONS AND ANSWERS

QUESTIONS

The Indian Contract Act, 1872

1. (i) Ramaswami proposed to sell his house to Ramanathan. Ramanathan sent his acceptance by post. Next day, Ramanathan sends a telegram withdrawing his acceptance. Examine the validity of the acceptance according to the Indian Contract Act, 1872 in the light of the following:
 - (a) The telegram of revocation of acceptance was received by Ramaswami before the letter of acceptance.
 - (b) The telegram of revocation and letter of acceptance both reached together.
- (ii) “An anticipatory breach of contract is a breach of contract occurring before the time fixed for performance has arrived”. Discuss stating also the effect of anticipatory breach on contracts.
2. (i) Mr. Balwant, an old man, by a registered deed of gift, granted certain landed property to Ms. Reema, his daughter. By the terms of the deed, it was stipulated that an annuity of ₹ 20, 000 should be paid every year to Mr. Sawant, who was the brother of Mr. Balwant. On the same day Ms. Reema made a promise to Mr. Sawant and executed in his favour an agreement to give effect to the stipulation. Ms. Reema failed to pay the stipulated sum. In an action against her by Mr. Sawant, she contended that since Mr. Sawant had not furnished any consideration, he has no right of action.
Examining the provisions of the Indian Contract Act, 1872, decide, whether the contention of Ms. Reema is valid?
- (ii) A coolie in uniform picks up the luggage of R to be carried out of the railway station without being asked by R and R allows him to do so. Examine whether the coolie is entitled to receive money from R under the Indian Contract Act, 1872?

3. (i) Point out with reason whether the following agreements are valid or void:
 - (a) Kamala promises Ramesh to lend ₹ 500,000 in lieu of consideration that Ramesh gets Kamala's marriage dissolved and he himself marries her.
 - (b) Sohan agrees with Mohan to sell his black horse. Unknown to both the parties, the horse was dead at the time of agreement.
 - (c) Ram sells the goodwill of his shop to Shyam for ₹ 4,00,000 and promises not to carry on such business forever and anywhere in India.
 - (d) In an agreement between Prakash and Girish, there is a condition that they will not institute legal proceedings against each other without consent.
 - (e) Ramamurthy, who is a citizen of India, enters into an agreement with an alien friend.
- (ii) Ajay, Vijay and Sanjay are partners of software business and jointly promises to pay ₹ 6,00, 000 to Kartik. Over a period of time Vijay became insolvent, but his assets are sufficient to pay one-fourth of his debts. Sanjay is compelled to pay the whole. Decide whether Sanjay is required to pay whole amount himself to Kartik in discharging joint promise under the Indian Contract Act, 1872.
4. (i) Define consideration. State the characteristics of a valid consideration.
- (ii) "Mere silence does not amount to fraud". Discuss.

The Sale of Goods Act, 1930

5. (i) Ram consults Shyam, a motor-car dealer for a car suitable for touring purposes to promote the sale of his product. Shyam suggests 'Maruti' and Ram accordingly buys it from Shyam. The car turns out to be unfit for touring purposes. What remedy Ram is having now under the Sale of Goods Act, 1930?
- (ii) Referring to the provisions of the Sale of Goods Act, 1930, state the rules provided to regulate the "Sale by Auction."
6. (i) Referring to the provisions of the Sale of Goods Act, 1930, state the circumstances under which when goods are delivered to the buyer "on approval" or "on sale or return" or other similar terms, the property therein passes to the buyer.
 Ms. Preeti owned a motor car which she handed over to Mr. Joshi on sale or return basis. After a week, Mr. Joshi pledged the motor car to Mr. Ganesh. Ms. Preeti now claims back the motor car from Mr. Ganesh. Will she succeed? Referring to the provisions of the Sale of Goods Act, 1930, decide and examine what recourse is available to Ms. Preeti.
- (ii) State briefly the essential element of a contract of sale under the Sale of Goods Act, 1930.

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FOUNDATION EXAMINATION: NOVEMBER, 2018

7. (i) "There is no implied warranty or condition as to quality or fitness for any particular purpose of goods supplied under a contract of sale." Discuss the significance and State exceptions, if any.
- (ii) 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".

The Indian Partnership Act, 1932

8. (i) Ram & Co., a firm consists of three partners A, B and C having one third share each in the firm. According to A and B, the activities of C are not in the interest of the partnership and thus want to expel C from the firm. Advise A and B whether they can do so quoting the relevant provisions of the Indian Partnership Act, 1932.
- (ii) What is Partnership Deed? What are the particulars that the partnership deed may contain?
9. (i) State the modes by which a partner may transfer his interest in the firm in favour of another person under the Indian Partnership Act, 1932. What are the rights of such a transferee?
- (ii) State the grounds on which a firm may be dissolved by the Court under the Indian Partnership Act, 1932?

The Limited Liability Partnership Act, 2008

10. (i) State the essential elements to incorporate a LLP?
- (ii) Differentiate between a LLP and a partnership firm?

The Companies Act, 2013

11. (i) ABC Pvt. Ltd., is a Private Company having five members only. All the members of the company were going by car to Mumbai in relation to some business. An accident took place and all of them died. Answer with reasons, under the Companies Act, 2013 whether existence of the company has also come to the end?
- (ii) Define OPC (One Person Company) and state the rules regarding its membership. Can it be converted into a non-profit company under Section 8 or a private company?
12. (i) Briefly explain the doctrine of "ultravires" under the Companies Act, 2013. What are the consequences of ultravires acts of the company?
- (ii) 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.

ANSWERS

1. (i) The problem is related with the communication and time of acceptance and its revocation. As per Section 4 of the Indian Contract Act, 1872, the communication of an acceptance is complete as against the acceptor when it comes to the knowledge of the proposer.

An acceptance may be revoked at any time before the communication of the acceptance is complete as against the acceptor, but not afterwards.

Referring to the above provisions:

- (a) Yes, the revocation of acceptance by Ramanathan (the acceptor) is valid.
 - (b) If Ramaswami opens the telegram first (and this would be normally so in case of a rational person) and reads it, the acceptance stands revoked. If he opens the letter first and reads it, revocation of acceptance is not possible as the contract has already been concluded.
- (ii) An anticipatory breach of contract is a breach of contract occurring before the time fixed for performance has arrived. When the promisor refuses altogether to perform his promise and signifies his unwillingness even before the time for performance has arrived, it is called Anticipatory Breach.

Section 39 of the Indian Contract Act, 1872 deals with **anticipatory breach of contract** and provides as follows: "When a party to a contract has refused to perform or disable 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."

Effect of anticipatory breach: The promisee is excused from performance or from further performance. Further he gets an option:

- (1) To either treat the contract as "rescinded and sue the other party for damages from breach of contract immediately without waiting until the due date of performance; or
- (2) He may elect not to rescind but to treat the contract as still operative, and wait for the time of performance and then hold the other party responsible for the consequences of non-performance. But in this case, he will keep the contract alive for the benefit of the other party as well as his own, and the guilty party, if he so decides on re-consideration, may still perform his part of the contract and can also take advantage of any supervening impossibility which may have the effect of discharging the contract.

2. (i) In India, consideration may proceed from the promisee or any other person who is not a party to the contract. The definition of consideration as given in section 2(d) makes that proposition clear. According to the definition, when at the desire of the promisor, the promisee or any other person does something such an act is consideration. In other words, there can be a stranger to a consideration but not stranger to a contract.

In the given problem, Mr. Balwant has entered into a contract with Ms. Reema, but Mr. Sawant has not given any consideration to Ms. Reema but the consideration did flow from Mr. Balwant to Ms. Reema and such consideration from third party is sufficient to enforce the promise of Ms. Reema, the daughter, to pay an annuity to Mr. Sawant. Further the deed of gift and the promise made by Ms. Reema to Mr. Sawant to pay the annuity were executed simultaneously and therefore they should be regarded as one transaction and there was sufficient consideration for it.

Thus, a stranger to the contract cannot enforce the contract but a stranger to the consideration may enforce it. Hence, the contention of Ms. Reema is not valid.

- (ii) **Implied Contracts:** Implied contracts come into existence by implication. Most often the implication is by law and or by action. Section 9 of the Indian Contract Act, 1872 contemplates such implied contracts when it lays down that in so far as such proposal or acceptance is made otherwise than in words, the promise is said to be implied.

In the present case, it is an implied contract and R must pay for the services of the coolie.

3. (i) **Validity of agreements**

- (a) *Void Agreement:* As per Section 23 of the Indian Contract Act, 1872, an agreement is void if the object or consideration is against the public policy.
- (b) *Void Agreement:* As per Section 20 of the Indian Contract Act, 1872 the contracts caused by mistake of fact are void. There is mistake of fact as to the existence of subject-matter.
- (c) *Void Agreement:* As per Section 27 of the Indian Contract Act, 1872 an agreement in restraint of trade is void. However, a buyer can put such a condition on the seller of good will, not to carry on same business. However, the conditions must be reasonable regarding the duration and the place of the business.
- (d) *Void Agreement:* An agreement in restraint of legal proceedings is void as per Section 28 of the Indian Contract Act, 1872.
- (e) *Valid Agreement:* An agreement with alien friend is valid, but an agreement with alien enemy is void.

- (ii) As per section 43 of the Indian Contract Act, 1872, when two or more persons make a joint promise, the promisee may, in the absence of express agreement to the contrary, compel any one or more of such joint promisors to perform the whole of the promise.

Each of two or more joint promisors may compel every other joint promisor to contribute equally with himself to the performance of the promise, unless a contrary intention appears from the contract.

If any one of two or more joint promisors makes default in such contribution, the remaining joint promisors must bear the loss arising from such default in equal shares.

Therefore, in the instant case, Sanjay is entitled to receive ₹ 50,000 from Vijay's assets and ₹ 2,75,000 from Ajay.

4. (i) **Definition of Consideration- Section 2(d) of the Indian Contract Act, 1872**

"When at the desire of the promisor, the promisee or any other person has done, or abstained from doing, or does or abstains from doing or promises to do or abstain from doing something, such an act or abstinence or promise is called consideration for the promise."

The essential characteristics of a valid consideration are as follows:

- (1) Consideration must move at the desire of the promisor (*Durga Prasad v. Baldeo*)
- (2) It may proceed from the promisee or any other person on his behalf.
- (3) It may be executed or executory.
- (4) It may be past, present or future.
- (5) Consideration need not be adequate
- (6) Performance of what one is legally bound to perform
- (7) Consideration must be real and not illusory

- (ii) **Mere silence not amounting to fraud:** Mere silence as to facts likely to affect the willingness of a person to enter into a contract is no fraud; but where it is the duty of a person to speak, or his silence is equivalent to speech, silence amounts to fraud.

It is a rule of law that mere silence does not amount to fraud. A contracting party is not duty bound to disclose the whole truth to the other party or to give him the whole information in his possession affecting the subject matter of the contract.

The rule is contained in explanation to Section 17 of the Indian Contract Act, 1872 which clearly states the position that mere silence as to facts likely to affect the willingness of a person to enter into a contract is not fraud.

Exceptions to this rule:

- (i) Where the circumstances of the case are such that, regard being had to them, it is the duty of the person keeping silence to speak. Duty to speak arises when one contracting party reposes trust and confidence in the other or where one party has to depend upon the good sense of the other (e.g. Insurance Contract).
- (ii) Where the silence is, in itself, equivalent to speech.

5. (i) **Condition and warranty (Section 12):** A stipulation in a contract of sale with reference to goods which are the subject thereof may be a condition or a warranty. [Sub-section (1)]

“A condition is a stipulation essential to the main purpose of the contract, the breach of which gives rise to a right to treat the contract as repudiated”. [Sub-section (2)]

“A warranty is a stipulation collateral to the main purpose of the contract, the breach of which gives rise to a claim for damages but not to a right to reject the goods and treat the contract as repudiated”. [Sub-section (3)]

Whether a stipulation in a contract of sale is a condition or a warranty depends in each case on the construction of the contract. A stipulation may be a condition, though called a warranty in the contract. [Sub-section (4)]

In the instant case, the term that the ‘car should be suitable for touring purposes’ is a condition of the contract. It is so vital that its non-fulfilment defeats the very purpose for which Ram purchases the car.

Ram is therefore entitled to reject the car and have refund of the price.

- (ii) **Rules of Auction sale:** Section 64 of the Sale of Goods Act, 1930 provides following rules to regulate the sale by auction:

- (a) **Where goods are sold in lots:** Where goods are put up for sale in lots, each lot is *prima facie* deemed to be subject of a separate contract of sale.
- (b) **Completion of the contract of sale:** The sale is complete when the auctioneer announces its completion by the fall of hammer or in any other customary manner and until such announcement is made, any bidder may retract from his bid.
- (c) **Right to bid may be reserved:** Right to bid may be reserved expressly by or on behalf of the seller and where such a right is expressly reserved, but not otherwise, the seller or any one person on his behalf may bid at the auction.
- (d) **Where the sale is not notified by the seller:** Where the sale is not notified to be subject to a right to bid on behalf of the seller, it shall not be lawful for the seller to

bid himself or to employ any person to bid at such sale, or for the auctioneer knowingly to take any bid from the seller or any such person; and any sale contravening this rule may be treated as fraudulent by the buyer.

- (e) **Reserved price:** The sale may be notified to be subject to a reserve or upset price; and
 - (f) **Pretended bidding:** If the seller makes use of pretended bidding to raise the price, the sale is voidable at the option of the buyer.
6. (i) As per the provisions of section 24 of the Sale of Goods Act, 1930, when goods are delivered to the buyer on approval or "on sale or return" or other similar terms, the property therein passes to the buyer-
- (a) when the buyer signifies his approval or acceptance to the seller or does any other act adopting the transaction;
 - (b) if he does not signify his approval or acceptance to the seller but retains the goods without giving notice of rejection, then, if a time has been fixed for the return of the goods, on the expiration of such time, and, if no time has been fixed, on the expiration of a reasonable time; or
 - (c) he does something to the good which is equivalent to accepting the goods e.g. he pledges or sells the goods.

Referring to the above provisions, we can analyse the situation given in the question.

Since, Mr. Joshi, who had taken delivery of the Motor car on Sale or Return basis and pledged the motor car to Mr. Ganesh, has attracted the third condition that he has done something to the good which is equivalent to accepting the goods e.g. he pledges or sells the goods. Therefore, the property therein (Motor car) passes to Mr. Joshi. Now in this situation, Ms. Preeti cannot claim back her Motor Car from Mr. Ganesh, but she can claim the price of the motor car from Mr. Joshi only.

(ii) Essentials of Contract of Sale

The following elements must co-exist so as to constitute a contract of sale of goods under the Sale of Goods Act, 1930:

- (i) There must be at least two parties.
- (ii) The subject matter of the contract must necessarily be goods covering only movable property. It may be either existing goods, owned or possessed by the seller or future goods.

- (iii) A price in money (not in kind) should be paid or promised. But there is nothing to prevent the consideration from being partly in money and partly in kind.
- (iv) A transfer of property in goods from seller to the buyer must take place. The contract of sale is made by an offer to buy or sell goods for a price by one party and the acceptance of such offer by other.
- (v) A contract of sale must be absolute or conditional [section 4(2)].
- (vi) All other essential elements of a valid contract must be present in the contract of sale, e.g. competency of parties, legality of object and consideration etc.

7. (i) The statement given in the question is the fundamental principle of law of sale of goods, sometime expressed by the maxim 'Caveat Emptor' meaning thereby 'Let the buyer be aware'. In other words, it is no part of the seller's duty in a contract of sale of goods to give the buyer an article suitable for a particular purpose, or of particular quality, unless the quality or fitness is made an express terms of the contract. The person who buys goods must keep his eyes open, his mind active and should be cautious while buying the goods. If he makes a bad choice, he must suffer the consequences of lack of skill and judgement in the absence of any misrepresentation or guarantee by the seller.

There are, however, certain exceptions to the rule which are stated as under:

1. **Fitness as to quality or use:** Where the buyer makes known to the seller the particular purpose for which the goods are required, so as to show that he relies on the seller's skill or judgment and the goods are of a description which is in the course of seller's business to supply, it is the duty of the seller to supply such goods as are reasonably fit for that purpose.
2. **Goods purchased under patent or brand name:** In case where the goods are purchased under its patent name or brand name, there is no implied condition that the goods shall be fit for any particular purpose.
3. **Goods sold by description:** Where the goods are sold by description there is an implied condition that the goods shall correspond with the description. If it is not so then seller is responsible.
4. **Goods of Merchantable Quality:** Where the goods are bought by description from a seller who deals in goods of that description there is an implied condition that the goods shall be of merchantable quality. The rule of Caveat Emptor is not applicable. But where the buyer has examined the goods this rule shall apply if the defects were such which ought to have not been revealed by ordinary examination.

5. **Sale by sample:** Where the goods are bought by sample, this rule of Caveat Emptor does not apply if the bulk does not correspond with the sample.
6. **Goods by sample as well as description:** Where the goods are bought by sample as well as description, the rule of Caveat Emptor is not applicable in case the goods do not correspond with both the sample and description or either of the condition.
7. **Trade Usage:** An implied warranty or condition as to quality or fitness for a particular purpose may be annexed by the usage of trade and if the seller deviates from that, this rule of Caveat Emptor is not applicable.
8. **Seller actively conceals a defect or is guilty of fraud:** Where the seller sells the goods by making some misrepresentation or fraud and the buyer relies on it or when the seller actively conceals some defect in the goods so that the same could not be discovered by the buyer on a reasonable examination, then the rule of Caveat Emptor will not apply. In such a case, the buyer has a right to avoid the contract and claim damages.

(ii) Right of lien of an unpaid seller

The legal provisions regarding the right of lien of an unpaid seller has been stated from Sections 47 to 49 of the Sale of Goods Act, 1930 which may be enumerated as follows:

- (i) According to Section 47, the unpaid seller of the goods who is in possession of them is entitled to retain possession of them until payment or tender of the price in the following cases namely:
 - (a) where the goods have been sold without any stipulation as to credit.
 - (b) where the goods have been sold on credit, but the term of credit has expired; or
 - (c) where the buyer becomes insolvent.

The seller may exercise his right of lien notwithstanding that he is in possession of the goods as agent or bailee for the buyer.
- (ii) Section 48 states that where an unpaid seller has made part delivery of the goods, he may exercise his right of lien on the remainder, unless such part delivery has been made under such circumstances as to show an agreement to waive the lien.
- (iii) **According to Section 49 the unpaid seller loses his lien on goods:**
 - (a) when he delivers the goods to a carrier or other bailee for the purpose of transmission to the buyer without reserving the right of disposal of the goods.
 - (b) when the buyer or his agent lawfully obtains possession of the goods;

(c) by waiver thereof.

The unpaid seller of the goods, having a lien thereon, does not lose his lien by reason only that he has obtained a decree to the price of the goods.

Right of lien and Right to stoppage the goods in transit; distinction:

- (i) The essence of a right of lien is to retain possession whereas the right of stoppage in transit is right to regain possession.
- (ii) Seller should be in possession of goods under lien while in stoppage in transit (i) Seller should have parted with the possession (ii) possession should be with a carrier and (iii) Buyer has not acquired the possession.
- (iii) Right of lien can be exercised even when the buyer is not insolvent, but it is not the case with right of stoppage in transit.
- (iv) Right of stoppage in transit begins when the right of lien ends. Thus, the end of the right of lien is the starting point of the right of stoppage the goods in transit.

8. (i) It is not possible for the majority of partners to expel a partner from the firm without satisfying the conditions as laid down in Section 33 of the Indian Partnership Act, 1932. The essential conditions before expulsion can be done are:

- (i) the power of expulsion must have existed in a contract between the partners;
- (ii) the power has been exercised by a majority of the partners; and
- (iii) It has been exercised in good faith.

The test of good faith includes:

- (a) that the expulsion must be in the interest of the partnership;
- (b) that the partner to be expelled is served with a notice; and
- (c) that the partner has been given an opportunity of being heard.

Thus, in the given case A and B the majority partners can expel the partner only if the above conditions are satisfied and procedure as stated above has been followed.

- (ii) **Partnership Deed:** Partnership is the result of an agreement. No particular formalities are required for an agreement of partnership. It may be in writing or formed verbally. But it is desirable to have the partnership agreement in writing to avoid future disputes. The document in writing containing the various terms and conditions as to the relationship of the partners to each other is called the 'partnership deed'. It should be drafted with care and be stamped according to the provisions of the Stamp Act, 1899. Where the

partnership comprises immovable property, the instrument of partnership must be in writing, stamped and registered under the Registration Act.

Partnership deed may contain the following information:

1. Name of the partnership firm.
2. Names of all the partners.
3. Nature and place of the business of the firm.
4. Date of commencement of partnership.
5. Duration of the partnership firm.
6. Capital contribution of each partner.
7. Profit Sharing ratio of the partners.
8. Admission and Retirement of a partner.
9. Rates of interest on Capital, Drawings and loans.
10. Provisions for settlement of accounts in the case of dissolution of the firm.
11. Provisions for Salaries or commissions, payable to the partners, if any.
12. Provisions for expulsion of a partner in case of gross breach of duty or fraud.

A partnership firm may add or delete any provision according to the needs of the firm.

9. (i) Section 29 of the Indian Partnership Act, 1932 provides that a share in a partnership is transferable like any other property, but as the partnership relationship is based on mutual confidence, the assignee of a partner's interest by sale, mortgage or otherwise cannot enjoy the same rights and privileges as the original partner.

The rights of such a transferee are as follows:

- (1) During the continuance of partnership, such transferee is not entitled

- (a) to interfere with the conduct of the business,
- (b) to require accounts, or
- (c) to inspect books of the firm.

He is only entitled to receive the share of the profits of the transferring partner and he is bound to accept the profits as agreed to by the partners, i.e., he cannot challenge the accounts.

- (2) On the dissolution of the firm or on the retirement of the transferring partner, the transferee will be entitled, against the remaining partners:

(a) to receive the share of the assets of the firm to which the transferring partner was entitled, and

(b) for the purpose of ascertaining the share,

he is entitled to an account as from the date of the dissolution.

By virtue of Section 31, no person can be introduced as a partner in a firm without the consent of all the partners. A partner cannot by transferring his own interest, make anybody else a partner in his place, unless the other partners agree to accept that person as a partner. At the same time, a partner is not debarred from transferring his interest. A partner's interest in the partnership can be regarded as an existing interest and tangible property which can be assigned.

(ii) **DISSOLUTION BY THE COURT (SECTION 44):** Court may, at the suit of the partner, dissolve a firm on any of the following ground:

(a) *Insanity/unsound mind:* Where a partner (not a sleeping partner) has become of unsound mind, the court may dissolve the firm on a suit of the other partners or by the next friend of the insane partner. Temporary sickness is no ground for dissolution of firm.

(b) *Permanent incapacity:* When a partner, other than the partner suing, has become in any way permanently incapable of performing his duties as partner, then the court may dissolve the firm. Such permanent incapacity may result from physical disability or illness etc.

(c) *Misconduct:* Where a partner, other than the partner suing, is guilty of conduct which is likely to affect prejudicially the carrying on of business, the court may order for dissolution of the firm, by giving regard to the nature of business. It is not necessary that misconduct must relate to the conduct of the business. The important point is the adverse effect of misconduct on the business. In each case nature of business will decide whether an act is misconduct or not.

(d) *Persistent breach of agreement:* Where a partner other than the partner suing, wilfully or persistently commits breach of agreements relating to the management of the affairs of the firm or the conduct of its business, or otherwise so conduct himself in matters relating to the business that it is not reasonably practicable for other partners to carry on the business in partnership with him, then the court may dissolve the firm at the instance of any of the partners. Following comes in to category of breach of contract:

- Embezzlement,

- Keeping erroneous accounts
 - Holding more cash than allowed
 - Refusal to show accounts despite repeated request etc.
- (e) *Transfer of interest*: Where a partner other than the partner suing, has transferred the whole of his interest in the firm to a third party or has allowed his share to be charged or sold by the court, in the recovery of arrears of land revenue, the court may dissolve the firm at the instance of any other partner.
- (f) *Continuous/Perpetual losses*: Where the business of the firm cannot be carried on except at a loss in future also, the court may order for its dissolution.
- (g) *Just and equitable grounds*: Where the court considers any other ground to be just and equitable for the dissolution of the firm, it may dissolve a firm. The following are the cases for the just and equitable grounds-
- (i) Deadlock in the management.
 - (ii) Where the partners are not in talking terms between them.
 - (iii) Loss of substratum.
 - (iv) Gambling by a partner on a stock exchange.
10. (i) **Essential elements to incorporate LLP** - Under the LLP Act, 2008, the following elements are very essential to form a LLP in India:
- (i) To complete and submit incorporation document in the form prescribed with the Registrar electronically;
 - (ii) To have at least two partners for incorporation of LLP [Individual or body corporate];
 - (iii) To have registered office in India to which all communications will be made and received;
 - (iv) To appoint minimum two individuals as designated partners who will be responsible for number of duties including doing of all acts, matters and things as are required to be done by the LLP. Atleast one of them should be resident in India.
 - (v) A person or nominee of body corporate intending to be appointed as designated partner of LLP should hold a Designated Partner Identification Number (DPIN) allotted by MCA.
 - (vi) To execute a partnership agreement between the partners *inter se* or between the LLP and its partners. In the absence of any agreement the provisions as set out in First Schedule of LLP Act, 2008 will be applied.

(vii) LLP Name.

(ii) **Distinction between LLP and Partnership Firm:** The points of distinction between a limited liability partnership and partnership firm are tabulated as follows:

	Basis	LLP	Partnership firm
1.	Regulating Act	The Limited Liability Partnership Act, 2008.	The Indian Partnership Act, 1932.
2.	Body corporate	It is a body corporate.	It is not a body corporate,
3.	Separate legal entity	It is a legal entity separate from its members.	It is a group of persons with no separate legal entity.
4.	Creation	It is created by a legal process called registration under the LLP Act, 2008.	It is created by an agreement between the partners.
5.	Registration	Registration is mandatory. LLP can sue and be sued in its own name.	Registration is voluntary. Only the registered partnership firm can sue the third parties.
6.	Perpetual succession	The death, insanity, retirement or insolvency of the partner(s) does not affect its existence of LLP. Members may join or leave but its existence continues forever.	The death, insanity, retirement or insolvency of the partner(s) may affect its existence. It has no perpetual succession.
7.	Name	Name of the LLP to contain the word limited liability partners (LLP) as suffix.	No guidelines. The partners can have any name as per their choice.
8.	Liability	Liability of each partner limited to the extent to agreed contribution except in case of willful fraud.	Liability of each partner is unlimited. It can be extended upto the personal assets of the partners.
9.	Mutual agency	Each partner can bind the LLP by his own acts but not the other partners.	Each partner can bind the firm as well as other partners by his own acts.
10.	Designated partners	At least two designated partners and atleast one	There is no provision for such partners under the Indian partnership Act, 1932.

		of them shall be resident in India.	
11.	Common seal	It may have its common seal as its official signatures.	There is no such concept in partnership
12.	Legal compliances	Only designated partners are responsible for all the compliances and penalties under this Act.	All partners are responsible for all the compliances and penalties under the Act.
13.	Annual filing of documents	LLP is required to file: (i) Annual statement of accounts (ii) Statement of solvency (iii) Annual return with the registration of LLP every year.	Partnership firm is not required to file any annual document with the registrar of firms.
14.	Foreign partnership	Foreign nationals can become a partner in a LLP.	Foreign nationals cannot become a partner in a partnership firm.
17.	Minor as partner	Minor cannot be admitted to the benefits of LLP.	Minor can be admitted to the benefits of the partnership with the prior consent of the existing partners.

11. (i) **Death of all members of a Private Limited Company, Under the Companies Act, 2013:** The most distinguishing feature of a company is its being a separate entity from the shareholders and promoters who form it. This lends stability and perpetuity to the company form of business organization. In short, a company is brought into existence by a process of law and can be terminated or wound up or brought to an end only by a process of law. Its life is not impacted by the death, insolvency or retirement of any or all shareholder(s) or director(s).

The provision for transferability or transmission of the shares helps to preserve the perpetual existence of a company by allowing the constitution and identity of shareholders to change.

In the present case, ABC Pvt. Ltd. does not cease to exist even by the death of all its shareholders. The legal process will be for the successors of the deceased shareholders to get the shares registered in their names by way of the process which is called “transmission of shares”. The company will cease to exist only when it is wound up by a due process of law.

Therefore, even with the death of all members (i.e. 5), ABC (Pvt.) Ltd. does not cease to exist.

- (ii) **One Person Company (OPC) [Section 2(62) of the Companies Act, 2013]:** The Act defines one person company (OPC) as a company which has only one person as a member.

Rules regarding its membership:

- Only one person as member.
- The memorandum of OPC shall indicate the name of the other person, who shall, in the event of the subscriber’s death or his incapacity to contract, become the member of the company.
- The other person whose name is given in the memorandum shall give his prior written consent in prescribed form and the same shall be filed with Registrar of companies at the time of incorporation.
- Such other person may be given the right to withdraw his consent.
- The member of OPC may at any time change the name of such other person by giving notice to the company and the company shall intimate the same to the Registrar.
- Any such change in the name of the person shall not be deemed to be an alteration of the memorandum.
- Only a natural person who is an Indian citizen and resident in India (person who has stayed in India for a period of not less than 182 days during the immediately preceding one calendar year)-
 - shall be eligible to incorporate a OPC;
 - shall be a nominee for the sole member of a OPC.
- No person shall be eligible to incorporate more than one OPC or become nominee in more than one such company.

- No minor shall become member or nominee of the OPC or can hold share with beneficial interest.

OPC cannot be incorporated or converted into a company under section 8 of the Act. Though it may be converted to private or public companies in certain cases. OPC cannot convert voluntarily into any kind of company unless two years have expired from the date of incorporation, except where the paid up share capital is increased beyond fifty lakh rupees or its average annual turnover during the relevant period exceeds two crore rupees.

12. (i) **Doctrine of ultra vires:** The meaning of the term *ultra vires* is simply “beyond (their) powers”. The legal phrase “*ultra vires*” is applicable only to acts done in excess of the legal powers of the doers. This presupposes that the powers in their nature are limited.

It is a fundamental rule of Company Law that the objects of a company as stated in its memorandum can be departed from only to the extent permitted by the Act, thus far and no further. In consequence, any act done or a contract made by the company which travels beyond the powers not only of the directors but also of the company is wholly void and inoperative in law and is therefore not binding on the company. On this account, a company can be restrained from employing its fund for purposes other than those sanctioned by the memorandum. Likewise, it can be restrained from carrying on a trade different from the one it is authorised to carry on.

The impact of the doctrine of *ultra vires* is that a company can neither be sued on an *ultra vires* transaction, nor can it sue on it. Since the memorandum is a “public document”, it is open to public inspection. Therefore, when one deals with a company one is deemed to know about the powers of the company. If in spite of this you enter into a transaction which is *ultra vires* the company, you cannot enforce it against the company.

An act which is *ultra vires* the company being void, cannot be ratified by the shareholders of the company. Sometimes, act which is *ultra vires* can be regularised by ratifying it subsequently.

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

Incorrect: A company is an artificial person as it is created by a process other than natural birth. It is legal or judicial as it is created by law. It is a person since it is clothed with all the rights of an individual.

Further, the company being a separate legal entity can own property, have banking account, raise loans, incur liabilities and enter into contracts. Even members can contract with company, acquire right against it or incur liability to it. It can sue and be sued in its own name. It can do everything which any natural person can do except be sent to jail, take an oath, marry or practice a learned profession. Hence, it is a legal person in its own sense.

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

Correct: Section 3 of the Companies Act, 2013 deals with the basic requirement with respect to the constitution of the company. In the case of a public company, any 7 or more persons can form a company for any lawful purpose by subscribing their names to memorandum and complying with the requirements of this Act in respect of registration. In exactly the same way, 2 or more persons can form a private company.

SECTION - B: BUSINESS CORRESPONDENCE AND REPORTING**Chapter-1****Communication**

- 1) Define the term 'communication'. How is it relevant in daily life?
- 2) Explain the Star Network in the channel of communication.
- 3) Based on communication channels, what are the different kinds of communication methods? Explain.
- 4) What is the 'chain of command' in communication? What are its drawbacks?

Chapter 2**Sentence Types: Active Passive Voice, Direct Indirect Speech**

- A) Change the following sentences into passive voice.
 - 1) May God bless you with health and happiness.
 - 2) Ravi sent the report on Monday.
 - 3) Angela wore a pink frock for her birthday party.
 - 4) Elizabeth will give all books to the orphans.
 - 5) My aunt prepares delicious desserts.
- B) Change the following Direct speech into Indirect speech.
 - 1) The fans said, 'We want India to win'
 - 2) The Minister announced, 'Our party introduces the GST from tomorrow'
 - 3) The BCCI said, 'We wish the Under 19 cricket team for the its world cup win'
 - 4) The master yelled at the servant, 'Get lost and don't show your face'
 - 5) Elders always say, 'If you work hard, you will succeed'

Chapter -3 Vocabulary**A) Select the suitable synonym for the given words:**

- 1) Concise

(a) Important	(b) Better	(c) Precise	(d) Interesting
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- 2) Ill will

(a) Sad	(b) Lazy	(c) Good will	(d) Hatred
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- 3) Stimulate
(a) Effects (b) Activate (c) Irritate (d) Captivate
- 4) Recede
(a) Move back (b) Accept (c) Deviate (d) Agree
- 5) Exorbitant
(a) Light (b) Exclusive (c) Enormous (d) Easy

B) Select the suitable antonym for the given word:

- 1) Cyclical
(a) Recurrent (b) Unidirectional (c) Appearing (d) Vehicular
- 2) Inept
(a) Aptitude (b) long lasting (c) Inappropriate (d) Skilled
- 3) Cumbersome
(a) Manageable (b) Clumsy (c) Quantitative (d) Moderate
- 4) Drastic
(a) Severe (b) Useless (c) Forceless (d) Emergency
- 5) Tangible
(a) Limited (b) Impalpable (c) Thematic (d) Peaceful

C) Select the correct meaning of the given idioms:

- 1) Face the music
(a) Escape from the situation
(b) Act violently
(c) Enjoy the music
(d) Face the challenges/ consequences
- 2) Food for thought
(a) Incomplete information
(b) Good knowledge
(c) Uncensored words
(d) Baseless facts

- 3) Sell like hotcakes
- (a) A difficult campaign
 - (b) Controversial marketing
 - (c) Good baker
 - (d) Fast selling / in huge numbers

D) Fill in the blanks with the most suitable choice:

- 1) The judge ordered a death sentence when the accused was found _____
- (a) Transparent (b) Abusing (c) Culpable (d) Empirical
- 2) The scam was basically because of _____ of funds by the senior members of the organization.
- (a) Misappropriation (b) credibility (c) Movement (d) Allotment
- 3) His first move was to _____ the enemy team and then behead each one.
- (a) Announce (b) Seize (c) Complete (d) Harvest

Chapter 4

Comprehension Passages

Read the following comprehension passages and answer the following questions

Passage 1

Some polar bears in the Arctic are shedding weight during the time they should be beefing up, a study shows. It's the climate change diet and scientists say it's not good. They blame global warming for the dwindling ice cover on the Arctic Ocean that bears need for hunting seals each spring. The scientists spied on polar bears by equipping nine female white giants with tracking collars that had video cameras and the bear equivalent of a Fitbit during three recent springs. The bears were also weighed.

What the scientists found is that five of the bears lost weight and four lost 1.3 to 2.5kg per day. The average polar bear studied weighed about 175kg. One bear lost 23kg in just nine days. "You're talking a pretty amazing amount of mass to lose," said US Geological Survey (USGS) wildlife biologist Anthony Pagano, lead author of the study. Researchers studied the bears for 10 days in April, when they are supposed to begin putting on weight so they can later have cubs, feed them and survive through the harsh winter. But because the ice is shrinking, the bears are having a harder time catching seal pups even during prime hunting time, Pagano said. The US Fish and Wildlife Service lists polar bears as a threatened species. Polar bears hunt from the ice. They often wait for seals to pop out of holes to get air and at other times they swim after seals. If there is less sea ice

and it is broken apart, bears have to travel more — often swimming — and that has serious consequences, such as more energy use, hypothermia and risk of death, said University of Alberta biology professor Andrew Derocher. It was found that on the ice, the polar bears burn up 60% more energy than thought, based on these first real-life measurements done on the ice.

- 1) Give the passage a suitable title
 - a) Polar Bears in danger
 - b) Arctic ice melting
 - c) Seals, no more a prey!
 - d) Change in climate
- 2) Give a suitable antonym for the word 'dwindling' mean, as used in the passage.
 - a) Flourish
 - b) Cover up
 - c) Reduce
 - d) Amount
- 3) Which of the following sentences is true according to the passage?
 - a) Seals pop out of ice for fun.
 - b) Dwindling ice is a major concern for the polar bears
 - c) Global warming has nothing to do with the receding ice cover
 - d) Less ice means easy catch of seals for bears
- 4) Polar bears hunt for
 - a) Seals
 - b) Other bears
 - c) Ice glaciers
 - d) Both a and b
- 5) What is the primary aim of the study by scientists, in the passage?
 - a) Polar bears have stopped eating seals
 - b) Polar bears are losing weight in a season when they should be gaining it.
 - c) The dwindling ice cover on the Arctic Ocean.
 - d) Only a and b.

Passage 2

Bitcoins and other cryptocurrencies will see increasing use in India, according to industry players, who say that, right now, the sector is too small to be regulated by the Reserve Bank of India (RBI) or Finance Ministry. Bitcoin companies also say that volatility in the cryptocurrency's price is likely to continue since it is still attracting new investors with inadequate knowledge about the market, with speculation separately fuelling the price gyrations.

"The fluctuation has always been there, but suddenly there has been a surge because of a few reasons," said Vivek Steve Francis, CEO of Coinome. "One, things that are happening in the market. Some countries have legalised cryptocurrencies like Japan and Korea, and in the U.S. they have announced that there will be bitcoin futures trading. So, this not only gives a legal standing to it, it also opens the door to speculation."

"The second thing is that people are seeing others put in ₹1 lakh and making 10% the very next day, so that is also bringing a lot of laymen into this, which may or may not be a good thing," Mr. Francis added.

Another reason for the price volatility, something that will continue for some time, is the disaggregated nature of the bitcoin market. "Since bitcoin is widely distributed and the majority of it is not owned by a limited number of people, that makes it volatile," Ashish Agarwal, founder of Bitsachs, said. "As far as the future is concerned, I won't want to comment on the price, but adoption will increase. Now, the serious investors are eyeing bitcoin. No newspaper or serious person would have mentioned bitcoin five years ago, but now all eyes are on it."

While the RBI has cautioned against its use, informing users, holders, investors and traders dealing with virtual currencies that they are doing so at their own risk, Securities and Exchange Board of India Chairman Ajay Tyagi recently said the cryptocurrency had so far not posed any systemic risk. He added that the government had formed a panel to examine it.

- 1) What does the word 'volatile' means (Since bitcoin is widely distributed and the majority of it is not owned by a limited number of people, that makes it volatile.....)
 - a) Violent
 - b) Unstable
 - c) High
 - d) Irrational
- 2) Give a synonym for the word 'gyrations' as used in the first paragraph.
 - a) Evolution
 - b) Cyclone

- c) Spinning
- d) Rising
- 3) What is the primary reason for laymen to start believing in bitcoin?
 - a) It's easy to use nature
 - b) The fact that the value increases by 10% the very next day
 - c) There is no check on bitcoin transactions
 - d) Japan has legalized it
- 4) What are the reasons mentioned for the volatility in the crypto currency price?
 - a) Legalized in few countries.
 - b) Fast money
 - c) New investors
 - d) Inadequate market knowledge and new investors.
- 5) According to Mr. Ashish Agarwal, which of the following statements said by him are false?
 - a) The adoption of bitcoin will decrease as buyers are no more interested
 - b) He does not want to comment on the bitcoin price
 - c) Few years back, this concept was not discussed
 - d) People now seem to show interest in bitcoin.

Chapter 5 Note Making

Read the following passage/news story and make proper notes following the guidelines of Note making.
(Source: internet, newspaper articles)

- 1) Information technology clients are no more in the 'business as usual' mode. And, 'less is more' is the new mantra for IT spending. These two philosophies now rule the thinking of clients spending on technology. The IT services industry has also been facing challenges in getting retail and banking clients to spend on technology. Mr. Subramaniam dwells on these headwinds and new opportunities:

We can't have teams that do only programming. We need more all-rounders. People should have functional knowledge, the ability to co-relate and understand the experience being delivered to the client. Coding is important. But you also have to ensure that we are coding for scale, that there are vulnerabilities in your code; you should know how to test, how to document. More than anything else, make sure that your code does not freeze other pieces of code. In a jigsaw puzzle, you can't

worry only about your piece. Earlier, it was possible. Now you have to understand big picture; understand what you are trying to deliver in terms of experience.

- 2) The potential is enormous, and we have not lived up to it. Yes, trade is more than \$2 billion, but most of that comes from trade in a few items like potash and phosphate and we would like to diversify. Jordan could be a market and would welcome investment from Indian companies, including in ICT, infrastructure and energy. His Majesty is looking forward to his visit in early 2018, as soon as possible, and we hope to create momentum to put us on a fast track of ties.

You spoke of opportunities, but equally Jordan is in a region in turmoil. Jordan itself houses millions of refugees from Palestine and Syria. How will this change in 2018?

For us, the core issue remains the Palestinian-Israeli conflict and there cannot be peace and stability in the region without a resolution to the conflict on the basis of a two-state solution that would allow an independent sovereign Palestinian state with Occupied (East) Jerusalem as its capital, on the lines of the 1967 situation, and that would allow a peaceful Israel as well. We want every country to support this. India has always had a very clear position in favour of a just, lasting peace, and we encourage India to be more engaged and would like to see more of an Indian role [in the peace process.

Chapter 7

Précis Writing

Read the following passages and write a précis for the same. Follow the basic rules of précis writing while writing.

- 1) The Goods and Services Tax (GST) is a vast concept that simplifies the giant tax structure by supporting and enhancing the economic growth of a country. GST is a comprehensive tax levy on manufacturing, sale and consumption of goods and services at a national level [1]The. Goods and Services Tax Bill or GST Bill, also referred to as The Constitution (One Hundred and Twenty-Second Amendment) Bill, 2014, initiates a Value added Tax to be implemented on a national level in India. GST will be an indirect tax at all the stages of production to bring about uniformity in the system.

On bringing GST into practice, there would be amalgamation of Central and State taxes into a single tax payment. It would also enhance the position of India in both, domestic as well as international market. At the consumer level, GST would reduce the overall tax burden, which is currently estimated at 25-30%. Under this system, the consumer pays the final tax but an efficient input tax credit system ensures that there is no cascading of taxes- tax on tax paid on inputs that go into manufacture of goods

In order to avoid the payment of multiple taxes such as excise duty and service tax at Central level and VAT at the State level, GST would unify these taxes and create a uniform market throughout

the country. Integration of various taxes into a GST system will bring about an effective cross-utilization of credits. The current system taxes production, whereas the GST will aim to tax consumption.

- 2) A code of business conduct, sometimes called a code of ethics, is a management tool for setting out an organization's values, responsibilities and ethical obligations. The code of conduct provides employees with guidance for handling difficult ethical situations related to the business. Businesses develop their own codes, based on their core values, and no two codes are the same. To be truly effective, the code of conduct must also be embedded in the business, so employees know how it applies to them.
- 3) Virtual reality is an artificial environment that is created with software and presented to the user in such a way that the user suspends belief and accepts it as a real environment. On a computer, virtual reality is primarily experienced through two of the five senses: sight and sound. The simplest form of virtual reality is a 3-D image that can be explored interactively at a personal computer, usually by manipulating keys or the mouse so that the content of the image moves in some direction or zooms in or out. More sophisticated efforts involve such approaches as wrap-around display screens, actual rooms augmented with wearable computers, and haptics devices that let you feel the display images.

Chapter 8

Article Writing

Write an article on the following topics. (Word limit: 300 words)

- 1) Growing health problems in the youth today: Causes and Consequences.
Include words: lifestyle, lethargy, physical work, internet, obsession
- 2) Discuss about the repercussions of allowing students in school to have a feedback system for their teachers
- 3) Let's change the environment by.....

Chapter 9

Report Writing

- 1) An NGO working for the cause of the underprivileged had set up a one day workshop in your college. As member of the Organizing committee, write a report for your college magazine giving details of the workshop.
(250-300 words)

- 2) As the School Captain, write a report for your school magazine, about a cultural fest held in your school last week. Mention the various schools that participated, the cultural programmes, the food stalls et al. (250-300 words)

Chapter-10

- 1) As the Manager, Supply Chain Division, of an FMCG company write an enquiry letter to your counterpart of an Oil Manufacturing company, stating your queries regarding oil prices at bulk rate.
- 2) As the HR Manager of your organization, draft a circular for all the employees of your company, informing them about a charity cultural event being organized over the weekend in the office campus. Mention a few events and request for active participation.

Chapter 11

Formal Mails

- 1) You have opened a new catering company supplying food and snacks. As the owner, write a mail to an organization, telling about your services. You would be interested in supplying Food and Beverage to their employees, as part of a regular tiffin system. Mention prices and other necessary details.
- 2) On behalf of your CA firm, write a formal mail to all your clients requesting them to provide all the necessary information, needed for e filling of IT returns. State that details should be sent well in time, before the last date i.e. 31st July, 2018.

Chapter 12

Resume Writing

- 1) Draft a cover letter in reply to the below advt., published in The Hindustan Times, dated 13/2/18.

Applications are invited for the post of an Accountant in a private firm, Agro power Ltd, New Delhi.

The applicant must have an experience of about four years in a similar role with good knowledge of Tally. Salary offered will be competitive with the industry. Please send your detailed CV's with a cover letter to the following address:

Agro Power Ltd,
 Sukhdev Vihar
 New Delhi 110025

For any queries, drop a mail to hr@agropower.com

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- 2) Prepare a detailed resume in the functional format for a candidate applying for the post of a sales manager in an FMCG company. Include past experiences, with emphasis on the sales background.

Other inputs: Name: Manish Reddy

Experience: over 10 years, (divide it into two jobs)

Current designation: Senior Sales Executive

Chapter 13**Meetings**

- 1) Your company, primarily into FMCG has witnessed a gradual decline in a consumer product over the last six months. Prepare the minutes of the meeting for the same. Members in the meeting: Head of the Sales and Marketing, Product Head, Product lead and few team members.
- 2) As an employee of a CA firm, prepare the agenda of an upcoming Partner's visit, in tabular form. Include senior executives in the meeting, discuss the agenda for the meeting and how the one day visit of the Partner needs to be planned.

ANSWERS**Chapter -1 Communication**

- 1) Communication is a process of exchanging information, ideas, thoughts, feelings and emotions through speech, signals, writing, or behavior.

Communication is relevant in daily life as we experience it in all walks of life. While talking to friends, family and office colleagues, while passing on a piece of information, while starting a campaign or a protest march; at every step we want to communicate a message. The audience differs and the purpose differs; yet communication happens.

- 2) **Star Network:** has multiple channels of network in communication. This network allows a group communication and is useful especially where teamwork is involved. The members communicate and exchange information with each other freely, and without hindrance or hesitation. The usefulness of all networks depends on the structure and size of the company, and the manner of communication between the employees.
- 3) Based on Communication channels, there are three kinds of categories:
 - **Verbal:** Verbal communication involves the use of words and language in delivering the intended message

- **Non Verbal:** Nonverbal communication is the process of communicating by sending and receiving wordless messages. These messages can aid verbal communication, convey thoughts and feelings contrary to the spoken words or express ideas and emotions on their own.
 - **Visual:** Visual communication through visual aids such as signs, typography, drawing, graphic design, illustration, colour and other electronic resources usually reinforces written communication. Visuals like graphs, pie charts and other diagrammatic presentations convey clearly and concisely a great deal of information. They are an essential part of official presentations these days.
- 4) **Chain of Command:** The communication pattern that follows the chain of command from the senior to the junior is called the chain network. Communication starts at the top, like from a CEO, and works its way down to the different levels of employees. It involves a lot of organizational hierarchy.
- Drawbacks:** The chain network often takes up time, and communication may not be clear. It creates a lot of miscommunication as the message travels a long path.

Chapter-2 Sentence Types

- A) Active to Passive
- 1) May you be blessed by God with health and happiness.
 - 2) The report was sent by Ravi on Monday.
 - 3) A pink frock was worn by Angela for her birthday party.
 - 4) All books will be given to the orphans by Elizabeth.
 - 5) Delicious desserts are prepared by my aunt.
- B) Direct to Indirect Speech.
- 1) The fans cheered that they wanted India to win.
 - 2) The Minister announced that their party would introduce GST from the next day.
 - 3) The BCCI congratulated the U 19 cricket team for its World Cup win.
 - 4) The master yelled at the servant to get lost and not show his face.
 - 5) Elders always say that if you work hard, you will succeed. (Universal truth)

Chapter-3 Vocabulary

- A) Synonyms
- 1) Option c
 - 2) Option d

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- 3) Option b
- 4) Option a
- 5) Option c
- B) Antonyms
 - 1) Option b
 - 2) Option d
 - 3) Option a
 - 4) Option c
 - 5) Option b
- C) Idioms
 - 1) Option d
 - 2) Option b
 - 3) Option d
- D) Fill in the blanks:
 - 1) Option c
 - 2) Option a
 - 3) Option b

Chapter -4 Comprehension Passages**Passage-1**

- 1) Option a
- 2) Option a
- 3) Option b
- 4) Option a
- 5) Option b

Passage-2

- 1) Option b
- 2) Option c
- 3) Option b

4) Option d

5) Option a

Chapter-5 Note Making

Passage -1

IT industry needs a big picture (Heading)

- I) Major changes in IT business
 - a) No more usual stuff
 - b) Less signifies more
- II) Maj. challenges: Retails and Banking sec.
- III) What is now expctd?
 - a) Broader view
 - b) Feel the exprnc
 - c) Can't be an individual task
 - d) Coding to be co-rltd.

Key Used:

- 1) IT= information technology
- 2) Maj= major
- 3) Sec= sector
- 4) Expctd= expected
- 5) Exprnc= experience
- 6) Rltd= related

Passage 2

Jordan as a potential market (Heading)

- I) A good plc for bsns.
 - a) Trade mr thn 2 mill.
 - b) Potash and phosphate: primarily
- II) Need and appeal to diversify
- III) Inviting Indian giants to invest in

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- a) ICT
 - b) Infrstrc
 - c) Energy
- IV) Need to wrk on Palestine-Syria conflict
- a) Build peaceful ties
 - b) Reslv the cnflt
 - c) Create indpndt Palest. State
 - d) Req. sprt from Ind.

Key Used:

- 1) Plc- place
- 2) Bsnss= business
- 3) Mr= more
- 4) Thn= than
- 5) Infrstrc= infrastructure
- 6) Wrk= work
- 7) Reslv= resolve
- 8) Cnflt= conflict
- 9) Indpndt= independent
- 10) Req= request
- 11) Sprt= support

Chapter -7 Précis Writing

- 1) One Tax for all: GST (Title)

Goods and Service Tax (GST) is a complete tax structure of an indirect form, levied on manufacturing and sale of goods and services. It aims to combine all taxes into one, thus reducing the burden of the consumer. GST unifies the market sector throughout the country with the aim to tax consumption and not production.

- 2) Code of Ethics: in Business (Title)

Code of Ethics is a management tool that helps an employee understand the organization's values, responsibilities and moral obligations. Each organization is entitled to have its own code and should teach its employees to implement the same.

3) More on Virtual Reality (Title)

Virtual reality is a technology-based concept that allows the user to believe what is shown to him and accept it as reality. Primarily based on the sense of sight and sound, virtual reality builds a 3-D image or displays an augmented set up on screen to enable the user to get a real time feel of the artificial environment thus created.

Chapter -8 Article Writing

1) Hints:

- Causes of health issues: a crisp list
- Office work
- Lifestyle
- Eating habits
- Growing economy
- Money splurge
- Effects: direct effects
- Diseases
- Physical health issues
- Strain on eyes
- Young deaths

2) Hints

- School children till class 8th not very mature
- Decision making skills are poor
- Not suitable for them to judge elders, especially teachers
- Lot of misunderstanding happens at that age
- Do not accept criticism easily
- Students of class 9th to 12th are better.
- They can have a feedback system.
- Have grown with certain values and understanding of life
- Hence capability of differentiating between right and wrong.

- Feedback gives a power which should not be misused, for personal grudge

3) Hints

- A very open ended topic.
- Environment needs a little more care and concern.
- The world can definitely be a better place to live
- Reduce, Reuse, Recycle
- A community effort is required
- Sincere efforts of keeping the surroundings clean

Chapter-9 Report Writing

Report-1

Hints:

- Mention a heading, name of the NGO
- Venue, Date
- The purpose of the workshop
- How many members came from the NGO; how did they go ahead with the workshop
- The audience and its reaction
- Games, pamphlets, information shared during the session.
- Motivational talks
- Conclusion

Report-2

Hints:

- Have a good heading
- Mention the time, date, venue
- Divide the report into three paragraphs:
- What/When/Where/ Who was invited

- Purpose of the event (learn about the cultural diversity)
- Describe the event in details (name of schools that participated, the dances and other cultural programmes performed, the food stalls, the game stalls)
- Enthusiasm in the student community
- Conclude with an optimistic view.

Chapter-10**Writing Formal Letters and Official Communication**

- 1) XYZ Company
Chennai

Date: 10th Jan, 2018

Manager, Finance
Oil India Ltd
Chennai

Dear Sir/Ma'am

Sub: Enquiry for prices for bulk orders

This is regarding the requirement of oil, for our well known chips brand, Aunty Chips. We would like to enquire the rates for bulk order of refined oil, produced by your company.

We are an established brand in the FMCG sector, hence we feel the association would be mutually beneficial.

Kindly send the pricing details, also stating the mode of delivery.

Looking forward to your response.

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Thanks and Regards,

Manager, Supply Chain Division
XYZ company

Circular

Circular No. XXXIV

3rd Jan, 2018

Cultural Event for Charity

For all employees

This is an official communication informing about a cultural event being organized in the office premises on the coming weekend (6th and 7th Jan, 2018).

The events would be as follows:

- Singing competition
- Dance competition
- Stand up Comedy
- Dumb charades
- Food stalls

Participation fees is ₹ 50/ per member. Family and friends are cordially invited.

The proceeds of the event will be given to Aaroyga NGO, working for the benefit of old citizens.

Please get in touch with the HR team for more registration and details. Looking forward to an active participation.

Sheela Mishra
Manager, HR

Chapter-11 Writing Formal Mails

Mail-1

To: admin@simantechsystems.com

CC/BCC: hr@simantechsystems.com

Subject: Introducing our tiffin supply plan

Dear Sir/Ma'am,

We are pleased to announce our entry into the Food and Beverage sector. We are a group of entrepreneurs with a passion for food. We would like to associate with your organization, for supply of tiffins at a regular basis, at various timings.

We prepare food in hygienic conditions following international standards. Please have a look at the attachments with the details of menu and prices. Our food cost is competitive with no compromise in quality.

We would like to visit your office with our food samples for tasting. Please suggest a possibility.

Looking forward to a positive response.

1 attachment enclosed.

Thanks and Regards,

Team Food Passion

Mail-2

To: lmn@candid sweets.com, abc@yahoo.com, jkl@gmail.com

CC/BCC: ca@gmail.com, ca@kp.com

Subject: submit details for e-filing of returns

Dear Clients,

You would know, 31st July, 2018 is the last date for filing e-returns. As your responsible chartered accountant, I request you all on behalf of my team to provide the necessary details i.e. Form-16 and other related information required for the same. This will enable us work better and avoid last minute troubles and delays.

Hope to get cooperation from you all.

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Thanks and Regards,
 ABCD Kumar
 (Chartered Accountant)

Chapter-14 Resume Writing

1) Cover letter

Your address

Date

Manager
 Agro Power Ltd,
 Sukhdev Vihar
 New Delhi 110025

Dear Sir,

Subject: Application for the post of Accountant

This is with reference to your advertisement in Hindustan Times dated 13/2/18 for the post of **Accountant** in your esteemed organization.

My abilities and experience in Accounts makes me a suitable candidate for the job. I have worked for over 6 years as a **Junior Accountant** in the leading MNC **XYZ Ltd.** I am proficient in **Tally** as well as **MS-Excel** and good knowledge of other software tools in Accounts.

I am task oriented, self motivated and can assure utmost sincerity and dedication towards the role assigned to me. Given a chance, I hope to be an asset to your organization.

Thanks for considering my candidature.

Sincerely,

Your signature

(Name)

2) Functional format Resume

Name: Manish Reddy

Phone: 040-123456

Email:-mreddy@gmail.com

Address: 123, Chennai Road, Chennai

Date of Birth: 1st January 1985

CAREER OBJECTIVE: Seeking a challenging career with a progressive organization that provides an opportunity to utilize my sales and marketing skills & experience in the FMCG sector.

PERSONAL SKILLS

Excellent convincing skills

Highly sales driven

Ability to work independently or as part of a team

Proven leadership skills and ability to motivate

EDUCATION

B.com from Hindu College, Delhi University

PGDIM from Symbiosis University, Pune

ACHIEVEMENTS

Y Awarded the 'Best Sales person' Award in the company

Awarded a cash prize for two consecutive months for over achieving sales target.

PROFESSIONAL EXPERIENCE

XYZ Pvt Ltd, Chennai

Worked as a Junior Sales Executive

Responsible for daily sales with a predicted target

Experience: 5 years

Auromatic Brothers

Worked as Senior Sales Executive

Responsible for monthly sales target

Led a team of twenty members.

Experience: 5 years.

REFERENCES: Can be provided on request.

DECLARATION: I solemnly declare that all the above information is correct to the best of my knowledge and belief.

Date:

Place: (Manish Reddy)

Chapter-13 Meetings

Date: 21st July, 2018

Venue: Conference Hall, 3rd Floor

Meeting started at 12 : 00 AM.

In attendance : Mr. Raju Murthy Head , Sales and Marketing, Mr. Kishore Sandhu, Product Head, Product lead, three members of the Sales team

Mr. Raju Murthy, Head of Sales and Marketing informed the agenda of the meeting i.e the sales decline in the product

Ms. Seema Thakur, Sales Lead gave a detailed analysis of the sales figures for the last six months. Her team including Mr. X, Mr. Y and Mr. Z elaborated on the market trends, target customers and their needs.

Mr. Kishore Sandhu, Product Head expressed concern over the matter; discussed a few changes in the sales strategy.

All the participants consented to the concerns raised and decided to submit their reports.

The Head of Sales and Marketing proposed a vote of thanks and declared the next meeting to discuss reports to be held on Aug 2, 2018.

ATR to be submitted by 24th July, 2018 to the Head of Sales and Marketing.

2) Tabular Agenda:

Time	Topic	Attendees	Speaker	Duration
8:30 am	Introduction and Welcome note	Name of the participants	Director, Finance	10 minutes
8:40 am	Speech	Name of the participants	Honourable Mr. Partner	25 mins.
9:05 am	Discussion on new audit trends	Name of the participants	Sr. Manager, Audit	25 mins
9:30 am	Tea/Breakfast	Tea/Breakfast		30 mins
10:00 am	Discussion on adapting new technology	Name of the participants	Sr. Manager, Technology	20 mins
10: 20 am	Open House	All participants	All members	20 mins
10:40 am	Vote of Thanks	All participants	Director	10 mins.

PAPER – 2: BUSINESS LAWS& BUSINESS CORRESPONDENCE AND REPORTING**SECTION A: BUSINESS LAWS****PART – I: RELEVANT AMENDMENTS APPLICABLE FOR MAY 2019 EXAMINATION****Applicability of Relevant Amendments/ Circulars/ Notifications/ Regulations etc.**

For May 2019 examinations for Paper 2, Section A: Business Laws, the significant amendments made in the respective subject for the period 1st May, 2018 to 31st October, 2018 are relevant and applicable for said examinations.

This RTP of May 2019 examination is very important to the students to update themselves with the relevant amendments pertaining to the Business Laws.

Students are advised to refer the following publications –

1.	Study Material (Edition July 2017) containing Legislative amendments issued upto 30th April, 2017.
2.	RTP of May 2019 examination containing a gist of all the significant legislative amendments from 1st May, 2017 to 31 st October, 2018 along with the suggested sample questions and answers for understanding and practice.

Following are the relevant amendments/ Chapters of the Study material:

S. No.	Subject Matter
1.	The Ministry of Corporate Affairs vide Notification S.O. 3086(E) dated 20th September, 2017 has notified the proviso to clause (87) of section 2 of the Companies Act, 2013 w.e.f. 20th September, 2017. [Proviso to clause (87) of Section 2 of the Companies Act, 2013 is covered on Page No. 5.12, Chapter 5 of the study material]
2.	The Ministry of Corporate Affairs vide the Companies (Amendment) Act, 2017 dated 9 th February, 2018 has inserted the word “and” in clause (71) of section 2, in sub-clause (a), after the word “company”. [Section 2(71) of the Companies Act, 2013 is covered on Page No. 5.12, chapter 5 of the study material]
3.	The Ministry of Corporate Affairs vide the Companies (Amendment) Act, 2017 dated 9 th February, 2018 has inserted the following Explanation in clause (46) of section 2: ‘Explanation- For the purposes of this clause, the expression “company” includes any body corporate.’ [Section 2(46) of the Companies Act, 2013 is covered on Page No. 5.12, chapter 5 of the study material]
4.	The Ministry of Corporate Affairs vide the Companies (Amendment) Act, 2017 dated 9 th February, 2018 has inserted the words “other than this Act or the

	<p>previous company law" after the words "State Act" in clause (A) in proviso to clause (72) of section 2.</p> <p>[Section 2(72) of the Companies Act, 2013 is covered on Page No. 5.17, chapter 5 of the study material]</p>
5.	<p>The MCA vide the Companies (Amendment) Act, 2017 has made the following change in section 2(6) (effective from 7th May 2018)</p> <p>"for the Explanation:-</p> <p>For the purposes of this clause, "significant influence" means control of at least twenty per cent of total share capital, or of business decisions under an agreement</p> <p>the following Explanation shall be substituted, namely:-</p> <p>Explanation.—For the purpose of this clause,—</p> <p>(a) the expression "significant influence" means control of at least twenty per cent. of total voting power, or control of or participation in business decisions under an agreement;</p> <p>(b) the expression "joint venture" means a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement"</p> <p>[Section 2(6) of the Companies Act, 2013 is covered on page no. 5.13, chapter 5 of the study material]</p>
6.	<p>The MCA vide the Companies (Amendment) Act, 2017 has made the following change in section 7(1)(c) (effective from 27th July, 2018)</p> <p>In section 7 in sub-section (1), in item (c):</p> <p>for the words "an affidavit", the words "a declaration" shall be substituted.</p> <p>[Section 7(1)(c) of the Companies Act, 2013 is covered on page no. 5.19, chapter 5 of the study material]</p>

Part II: Questions and Answers

Questions

The Indian Contract Act, 1872

1. (i) 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:
 - (a) If P says nothing about the unsoundness of the horse to Q.
 - (b) If P says nothing about it to Q who is P's daughter who has just come of age.

PAPER – 2 : BUSINESS LAWS & BUSINESS CORRESPONDENCE AND REPORTING 3

- (c) If Q says to P “If you do not deny it, I shall assume that the horse is sound.” P says nothing.
- (ii) Comment on the following statements:
 - (a) Acceptance must be absolute and unqualified.
 - (b) Acceptance must be in the prescribed mode.
- 2. (i) (a) Explain the concept of ‘misrepresentation’ in matters of contract.
- (b) Sohan induced Suraj to buy his motorcycle saying that it was in a very good condition. After taking the motorcycle, Suraj complained that there were many defects in the motorcycle. Sohan proposed to get it repaired and promised to pay 40% cost of repairs. After a few days, the motorcycle did not work at all. Now Suraj wants to rescind the contract. Decide giving reasons.
- (ii) X received certain goods from Y and promised to pay ₹ 60,000. Later on, X expressed his inability to make payment. Z, who is known to X, pays ₹ 40,000 to Y on behalf of X. However, X was not aware of the payment. Now Y is intending to sue X for the amount of ₹ 60,000. Can Y do so? Advise.
- 3. (i) “No consideration, no contract” Comment.
- (ii) Explain the meaning of ‘Contingent Contracts’ and state the rules relating to such contracts.

The Sale of Goods Act, 1930

- 4. (i) For the purpose of making uniform for the employees, Mr. Yadav bought dark blue coloured cloth from Vivek, but did not disclose to the seller the purpose of said purchase. When uniforms were prepared and used by the employees, the cloth was found unfit. However, there was evidence that the cloth was fit for caps, boots and carriage lining. Advise Mr. Yadav whether he is entitled to have any remedy under the Sale of Goods Act, 1930?
- (ii) Ram sells 200 bales of cloth to Shyam and sends 100 bales by lorry and 100 bales by Railway. Shyam receives delivery of 100 bales sent by lorry, but before he receives the delivery of the bales sent by railway, he becomes bankrupt. Ram being still unpaid, stops the goods in transit. The official receiver, on Shyam’s insolvency claims the goods. Decide the case with reference to the provisions of the Sale of Goods Act, 1930.
- 5. (i) State briefly the essential element of a contract of sale under the Sale of Goods Act, 1930.
- (ii) 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.
- 6. What are the rules related to Acceptance of Delivery of Goods?

The Indian Partnership Act, 1932

7. (i) P, X, Y and Z are partners in a registered firm A & Co. X died and P retired. Y and Z filed a suit against W in the name and on behalf of firm without notifying to the Registrar of firms about the changes in the constitution of the firm. Is the suit maintainable?
- (ii) Ram, Mohan and Gopal were partners in a firm. During the course of partnership, the firm ordered Sunrise Ltd. to supply a machine to the firm. Before the machine was delivered, Ram expired. The machine, however, was later delivered to the firm. Thereafter, the remaining partners became insolvent and the firm failed to pay the price of machine to Sunrise Ltd.

Explain with reasons:

- (i) Whether Ram's private estate is liable for the price of the machine purchased by the firm?
- (ii) Against whom can the creditor obtain a decree for the recovery of the price?
8. (i) What is the procedure of registration of a partnership firm under the Indian Partnership Act, 1932?
- (ii) What do you mean by "implied authority" of the partners in a firm? Point out the extent of partner's implied authority in case of emergency, referring to the provisions of the Indian Partnership Act, 1932.

The Limited Liability Partnership Act, 2008

9. What is the meaning of the Limited Liability Partnership? State the various characteristics of it?

The Companies Act, 2013

10. Flora Fauna Limited was registered as a public company. There are 230 members in the company as noted below:

(a)	Directors and their relatives	190
(b)	Employees	15
(c)	Ex-Employees (Shares were allotted when they were employees)	10
(d)	5 couples holding shares jointly in the name of husband and wife (5*2)	10
(e)	Others	5

The Board of Directors of the company propose to convert it into a private company. Also advise whether reduction in the number of members is necessary.

11. (i) F, an assessee, was a wealthy man earning huge income by way of dividend and interest. He formed three Private Companies and agreed with each to hold a bloc of

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investment as an agent for them. The dividend and interest income received by the companies was handed back to F as a pretended loan. This way, F divided his income into three parts in a bid to reduce his tax liability.

Decide, for what purpose the three companies were established? Whether the legal personality of all the three companies may be disregarded.

- (ii) Can a non-profit organization be registered as a company under the Companies Act, 2013? If so, what procedure does it have to adopt?

SUGGESTED ANSWERS/HINTS

1. (i) 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,
 - (a) 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.
 - (b) 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.
 - (c) This contract is not valid since as per section 17, P's silence is equivalent to speech and hence amounts to fraud.
- (ii) (a) **Acceptance must be absolute and unqualified:** As per section 7 of the Indian Contract Act, 1872 acceptance is valid only when it is absolute and unqualified and is also expressed in some usual and reasonable manner unless the proposal prescribes the manner in which it must be accepted. If the proposal prescribes the manner in which it must be accepted, then it must be accepted accordingly.

Example: 'A' enquires from 'B', "Will you purchase my car for ` 2 lakhs?" If 'B' replies "I shall purchase your car for ` 2 lakhs, if you buy my motorcycle for ` 50000/-, here 'B' cannot be considered to have accepted the proposal. If on the other hand 'B' agrees to purchase the car from 'A' as per his proposal subject to availability of valid Registration Certificate / book for the car, then the acceptance is in place though the offer contained no mention of R.C. book. This is because expecting a valid title for the car is not a condition. Therefore, the acceptance in this case is unconditional.

- (b) **Acceptance must be in the prescribed mode:** Where the mode of acceptance is prescribed in the proposal, it must be accepted in that manner. But if the proposer does not insist on the proposal being accepted in the manner prescribed after it has been accepted otherwise, i.e., not in the prescribed manner, the proposer is presumed to have consented to the acceptance.

Example: If the offeror prescribes acceptance through messenger and offeree sends acceptance by email, there is no acceptance of the offer if the offeror informs the offeree that the acceptance is not according to the mode prescribed. But if the offeror fails to do so, it will be presumed that he has accepted the acceptance and a valid contract will arise.

2. (i) (a) **Misrepresentation:** According to Section 18 of the Indian Contract Act, 1872, misrepresentation means and includes-
- (1) the positive assertion, in a manner not warranted by the information of the person making it, of that which is not true, though he believes it to be true;
 - (2) any breach of duty which, without an intent to deceive, gains an advantage to the person committing it, or any one claiming under him; by misleading another to his prejudice or to the prejudice of any one claiming under him;
 - (3) causing, however, innocently, a party to an agreement to make a mistake as to the substance of the thing which is the subject of the agreement.
- (b) 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, Suraj could not rescind the contract, as his acceptance to the offer of Sohan to bear 40% of the cost of repairs impliedly amount to final acceptance of the sale.
- (ii) As per section 41 of the Indian Contract Act, 1872, when a promisee accepts performance of the promise from a third person, he cannot afterwards enforce it against the promisor. That is, performance by a stranger, accepted by the promisee, produces the result of discharging the promisor, although the latter has neither authorised nor ratified the act of the third party. Therefore, in the instant case, Y can sue X only for the balance amount i.e. ₹ 20,000 and not for the whole amount.
3. (i) **No consideration, no contract:** Every agreement, to be enforceable by law must be supported by valid consideration. An agreement made without any consideration is void. A gratuitous promise may form a subject of a moral obligation and may be binding in honour but it does not cause a legal responsibility. No consideration, no

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contract is a general rule. However, Section 25 of the Indian Contract Act, 1872 provides some exceptions to this rule, where an agreement without consideration will be valid and binding. These exceptions are as follows:

- (a) **Agreement made on account of natural love and affection:** Section 25 (1) provides that if an agreement is (i) in writing (ii) registered under the law and (iii) made on account of natural love and affection (iv) between the parties standing in a near relation to each other, it will be enforceable at law even if there is no consideration. Thus, where A, for natural love and affection, promises to give his son, B, ₹ 10,000 in writing and registers it. This is a valid contract.
 - (b) **Compensation for services voluntarily rendered:** Section 25(2) provides that something which the promisor was legally compelled to do; (iii) and the promisor was in existence at the time when the act was done whether he was competent to contract or not (iv) the promisor must agree now to compensate the promise. Thus when A finds B's purse and gives it to him and B promises to give A ₹ 50, this is a valid contract.
 - (c) **Promise to pay time-barred debts [Section 25 (3)]:** Where there is an agreement, made in writing and signed by the debtor or by his agent, to pay wholly or in part a time barred debt, the agreement is valid and binding even though there is no consideration. If A owes B ₹ 1,000 but the debt is lapsed due to time-bar and A further makes a written promise to pay ₹ 500 on account of this debt, it constitutes a valid contract.
 - (d) **Contract of agency (Section 185):** No consideration is necessary to create an agency.
 - (e) **Completed gift (Explanation 1 to Section 25):** A completed gift needs no consideration. Thus, if a person transfers some property by a duly written and registered deed as a gift he cannot claim back the property subsequently on the ground of lack of consideration.
- (ii) **Essential characteristics of a contingent contract:** A contract may be absolute or contingent. A contract is said to be absolute when the promisor undertakes to perform the contract in all events. A contingent contract, on the other hand "is a contract to do or not to do something, if some event, collateral to such contract does or does not happened (Section 31). It is a contract in which the performance becomes due only upon the happening of some event which may or may not happen. For example, A contracts to pay B ₹10,000 if he is elected President of a particular association. This is a contingent contract. The essential characteristics of a contingent contract may be listed as follows:
- (i) There must be a contract to do or not to do something,

- (ii) The performance of the contract must depend upon the happening or non-happening of some event.
- (iii) The happening of the event is uncertain.
- (iv) The event on which the performance is made to depend upon is an event collateral to the contract i.e. it does not form part of the reciprocal promises which constitute the contract. The event should neither be a performance promised, nor the consideration for the promise.
- (v) The contingent event should not be the mere will of the promisor. However, where the event is within the promisor's will, but not merely his will, it may be a contingent contract.

The rules regarding the contingent contract are as follows:

- (1) Contingent contract dependent on the happening of an uncertain future cannot be enforced until the event has happened. If the event becomes impossible, such contracts become void. (Section 32).
 - (2) Where a contingent contract is to be performed if a particular event does not happening performance can be enforced only when happening of that event becomes impossible (Section 33).
 - (3) If a contract is contingent upon, how a person will act at an unspecified time the event shall be considered to become impossible; when such person does anything which renders it impossible that he should so act within any definite time or otherwise than under further contingencies. (Section 34, 35).
 - (4) The contingent contracts to do or not to do anything if an impossible event happens, are void whether or not the fact is known to the parties (Section 36).
4. (i) **Fitness of Cloth:** As per the provision of Section 16(1) of the Sale of Goods Act, 1930, an implied condition in a contract of sale that an article is fit for a particular purpose only arises when the purpose for which the goods are supplied is known to the seller, the buyer relied on the seller's skills or judgement and seller deals in the goods in his usual course of business. In this case, the cloth supplied is capable of being applied to a variety of purposes, the buyer should have told the seller the specific purpose for which he required the goods. But he did not do so. Therefore, the implied condition as to the fitness for the purpose does not apply. Hence, the buyer will not succeed in getting any remedy from the seller under the Sale of Goods Act, 1930.
- (ii) **Right of stoppage of goods in transit:** The problem is based on section 50 of the Sale of Goods Act, 1930 dealing with the right of stoppage of the goods in transit available to an unpaid seller. The section states that the right is exercisable by the seller only if the following conditions are fulfilled.
- (i) The seller must be unpaid

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- (ii) He must have parted with the possession of goods
- (iii) The goods must be in transit
- (iv) The buyer must have become insolvent
- (v) The right is subject to the provisions of the Act.

Applying the provisions to the given case, Ram being still unpaid, can stop the 100 bales of cloth sent by railway as these goods are still in transit.

5. (i) Essentials of Contract of Sale: The following elements must co-exist so as to constitute a contract of sale of goods under the Sale of Goods Act, 1930.

- (i) There must be at least two parties
- (ii) The subject matter of the contract must necessarily be goods
- (iii) A price in money (not in kind) should be paid or promised.
- (iv) A transfer of property in goods from seller to the buyer must take place.
- (v) A contract of sale must be absolute or conditional [section 4(2)].
- (vi) All other essential elements of a valid contract must be present in the contract of sale.

(ii) 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 fulfillment of any condition or warranty is excused by law by reason of impossibility or otherwise.

6. Rules related to acceptance of delivery: Acceptance is deemed to take place when the buyer-

- (a) intimates to the seller that he had accepted the goods; or
- (b) does any act to the goods, which is inconsistent with the ownership of the seller; or
- (c) retains the goods after the lapse of a reasonable time, without intimating to the seller that he has rejected them (Section 42).

Ordinarily, a seller cannot compel the buyer to return the rejected goods; but the seller is entitled to a notice of the rejection. Where the seller is ready and willing to deliver the goods and requests the buyer to take delivery, and the buyer does not take delivery within a reasonable time, he is liable to the seller for any loss occasioned by the neglect or refusal to take delivery, and also reasonable charge for the care and custody of the goods (Sections 43 and 44).

7. (i) As regards the question whether in the case of a registered firm (whose business was carried on after its dissolution by death of one of the partners), a suit can be filed by the remaining partners in respect of any subsequent dealings or transactions without notifying to the Registrar of Firms, the changes in the constitution of the firm, it was decided that the remaining partners should sue in respect of such subsequent dealings or transactions even though the firm was not registered again after such dissolution and no notice of the partner was given to the Registrar.
- (i) The test applied in these cases was whether the plaintiff satisfied the only two requirements of Section 69 (2) of the Act namely,
 - (ii) the suit must be instituted by or on behalf of the firm which had been registered.
- (ii) **Partnership Liability:** The problem in question is based on the provisions of the Indian Partnership Act, 1932 contained in Section 35. The Section provides that where under a contract between the partners the firm is not dissolved by the death of a partner, the estate of a deceased partner is not liable for any act of the firm done after his death. Therefore, considering the above provisions, the problem may be answered as follows:
- (i) Ram's estate in this case will not be liable for the price of the Machinery purchased.
 - (ii) The creditors in this case can have only a personal decree against the surviving partners and decree against the partnership assets in the hands of those partners. However, since the surviving partners are already insolvent, no suit for recovery of the debt would lie against them. A suit for goods sold and delivered would not lie against the representative of the deceased partner.

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This is because there was not debt due in respect of the goods in Ram's life time.

8. (i) **APPLICATION FOR REGISTRATION (SECTION 58):** (1) The registration of a firm may be effected at any time by sending by post or delivering to the Registrar of the area in which any place of business of the firm is situated or proposed to be situated, a statement in the prescribed form and accompanied by the prescribed fee, stating-

- (a) The firm's name
- (b) The place or principal place of business of the firm,
- (c) The names of any other places where the firm carries on business,
- (d) the date when each partner joined the firm,
- (e) the names in full and permanent addresses of the partners, and
- (f) the duration of the firm.

The statement shall be signed by all the partners, or by their agents specially authorised in this behalf.

- (2) Each person signing the statement shall also verify it in the manner prescribed.

- (3) A firm name shall not contain any of the following words, namely:-

'Crown', Emperor', 'Empress', 'Empire', 'Imperial', 'King', 'Queen', 'Royal', or words expressing or implying the sanction, approval or patronage of Government except when the State Government signifies its consent to the use of such words as part of the firm-name by order in writing.

- (ii) **Implied Authority of Partner as Agent of the Firm (Section 19):** Subject to the provisions of section 22, the act of a partner which is done to carry on, in the usual way, business of the kind carried on by the firm, binds the firm.

- (1) The authority of a partner to bind the firm conferred by this section is called his "implied authority".
- (2) In the absence of any usage or custom of trade to the contrary, the implied authority of a partner does not empower him to-
 - (a) Submit a dispute relating to the business of the firm to arbitration;
 - (b) open a banking account on behalf of the firm in his own name;
 - (c) compromise or relinquish any claim or portion of a claim by the firm;
 - (d) withdraw a suit or proceedings filed on behalf of the firm;
 - (e) admit any liability in a suit or proceedings against the firm;
 - (f) acquire immovable property on behalf of the firm;

- (g) transfer immovable property belonging to the firm; and
- (h) enter into partnership on behalf of the firm.

Mode Of Doing Act To Bind Firm (Section 22): In order to bind a firm, an act or instrument done or executed by a partner or other person on behalf of the firm shall be done or executed in the firm name, or in any other manner expressing or implying an intention to bind the firm.

9. **Meaning of Limited Liability Partnership (LLP):** A LLP is a new form of legal business entity with limited liability. It is an alternative corporate business vehicle that not only gives the benefits of limited liability at low compliance cost but allows its partners the flexibility of organising their internal structure as a traditional partnership. The LLP is a separate legal entity and, while the LLP itself will be liable for the full extent of its assets, the liability of the partners will be limited.

LLP is an alternative corporate business form that gives the benefits of limited liability of a company and the flexibility of a partnership.

Since LLP contains elements of both 'a corporate structure' as well as 'a partnership firm structure' LLP is called a hybrid between a company and a partnership.

Characteristic/Salient Features of LLP

1. **LLP is a body corporate:** Section 2(1)(d) of the LLP Act, 2008 provides that a LLP is a body corporate formed and incorporated under this Act and is a legal entity separate from that of its partners and shall have perpetual succession. Therefore, any change in the partners of a LLP shall not affect the existence, rights or liabilities of the LLP.
Section 3 of LLP Act provides that a LLP is a body corporate formed and incorporated under this Act and is a legal entity separate from that of its partners.
2. **Perpetual Succession:** The LLP can continue its existence irrespective of changes in partners. Death, insanity, retirement or insolvency of partners has no impact on the existence of LLP. It is capable of entering into contracts and holding property in its own name.
3. **Separate Legal Entity:** The LLP is a separate legal entity, is liable to the full extent of its assets but liability of the partners is limited to their agreed contribution in the LLP. In other words, creditors of LLP shall be the creditors of LLP alone.
4. **Mutual Agency:** Further, no partner is liable on account of the independent or unauthorized actions of other partners, thus individual partners are shielded from joint liability created by another partner's wrongful business decisions or misconduct. In other words, all partners will be the agents of the LLP alone. No one partner can bind the other partner by his acts.

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5. **LLP Agreement:** Mutual rights and duties of the partners within a LLP are governed by an agreement between the partners. The LLP Act, 2008 provides flexibility to partner to devise the agreement as per their choice. In the absence of any such agreement, the mutual rights and duties shall be governed by the provisions of the LLP Act, 2008.
6. **Artificial Legal Person:** A LLP is an artificial legal person because it is created by a legal process and is clothed with all rights of an individual. It can do everything which any natural person can do, except of course that, it cannot be sent to jail, cannot take an oath, cannot marry or get divorce nor can it practice a learned profession like CA or Medicine. A LLP is invisible, intangible, immortal (it can be dissolved by law alone) but not fictitious because it really exists.
7. **Common Seal:** A LLP being an artificial person can act through its partners and designated partners. LLP may have a common seal, if it decides to have one [Section 14(c)]. Thus, it is not mandatory for a LLP to have a common seal. It shall remain under the custody of some responsible official and it shall be affixed in the presence of at least 2 designated partners of the LLP.
8. **Limited Liability:** Every partner of a LLP is, for the purpose of the business of LLP, the agent of the LLP, but not of other partners (Section 26). The liability of the partners will be limited to their agreed contribution in the LLP. Such contribution may be of tangible or intangible nature or both.
9. **Management of Business:** The partners in the LLP are entitled to manage the business of LLP. But only the designated partners are responsible for legal compliances.
10. **Minimum and Maximum number of Partners:** Every LLP shall have least two partners and shall also have at least 2 individuals as designated partners, of whom at least one shall be resident in India. There is no maximum limit on the partners in LLP.
11. **Business for Profit Only:** The essential requirement for forming LLP is carrying on a lawful business with a view to earn profit. Thus, LLP cannot be formed for charitable or non-economic purpose.
12. **Investigation:** The Central Government shall have powers to investigate the affairs of an LLP by appointment of competence authority for the purpose.
13. **Compromise or Arrangement:** Any compromise or agreements including merger and amalgamation of LLPs shall be in accordance with the provisions of the LLP Act, 2008.
14. **Conversion into LLP:** A firm, private company or an unlisted public company would be allowed to be converted into LLP in accordance with the provisions of LLP Act, 2008.

- 15. E-Filing of Documents:** Every form or application of document required to be filed or delivered under the act and rules made thereunder, shall be filed in computer readable electronic form on its website www.mca.gov.in and authenticated by a partner or designated partner of LLP by the use of electronic or digital signature.
- 16. Foreign LLPs:** Section 2(1)(m) defines foreign limited liability partnership "as a limited liability partnership formed, incorporated, or registered outside India which established as place of business within India". Foreign LLP can become a partner in an Indian LLP.
- 10.** 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, Flora 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)	Directors and their relatives	190
(ii)	5 Couples (5*1)	5
(iii)	Others	5
	Total	200

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.

- 11. (i)** The House of Lords in *Salomon Vs Salomon & Co. Ltd.* laid down that a company is a person distinct and separate from its members, and therefore, has an independent separate legal existence from its members who have constituted the company. But under certain circumstances the separate entity of the company may be ignored by the courts. When that happens, the courts ignore the corporate entity of the company and look behind the corporate façade and hold the persons in control of the management of its affairs liable for the acts of the company. Where a company

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is incorporated and formed by certain persons only for the purpose of evading taxes, the courts have discretion to disregard the corporate entity and tax the income in the hands of the appropriate assessee.

- (1) The problem asked in the question is based upon the aforesaid facts. The three companies were formed by the assessee purely and simply as a means of avoiding tax and the companies were nothing more than the façade of the assessee himself. Therefore the whole idea of Mr. F was simply to split his income into three parts with a view to evade tax. No other business was done by the company.
 - (2) The legal personality of the three private companies may be disregarded because the companies were formed only to avoid tax liability. It carried on no other business, but was created simply as a legal entity to ostensibly receive the dividend and interest and to hand them over to the assessee as pretended loans. The same was upheld in *Re Sir Dinshaw Maneckji Petit* AIR 1927 Bom.371 and *Juggilal vs. Commissioner of Income Tax* AIR (1969) SC (932).
- (ii) Yes, a non-profit organization be registered as a company under the Companies Act, 2013 by following the provisions of section 8 of the Companies Act, 2013. 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, sports, education, research, social welfare, religion, charity, protection of environment etc.

Such company intends to apply its profit in

- promoting its objects and
- prohibiting the payment of any dividend to its members.

The Central Government has the power to issue license for registering a section 8 company.

- (i) Section 8 allows the Central Government to register such person or association of persons as a company with limited liability without the addition of words 'Limited' or 'Private limited' to its name, by issuing licence on such conditions as it deems fit.
- (ii) The registrar shall on application register such person or association of persons as a company under this section.
- (iii) On registration the company shall enjoy same privileges and obligations as of a limited company.

SECTION - B: BUSINESS CORRESPONDENCE AND REPORTING**Chapter-1****Communication**

- (1) List at least 5 barriers of communication. Explain any two of them in your own words.
- (2) Differentiate between the Vertical Network and the Wheel and spoke method of communication.

Chapter 2**Sentence Types: Active Passive Voice, Direct Indirect Speech**

- (A) Change the following sentences into passive voice.
 - (1) Rana Pratap fought many battles.
 - (2) People watch football matches late night.
 - (3) The students approached the Principal for their rights.
 - (4) Give first priority to studies.
 - (5) Abhishek speaks a lot on politics.
- (B) Change the following Direct speech into Indirect speech.
 - (1) She said, 'My mother cooks well'
 - (2) The athlete said, 'I can break old records'
 - (3) Brother said, 'I have finished my studies'
 - (4) The teacher praised the girl, 'You have been working hard'
 - (5) Uncle said, 'I am unwell'
- (C) Change the following to Active voice
 - (1) Results had to be declared by the school authorities.
 - (2) The test must be completed by you in one hour.
 - (3) The factory was destroyed by fire.
 - (4) Cake is being eaten by Rajat.
 - (5) A conservative lifestyle was led by women in olden days.

Chapter -3 Vocabulary**(A) Select the suitable synonym for the given words:**

- (1) Distort
 - (a) Save (b) Abundant (c) Deform (d) Overwhelm (e) Move

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- (2) Alliance
 - (a) Associate (b) Estranged (c) Revert (d) Unwillingness (e) Possibility
- (3) Contingency
 - (a) Existence (b) Evidence (c) Rebel (d) Emergency (e) Announce
- (4) Rife
 - (a) Unknown (b) Widespread (c) Accountable (d) General (e) Survive
- (5) Oppressive
 - (a) Grand (b) Publish (c) Tolerance (d) Proactive (e) Distressful

(B) Select the suitable antonym for the given word:

- (1) Contend
 - (a) Compete (b) Eradicate (c) Expel (d) Give up
- (2) Proximity
 - (a) Approximation (b) Assumingly (c) Remoteness (d) Cure
- (3) Vigilant
 - (a) Inattentive (b) Curious (c) Concerned (d) Careful
- (4) Proficient
 - (a) Probable (b) Incompetent (c) Skilled (d) Available
- (5) Adhere
 - (a) Rules (b) Stick (c) Disobey (d) Linked

(C) Select the correct meaning of the given idioms:

- (1) Clouds on the horizon
 - (a) A ray of hope
 - (b) Hopelessness
 - (c) A problem can be seen in future
 - (d) Problems are unlimited
- (2) Well begun is half done
 - (a) Good start is important
 - (b) Good ending is important
 - (c) Half job is easier
 - (d) Easier said than done

- (3) Save for the rainy day
 (a) Use an umbrella
 (b) Prevention is better than cure
 (c) Life is full of problems
 (d) Save for difficult times
- (4) It's piece of cake
 (a) Something too sweet
 (b) Easy job
 (c) A small bite
 (d) Little to eat

(D) Fill in the blanks with the most suitable choice:

- (1) With the economy going down, people who are rich might become _____.
 (a) Endemic (b) Healthy (c) Destitute (d) Considerable
- (2) Religion teaches us to respect all _____ rights of a human being.
 (a) Business (b) Fundamental (c) Behavioural (d) Conceptual
- (3) She is _____ of lizards.
 (a) Afraid (b) Frightened (c) Fearful (d) Terrified
- (4) This area suffers from _____.
 (a) draughts (b) drafts (c) dwarfs (d) droughts

Chapter 4

Comprehension Passages

Read the following comprehension passages and answer the following questions

Passage 1

The great Acharyas have said that having discovered a great goal, **surrender** yourself to that goal and act towards it drawing your inspiration from that goal whereby you will get a new column of energy. Do not allow this energy to be **dissipated** in the **futile** memories of past regrets or failures nor in the imagined sorrow of the future or the present and thus bring the entire energy focussed into activity. That is the highest creative action in the world outside. Thereby the individual who is till now considered most **inefficient** finds his way to the highest achievement and success.

This is said very easily in a second. But in order to train our mind to this attitude it needs **considerable** training because we have already trained the mind wrongly to such an

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extent that we have become perfect in imperfection. Not knowing the art of action, we have been master artists in doing the wrong thing. The totality of activity will bring the country to a wrong end indeed.

If each one is given a car, to achieve an ideal socialistic pattern, and nobody knows driving but everybody starts driving, what would be the condition on the road ? Everybody has equal right on the public road. Then each car must necessarily dash against the other, and there is bound to be a jumble. This seems to be the very apt pattern of life that we are heading to. Everyone of us is a vehicle. We know how to go forward. The point is that intellect is very powerful and everyone is driving but nobody seems to know how to control the mental energy and direct it properly or guide it to a proper destination.

(1) Which of the following will cause the country to perish?

- (a) Driving cars without proper driving knowledge and skill
- (b) Directing mental energy to the right destination
- (c) Wrong deeds performed without proper knowledge
- (d) Memories of past regrets and failures

(2) What is the effect of the wrong training of the mind ?

- (a) The art of action is too much emphasised.
- (b) We have become perfect in all aspects.
- (c) Each of us could become a master artist.
- (d) We have become perfect in imperfections.

(3) The author's chief concern is

- (a) The car accidents resulting from lack of driving skill.
- (b) Regulation of energy in a proper direction
- (c) Discovery of a great goal in life
- (d) Establishment of socialistic pattern

(4) Which of the following is the source of energy ?

- (a) Stimulation obtained from a set aim
- (b) Highest creative action
- (c) A column that supports a building
- (d) Proper training of the mind to achieve perfection

(5) Which of the following could lead to success ?

- (a) Preparing oneself to face the probable sorrows of the future
- (b) Cherishing the memories of the past

- (c) Bringing all the energy into activity
- (d) Being alert about the excitement of present

Passage 2

Marie Curie was one of the most accomplished scientists in history. Together with her husband, Pierre, she discovered radium, an element widely used for treating cancer, and studied uranium and other radioactive substances. Pierre and Marie's amicable collaboration later helped to unlock the secrets of the atom.

Marie was born in 1867 in Warsaw, Poland, where her father was a professor of physics. At an early age, she displayed a brilliant mind and a blithe personality. Her great exuberance for learning prompted her to continue with her studies after high school. She became disgruntled, however, when she learned that the university in Warsaw was closed to women. Determined to receive a higher education, she defiantly left Poland and in 1891 entered the Sorbonne, a French university, where she earned her master's degree and doctorate in physics.

Marie was fortunate to have studied at the Sorbonne with some of the greatest scientists of her day, one of whom was Pierre Curie. Marie and Pierre were married in 1895 and spent many productive years working together in the physics laboratory. A short time after they discovered radium, Pierre was killed by a horse-drawn wagon in 1906. Marie was stunned by this horrible misfortune and endured heartbreaking anguish. Despondently she recalled their close relationship and the joy that they had shared in scientific research. The fact that she had two young daughters to raise by herself greatly increased her distress.

Curie's feeling of desolation finally began to fade when she was asked to succeed her husband as a physics professor at the Sorbonne. She was the first woman to be given a professorship at the world-famous university. In 1911 she received the Nobel Prize in chemistry for isolating radium. Although Marie Curie eventually suffered a fatal illness from her long exposure to radium, she never became disillusioned about her work. Regardless of the consequences, she had dedicated herself to science and to revealing the mysteries of the physical world. (Source: internet)

- (1) A word in the passage which is a synonym of 'friendly' is:
 - (a) revealing
 - (b) distress
 - (c) amicable
 - (d) stunned
- (2) What increased the distress of Marie Curie?
 - (a) The sudden death of her husband.
 - (b) She would have to raise her daughters all alone
 - (c) She could not continue with her radium discovery

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- (d) The knowledge of her fatal illness.
- (3) Which of the following statements is false according to the passage?
 - (a) Marie Curie did not attend any University because women were not allowed to do so.
 - (b) Pierre was killed in accident involving horse wagons.
 - (c) Curie also worked on the element Uranium.
 - (d) Curie got a chance to teach Physics at Sorbonne.
- (4) Give the passage a suitable title
 - (a) Madam Curie and Pierre Curie
 - (b) Discovery of Radium and Uranium
 - (c) Mysteries of the physical world
 - (d) Madam Curie: struggles turn to achievements!
- (5) Choose an option than describes Madam Curie, based on the information given in the passage:
 - (a) heartbroken, coward, weak
 - (b) bold, dedicated, confident
 - (c) complaining, disgruntled, arrogant
 - (d) despondent, tired, ruthless

Chapter 5 Note Making

Read the following passage/news story and make proper notes following the guidelines of Note making. (Source: internet, newspaper articles)

- (1) The decision of the Ministry of Environment and Forests to revalidate the environmental clearance issued to South Korean steelmaker Posco for the proposed steel plant in Odisha is based on a piecemeal approach, rather than a comprehensive and cumulative assessment of all parts of the project. It cannot claim to rely on sound judgment. What distinguishes the proposal from the welter of projects before the Ministry is its major Foreign Direct Investment potential, estimated at more than ₹50,000 crore. There is little doubt that it will take massive investments to pull the masses out of deep poverty, and new industries are vital to achieving this goal. Significant expansion of the economy has taken place over the past two decades, creating much wealth. Unfortunately, this has also coincided with grossly uneven distribution of negative externalities. In the case of Posco, the acquisition of land has been a contentious issue, evoking strong protest from local communities which remain unconvinced about the benefits. Evidently, neither the project proponent nor the Odisha government has come up with persuasive arguments over the past eight years on why villagers should part with their land when their livelihood

is linked to it. Moreover, there is no effort to reach a consensus on the renewal of environmental clearance, now for a production capacity of eight million tonnes per annum, even with conditionalities that include spending on 'social commitments' by Posco.

- (2) By making it optional for cinema halls to play the national anthem before every show, the Supreme Court has at last removed the coercive element it had unfortunately introduced by an interim order in November 2016. Laying down a judicial rule that the anthem must be played on certain occasions in specific places, in the absence of any statutory provision to this effect, was unnecessary and opened the court to charges of over-reach. With the Centre saying this directive could be placed on hold, and that it would set up an inter-ministerial committee to recommend regulations for the presentation of the national anthem, the court has said it is not mandatory to play it in cinema halls. The panel will also suggest changes in the Prevention of Insults to National Honour Act, 1971, or in the Orders relating to the anthem issued from time to time. Justice D.Y. Chandrachud, one of the three judges on the Bench, had at an earlier hearing doubted the wisdom of asking patrons of cinema to visibly demonstrate their patriotism each time they entered a theatre to watch a film, remarking that there was no need for an Indian to "wear his patriotism on his sleeve". He had asked at what point would such "moral policing" stop if it were to be prescribed that some kinds of apparel should not be worn at the movies as they could amount to showing disrespect to the national anthem. The court's order also had some unintended, but not unforeseen, consequences. The audience began looking for signs of 'disrespect' and there were reports of vigilantism, with people beaten up or harangued for not standing up.

Chapter 7

Précis Writing

Read the following passages and write a précis for the same. Follow the basic rules of précis writing while writing.

- (1) How does television affect our lives. It can be very helpful to people who carefully choose the shows that they watch. Television can increase our knowledge of the outside world, there are high quality programmes that helps us to understand many fields of study, science, medicine, the arts and so on. Moreover, television benefits very old people, who can't often leave the house as well as patients in hospitals. It also offers non native speakers the advantage of daily informal language practice. They can increase their vocabulary and practice listening.

On the other hand, there are several serious disadvantages of television. Of course, it provides us with a pleasant way to relax and spend our free time, but in some countries, people watch the 'blood tube' for an average of six hours or more a day. Many children stare at a television screen for more hours each day than they do anything else including studying & sleeping. It's clear that the tube has a powerful influence on their lives and that its influence is often negative.

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- (2) Occasional self-medication has always been part of normal living. The making and selling of drugs has a long history and is closely linked, like medical practice itself, with belief in magic. Only during the last hundred years or so, as the development of scientific techniques made it possible diagnosis has become possible. The doctor is now able to follow up the correct diagnosis of many illnesses-with specific treatment of their causes. In many other illnesses of which the causes remain unknown, he is still limited, like the unqualified prescriber, to the treatment of symptoms. The doctor is trained to decide when to treat symptoms only and when to attack the cause. This is the essential difference between medical prescribing and self-medication.

The advance of technology has brought about much progress in some fields of medicine, including the development of scientific drug therapy. In many countries public health organization is improving and people's nutritional standards have risen. Parallel with such beneficial trends are two which have an adverse effect. One is the use of high pressure advertising by the pharmaceutical industry which has tended to influence both patients and doctors and has led to the overuse of drugs generally. The other is emergence of eating, insufficient sleep, excessive smoking and drinking. People with disorders arising from faulty habits such as these, as well as well from unhappy human relationships, often resort to self-medication and so add the taking of pharmaceuticals to the list. Advertisers go to great lengths to catch this market.

Clever advertising, aimed at chronic sufferers who will try anything because doctors have not been able to cure them, can induce such faith in a preparation, particularly if steeply priced, that it will produce-by suggestion-a very real effect in some people. Advertisements are also aimed at people suffering from mild complaints such as simple cold and coughs, which clear up, by themselves within a short time.

These are the main reasons, why laxatives, indigestion-remedies, painkillers, cough-mixtures, tonics, vitamin and iron tablets, nose drops, ointments and many other preparations are found in quantity in many households. It is doubtful whether taking these things ever improves a person's health, it may even make it worse. Worse, because the preparation may contain unsuitable ingredients; worse because the taker may become dependent on them; worse because they might be taken excess; worse because they may cause poisoning, and worst of all because symptoms of some serious underlying cause may be asked and therefore medical help may not be sought. Self-diagnosis is a greater danger than self-medication.

Chapter 8**Article Writing**

Write an article on the following topics. (Word limit: 300 words)

- (1) Importance of Trees
- (2) Obesity: A growing health hazard amongst youth

Chapter 9**Report Writing**

Write an report on the following topics. (Word limit: 250-300 words)

- (1) Your college organized a visit to SOS family villages for the orphaned. Write a report for your college magazine giving details of the visit.
- (2) As the School Captain, write a report for your school magazine, about a career fest held in your school last week. Mention the various universities/institutions that participated, orientation sessions conducted.

Chapter-10**Letter Writing**

- (1) You bought a printer a few days back from a leading chain of electronic stores. Now you found a few defects in its working. Write a letter to the dealer complaining about the problem and requesting him to rectify the problem or replace the printer.
- (2) As the HR Manager of your organization, draft a circular for all the employees of your company, informing them about New Year party being organized over the weekend in the office campus. Mention a few events and request for active participation.

Chapter 11**Formal Mails**

- (1) Your company Axion Electronics has developed a Digital notice Board. Draft a formal mail to advertise the product, conveying all the necessary features of the product and attractive offers on bulk orders.
- (2) On behalf of your CA firm, write a formal mail to all your clients requesting them to provide all the necessary information, needed for advance tax. State that details should be sent well in time, before Jan 31, 2019.

Chapter 12**Resume Writing**

- (1) Draft a resume for Aditya Narula, who has passed class XIIth, has completed his B.com with distinction and is currently pursuing M.com (final year). Aditya wishes to apply for a job in a small start up which deals with stocks.
- (2) Draft a resume for Ms Seema Solanki, a resident of Mumbai, a qualified CA with an experience of over 15 years in two organizations. Seema now plans to switch her job and is applying to one of the Big fours.

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Chapter 13

Meetings

- (1) Your company, is launching a new product. Prepare **minutes of the meeting** for the same. Members in the meeting: MD, Head of the Sales and Marketing, Product Head, Consultants and few team members.
- (2) As a HR manager, prepare the **agenda** of an upcoming meeting regarding staff matters.

SUGGESTED ANSWERS/HINTS

Chapter -1 Communication

- (1) Barriers in communication:

- Physical Barriers
- Cultural Barriers
- Language Barriers
- Technology Barriers
- Emotional Barriers

Technology Barriers: Being a technology driven world, all communication is dependent on good and extensive use of technology. However, there might arise technical issues, like server crash, overload of information etc which lead to miscommunication or no communication at all.

Language Barriers: It's a cosmopolitan set up, where people of different nationalities move from their home to other countries for work. As a result, it is difficult to have a common language for communication. Hence, diversity gives rise to many languages and it acts as a barrier at times.

- (2) Vertical Network and Wheel & Spoke Network

Vertical Network	Wheel and Spoke Network
A formal network. It is usually between a higher ranking employee and a subordinate.	A network with a single controlling authority who gives instructions and orders to all employees working under him/her.
A two way communication happens	Two way communication happens but useful only in small organizations.

Chapter-2 Sentence Types**(A) Active to Passive**

- (1) Many battles were fought by Rana Pratap
- (2) Football matches are watched by people late night.
- (3) The Principal was approached by the students for their rights.
- (4) Studies should be given first priority.
- (5) A lot is spoken on politics by Abhishek.

(B) Direct to Indirect Speech.

- (1) She said that her mother cooked well.
- (2) The athlete said that he could break all records
- (3) Brother said that he had finished his studies.
- (4) Teacher appreciated the girl that she had been working hard
- (5) Uncle complained that he was unwell.

(C) Passive to Active

- (1) The school authorities declared the results
- (2) You must complete the test in one hour.
- (3) Fire destroyed the factory
- (4) Rajat is eating the cake.
- (5) Women led a conservative lifestyle in olden days

Chapter-3 Vocabulary**(A) Synonyms**

- (1) Option c
- (2) Option a
- (3) Option d
- (4) Option b
- (5) Option e

(B) Antonyms

- (1) Option d
- (2) Option c
- (3) Option a
- (4) Option b

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- (5) Option c
- (C) Idioms
 - (1) Option c
 - (2) Option a
 - (3) Option d
 - (4) Option b
- (D) Fill in the blanks:
 - (1) Option c
 - (2) Option b
 - (3) Option a
 - (4) Option d

Chapter -4 Comprehension Passages**Passage-1**

- (1) Option c
- (2) Option d
- (3) Option b
- (4) Option a
- (5) Option c

Passage-2

- (1) Option c
- (2) Option b
- (3) Option a
- (4) Option d
- (5) Option b

Chapter-5 Note Making**Passage -1****Ministry's Decision Revoked (Heading)**

- (I) S. Korean steel maker Posco under attack
- (II) Prpsl for steel plant in Odisha rcnsdrd
- (III) Need to rethink the descn

- (a) Not based on solid grounds
- (b) FDI's
- (c) Land aqstn from natives nt easy
- (d) Protests frm land holders
- (IV) No concrete result
 - (a) 8 years past; standstill
 - (b) Neither prpnt nor govt. able to justify its moves
 - (c) Leaves the matter open ended.

Key Used:

- (1) S= south
- (2) Prpsl= proposal
- (3) Rcnsdrd=reconsidered
- (4) Descn= decision
- (5) Aqstn- acquisition
- (6) Nt= not
- (7) Frm= from
- (8) Prpnt=proponent
- (9) Govt= government.
- (10) FDI= foreign direct investment

Passage-2

Playing of National anthem in movie halls (Heading)

- (I) The Court's ordr wdrwn
- (II) Court mks it optional; cnnt have a mandate on the issue
- (III) Consequences
 - (a) Govt intervenes; calls for a mnstrl dscsn
 - (b) Prps a hold on the court's jdcl rule
 - (c) Suggest chngs in the Prvntn of Insults and Ntnl honour Act
- (IV) Justice Chadrachud suggests, no end to 'moral policing'
- (V) Cnseqncs
 - (a) Vnce amngst ppl.

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- (b) Hrsmnt of pub.
- (c) Dsrspct in the scty.

Key Used:

- (1) Ordr= order
- (2) Wdrwn= withdrawn
- (3) Mks= makes
- (4) Cnnt= cannot
- (5) Govt= government
- (6) Mnstrl=ministerial
- (7) Dscsn=discussion
- (8) Prps=proposes
- (9) Jdcl=judicial
- (10) Chngs= changes
- (11) Prvntn=prevention
- (12) Ntnl= national
- (13) Cnseqncs= consequences
- (14) Vnce=violence
- (15) Amngst= amongst
- (16) Ppl= people
- (17) Hrsmnt=harassment
- (18) Pub=public
- (19) Dsrspct=disrespect
- (20) Scty= society

Chapter -7 Précis Writing

- (1) Television: Bane or Boon (Title)

Television affects our lives in several ways. We should choose the shows carefully. Television increases our knowledge It helps us to understand many fields of study. It benefits and people and patients. There are some disadvantages too some people devote a long time to it. Students leave their studies and it distracts their attention.

- (2) Self Medication (Title)

Self medication is part of normal living. Medicinal experts are required for diagnosis and treatment of disease according to symptoms and cause.

The development of drug therapy and improvement in public health organizations and nutritional standards have helped progress in medicinal science. Excessive advertising by pharmaceutical companies and emergence of the sedentary society are two counter trends. Self medication is dangerous as the preparation may be toxic or contain unsuitable ingredients, the user becomes dependent and consumes medicine in excess. Self-diagnosis is worse than self medication.

Chapter -8 Article Writing

(1) Hints:

- Cleanse the environment
- Trees provide oxygen
- Prevent soil erosion
- Preserve the ecosystem
- Important part of the food chain
- Provide home remedies for certain ailments (trees like neem, eucalyptus,)
- Provide food and habitation for birds and small animals
- Commercial use of trees: timber, rubber, resins, oils etc.
- Environmental hazards caused by cutting of trees
 - Disturbs the ecological balance
 - Global warming
 - Threatens biodiversity

(2) Hints:

- Causes of obesity
 - Erratic eating habits
 - Erratic sleeping pattern
 - Stress due to competition in studies
 - Junk food consumption
 - Not having balanced diet
 - Sedentary lifestyles
 - Lack of proper exercise
- Remedies
 - Follow proper regimen
 - Having home cooked food at regular intervals

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- Avoiding fatty foods and sugar rich drinks
- Including fruits and vegetables in diet
- Play a sport
- Regular walks

Chapter-9 Report Writing**Report-1****Hints:**

- Mention a heading, name of the SOS village
- Date of the visit
- Purpose of the visit
 - Donate rugs and warm clothing for winters
 - Familiarising with the working of an NGO
 - Offering voluntary services like adult education
- Brief description of the family met
- Management officials you met
- Challenges and Hazards of running such a set up
- How to contribute
- Conclusion

Report-2**Hints:**

- Have a good heading
- Mention the time, date, venue
- Divide the report into three paragraphs:
- What/When/Where/ Who was invited
- Purpose of the event (learn about the career options after school)
- Describe the event in details (name of institutions that participated, orientation sessions organized)
- Enthusiasm in the student community about careers in creative and performing arts
- Conclude with an optimistic view.

Chapter-10**Writing Formal Letters and Official Communication**

(1) XYZ Electronics

New Delhi.

Date: 20thDec, 2018

Manager, Customer Care

XYZ Electronics

New Delhi.

Dear Sir/Ma'am

Sub: Complaint regarding the printer model CanXR 0987, Invoice No: Prin/CanXR/6-12-2018

This is regarding the printer that I bought on Dec 6, 2018. After installation, it worked fine for a few days. But lately every time a print command is given, it paper gets stuck and the scanning/photocopying option is not working at all. Please send your executive to examine the problem and rectify it at the earliest or get it replaced. I had bought the equipment to take print-outs at home for an urgent project work submission.

I request you to look into the problem urgently and send the expert tomorrow evening by 7PM. You can send the name and mobile number of the executive at my number XXXXXXXXXX. Looking forward to a prompt response.

(Signed)

ABC

Circular

Circular No. XXXIV

Dec 31, 2018

New Year Party

For all employees

Wishing All a very Happy, prosperous and productive New Year 2019. A New Year party is being organized in the office premises on the coming weekend (Jan 5, 2019) at 7 PM. Everyone is cordially invited with their families.

The events would be as follows:

- Live performance by the pop band 'ASD'
- Couple Dance competition

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- Stand up Comedy
- Surprise Gifts for kids
- Lucky Draw
- Buffet Dinner with special buffet for the kids

Looking forward to an active participation.

Romi Mistry

Manager, HR

Chapter-11 Writing Formal Mails

Mail-1

To: admin@simantechsystems.com

CC/BCC: hr@simantechsystems.com

Subject: Introducing our tiffin supply plan

Dear Sir/Ma'am,

Greetings for the day. I would like to introduce our new product **Digital Notice Board**. The product will improve internal communications, increase workforce awareness about the company policies, goals and key initiatives, enhance visitor communication and engagement and can also be used to convey emergency alert messages thus preventing systems.

The Interactive Display can be fixed at strategic locations such as the Reception, Lobby, Cabin, Meeting Rooms.

Benefits:

- Display your Notices, News, Achievements, Images, Videos, Weather updates etc.
- Convey any message to visitors/Employees/customers.
- Common platform to Inspire & motivate the Workforce.
- Can be managed from any location and can be updated remotely.
- Return On Investment by Advertisements.

We are offering attractive discounts on bulk orders (at least 3 units)

For more information / demonstration about the product, please write to us. Looking forward to your kind response.

Warm Regards,

Team Axion Electronics

Mail-2

To: lmn@candidsweets.com, abc@yahoo.com, jkl@gmail.com

CC/BCC: ca@gmail.com, ca@kp.com

Subject: Submit details for advance tax

Dear Clients,

Wishing you and your family a Very Happy and Prosperous New Year 2019. You are requested to submit details of your income, profit, current investments and assets to enable our team to calculate your tax payable for the year 2018-19. Kindly provide the necessary details by Jan 31, 2019 so that our team can guide you to plan your future investments. Kindly contact the undersigned for any clarification/information or a prior appointment for a personal meeting.

Hope to get cooperation from you all.

Thanks and Regards,

ABCD Kumar

(Chartered Accountant)

Chapter-12 Resume Writing

(1) Aditya Narula Resume hints

Following is a standard format, with subheadings for fresher like Aditya:

- Name and contact details
- Objective Summary
- Academic Qualifications and Achievements
- Co-curricular Achievements
- Training Programs attended/completed
- Strengths
- Interests/Hobbies
- Declaration
- Signature

(2) Seema Solanki

Format for a Resume showing years of experience

- Name and contact details
- Objective Summary:
- Career Summary

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- Experience
- Company 1
 - Job title
 - Responsibilities/Achievements
- Company 2
 - Job title
 - Responsibilities/Achievements
- Educational Details
- Hobbies and Interests
- Signature
- References with their phone numbers

Objective Summary: seeking leadership roles and making a meaningful impact on the growth of the organization.

Career Summary: Have been associated with firms with an employee size of around 1200. I have a rich experience in costing and finance operations. My expertise lies in handling cash flow and pay rolls process.

Company Name 1

Job title: Analyst

Job Responsibilities:

- Handling finance operations and determining major financial objectives.
- Supervising monthly financials
- Deducing cost feasibility of cost based projects

Company Name 2

Job title: Manager/Sr. Consultant

Job Responsibilities:

- Designing and implementing cost effective techniques, policies and procedures to enhance financial growth.
- Managing pay rolls: computations of salaries, TDS, PPF
- Heading a six member team, handling daily basis output and ACR's.

Educational details

(Pointers as follows)

School, class Xth and XIIth marks/grades

College/University: B.Com

ICAI, Mumbai: CA

Chapter-13 Meetings

Date: Jan 2, 2019

Venue: Conference Hall, 3rd Floor

Meeting started at 11 : 00 AM.

In attendance : Mr. BNM Managing Director, Mr. ASD Head , Sales and Marketing, Mr. FGH, Product Head, Mr. JKL Plant Head, two Senior Consultants from QWE Consulting and Market Research , three members of the Sales team

Mr. FGH, Product Head

- Introduced the agenda
- Demonstrated the prototype of the new product
- Explained the utility and target customers
- Existing Variants in the market vs variants to be introduced by the company in 6 months time

Mr. JKL, Plant Head

- Discussed preparedness for mass manufacturing of the new product
- Discussed potential vendors to manufacture the variants

Mr. VBN Senior Consultant, QWE Consulting and Market Research

- Discussed marketing strategy for product launch
- Discussed media advertising for product promotion

Mr. ASD Head, Sales and Marketing, Mr. RTY Executive, Sales Team

- Presented the estimated demand and sales figures for first quarter (initial 3 months after launch)
- Discussed feedback received from the sample customers

All the participants consented to submit their observations and reports to Mr. BNM Managing Director, Mr. ASD Head, Sales and Marketing,

The Head of Sales and Marketing proposed a vote of thanks and declared the next meeting to discuss reports to be held on Feb 4, 2019.

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ATR to be submitted by Jan 25, 2019 to the Head of Sales and Marketing.

(2) Tabular Agenda:

Time	Topic	Attendees	Speaker	Duration
9:30 am	Introduction and Welcome note	<ul style="list-style-type: none"> • MD • Chief Operating Officer • Head (Admin) • Sr. Manager HR • Manager HR • Executives 	Head HR	5 minutes
9:35 am	<ul style="list-style-type: none"> • Staff Matters • Fresh Appointments and interns in • Sales & Marketing • Transfers • Promotions • Training Approvals • Study Leave Approvals • Cash Rewards 	-do-	Sr. Manager HR	30 mins
10:05 am	Presentation/Discussion on Staff Motivation Programmes	-do-	Chief Operating Officer	15 mins
10:20 am	Tea/Breakfast	Tea/Breakfast		40 mins
11:00 am	Circulation roster for housekeeping staff/peons	<ul style="list-style-type: none"> • Chief Operating Officer • Head (Admin) • Sr. Manager HR • Manager HR • Executives 	Head(Admin)	15 mins
11:15 am	Open House	-do-	All members	20 mins
11:35 am	Vote of Thanks	All participants	Chief Operating Officer	5 mins

PAPER – 2: BUSINESS LAWS& BUSINESS CORRESPONDENCE AND REPORTING**SECTION A: BUSINESS LAWS****QUESTIONS****The Indian Contract Act, 1872**

1. Define an offer. Explain the essentials of a valid offer. How an offer is different from an invitation to offer?
2. What do you understand by the term 'Consideration'? Are there any circumstances under which a contract, under the provisions of the Indian Contract Act, 1872, without consideration is valid? Explain.
3. A sends an offer to B to sell his second-car for ₹ 1,40,000 with a condition that if B does not reply within a week, he (A) shall treat the offer as accepted. Is A correct in his proposition? What shall be the position if B communicates his acceptance after one week?
4. X, Y and Z jointly borrowed ` 50,000 from A. The whole amount was repaid to A by Y. Decide in the light of the Indian Contract Act, 1872 whether:
 - (i) Y can recover the contribution from X and Z,
 - (ii) Legal representatives of X are liable in case of death of X,
 - (iii) Y can recover the contribution from the assets, in case Z becomes insolvent.
5. A student was induced by his teacher to sell his brand new car to the latter at less than the purchase price to secure more marks in the examination. Accordingly, the car was sold. However, the father of the student persuaded him to sue his teacher. State whether the student can sue the teacher?
6. Explain the meaning of 'Quasi-Contracts'. State the circumstances which are identified as quasi contracts by the Indian Contract Act, 1872.
7. What is the law relating to determination of compensation, on breach of contract, contained in section 73 of the Indian Contract Act, 1872?

The Sale of Goods Act, 1930

8. Classify the following transactions according to the types of goods they are:
 - (i) A wholesaler of cotton has 100 bales in his godown. He agrees to sell 50 bales and these bales were selected and set aside.
 - (ii) A agrees to sell to B one packet of salt out of the lot of one hundred packets lying in his shop.
 - (iii) T agrees to sell to S all the oranges which will be produced in his garden this year.

9. Suraj sold his car to Sohan for ₹ 75,000. After inspection and satisfaction, Sohan paid ₹ 25,000 and took possession of the car and promised to pay the remaining amount within a month. Later on Sohan refuses to give the remaining amount on the ground that the car was not in a good condition. Advise Suraj as to what remedy is available to him against Sohan.
10. J the owner of a car wants to sell his car. For this purpose, he hand over the car to P, a mercantile agent for sale at a price not less than ₹ 50,000. The agent sells the car for ₹ 40, 000 to A, who buys the car in good faith and without notice of any fraud. P misappropriated the money also. J sues A to recover the Car. Decide given reasons whether J would succeed.
11. What are the implied conditions in a contract of 'Sale by sample' under the Sale of Goods Act, 1930? State also the implied warranties operatives under the said Act.

The Indian Partnership Act, 1932

12. State the legal consequences of the following as per the provisions of the Indian Partnership Act, 1932:
 - (i) Retirement of a partner
 - (ii) Insolvency of a partner
13. X and Y are partners in a partnership firm. X introduced A, a manager, as his partner to Z. A remained silent. Z, a trader believing A as partner supplied 100 T.V sets to the firm on credit. After expiry of credit period, Z did not get amount of T.V sets sold to the partnership firm. Z filed a suit against X and A for the recovery of price. Advice Z whether he can recover the amount from X and A under the Indian Partnership Act, 1932.
14. When does dissolution of a partnership firm take place under the provisions of the Indian Partnership Act, 1932? Explain.

The Limited Liability Partnership Act, 2008

15. Who are the individuals which shall not be capable of becoming a partner of a Limited Liability Partnership?
16. What are the effects of registration of LLP?

The Companies Act, 2013

17. Some of the creditors of Pharmaceutical Appliances Ltd. have complained that the company was formed by the promoters only to defraud the creditors and circumvent the compliance of legal provisions of the Companies Act, 2013. In this context they seek your advice as to the meaning of corporate veil and when the promoters can be made personally liable for the debts of the company.
18. Explain clearly the doctrine of 'Indoor Management' as applicable in cases of companies registered under the Companies Act, 1956. Explain the circumstances in which an

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outsider dealing with the company cannot claim any relief on the ground of 'Indoor Management'.

SUGGESTED ANSWERS/HINTS

1. **Definition:** The word Proposal and offer are used interchangeably and it is defined under Section 2(a) of the Indian Contract Act, 1872 as when one person signifies to another his willingness to do or to abstain from doing anything with a view to obtaining the assent of that other to such act or abstinence, he is said to make a proposal.

Essentials: The following are important essentials of an offer: -

- ◆ Must be capable of creating legal relation.
- ◆ Must be certain, definite and not vague.
- ◆ Must be communicated.
- ◆ Must be made with a view to obtaining the assent of the other party
- ◆ May be conditional
- ◆ Offer should not contain a term the non compliance of which would amount to acceptance
- ◆ May be general or specific
- ◆ May be expressed or implied
- ◆ A statement of price is not an offer

Offer and an Invitation to an offer: In terms of Section 2(a) of the Act, an offer is the final expression of willingness by the offeror to be bound by the offer should the other party chooses to accept it. On the other hand, offers made with the intention to negotiate or offers to receive offers are known as invitation to offer. Thus, where a party without expressing his final willingness proposes certain terms on which he is willing to negotiate he does not make an offer, but only invites the other party to make an offer on those terms. Hence, the only thing that is required is the willingness of the offeree to abide by the terms of offer.

2. **Meaning of consideration:** The expression 'consideration' in general means price paid for an obligation. According to Section 2 (d) of the Indian Contract Act, 1872 when at the desire of the promisor, the promisee or any other person has done or abstained from doing, or does or abstains from doing or promises to do or abstain from doing something, such an act or abstinence or promise is called consideration for the promise. Thus, on analyzing the above definition, the following ingredients are essential in understanding the meaning of the term consideration:-
 - (i) An act i.e. doing something

- (ii) An abstinence or forbearance i.e. abstaining or refraining from doing something, and
- (iii) A return promise.

The general rule is that an agreement made without consideration is void. Sections 25 of the Indian Contract Act, 1872, provides for exceptions to this rule where an agreement without consideration is valid. These are:

(1) **Natural Love & Affection [Section 25 (1)]**

Where an agreement is expressed in writing and registered under the law for the time being in force for the registration of documents and is made on account of natural love and affection between the parties standing in near relation to each other, the agreement is enforceable, even though, the consideration is absent.

(2) **Compensation for past voluntary service [Section 25 (2)]**

A promise to compensate, wholly or in part, a person who has already voluntarily done something for the promisor, is enforceable even without consideration.

(3) **Promise to pay time barred Debt [Section 25 (3)]**

The agreement is valid provided it is made in writing and is signed by the debtor or by his agent authorized in that behalf.

(4) **Completed Gift – [Explanation 1 to Section 25]**

As per explanation 1 to section 25, nothing in section 25 shall affect the validity as between donor and donee, on any gift actually made. Thus, gifts do not require any consideration.

(5) **Agency (Section 185)**

No consideration is necessary to create an agency.

(6) **Bailment (Section 148)**

No consideration is required to effect the contract of bailment.

(7) **Charity**

If a promise undertakes the liability on the promise of the person to contribute to charity, there the contract shall be valid.

3. Acceptance to an offer cannot be implied merely from the silence of the offeree, even if it is expressly stated in the offer itself. Unless the offeree has by his previous conduct indicated that his silence amount to acceptance, it cannot be taken as valid acceptance. So in the given problem, if B remains silent, it does not amount to acceptance.

The acceptance must be made within the time limit prescribed by the offer. The acceptance of an offer after the time prescribed by the offeror has elapsed will not avail to turn the offer into a contract.

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4. Section 42 of the Indian Contract Act, 1872 requires that when two or more persons have made a joint promise, then, unless a contrary intention appears from the contract, all such persons jointly must fulfill the promise. In the event of the death of any of them, his representative jointly with the survivors and in case of the death of all promisors, the representatives of all jointly must fulfill the promise.

Section 43 allows the promisee to seek performance from any of the joint promisors. The liability of the joint promisors has thus been made not only joint but "joint and several". Section 43 provides that in the absence of express agreement to the contrary, the promisee may compel any one or more of the joint promisors to perform the whole of the promise.

Section 43 deals with the contribution among joint promisors. The promisors, may compel every joint promisor to contribute equally to the performance of the promise (unless a contrary intention appears from the contract). If any one of the joint promisors makes default in such contribution the remaining joint promisors must bear the loss arising from such default in equal shares.

As per the provisions of above sections,

- (i) Y can recover the contribution from X and Z because X, Y and Z are joint promisors.
 - (ii) Legal representative of X are liable to pay the contribution to Y. However, a legal representative is liable only to the extent of property of the deceased received by him.
 - (iii) Y also can recover the contribution from Z's assets.
5. Yes, A can sue his teacher on the ground of undue influence under the provisions of Indian Contract Act, 1872.

According to section 16 of the Indian Contract Act, 1872, "A contract is said to be induced by 'undue influence' where the relations subsisting between the parties are such that one of the parties is in a position to dominate the will of the other and he uses that position to obtain an unfair advantage over the other".

A person is deemed to be in position to dominate the will of another:

- (a) Where he holds a real or apparent authority over the other; or
- (b) Where he stands in a fiduciary relationship to the other; or
- (c) Where he makes a contract with a person whose mental capacity is temporarily or permanently affected by reason of age, illness or mental or bodily distress for example, an old illiterate person.

A contract brought as a result of coercion, undue influence, fraud or misrepresentation would be voidable at the option of the person whose consent was caused.

6. **Quasi-Contracts:** Even in the absence of a contract, certain social relationships give rise to certain specific obligations to be performed by certain persons. These are known as “quasi-contracts” as they create some obligations as in the case of regular contracts. Quasi-contracts are based on the principles of equity, justice and good conscience.

The salient features of quasi-contracts are:

- (i) such a right is always a right to money and generally, though not always, to a liquidated sum of money;
- (ii) does not arise from any agreement between the parties concerned but the obligation is imposed by law and;
- (iii) the rights available are not against all the world but against a particular person or persons only, so in this respect it resembles to a contractual right.

Circumstances Identified as Quasi-Contracts:

1. **Claim for necessities supplied to persons incapable of contracting:** Any person supplying necessities of life to persons who are incapable of contracting is entitled to claim the price from the other person's property. Similarly, where money is paid to such persons for purchase of necessities, reimbursement can be claimed.
2. **Payment by an interested person:** A person who has paid a sum of money which another person is obliged to pay, is entitled to be reimbursed by that other person provided that the payment has been made by him to protect his own interest.
3. **Obligation of person enjoying benefits of non-gratuitous act:** Where a person lawfully does anything for another person, or delivers anything to him not intending to do so gratuitously and such other person enjoys the benefit thereof, the latter is bound to pay compensation to the former in respect of, or to restore, the thing so done or delivered.
4. **Responsibility of finder of goods:** A person who finds goods belonging to another person and takes them into his custody is subject to same responsibility as if he were a bailee.
5. **Liability for money paid or thing delivered by mistake or by coercion:** A person to whom money has been paid or anything delivered by mistake or under coercion, must repay or return it.

In all the above cases contractual liability arises without any agreement between the parties.

7. **Compensation on Breach of Contract:** Section 73 of the Indian Contract Act, 1872 provides that when a contract has been broken, the party who suffers by such breach is entitled to receive from the party who has broken the contract, compensation for any loss or damage caused to him thereby which naturally arose in the usual course of things

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from such breach or which the parties knew when they made the contract, to be likely to result from the breach of it. Such compensation is not given for any remote and indirect loss or damage sustained by reason of the breach. The explanation to the section further provides that in estimating the loss or damage from a breach of contract, the means which existed of remedying the inconvenience caused by the non-performance of the contract must be taken into account.

8. (i) A wholesaler of cotton has 100 bales in his godown. He agrees to sell 50 bales and these bales were selected and set aside. On selection the goods becomes ascertained. In this case, the contract is for the sale of ascertained goods, as the cotton bales to be sold are identified and agreed after the formation of the contract.
- (ii) If A agrees to sell to B one packet of salt out of the lot of one hundred packets lying in his shop, it is a sale of unascertained goods because it is not known which packet is to be delivered.
- (iii) T agrees to sell to S all the oranges which will be produced in his garden this year. It is contract of sale of future goods, amounting to 'an agreement to sell.'
9. As per the section 55 of the Sale of Goods Act, 1930 an unpaid seller has a right to institute a suit for price against the buyer personally. The said Section lays down that
 - (i) Where under a contract of sale the property in the goods has passed to buyer and the buyer wrongfully neglects or refuses to pay for the goods, the seller may sue him for the price of the goods [Section 55(1)].
 - (ii) Where under a contract of sale the price is payable on a certain day irrespective of delivery and the buyer wrongfully neglects or refuses to pay such price, the seller may sue him for the price. It makes no difference even if the property in the goods has not passed and the goods have not been appropriated to the contract [Section 55(2)].

This problem is based on above provisions. Hence, Suraj will succeed against Sohan for recovery of the remaining amount. Apart from this Suraj is also entitled to:-

- (1) Interest on the remaining amount
- (2) Interest during the pendency of the suit.
- (3) Costs of the proceedings.
10. The problem in this case is based on the provisions of the Sale of Goods Act, 1930 contained in the proviso to Section 27. The proviso provides that a mercantile agent is one who in the customary course of his business, has, as such agent, authority either to sell goods, or to consign goods, for the purpose of sale, or to buy goods, or to raise money on the security of goods [Section 2(9)]. The buyer of goods from a mercantile agent, who has no authority from the principal to sell, gets a good title to the goods if the following conditions are satisfied:

- (1) The agent should be in possession of the goods or documents of title to the goods with the consent of the owner.
- (2) The agent should sell the goods while acting in the ordinary course of business of a mercantile agent.
- (3) The buyer should act in good faith.
- (4) The buyer should not have at the time of the contract of sale notice that the agent has no authority to sell.

In the instant case, P, the agent, was in the possession of the car with J's consent for the purpose of sale. A, the buyer, therefore obtained a good title to the car. Hence, J in this case, cannot recover the car from A.

11. The following are implied conditions in a contract of sale by sample in accordance with Section 17 of the Sale of Goods Act, 1930;
 - (a) that the bulk shall correspond with the sample in quality;
 - (b) that the buyer shall have a reasonable opportunity of comparing the bulk with the sample.
 - (c) that the goods shall be free from any defect, rendering them unmerchantable, which would not be apparent on a reasonable examination of the sample [Section 17(2)].

Implied Warrants:

1. *Warranty of quiet possession [Section 14(b)]*: In a contract of sale, unless there is a contrary intention, there is an implied warranty that the buyer shall have and enjoy quiet possession of the goods. If the buyer is in any way disturbed in the enjoyment of the goods in consequence of the seller's defective title to sell, he can claim damages from the seller.
2. *Warranty as to non-existence of encumbrances [Section 14(c)]*: The buyer is entitled to a further warranty that the goods are not subject to any charge or encumbrance in favour of a third party. If his possession is in any way disturbed by reason of the existence of any charge or encumbrances on the goods in favour of any third party, he shall have a right to claim damages for breach of this warranty.
3. *Warranty as to quality or fitness by usage of trade [Section 16(3)]*: An implied warranty as to quality or fitness for a particular purpose may be annexed by the usage of trade.
4. *Warranty to disclose dangerous nature of goods*: Where a person sells goods, knowing that the goods are inherently dangerous or they are likely to be dangerous to the buyer and that the buyer is ignorant of the danger, he must warn the buyer of the probable danger, otherwise he will be liable in damages.

12. (i) RETIREMENT OF A PARTNER (SECTION 32):

- (1) A partner may retire:
 - (a) with the consent of all the other partners;
 - (b) in accordance with an express agreement by the partners; or
 - (c) where the partnership is at will, by giving notice in writing to all the other partners of his intention to retire.
- (2) A retiring partner may be discharged from any liability to any third party for acts of the firm done before his retirement by an agreement made by him with such third party and the partners of the reconstituted firm, and such agreement may be implied by a course of dealing between the third party and the reconstituted firm after he had knowledge of the retirement.
- (3) Notwithstanding the retirement of a partner from a firm, he and the partners continue to be liable as partners to third parties for any act done by any of them which would have been an act of the firm if done before the retirement, until public notice is given of the retirement:
 Provided that a retired partner is not liable to any third party who deals with the firm without knowing that he was a partner.
- (4) Notices under sub-section (3) may be given by the retired partner or by any partner of the reconstituted firm.

(ii) Insolvency of a partner (Section 34)

- (1) The insolvent partner cannot be continued as a partner.
- (2) He will be ceased to be a partner from the very date on which the order of adjudication is made.
- (3) The estate of the insolvent partner is not liable for the acts of the firm done after the date of order of adjudication.
- (4) The firm is also not liable for any act of the insolvent partner after the date of the order of adjudication,
- (5) Ordinarily but not invariably, the insolvency of a partner results in dissolution of a firm; but the partners are competent to agree among themselves that the adjudication of a partner as an insolvent will not give rise to dissolution of the firm

- 13.** In the given case, along with X, the Manager (A) is also liable for the price because he becomes a partner by holding out (Section 28, Indian Partnership Act, 1932).

Partner by holding out (Section 28): Partnership by holding out is also known as partnership by estoppel. Where a man holds himself out as a partner, or allows others to

do it, he is then stopped from denying the character he has assumed and upon the faith of which creditors may be presumed to have acted.

It is only the person to whom the representation has been made and who has acted thereon that has right to enforce liability arising out of 'holding out'.

You must also note that for the purpose of fixing liability on a person who has, by representation, led another to act, it is not necessary to show that he was actuated by a fraudulent intention.

The rule given in Section 28 is also applicable to a former partner who has retired from the firm without giving proper public notice of his retirement. In such cases, a person who, even subsequent to the retirement, give credit to the firm on the belief that he was a partner, will be entitled to hold him liable.

- 14. Dissolution of Firm:** The Dissolution of Firm means the discontinuation of the jural relation existing between all the partners of the Firm. But when only one of the partners retires or becomes incapacitated from acting as a partner due to death, insolvency or insanity, the partnership, i.e., the relationship between such a partner and other is dissolved, but the rest may decide to continue. In such cases, there is in practice, no dissolution of the firm. The particular partner goes out, but the remaining partners carry on the business of the Firm. In the case of dissolution of the firm, on the other hand, the whole firm is dissolved. The partnership terminates as between each and every partner of the firm.

Dissolution of a Firm may take place (Section 39 - 44)

- (a) as a result of any agreement between all the partners (i.e., dissolution by agreement);
- (b) by the adjudication of all the partners, or of all the partners but one, as insolvent (i.e., compulsory dissolution);
- (c) by the business of the Firm becoming unlawful (i.e., compulsory dissolution);
- (d) subject to agreement between the parties, on the happening of certain contingencies, such as: (i) effluence of time; (ii) completion of the venture for which it was entered into; (iii) death of a partner; (iv) insolvency of a partner.
- (e) by a partner giving notice of his intention to dissolve the firm, in case of partnership at will and the firm being dissolved as from the date mentioned in the notice, or if no date is mentioned, as from the date of the communication of the notice; and
- (f) by intervention of court in case of: (i) a partner becoming the unsound mind; (ii) permanent incapacity of a partner to perform his duties as such; (iii) Misconduct of a partner affecting the business; (iv) willful or persistent breaches of agreement by a partner; (v) transfer or sale of the whole interest of a partner; (vi) improbability of the business being carried on save at a loss; (vii) the court being satisfied on other equitable grounds that the firm should be dissolved.

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- 15. Partners (Section 5 of Limited Liability Partnership Act, 2008):** Any individual or body corporate may be a partner in a LLP.

However, an individual shall not be capable of becoming a partner of a LLP, if—

- (a) he has been found to be of unsound mind by a Court of competent jurisdiction and the finding is in force;
- (b) he is an undischarged insolvent; or
- (c) he has applied to be adjudicated as an insolvent and his application is pending.

- 16. Effect of registration (Section 14 of Limited Liability Partnership Act, 2008):**

On registration, a LLP shall, by its name, be capable of—

- (a) suing and being sued;
- (b) acquiring, owning, holding and developing or disposing of property, whether movable or immovable, tangible or intangible;
- (c) having a common seal, if it decides to have one; and
- (d) doing and suffering such other acts and things as bodies corporate may lawfully do and suffer.

- 17. Corporate Veil:** Corporate Veil refers to a legal concept whereby the company is identified separately from the members of the company.

The term Corporate Veil refers to the concept that members of a company are shielded from liability connected to the company's actions. If the company incurs any debts or contravenes any laws, the corporate veil concept implies that members should not be liable for those errors. In other words, they enjoy corporate insulation.

Thus, the shareholders are protected from the acts of the company.

However, under certain exceptional circumstances the courts lift or pierce the corporate veil by ignoring the separate entity of the company and the promoters and other persons who have managed and controlled the affairs of the company. Thus, when the corporate veil is lifted by the courts, the promoters and persons exercising control over the affairs of the company are held personally liable for the acts and debts of the company.

The following are the cases where company law disregards the principle of corporate personality or the principle that the company is a legal entity distinct and separate from its shareholders or members:

- (i) To determine the character of the company i.e. to find out whether co-enemy or friend
- (ii) To protect revenue/tax
- (iii) To avoid a legal obligation
- (iv) Formation of subsidiaries to act as agents

(v) Company formed for fraud/improper conductor to defeat law

18. **Doctrine of Indoor Management (Companies Act, 2013):** According to the “doctrine of indoor management” the outsiders, dealing with the company though are supposed to have satisfied themselves regarding the competence of the company to enter into the proposed contracts are also entitled to assume that as far as the internal compliance to procedures and regulations by the company is concerned, everything has been done properly. They are bound to examine the registered documents of the company and ensure that the proposed dealing is not inconsistent therewith, but they are not bound to do more. They are fully entitled to presume regularity and compliance by the company with the internal procedures as required by the Memorandum and the Articles. This doctrine is a limitation of the doctrine of “constructive notice” and popularly known as the rule laid down in the celebrated case of *Royal British Bank v. Turquand*. Thus, the doctrine of indoor management aims to protect outsiders against the company.

The above mentioned doctrine of Indoor Management or Turquand Rule has limitations of its own. That is to say, it is inapplicable to the following cases, namely:

- (a) **Actual or constructive knowledge of irregularity:** The rule does not protect any person when the person dealing with the company has notice, whether actual or constructive, of the irregularity.

In *Howard vs. Patent Ivory Manufacturing Co.* where the directors could not defend the issue of debentures to themselves because they should have known that the extent to which they were lending money to the company required the assent of the general meeting which they had not obtained.

Likewise, in *Morris v Kansseen*, a director could not defend an allotment of shares to him as he participated in the meeting, which made the allotment. His appointment as a director also fell through because none of the directors appointed him was validly in office.

- (b) **Suspicion of Irregularity:** The doctrine in no way, rewards those who behave negligently. Where the person dealing with the company is put upon an inquiry, for example, where the transaction is unusual or not in the ordinary course of business, it is the duty of the outsider to make the necessary enquiry.

The protection of the “Turquand Rule” is also not available where the circumstances surrounding the contract are suspicious and therefore invite inquiry. Suspicion should arise, for example, from the fact that an officer is purporting to act in matter, which is apparently outside the scope of his authority. Where, for example, as in the case of *Anand Bihari Lal vs. Dinshaw & Co.* the plaintiff accepted a transfer of a company's property from its accountant, the transfer was held void. The plaintiff could not have supposed, in absence of a power of attorney that the accountant had authority to effect transfer of the company's property.

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Similarly, in the case of *Haughton & Co. v. Nothard, Lowe & Wills Ltd.* where a person holding directorship in two companies agreed to apply the money of one company in payment of the debt to other, the court said that it was something so unusual “that the plaintiff were put upon inquiry to ascertain whether the persons making the contract had any authority in fact to make it.” Any other rule would “place limited companies without any sufficient reasons for so doing, at the mercy of any servant or agent who should purport to contract on their behalf.”

- (c) **Forgery:** The doctrine of indoor management applies only to irregularities which might otherwise affect a transaction but it cannot apply to forgery which must be regarded as nullity.

Forgery may in circumstances exclude the ‘*Turquand Rule*’. The only clear illustration is found in the *Ruben v Great Fingall Consolidated*. In this case the plaintiff was the transferee of a share certificate issued under the seal of the defendant’s company. The company’s secretary, who had affixed the seal of the company and forged the signature of the two directors, issued the certificate.

The plaintiff contended that whether the signature were genuine or forged was apart of the internal management, and therefore, the company should be estopped from denying genuineness of the document. But it was held, that the rule has never been extended to cover such a complete forgery.

PAPER – 2: BUSINESS LAWS& BUSINESS CORRESPONDENCE AND REPORTING**SECTION B: BUSINESS CORRESPONDENCE AND REPORTING****QUESTIONS****Chapter-1****Communication**

- (1) What is network in communication?
- (2) Describe various characteristics of effective communication?

Chapter 2**Sentence Types: Active Passive Voice, Direct Indirect Speech**

- (A) Change the following sentences into passive voice.
 1. John helps William.
 2. Who did this?
 3. Some students were helping the layman.
 4. Ram will finish the work by tomorrow.
 5. The Peon opened the gate.
- (B) Change the following Direct speech into Indirect speech.
 1. He said, 'I have passed the examination.'
 2. Ram said to him, 'I don't believe you.'
 3. 'Where do you live?' asked the stranger.
 4. 'Call the second witness,' said the judge.
 5. He said, 'Well-done! You have done well.'

Chapter -3 Vocabulary**(A) Select the suitable synonym for the given words:**

1. Inchoate
a- Contextual b- notified c- rudimentary d- disseminate
2. Hone
a- Grind b- jumble c- heuristic d- chroneme
3. Dilatory
a- Using time b- wasting time c- about to complete d- proximity

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4. Sturdy
 - a- Stealth b-very small c-peculiar d-indomitable
5. Oblivious
 - a- Refuel b- problematic c- digress d-heedless

(B) Select the suitable antonym for the given word:

1. Frivolous
 - a- Resolute b-gleeful c-fragile d- advantageous
2. Prerogative
 - a- Positive b- embargo c- invincible d- grapple
3. Vituperate
 - a- Dignity b- relevance c- exculpate d- perturb
4. Turmoil
 - a- Kindness b- compliment c- adjustor d- serenity
5. Sane
 - a- ego b- frantic c- composer d- gleaner

Chapter 4**Comprehension Passages**

Read the following comprehension passages and answer the following questions

Passage 1

(1) All languages are systematic and rule bound. Children across the world acquire their natural language in same manner. In this context, linguistics is not simply the study of foreign languages. It is the scientific, organized and systematic study of a language. Linguists examine and evaluate language on the basis of words, sentence, word order, pronunciation to discuss the internal language mechanism. Generally people understand that a linguist can speak many languages. However there is big difference between a linguist and a polyglot. India as a case in example has six distinct language families. It is estimated that approx. seventeen hundred languages are spoken in India only. Hindi is a rich language but does not still have a national language status in terms of official usage although it is official language for some states. English is official language for most other states.

Most countries have only one language besides Canada where French and English both are official languages. In the western world, countries are strongly associated with single languages and vice versa. Linguists see this due to the rise of nation states in the past few centuries where single languages attained official status in individual countries, English in the United Kingdom, French in France, Italian in Italy, etc. However beneficial the official status of one language may be for a

modern country in terms of government, public discourse, higher education, etc., it is not helpful to other languages which may be found within the borders of a particular country. In many aspects language represents our identity and culture. Furthermore, even in countries where only one language is spoken, say Dutch in the Netherlands, there may well be different dialects of this language closely related to the national language. Even within Europe, and most certainly outside of it, the equation of one country with one language breaks down. Switzerland is a good example of a country where a single national identity exists across three major and one minor speech community: Swiss German, French, Italian and Rhaeto-Romance. Beyond Europe it is more the rule than the exception for countries to have several languages within their borders. One need only think of such countries as India and China or Siberian Russia to see how many languages can be integrated into a single state. In such instances, there is of course an official language which serves the function of a lingua franca, that is, a language which is used as a means of communication among those groups who do not speak each others language.

1. A linguist is one who
 - a- knows many languages
 - b- make a language
 - c- speak many languages
 - d- master in programming language
2. India as a linguistic area has-
 - a- a single language
 - b- six languages
 - c- only one official language
 - d- many languages
3. Language represents-
 - a- Population
 - b- Identity
 - c- Boundary
 - d- civilization
4. Switzerland is famous for –
 - a- Natural diversity
 - b- Language identity
 - c- Cultural identity
 - d- National identity
5. Lingua franca means-

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- a- Any language used for speech and writing between business purpose
- b- Language for business
- c- Any language used for communication between groups who have no other language in common.
- d- Any language used for communication between the particular speech community

Passage 2

The word 'Ethics' is derived from the Greek word "ethos" meaning character. It refers to conventional standard of right and wrong, good and bad that means what people should do or should not. It includes fairness, loyalty and honesty for others. In the context of an organization, ethics can be viewed as a frank conversation about those values and issues most important to stakeholders and to business. Ethical behaviour in organizational context has been most frequently described in terms of ethical standards of senior leaders and the culture to which they substantially contribute (DeGeorge, 1986). We define leadership as the art of persuading a follower to want to do the things, activities, that the leader sets as goals. The role of leaders is that of directing an individual's behaviour towards a desired goal. There are several kinds of Leaders that having different leadership styles that stem from unique characteristics of their personality. Leaders have different values, attitudes, beliefs, conduct, habits and practices. It largely depends upon the organizational, professional or institutional culture. Leadership signifies a relation between a leader and his followers within a situational and organizational context. Leadership in the context of normative organizational ethics can be defined with regard to how individuals should or ought to behave in an organization. This includes speculations about criteria that define ethical decisions and personality characteristics.

Many business organizations are implementing policies and procedures to encourage an ethical work culture. Companies are establishing codes of ethics, appointing ethics compliance officers, and instituting ethics training programs. Ethics comprise five elements: responsibility, respect, fairness, honesty, and compassion. Companies are also developing Web-based programs and workshops that teach employees how to relate to each other, to the company, to customers, and to business partners. These trainings sometimes include ethical decision-making models and role-playing scenarios that help employees respond appropriately to dilemmas. Typical ethical topics include workplace romance, e-mail appropriateness, Internet use, integrity, confidentiality, security, and harassment.

1. Write title of the passage-
 - a- Ethics in business
 - b- Ethical Leadership
 - c- Ethics and Marketing
 - d- Leading as a leader
2. Ethics include-

- a- Beyond loyal
 - b- Need and importance
 - c- Truthiness
 - d- Knowing right and wrong
3. Most leaders have-
- a- Social mutual relation
 - b- Effective speech
 - c- Individual leadership style
 - d- Intrapersonal behavior
4. ----- is organized by organizations for inculcating ethics amongst employees
- a- Seminar
 - b- Conference
 - c- Moral value discussion
 - d- Ethics training programme
5. Objective of organizing training programme on ethics to inculcate
- a- Ethical decision making
 - b- Ethical based value system
 - c- Ethical work culture
 - d- harmony

Chapter 5 Note Making

Read the following passage/news story and make proper notes following the guidelines of Note making. (Source: internet, newspaper articles)

Market risk is inevitable part of capital market. Broadly, 'MR' means changes in the market prices of underlying. In commercial business the market risk may be a consequence but in capital market it forms organization's core business. MR can arise in different stages of services or different timing say during an hour, a day or a week. Generally, the primary concern in assessing the market risk is to assess it in absolute term or relative changes in comparison of any benchmark say interest rates etc. The market risk can be broken down into different classes: such as interest rate risk, foreign exchange risk, commodity risk and equity risk. Interest rate risk arises due to change in the yield curve. It affects not only current value of items of Balance Sheet of a financial institutions but also the off the Balance Sheet items. Foreign exchange risk arises on account of change in the price of foreign currency. Commodity risk arises due to change in price of commodities, commodity price index etc. and Equity risk occurs when there is a fall in equity indices or most of the shares. Equity risk normally results from any unprecedented events say sovereign default etc.

PAPER – 2 : BUSINESS LAWS & BUSINESS CORRESPONDENCE AND REPORTING 19**Chapter 7****Précis Writing**

Read the following passages and write a précis for the same.

- 1) The word 'gender', originally a grammatical term, has come to refer to the social roles and behaviour of individuals arising from their classification as biologically male or female. In other words, Gender is general terms is imported from the social sciences for the sex or sexuality of human beings. Hence 'gender difference', of a difference in speech between men and women; language and gender, as a branch of sociolinguistics dealing with such differences. This is a huge complex embracing virtually all aspects of social behaviour of which language is only one. Recently, intensive research has been carried out about the relationship of language and gender, largely by female scholars who have felt drawn to the topic because of the obvious discrimination against women that has taken place in the past and which can still be observed today. The initial impulse was the work of the American linguist Robin Lakoff, who in the early 1970s focussed her attention on certain themes with the language and gender complex above those that she rightly felt required rectification. Her work stimulated other scholars to engage in this study and soon language and gender was a burgeoning research area in universities across the western world. Various opinions emerged on this relationship with two gaining particular focus. One is the difference approach which established that male and female language is dissimilar in spoken as well as written without attributing this to the nature of the social relationship between men and women. The other is the dominance approach which saw language usage by females and males as reflecting established relationship of social control of the latter over the former. With the maturation of research on language and gender the simple 'difference – dominance' dichotomy was increasingly regarded as unsatisfactory and insufficiently nuanced. For example, to maintain that men have a competitive style of social behaviour in western countries is a generalisation that everyone would agree. However, there are men who are not competitive in this respect. There are common tendencies that one comes across such as men interrupt women more, women are more communicative than men, women gossip more than men, men speak more comfortably in public and are good in calculation than women.
- 2) There are approx. 6000 languages spoken worldwide. Out of them only some languages have script while others exist only in spoken form. Language diversity is common phenomena to the human. But Language death is equal to human death. In this regard, we need to work for language documentation, making new language policy, and new application to enhance the vitality of languages. A language is endangered when it is on a path toward extinction. Indeed, without proper documentation, a language that is extinct can never be revived. A language is in danger when its speakers cease to use it, use it in an increasingly reduced number of communicative domains, and cease to pass it on from one generation to the next. That is, there are no new speakers, adults or children. About 97% of the world's people speak about 4% of the world's languages; and conversely, about 96% of the world's languages are spoken by about 3% of the world's people

(Bernard 1996: 142). Many indigenous peoples, associating their disadvantaged social position with their culture, have come to believe that their languages are not worth retaining. For linguists, each language is unique and each language is a unique expression of the human experience of the world. Thus, the knowledge of any single language may be the key to answering fundamental questions of the future. Every time a language dies, we have less evidence for understanding patterns in the structure and function of human language, human prehistory, and the maintenance of the world's diverse ecosystems. Raising awareness about language loss and language diversity will only be successful when meaningful contemporary roles for minority languages can be established, for the requirements of modern life within the community as well as in national and international contexts. External Specialists and Speech Communities External language specialists, primarily linguists, educators, and activists see their first task as documentation.

Chapter 8

Article Writing

- 1) **Online Payment on a high after demonetisation**
- 2) **Unemployment: A blot to Indian economy**

Chapter-10

Letter Writing

- 1) Write a letter from xyz pvt ltd confirming the order placed and other details.
- 2) Write a complaint letter to the supplier about a defective consignment received.

Chapter 11

Formal Mails

- 1) Write a mail to Suraj Gupta responding to his query about the availability of cosmetics and toiletries in your manufacturing unit 'Shimmer and Shine'. You are Mr. Vishnu Verma, marketing head of the company. (word limit: 150-200 words)
- 2) You are Arvindkumar, a team leader in project implementations department of Cellular Telecommunications. Write a mail to all members of your team asking them to attend a meeting after two days, seeking their suggestions on ways and means to speed up the implementation of the project of improving connectivity in X,Y,Z areas in the city. (word limit: 150-200 words)

Chapter 12

Resume Writing

- 1) You are Abhinav/Rakhi Goel, a resident of Tagore Garden, New Delhi. You have recently come across an advertisement in the Times of India post of a Jr. Accountant at HCL. Draft a résumé along with a cover letter in response to the advertisement.

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- 2) You are Anil/Snjukta. You come across the following advertisement for the post of Chartered Accountant in the Employment News at ROCA. You consider yourself suitable and eligible for the post. Write an application in response to the advertisement. Attach your curriculum vitae.

Chapter 13**Meetings**

- (1) Your company, has witnessed a gradual decline in a consumer product over the one year. Prepare the minutes of the meeting for the same. Members in the meeting; Head of the Sales and Marketing, Product head, Product lead and concerned team members.
- (2) As an employee of a CA firm, Prepare the agenda of an upcoming partners' visit in tabular format. Include senior executive in the meeting discuss the agenda for the meeting and how the one day visit of the partner needs to be planned.

Answers**Chapter -1 Communication**

- 1) 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.

- 2) **The Characteristics of Effective Communication:**

Communication for humans is akin to breathing. From the first cry of the baby to the last breath of a person, communication is an essential part of life. However, good communication is an art that has to be developed and honed. Effective communicators practice every aspect of the skill frequently.

It is a fact that our everyday communication is often marred by confusion, misunderstandings, misconceptions, partial understanding and obscurity. Thus, several aspects must be kept in mind while interacting with others for our communication to convey the intended message.

1. **Clear:** Any spoken or written communication should state the purpose of message clearly. The language should be simple. Sentences ought to be short as the core message is lost in long, convoluted sentences. Each idea or point must be explained in a separate bulleted point or paragraphs. Make it easy for the reader to grasp the intent of the communiqué.
2. **Concise:** Brevity is the essence of business communication. No one has the time to read long drawn out essays. Besides, the core content is lost in elaborate details. Avoid using too many irrelevant words or adjectives, for example, 'you see', 'I mean to say', etc. Ensure that there are no repetitions

3. **Concrete:** The content of your communiqué should be tangible. Base it on facts and figures. Abstract ideas and thoughts are liable to misinterpretation. Make sure that there is just sufficient detail to support your case/ argument and bring focus to the main message
4. **Coherent:** Coherence in writing and speech refers to the logical bridge between words, sentences, and paragraphs. Main ideas and meaning can be difficult for the reader to follow if the writer jumps from one idea to another and uses contradictory words to express himself. The key to coherence is sequentially organized and logically presented information which is easily understood. All content under the topic should be relevant, interconnected and present information in a flow.
5. **Complete:** A complete communication conveys all facts and information required by the recipient. It keeps in mind the receiver's intellect and attitude and conveys the message accordingly. A complete communication helps in building the company's reputation, aids in better decision making as all relevant and required information is available with the receiver.
6. **Courteous:** Courtesy implies that the sender is polite, considerate, respectful, open and honest with the receiver. The sender of the message takes into consideration the viewpoints and feelings of the receiver of the message. Make sure nothing offensive or with hidden negative tone is included.
7. **Listening for Understanding:** We are bombarded by noise and sound in all our waking hours. We 'hear' conversations, news, gossip and many other forms of speech all the time. However, most of it is not listened to carefully and therefore, not understood, partially understood or misunderstood. A good listener does not only listen to the spoken words, but observes carefully the nonverbal cues to understand the complete message. He absorbs the given information, processes it, understands its context and meaning and to form an accurate, reasoned, intelligent response.

The listener has to be objective, practical and in control of his emotions. Often the understanding of a listener is coloured by his own emotions, judgments, opinions, and reactions to what is being said. While listening for understanding, we focus on the individual and his agenda. A perceptive listener is able to satisfy a customer and suggest solutions as per the needs of the client
8. **Focus and Attention:** Everyday work environment has multiple activities going on simultaneously. The ringing of the phone, an incoming email, or a number of tasks requiring your attention, anxiety related to work, emotional distress etc. can distract you. Such distractions are detrimental to the communication process with an individual or a group of people. You may overlook or completely miss important points or cues in the interaction. Thus, keeping your focus and attention during the communiqué is imperative for effective communication.

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9. Emotional Awareness and Control: “Human behavior is not under the sole control of emotion or deliberation but results from the interaction of these two processes,” Loewenstein said.

However, emotions play a major role in our interactions with other people. They are a powerful force that affect our perception of reality regardless of how hard we try to be unbiased. In fact, intense emotions can undermine a person’s capacity for rational decision-making, even when the individual is aware of the need to make careful decisions.

Consequently, emotional awareness is a necessary element of good communication. While interacting with another person or a group, it is important to understand the emotions you and he/ she/ they are bringing to the discussion. Managing your own and others emotions and communicating keeping in mind the emotional state of others helps in smooth interaction and breakdown of the communication process.

Chapter-2 Sentence Types**(A) Active to Passive**

1. William is helped by John.
2. By whom was this done?
3. The layman was being helped by some students.
4. The work will be finished by Ram tomorrow.
5. The gate was opened by the peon.

(B) Direct to Indirect Speech.

1. He said that he had passed the examination.
2. Ram said he didn’t believe him.
3. The stranger required where I lived.
4. The judge commanded them to call the second witness.
5. He applauded him, saying that he had done well.

Chapter-3 Vocabulary**(A) Synonyms**

1. C
2. A
3. B
4. D
5. D

(B) Antonyms

1. A
2. B
3. C
4. D
5. B

Chapter -4 Comprehension Passages

Passage-1

1. A 2. d 3. b 4. b 5. c

Passage-2

1. b, 2. d, 3. c, 4. d, 5. a

Chapter-5 Note Making

- 1) Risk Management
 - 1) What is risk management
 - 2) Relevancy of MR in commercial business
 - a- Fluctuation-
 - b- Primary concern
- 2) How many kinds of MR
 - a) Interest rate risk
 - b) Foreign exchange risk
 - c) Commodity risk
 - d) Equity risk
- 3) Equity risk occurs when
- 4) The primary concern of MR

Key:

What-What

Management-management

Relevancy- Relevancy

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MR- Market Risk

Comrcial- Commercial

Bsness- business

Intrnt- Internet

Rsk-risk

Forn-foreign

Exchng-exchange

Commdty-commodity

Equity- equity

d-the

prmry- primary

Chapter -7 Précis Writing**1) Language and Gender**

The word 'gender' used in two contexts, first for grammatical gender and second biological gender. Language is influenced by gender. Women tend to use more standard language than men (perhaps due to their position in western societies). On the other hand they also tend to be at the forefront of linguistic innovations. A woman tends to good in verbalization.

Language Vitality and Endangerment

- 2) Language endangerment is an alarming situation worldwide. Language teachers should be well trained linguistically and language documentation should be encouraged by state authorities. Similarly, linguists, language activists, and language policy makers have a long-term task to compile and disseminate the most effective and viable mechanisms for sustaining and revitalizing the endangered languages.

Chapter -8 Article Writing**1) Hints:**

.On Nov.8, 2016- govt. announced discontinuation of Rs. 500 and Rs. 1000 notes.

- The move forced people to use options such Internet banking, mobile banking, credit and debit cards, mobile wallets and other prepaid payment instrument.
- Digital transactions have grown by 400 to 1000%.
- This figure does not include transactions done through Master and Visa cards.

- People to be educated about digital payments through websites and television.
- Increased transactions on e-wallet.
- Volume of transactions using Rupay card has increased from 3.85 lakh per day to 16 lakh per day.
- These digital transactions will ensure money comes into the system.
- All money/transactions will be accountable. They will generate tax, thus developing the country's economy.
- The government will develop better welfare plans when money will be deposited in banks.

Q.12.-Topic- Unemployment: No longer India's economy capital

2) Hints:.

- The world economy is facing 2 major challenges- unemployment and poverty.
- Financial crisis caused by unemployment leads to an overall purchasing power resulting in poverty followed by an increasing burden of debt.
- In India, the problems of underemployment, unemployment and poverty have always been the main hindrances to economic development.
- Another colossal problem is the large population.
- A critical aspect is the regional disparity.
- Mass migration from rural to urban regions is adding to the problems of unemployment and poverty.
- Economic reforms, changes in the industrial policy and better utilization of available resources will reduce the problem.
- The government must initiate long term measures for poverty alleviation.

Chapter-10

Writing Formal Letters and Official Communication

Kalu Sarai,
New Delhi

August 09, 2019

MR. Ramesh

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Director, Sales and Marketing
XYZ Pvt. Limited

Dear Sir/Ma'am,

Sub: Order Confirmation (No: XYZ/0012/Jun 2019)

I would like to take the opportunity to thank you for giving us a business opportunity. It is an honour for us to be serving your esteemed organization that enjoys a formidable reputation.

I would like to inform you that the 1800 units of machinery ordered vide Order no. XYZ/0012/Jun 2019, will be delivered as per the mutually decided date. In addition, our experts would come to install the machinery and give a detailed demo of its working. We would also provide a free for the next two years, taking care of any wear and tear or products damage. The products has two year warranty period.

For any other query regarding the machinery ordered and its functioning, please feel free to contact us. We would be happy to serve you at the earliest.

Thanks and Regards,

Mr. Khan

Sr. Manager, Sales and Marketing, Drive Pvt. Ltd.

2) XYZ Corporation

Rajeev chowk

New Delhi

August 09, 2019

The General Manager

Sales and Purchase Division

XYZ Pvt. Limited

Gurugram

Dear Sir/Ma'am,

Sub: Complaint against the order no. S/N-116

This is with reference to order no S/N-116 made on December 1, 20XX. The order comprised six 2 tonne split air-conditioners of XXX brand and four 1.5 tonne window air-conditioners of XYZ brand. As per the agreement, the products were to be delivered within ten

days of order and a representative was to be sent for installation and demo. Unfortunately, only half the order has been delivered and no representative has visited of installation or demo.

The fact that you have taken undue time and have not yet delivered the order, has caused us great embarrassment and inconvenienced our clients. In addition we have received no correspondence from your side explaining the delay.

Kindly ensure that the remaining items of the order are delivered to us before September 12, 20XX failing which payment will be stopped or the order cancelled.

I sincerely request you to look into the matter and the needful as soon as possible.

Thanks & Regards!

Ashita Bhargava

Sr. Manager

Operations and Admin Department

Chapter-11 Writing Formal Mails

Mail-1

(Value points)

- a) Correct receiver E-mail Id.
- b) Subject should be catchy/highlighted and relevant.
- c) Salutation, mention both –Dear Sir/Ma'am,.
- d) Opening paragraph state the offer.
- e) Offer special discount to an old valued customer.
- f) Detail your trendy, stylish and durable products and affirm that you are the first in the industry to introduce these state of art products.
- g) Be persuasive in convincing customer to be the first to use the products and thus attract clientele.
- h) Mention your website where the wide range of products can be viewed.
- i) Request to place order at the earliest.

Mail-2

value points.

- a) Correct receiver E-mail Id.
- b) Subject should be catchy/highlighted and relevant.
- c) Address should be to group- 'Hi All'

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- d) Specify date and place of meeting.
- e) Mention time frame of completion of project.
- f) State problems being faced-procuring equipment, legal problems, local people protesting against radiation threat, getting required permission from local government bodies etc.
- g) Ask for viable suggestions-more resources, better software, longer working hours.

Chapter-14 Resume Writing**1) Cover letter**

Date: August 09, 2019

To,

The HR

HCL,

206, State Street

Mumbai-201006

Dear Sir/Ma'am,

Sub: Application for the post of Jr. Accountant

The 'Jr. Accountant' position described in the recent 'Times of India' advertisement immediately caught my attention. I have enclosed my résumé for your consideration. I am confident you will find that my qualifications more than meet your requirements. I am a skilled team player with proficient in accountancy.

I will communicate you next week to confirm your receipt of my résumé and answer any preliminary questions. I look forward to a positive response.

Yours Sincerely,

Abhinav Goel

Tagore Garden,

Résumé**Rakhi Goel**

Jr. Accountant

Mob: +91-xxxxx xxxxx

Email: xyz@gmail.com

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FOUNDATION EXAMINATION: NOVEMBER, 2019

Date of Birth: 16 June 1986

Permanent Address: xyz nagar, Varanasi

Nationality: Indian

Marital Status: Unmarried

Academic Qualification:

S No.	Qualification	Subject/Stream	Institute	Board/University	Year of Passing	%/Division
1	CA	CA	ICAI	ICAI	2015	80%/I
2	Higher Secondary	Humanities	BKY New Delhi	CBSE	2012	76%/I
3	Secondary	Humanities	KVS, Saket, New Delhi	CBSE	2010	68%/I

Internship:

- One year internship at IBM, Noida, from 2015-16.

Professional Skills:

- Accountancy, Auditing, Forensic Auditing, Corporate Law

Language Known:

- English, Japanese, Hindi (Comm.)

Hobbies:

Reading Books, Playing Chess, Travelling

References:

- Taruna Kohli
Assistant Secretary
ICAI, New Delhi
Cont.: +91-xxxxx xxxxx
E-mail: xyz@gmail.com

Dr. Raj Nath Bhatt
Professor
Department of Linguistics, B.H.U.
Cont.: +91-xxxxx xxxxx
E-mail: xyz@gmail.com

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Place: New Delhi

Date: 09.08.2019

(Rakhi Goel)

Date: August 09, 2019

To,
The HR
ROCA
Bhiwadi, Rajasthan-243466

Subject: Application for the Post of Chartered Accountant

Dear Sir/Ma'am,

I am very interested in the 'Chartered Accountant' position at ROCA, advertised in the employment news on Monday, August 06, 2019. I have more three years teaching experience in different reputed organisations. I feel that I would be an excellent candidate.

My CV is enclosed summarising where my skills and abilities have been developed. I would welcome the opportunity to discuss my background with you further. May I have an interview with you at your earliest convenience? Please contact me at xxxxxxxxxx or at xyz@gmail.com.

I look forward to hearing from you.

Thanks & Regards!!

Sincerely,

Anil Mishra
CA

Curriculum Vitae**Anil Mishra**

Chartered Accountant

XYZ Company

NCR

Phone: +91- xxxxxxxxxx

E-mail: xyz@gmail.com**Profile/Objective:**

- Hardworking, punctual and dedicated individual seeking in accounting. Possesses strong leadership and team management skills. A problem solver who is able to calmly deescalate situations and work towards favourable outcomes for all involved. Passionate, knowledgeable and giving.

Educational Qualifications:

- Completed CA in the batch 2013-17
- 10+2, from CBCE, New Delhi, 2012, with 1st Division.
- 10th from CBCE, New Delhi, 2010, with 1st Division.

Award/Achievements:

- Got prize for standing first in Linguistics, B.A. at B.H.U.

Administrative Experience:

- Administrative Warden at Rajshree Institute of Management & Technology, Bareilly, U.P.
- Chief Proctor at Navyug Mahavidyalaya, Badshahpur, Jaunpur, U.P.
- Venue Coordinator in the 11th ICOSAL-11 organized by Department of Linguistics, Banaras Hindu University from 23, Jan.-25, Jan. 2014.

Professional Skills:

Accountancy, Auditing, Proficient in MS-Office & Web Browsing, English typing 40 w/m

Cultural/Social Activities:

- Participated as Volunteer in *Durgotsav Puja at DKY Public School*, from 2004-09, 2013-16.
- Venue Coordinator of 'Sanskriti' Cultural Event at DKY Public School in 2008.
- Actively Participated in all the major social & cultural events organized by School.

PAPER – 2 : BUSINESS LAWS & BUSINESS CORRESPONDENCE AND REPORTING 33**Language Known:**

- English, Hindi, Punjabi, Marathi, (Comm.)

Workshop/Training Programme/Academic Participation:

- Participated in Short Term Programme (STP), on 'Forensic Auditing' at regional centre, Kolkata, from 01-06 Oct., 2018.
- Participated in National on xyz at xyz from
- Participated in International Lecture on "*LEARN TO FIND YOUR HIDDEN TALENT*" delivered by Geshe Michael Roach, at Bharat Adhyayan Kendra, B.H.U. Varanasi, (INDIA), on 13 Feb. 2017.
- Participated in *Human Value "Harmony"* workshop organized by IIT, B.H.U., Varanasi from 31 Jan.-03 Feb. 2016.
- Participated in One-week workshop on Accounting at regional centre, Mumbai, from 12 Jan.-21 Jan. 2016.

REFERENCES: Can be provided on request.

DECLARATION: I solemnly declare that all the above information is correct to the best of my knowledge and belief.

Date:

Place:

(Manish Reddy)

Chapter-13 Meetings

1)

Date: July 09, 2019

Venue: Conference Hall, 2nd Floor,

Meeting Started at 02:00 PM

In attendance: Mr. Ram Swaminathan, Head, Sales and Marketing, Mr. Prabhu Das, Product Head, Product lead, four members of the sales team.

Mr. Ram Swaminathan, Head of Sales and Marketing informed the agenda of the meeting i.e., the sales decline in the product.

Ms. Reena Mathur, Sales lead gave a detailed analysis of the sales figures for the one year.

Her team including Mr. A. Mr. B, Ms. C, Ms. D elaborated on the market trend target customers and their needs.

Mr. Prabhu Das, Product Head expressed concern over the matter, discussed a few changes in the sales strategy.

All the participants contented to the concerns raised and decided to submit their reports.

The Head of Sales and Marketing proposed a vote of thanks and declared the next meeting to discuss reports to be held on August 02, 2019.

ATR to be submitted by July 26, 2019 to the Head Sales and Marketing.

2) Tabular Agenda

Time	Topic	Attendees	Speaker	Duration
08:30 AM	Introduction and Welcome note	Name of the participants	Director, Finance	10 Minutes
08:40 AM	Speech	Name of the participants	Hon'ble Mr. Partner	25 Minutes
09:05 AM	Discussion on new audit trends	Name of the participants	Sr. Manager Audit	25 Minutes
09:30 AM	Tea/Breakfast	Tea/Breakfast		30 Minutes
10:00 AM	Discussion on new adapting technology/application	Name of the participants	Sr. Manager Technology/Application	20 Minutes
10:20 AM	Open house	Name of the participants	All members	20 Minutes
10:40 AM	Vote of thanks	Name of the participants	Director	10 Minutes

MOCK TEST PAPER
FOUNDATION COURSE
PAPER 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.

Working Notes should form part of the answer.

Total Marks: 60

QUESTIONS

1. (a) Ishaan, aged 16 years, was studying in an engineering college. On 1st March, 2016 he took a loan of ₹ 2 lakhs from Vishal for the payment of his college fee and agreed to pay by 30th May, 2017. Ishaan possesses assets worth ₹ 15 lakhs. On due date Ishaan fails to pay back the loan to Vishal. Vishal now wants to recover the loan from Ishaan out of his assets. Decide whether Vishal would succeed referring to the provisions of 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 difference between Sale and Agreement to sell under the Sale of Goods Act, 1930. **(4 Marks)**
2. (a) State the grounds upon which a contract may be discharged 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) State the modes by which a partner may transfer his interest in the firm in favour of another person under the Indian Partnership Act, 1932. What are the rights of such a transferee? **(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) What are the implied conditions in a contract of 'Sale by sample' under the Sale of Goods Act, 1930? State also the implied warranties operative under the said Act. **(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) Explain the meaning of Guarantee Company? State the similarities and dissimilarities between a 'Guarantee Company' and 'Company Limited by Shares'. **(6 Marks)**
6. (a) "No consideration, no contract". Discuss.

Or

- "Mere silence does not amount to fraud". Discuss. **(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)**

MOCK TEST PAPER
FOUNDATION COURSE
PAPER 2A: BUSINESS LAWS

ANSWERS

1. (a) According to Section 11 of the Indian Contract Act, 1872, every person is competent to contract who is of the age of majority according to the law to which he is subject, and who is of sound mind and is not disqualified from contracting by any law to which he is subject.

A person who has completed the age of 18 years is a major and otherwise he will be treated as minor. Thus, Ishaan who is a minor is incompetent to contract and any agreement with him is void [*Mohori Bibi Vs Dharmo Das Ghose 1903*].

Section 68 of the Indian Contract Act, 1872 however, prescribes the liability of a minor for the supply of the things which are the necessities of life to him. It says that though minor is not personally liable to pay the price of necessities supplied to him or money lent for the purpose, the supplier or lender will be entitled to claim the money/price of goods or services which are necessities suited to his condition of life provided that the minor has a property. The liability of minor is only to the extent of the minor's property. Thus, according to the above provision, Vishal will be entitled to recover the amount of loan given to Ishaan for payment of the college fees from the property of the minor.

- (b) The House of Lords in *Salomon Vs. Salomon & Co. Ltd.* laid down that a company is a person distinct and separate from its members, and therefore, has an independent separate legal existence from its members who have constituted the company. But under certain circumstances the separate entity of the company may be ignored by the courts. When that happens, the courts ignore the corporate entity of the company and look behind the corporate façade and hold the persons in control of the management of its affairs liable for the acts of the company. Where a company is incorporated and formed by certain persons only for the purpose of evading taxes, the courts have discretion to disregard the corporate entity and tax the income in the hands of the appropriate assessee.

- (1) The problem asked in the question is based upon the aforesaid facts. The three companies were formed by the assessee purely and simply as a means of avoiding tax and the companies were nothing more than the façade of the assessee himself. Therefore, the whole idea of Mr. Krishna was simply to split his income into three parts with a view to evade tax. No other business was done by the company.
- (2) The legal personality of the three private companies may be disregarded because the companies were formed only to avoid tax liability. It carried no other business, but was created simply as a legal entity to ostensibly receive the dividend and interest and to hand them over to the assessee as pretended loans.

- (c) The differences between the sale and agreement to sell is as follows:

Basis of difference	Sale	Agreement to sell
Transfer of property	The property in the goods passes to the buyer immediately.	Property in the goods passes to the buyer on future date or on fulfilment of some condition.

Nature of contract	It is an executed contract. i.e. contract for which consideration has been paid.	It is an executory contract. i.e. contract for which consideration is to be paid at a future date.
Remedies for breach	The seller can sue the buyer for the price of the goods because of the passing of the property therein to the buyer.	The aggrieved party can sue for damages only and not for the price, unless the price was payable at a stated date.
Liability of parties	A subsequent loss or destruction of the goods is the liability of the buyer.	Such loss or destruction is the liability of the seller.
Burden of risk	Risk of loss is that of buyer since risk follows ownership.	Risk of loss is that of seller.
Nature of rights	Creates Jus in rem	Creates Jus in personam
Right of resale	The seller cannot resell the goods.	The seller may sell the goods since ownership is with the seller.

2. (a) 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 (Section 56).
- (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. If one of the parties to a contract breaks the promise the party injured thereby, has not only a right of action for damages but he is also discharged from performing his part of the contract (Section 64).
- (7) A promise 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. (Section 63).

- (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 (Section 67).
- (b) **Meaning:** A LLP is a new form of legal business entity with limited liability. It is an alternative corporate business vehicle that not only gives the benefits of limited liability at low compliance cost but allows its partners the flexibility of organising their internal structure as a traditional partnership. The LLP is a separate legal entity and, while the LLP itself will be liable for the full extent of its assets, the liability of the partners will be limited.

Steps to incorporate LLP:

- (a) Name reservation
- The first step to incorporate Limited Liability Partnership (LLP) is reservation of name of LLP.
 - Applicant has to file e- Form 1, for ascertaining availability and reservation of the name of a LLP business.
- (b) Incorporate LLP
- After reserving a name, user has to file e- Form 2 for incorporating a new Limited Liability Partnership (LLP).
 - e-Form 2 contains the details of LLP proposed to be incorporated, partners'/ designated partners' details and consent of the partners/ designated partners to act as partners/ designated partners.
- (c) LLP Agreement
- Execution of LLP Agreement is mandatory as per Section 23 of the Act.
 - LLP Agreement is required to be filed with the registrar in e- Form 3 within 30 days of incorporation of LLP.
3. (a) Section 29 of the Indian Partnership Act, 1932 provides that a share in a partnership is transferable like any other property, but as the partnership relationship is based on mutual confidence, the assignee of a partner's interest by sale, mortgage or otherwise cannot enjoy the same rights and privileges as the original partner.

The rights of such a transferee are as follows:

- (1) During the continuance of partnership, such transferee is not entitled
- (a) to interfere with the conduct of the business,
 - (b) to require accounts, or
 - (c) to inspect books of the firm.
- He is only entitled to receive the share of the profits of the transferring partner and he is bound to accept the profits as agreed to by the partners, i.e., he cannot challenge the accounts.
- (2) On the dissolution of the firm or on the retirement of the transferring partner, the transferee will be entitled, against the remaining partners:
- (a) to receive the share of the assets of the firm to which the transferring partner was entitled, and
 - (b) for the purpose of ascertaining the share,
- he is entitled to an account as from the date of the dissolution.

By virtue of Section 31, no person can be introduced as a partner in a firm without the consent of all the partners. A partner cannot by transferring his own interest, make anybody else a partner in his place, unless the other partners agree to accept that person as a partner. At the

same time, a partner is not debarred from transferring his interest. A partner's interest in the partnership can be regarded as an existing interest and tangible property which can be assigned.

- (b) **BREACH OF CONTRACT- DAMAGES:** Section 73 of the Indian Contract Act, 1872 lays down that when a contract has been broken, the party who suffers by such breach is entitled to receive from the party who has broken the contract compensation for any loss or damage caused to him thereby which naturally arose in the usual course of things from such breach or which the parties knew when they made the contract to be likely to result from the breach of it.

The leading case on this point is "*Hadley v. Baxendale*" in which it was decided by the Court that the special circumstances under which the contract was actually made were communicated by the plaintiff to the defendant, and thus known to both the parties to the contract, the damages resulting from the breach of such contract which they would reasonably contemplate, would be the amount of injury which would ordinarily follow from the breach of contract under these special circumstances so known and communicated.

The problem asked in this question is based on the provisions of Section 73 of the Indian Contract Act, 1872. In the instant case 'X' had intimated to 'Z' that he was purchasing water bottles from him for the purpose of performing his contract with 'Y'. Thus, 'Z' had the knowledge of the special circumstances. Therefore, 'X' is entitled to claim from 'Z' ₹ 500/- at the rate of 0.50 paise i.e. 1000 water bottles x 0.50 paise (difference between the procuring price of water bottles and contracted selling price to 'Y') being the amount of profit 'X' would have made by the performance of his contract with 'Y'.

If 'X' had not informed 'Z' of 'Y's contract, then the amount of damages would have been the difference between the contract price and the market price on the day of default. In other words, the amount of damages would be ₹ 750/- (i.e. 1000 water bottles x 0.75 paise).

4. (a) The following are implied conditions in a contract of sale by sample in accordance with Section 17 of the Sale of Goods Act, 1930;
- that the bulk shall correspond with the sample in quality;
 - that the buyer shall have a reasonable opportunity of comparing the bulk with the sample.
 - that the goods shall be free from any defect, rendering them unmerchantable, which would not be apparent on a reasonable examination of the sample.

Implied Warrants:

- Warranty as to undisturbed possession [Section 14(b)]:* An implied warranty that the buyer shall have and enjoy quiet possession of the goods. That is to say, if the buyer having got possession of the goods, is later on disturbed in his possession, he is entitled to sue the seller for the breach of the warranty.
 - Warranty as to non-existence of encumbrances [Section 14(c)]:* An implied warranty that the goods shall be free from any charge or encumbrance in favour of any third party not declared or known to the buyer before or at the time the contract is entered into.
 - Warranty as to quality or fitness by usage of trade [Section 16(3)]:* An implied warranty as to quality or fitness for a particular purpose may be annexed by the usage of trade.
 - Warranty to disclose dangerous nature of goods:* Where a person sells goods, knowing that the goods are inherently dangerous or they are likely to be dangerous to the buyer and that the buyer is ignorant of the danger, he must warn the buyer of the probable danger, otherwise he will be liable in damages.
- (b) The problem in the question is based on the 'Implied Authority' of a partner provided in Section 19 of the Indian Partnership Act, 1932. The section provides that subject to the provisions of Section 22 of the Act, the act of a partner, which is done to carry on, in the usual way, business of the kind

carried on by the firm, binds the firm. The authority of a partner to bind the firm conferred by this section is called his 'Implied Authority' [Sub-Section (1) of section 19]. Furthermore, every partner is in contemplation of law the general and accredited agent of the partnership and may consequently bind all the other partners by his acts in all matters which are within the scope and object of the partnership. Hence, if the partnership is of a general commercial nature, he may buy goods on account of the partnership.

Considering the above provisions and explanation, the questions as asked in the problem may be answered as under:

- (i) The firm's contention is not tenable, for the reason that the partner, in the usual course of the business on behalf of the firm has an implied authority to bind the firm. The firm is, therefore, liable for the price of the goods.
- (ii) In the second case also, the answer would be the same as above, i.e. the implied authority of the partner binds the firm.

In both the cases, however, the firm ABC can take action against A, the partner but it has to pay the price of stationery to the supplier D.

5. (a) Section 26 of the Sale of Goods Act, 1930 provides that unless otherwise agreed, the goods remain at the seller's risk until the property therein is transferred to the buyer, but when the property therein is transferred to the buyer, the goods are at buyer's risk whether delivery has been made or not. Further Section 18 read with Section 23 of the Act provides that in a contract for the sale of unascertained goods, no property in the goods is transferred to the buyer, unless and until the goods are ascertained and where there is contract for the sale of unascertained or future goods by description, and goods of that description and in a deliverable state are unconditionally appropriated to the contract, either by the seller with the assent of the buyer or by the buyer with the assent of the seller, the property in the goods thereupon passes to the buyer. Such assent may be express or implied. Applying the aforesaid law to the facts of the case in hand, it is clear that Mr. Samuel has the right to select the good out of the bulk and he has sent his men for same purpose.

Hence the problem can be answered based on the following two assumptions and the answer will vary accordingly.

- (a) **Where the bales have been selected with the consent of the buyer's representatives:**

In this case, the property in the 60 bales has been transferred to the buyer and goods have been appropriated to the contract. Thus, loss arising due to fire in case of 60 bales would be borne by Mr. Samuel. As regards 40 bales, the loss would be borne by Mr. Varun, since the goods have not been identified and appropriated.

- (b) **Where the bales have not been selected with the consent of buyer's representatives.**

In this case the property in the goods has not been transferred at all and hence the loss of 100 bales would be borne by Mr. Varun completely.

- (b) **Meaning of Guarantee Company:** Section 2(21) of the Companies Act, 2013 defines a Company Limited by Guarantee as a company having the liability of its members limited by the memorandum to such amount as the members may respectively undertake to contribute to the assets of the company in the event of its being wound up. Thus, the liability of the members of a guarantee company is limited to a stipulated amount in terms of individual guarantees given by members and mentioned in the memorandum. The members cannot be called upon to contribute more than such stipulated amount for which each member has given a guarantee in the memorandum of association.

Similarities and dis-similarities between the Guarantee Company and the Company limited by shares: The common features between a "guarantee company" and the "company limited

share” are legal entity and limited liability. In case of a company limited by shares, the liability of its members is limited to the amount remaining unpaid on the shares held by them. Both these type of companies have to state this fact in their memorandum that the members’ liability is limited.

However, the dissimilarities between a ‘guarantee company’ and ‘company limited by shares’ is that in the former case the members will be called upon to discharge their liability only after commencement of the winding up of the company and only to the extent of amounts guaranteed by them respectively; whereas in the case of a company limited by shares, the members may be called upon to discharge their liability at any time, either during the life of the company or during the course of its winding up.

6. (a) **No consideration, no contract:** Every agreement, to be enforceable by law must be supported by valid consideration. An agreement made without any consideration is void. No consideration, no contract is a general rule. However, Section 25 of the Indian Contract Act, 1872 provides some exceptions to this rule, where an agreement without consideration will be valid and binding. These exceptions are as follows:
- (i) **Agreement made on account of natural love and affection:** Section 25 (1) provides that if an agreement is (i) in writing (ii) registered under the law and (iii) made on account of natural love and affection (iv) between the parties standing in a near relation to each other, it will be enforceable at law even if there is no consideration. Thus, where A, for natural love and affection, promises to give his son, B, ₹ 1,00,000 in writing and registers it. This is a valid contract.
 - (ii) **Compensation for past voluntary services:** Section 25(2) provides that a promise to compensate, wholly or in part, a person who has already voluntarily done something for the promisor, is enforceable. Thus, when A finds B's purse and gives it to him and B promises to give A ₹ 5,000, this is a valid contract.
 - (ii) **Promise to pay time-barred debts (Section 25 (3)):** Where there is an agreement, made in writing and signed by the debtor or by his agent, to pay wholly or in part a time barred debt, the agreement is valid and binding even though there is no consideration. If A owes B ₹ 1,00,000 but the debt is lapsed due to time-bar and A further makes a written promise to pay ₹ 50,000 on account of this debt, it constitutes a valid contract.
 - (iv) **Contract of agency (Section 185):** No consideration is necessary to create an agency.
 - (v) **Completed gift (Explanation 1 to Section 25):** A completed gift needs no consideration. Thus, if a person transfers some property by a duly written and registered deed as a gift he cannot claim back the property subsequently on the ground of lack of consideration.

Or

Mere silence not amounting to fraud: Mere silence as to facts likely to affect the willingness of a person to enter into a contract is no fraud; but where it is the duty of a person to speak, or his silence is equivalent to speech, silence amounts to fraud.

It is a rule of law that mere silence does not amount to fraud. A contracting party is not duty bound to disclose the whole truth to the other party or to give him the whole information in his possession affecting the subject matter of the contract.

The rule is contained in explanation to Section 17 of the Indian Contract Act which clearly states the position that mere silence as to facts likely to affect the willingness of a person to enter into a contract is not fraud.

Exceptions to this rule:

- (a) Where the circumstances of the case are such that, regard being had to them, it is the duty of the person keeping silence to speak. Duty to speak arises when one contracting party

reposes trust and confidence in the other or where one party has to depend upon the good sense of the other (e.g. Insurance Contract).

(b) Where the silence is, in itself, equivalent to speech.

(b) Partnership Deed

Partnership is the result of an agreement. No particular formalities are required for an agreement of partnership. It may be in writing or formed verbally. But it is desirable to have the partnership agreement in writing to avoid future disputes. The document in writing containing the various terms and conditions as to the relationship of the partners to each other is called the 'partnership deed'. It should be drafted with care and be stamped according to the provisions of the Stamp Act, 1899. Where the partnership comprises immovable property, the instrument of partnership must be in writing, stamped and registered under the Registration Act.

Partnership deed may contain the following information:-

1. Name of the partnership firm.
2. Names of all the partners.
3. Nature and place of the business of the firm.
4. Date of commencement of partnership.
5. Duration of the partnership firm.
6. Capital contribution of each partner.
7. Profit Sharing ratio of the partners.
8. Admission and Retirement of a partner.
9. Rates of interest on Capital, Drawings and loans.
10. Provisions for settlement of accounts in the case of dissolution of the firm.
11. Provisions for Salaries or commissions, payable to the partners, if any.
12. Provisions for expulsion of a partner in case of gross breach of duty or fraud.

A partnership firm may add or delete any provision according to the needs of the firm.

- (c) (i) **Correct:** Section 3 of the Companies Act, 2013 deals with the basic requirement with respect to the constitution of the company. In the case of a public company, any 7 or more persons can form a company for any lawful purpose by subscribing their names to memorandum and complying with the requirements of this Act in respect of registration. In exactly the same way, 2 or more persons can form a private company.
- (ii) **Incorrect:** The common seal is a seal used by a corporation as the symbol of its incorporation. The Companies (Amendment) Act, 2015 has made the common seal optional by omitting the words "and a common seal" from Section 9 so as to provide an alternative mode of authorization for companies who opt not to have a common seal. This amendment provides that the documents which need to be authenticated by a common seal will be required to be so done, only if the company opts to have a common seal. In case a company does not have a common seal, the authorization shall be made by two directors or by a director and the Company Secretary, wherever the company has appointed a Company Secretary.

FOUNDATION COURSE

MOCK TEST PAPER - 1

PAPER 2: SECTION A: BUSINESS LAWS (60 Marks)

Question No. 1 is compulsory.*Answer any **FOUR** questions from the remaining **FIVE** questions***QUESTIONS**

1. (i) Mr. JHUTH entered into an agreement with Mr. SUCH to purchase his (Mr. SUCH's) motor car for Rs. 5,00,000/- within a period of three months. A security amount of Rs. 20,000/- was also paid by Mr. JHUTH to Mr. SUCH in terms of the agreement. After completion of three months of entering into the agreement, Mr. SUCH tried to contract Mr. JHUTH to purchase the car in terms of the agreement. Even after lapse of another three month period, Mr. JHUTH neither responded to Mr. SUCH, nor to his phone calls. After lapse of another period of six months. Mr. JHUTH contracted Mr. SUCH and denied to purchase the motor car. He also demanded back the security amount of Rs. 20,000/- from Mr. SUCH. Referring to the provisions of the Indian Contract Act, 1872, state whether Mr. SUCH is required to refund the security amount to Mr. JHUTH.

Also examine the validity of the claim made by Mr. JHUTH, if the motor car would have destroyed by an accident within the three month's agreement period. **(4 Marks)**
- (ii) The Object Clause of Memorandum of Association of ABC Pvt. Ltd. authorised the company to carry on the business of trading in Fruits and Vegetables. The Directors of the company in recently concluded Board Meeting decided and accordingly, the company ordered for fish for the purpose of trading. FSH Limited supplied fish to ABC Pvt. Ltd. worth Rs. 36 Lakhs. The members of the company convened an extraordinary general meeting and negated the proposal of the Board of Directors on the ground of ultra vires acts. FSH Limited being aggrieved of the said decision of ABC Pvt Ltd. seeks your advice. Advise them. **(4 Marks)**
- (iii) State briefly the essential element of a contract of sale under the Sale of Goods Act, 1930. Examine whether there should be an agreement between the parties in order to constitute a sale under the said Act. **(4 Marks)**
2. (i) State the various modes of revocation of offer under the Indian Contract Act, 1872. **(7 Marks)**
- (ii) Differentiate between a Limited Liability Partnership and Limited Liability Company **(5 Marks)**
3. (i) In the absence of any usage or custom of trade to the contrary, the implied authority of a partner does not empower him to do certain acts. State the acts which are beyond the implied authority of a partner under the provisions of the Indian Partnership Act, 1932? **(6 Marks)**
- (ii) Mr. SAMANT owned a motor car. He approached Mr. CHHOTU and offered to sale his motor car for Rs. 3,00,000. Mr. SAMANT told Mr. CHHOTU that the motor car is running at the rate of 30 KMs per litre of petrol. Both the fuel meter and the speed meter of the car were working perfectly. Mr. CHHOTU agreed with the proposal of Mr. SAMANT and took delivery of the car by paying Rs. 3,00,000/- to Mr. SAMANT. After 10 days, Mr. CHHOTU came back with the car and stated that the claim made by Mr. SAMANT regarding fuel efficiency was not correct and therefore there was a case of misrepresentation. Referring to the provisions of the Indian Contract Act, 1872, decide and write whether Mr. CHHOTU can rescind the contract in the above ground. **(6 Marks)**
4. (i) What do you understand by "Caveat-Emptor" under the Sale of Goods Act, 1930? What are the exceptions to this rule? **(6 Marks)**

- (ii) A, B, and C are partners of a partnership firm ABC & Co. The firm is a dealer in office furniture. A was in charge of purchase and sale, B was in charge of maintenance of accounts of the firm and C was in charge of handling all legal matters. Recently through an agreement among them, it was decided that A will be in charge of maintenance of accounts and B will be in charge of purchase and sale. Being ignorant about such agreement, M, a supplier supplied some furniture to A, who ultimately sold them to a third party. Referring to the provisions of the Partnership Act, 1932, advise whether M can recover money from the firm.

What will be your advice in case M was having knowledge about the agreement? **(6 Marks)**

5. (i) Referring to the provisions of the Sale of Goods Act, 1930, state the circumstances under which when goods are delivered to the buyer "on approval" or "on sale or return" or other similar terms, the property therein passes to the buyer.

M/s PREETI owned a motor car which she handed over to Mr. JOSHI on sale or return basis. After a week, Mr. JOSHI pledged the motor car to Mr. GAJESH. Ms. PREETI now claims back the motor car from Mr. GAJESH. Will she succeed? Referring to the provisions of the Sale of Goods Act, 1930, decide and examine what recourse is available to Ms. PREETI. **(6 Marks)**

- (ii) What is the meaning of "Certificate of Incorporation" under the provisions of the Companies Act, 2013? What are the effects of registration of a company? **(6 Marks)**

6. (i) "To form a valid contract, consideration must be adequate". Comment.

Or

When a contract has been broken, the party who suffers by such a breach is entitled to receive compensation for any loss or damage caused to him". Discuss. **(5 Marks)**

- (ii) Subject to agreement by partners, state the rules that should be observed by the partners in settling the accounts of the firm after dissolution under the provisions of the Indian Partnership Act, 1932.

(4 Marks)

- (iii) FAREB Limited was incorporated by acquisition of FAREB & Co., a partnership firm, which was earlier involved in many illegal activities. The promoters furnished some false information and also suppressed some material facts at the time of incorporation of the company. Some members of the public (not being directors or promoters of the company) approached the National Company Law Tribunal (NCLT) against the incorporation status of FAREB Limited. NCLT is about to pass the order by directing that the liability of the members of the company shall be unlimited.

Given the above, advice on whether the above order will be legal and mention the precaution to be taken by NCLT before passing order in respect of the above as per the provisions of the Companies Act, 2013. **(3 Marks)**

FOUNDATION COURSE

MOCK TEST PAPER - 1

PAPER 2: SECTION-B: BUSINESS CORRESPONDENCE AND REPORTING

*The Question Paper comprises of 5 questions of 10 marks each.
Question No. 1 is compulsory. Out of questions 2 to 5, attempt any three*

Max Marks: 40

1. (a) Read the passage carefully and answer the questions that follow:

Have you ever thought of how many ways there are to make musical sounds? You can make music with your own body. You can sing, clap and snap your fingers or whistle. Musical instruments allow us to make music beyond what our bodies are capable of. They allow us to make rhythmic precise sounds, pleasing to the ears. Bands or orchestras are made up of groups or families of musical instruments. Each family of instruments adds something unique to the music. Strings are one family of musical instruments like the guitar. It is played by the strings being struck with fingers. A violin has strings too, but a violin player uses a bow to make music. A bow is a smooth tool that slides over the strings and makes different sounds.

Wind instruments make up another family. Wind instruments produce music by moving currents of air. The flute, saxophone are such instruments. They are tube shaped and a flute player will blow air into it through a hole while playing it.

Have you ever seen or heard the clarinet? It is a wind instrument too. Clarinet players blow on a reed in the mouthpiece. The reed vibrates and sets the air inside the clarinet tube in motion.

Another family of musical gadgets is percussion instruments. Drums, tablas, dholkas etc. fall under the category. Skins of animals are stretched over an empty container and struck to make rhythmic sounds.

- (1) Find a word from the passage that means 'exclusive or special'

- (a) Percussion
- (b) Unique
- (c) Rhythmic
- (d) Snap

(1 Mark)

- (2) A band is a

- (a) An empty container used to play music
- (b) A tube shaped instrument
- (c) A musical gadget
- (d) A group of musical instruments

(1 Mark)

- (3) Which of the following is not true as per the passage?

- (a) We cannot make music beyond what our bodies are capable of.
- (b) A reed is required for clarinet players
- (c) Saxophone is an example of a wind instrument
- (d) String instruments can be played using a bow.

(1 Mark)

- (4) What are percussion instruments?

- (a) Clarinets, dholaks and drums

- (b) Tablas, flutes and clarinets
 (c) Drums, tablas and dholaks
 (d) Saxophone, guitar, dholaks. **(1 Mark)**
- (5) Give the passage a suitable title
 (a) Different types of musical instruments
 (b) Bands and Orchestras
 (c) Families of musical instruments
 (d) Body can make music **(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)**
- Warming caused by greenhouse gas emissions is not linear: it appears to have lapsed in the early 21st century, a phenomenon known as a global warming hiatus. A new method for predicting mean temperatures, however, suggests that the next few years will likely be hotter than expected.
- The system, developed by researchers at CNRS, the University of Southampton and the Royal Netherlands Meteorological Institute, does not use traditional simulation techniques. Instead, it applies a statistical method to search 20th and 21st century climate simulations made using several reference models to find 'analogues' of current climate conditions and deduce future possibilities. The precision and reliability of this probabilistic system proved to be at least equivalent to current methods, particularly for the purpose of simulating the global warming hiatus of the beginning of this century.
- The new method predicts that mean air temperature may be abnormally high in 2018-2022 -- higher than figures inferred from anthropogenic global warming alone. In particular, this is due to a low probability of intense cold events. The phenomenon is even more salient with respect to sea surface temperatures, due to a high probability of heat events, which, in the presence of certain conditions, can cause an increase in tropical storm activity. Once the algorithm is 'learned' (a process which takes a few minutes), predictions are obtained in a few hundredths of a second on a laptop. In comparison, supercomputers require a week using traditional simulation methods.
2. (a) Define the term 'communication'. How is it relevant in daily life? **(1 Mark)**
- (b) (i) Choose the word which best expresses the meaning of the given word.
 Fraught
 (a) Scam (b) Smelly (c) Rare (d) Full of **(1 Mark)**
- (ii) Select a suitable antonym for the word given in question.
 Adamant
 (a) Resolute (b) Steadfast (c) Flexible (d) Extinct **(1 Mark)**
- (iii) Change the following sentences into passive voice.
 Give first priority to studies. **(1 Mark)**

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

The doctor said to the patient, 'Please wait'

(1 Mark)

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

In a landmark reform, India today switches to a new indirect tax system, the Goods and Services Tax. The GST subsumes the multiple Central, State and local taxes and cesses levied on goods and services, unifying the country into a single market, thereby making it easier to do business and ensure tax compliance. This will attract investors and more efficiently mop up revenues for the exchequer. The reform has been years in the making, and having shown the political will to finally pull it off, the Central government must work with the States to chart a road map to simplify the tax regime. Currently there are multiple tax rates ranging from 0% to 28%, plus a cess on some products, creating incentives for lobbying and rent-seeking. The level of preparedness for the new tax system too is not optimal, with sections of industry, trade as well as the bureaucracy visibly anxious about several aspects of the GST's operational and legal framework. In response, the date for businesses to file the first GST returns has been deferred. The generation of e-way bills for moving goods worth over Rs. 50,000 too has been put on hold, along with the requirement for e-commerce portals to deduct tax at source from small sellers.

(5 Marks)

3. (a) What is the 'chain of command' in communication?

(1 Mark)

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

Peroration

- (a) Conclusion (b) Audience (c) Cheating (d) Priority

(1 Mark)

- (ii) Choose the appropriate word to fill the blank:

With the economy going down, people who are rich might become _____

- (a) Endemic (b) Healthy (c) Destitute (d) Considerable

(1 Mark)

- (iii) Change the following sentences into passive voice

We can make a cake on a stove.

(1 Mark)

- (iv) Change the following sentence to indirect speech.

They told me, 'We were living in Assam'

(1 Mark)

- (c) You are a manager in a firm called Your Own Office Supplies Ltd. dealing with office supplies. Draft a formal letter to your client apologizing for the delay in shipping its order due to unforeseen reasons.

(5 Marks)

4. (a) List at least 5 barriers of communication. Explain any two of them in your own words. (2 Marks)

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

Acquisition

- (a) Forfeit (b) Revival (c) permission (d) Fulfilment

(1 Mark)

- (ii) Rewrite the following sentences in active voice

Results had to be declared by the school authorities.

(1 Mark)

- (iii) Change the following sentence into Indirect speech.

The teacher praised the girl, 'You have been working hard'

(1 Mark)

- (c) Write an Article of about 250-300 words on the topic "Social media interferes with personal life".

OR

An NGO working for the cause of the underprivileged had set up a one day workshop in your college. As member of the Organizing committee, write a report for your college magazine giving details of the workshop. **(5 Marks)**

5. (a) Based on communication channels, what are the different kinds of communication methods? Explain. **(2 Marks)**
- (b) (i) Select the correct meaning of the idioms/phrases given below.
- (1) A man of action
- (a) Full of aggression
- (b) One who performs
- (c) Insubstantial person
- (a) More talks than action **(1 Mark)**
- (2) Face the music
- (a) Escape from the situation
- (b) Act violently
- (c) Enjoy the music
- (d) Face the challenges/ consequences **(1 Mark)**
- (ii) Change the following sentence into Indirect speech.
- Children said, 'No homework today please' **(1 Mark)**
- (c) Your company, primarily into FMCG has witnessed a gradual decline in a consumer product over the last six months. Prepare the minutes of the meeting for the same. Members in the meeting: Head of the Sales and Marketing, Product Head, Product lead and few team members. **(5 Marks)**

OR

Prepare a detailed resume in the functional format for a candidate applying for the post of a sales manager in an FMCG company. Include past experiences, with emphasis on the sales background.

Other inputs: Name: Manish Reddy

Experience: over 10 years, (divide it into two jobs)

Current designation: Senior Sales Executive

(5 Marks)

FOUNDATION COURSE

MOCK TEST PAPER - 1

PAPER 2: SECTION A: BUSINESS LAWS

ANSWERS

1. (i) In terms of the provisions of Section 65 of the Indian Contract Act, 1872, when an agreement is discovered to be void or when a contract becomes void, any person who has received any advantage under such agreement or contract is bound to restore it, or to make compensation for it to the person from whom he received it.

Referring to the above provision, we can analyse the situation as under.

The contract is not a void contract. Mr. SUCH is not responsible for Mr. JHUTH's negligence. Therefore, Mr. SUCH can rescind the contract and retain the security amount since the security is not a benefit received under the contract, it is a security that the purchaser would fulfill his contract and is ancillary to the contract for the sale of the Motor Car.

Regarding the second situation given in the question, the agreement becomes void due to the destruction of the Motor car, which is the subject matter of the agreement here. Therefore, the security amount received by Mr. SUCH is required to be refunded back to Mr. JHUTH.

- (ii) **Doctrine of ultra vires:** The meaning of the term ultra vires is simply "beyond (their) powers". The legal phrase "ultra vires" is applicable only to acts done in excess of the legal powers of the doers. This presupposes that the powers in their nature are limited. It is a fundamental rule of Company Law that the objects of a company as stated in its memorandum can be departed from only to the extent permitted by the Act, thus far and no further. In consequence, any act done or a contract made by the company which travels beyond the powers not only of the directors but also of the company is wholly void and inoperative in law and is therefore not binding on the company.

On this account, a company can be restrained from employing its fund for purposes other than those sanctioned by the memorandum. Likewise, it can be restrained from carrying on a trade different from the one it is authorized to carry on. The impact of the doctrine of ultra vires is that a company can neither be sued on an ultra vires transaction, nor can it sue on it. Since the memorandum is a "public document", it is open to public inspection. Therefore, when one deals with a company one is deemed to know about the powers of the company. If in spite of this you enter into a transaction which is ultra vires the company, you cannot enforce it against the company.

Therefore, the resolution passed by the Board of Director ABC Pvt. Limited for an ultra vires transaction is invalid. As a result of this, the transaction entered into the supply of fish with FSH Limited is not legal and is void.

- (iii) **Essentials of Contract of Sale:** The following elements must co-exist so as to constitute a contract of sale of goods under the Sale of Goods Act, 1930.
- (i) There must be at least two parties
 - (ii) The subject matter of the contract must necessarily be goods
 - (iii) A price in money (not in kind) should be paid or promised.
 - (iv) A transfer of property in goods from seller to the buyer must take place.
 - (v) A contract of sale must be absolute or conditional [section 4(2)].
 - (vi) All other essential elements of a valid contract must be present in the contract of sale.

2. (i) **Revocation or lapse of offer:** Section 6 of the Indian Contract Act, 1872 deals with various modes of revocation of offer. According to it, an offer is revoked -

(a) **By notice of revocation**

- (b) **By lapse of time:** The time for acceptance can lapse if the acceptance is not given within the specified time and where no time is specified, then within a reasonable time. This is for the reason that proposer should not be made to wait indefinitely. It was held in *Ramsgate Victoria Hotel Co Vs Montefiore*, that a person who applied for shares in June was not bound by an allotment made in November. This decision was also followed in *India Cooperative Navigation and Trading Co. Ltd. Vs Padamsey Premji*. However these decisions now will have no relevance in the context of allotment of shares since the Companies Act, 2013 has several provisions specifically covering these issues.

- (c) **By non fulfillment of condition precedent:** Where the acceptor fails to fulfill a condition precedent to acceptance the proposal gets revoked. This principle is laid down in Section 6 of the Act. The offeror for instance may impose certain conditions such as executing a certain document or depositing certain amount as earnest money. Failure to satisfy any condition will result in lapse of the proposal. As stated earlier 'condition precedent' to acceptance prevents an obligation from coming into existence until the condition is satisfied. Suppose where 'A' proposes to sell his house to be 'B' for ` 5 lakhs provided 'B' leases his land to 'A'. If 'B' refuses to lease the land, the offer of 'A' is revoked automatically.

- (d) **By death or insanity:** Death or insanity of the proposer would result in automatic revocation of the proposal but only if the fact of death or insanity comes to the knowledge of the acceptor.

(e) **By counter offer**

(f) **By the non acceptance of the offer according to the prescribed or usual mode**

(g) **By subsequent illegality**

(ii) **Distinction between Limited Liability Partnership (LLP) and Limited Liability Company**

	Basis	LLP	Limited Liability Company
1.	Regulating Act	The LLP Act, 2008.	The Companies Act, 2013.
2.	Members/Partners	The persons who contribute to LLP are known as partners of the LLP.	The persons who invest the money in the shares are known as members of the company.
3.	Internal governance structure	The internal governance structure of a LLP is governed by contract agreement between the partners.	The internal governance structure of a company is regulated by statute (i.e., Companies Act, 2013).
4.	Name	Name of the LLP to contain the word "Limited Liability partnership" or "LLP" as suffix.	Name of the public company to contain the word "limited" and Pvt. Co. to contain the word "Private limited" as suffix.
5.	No. of members/partners	Minimum – 2 members Maximum – No such limit on the members in the Act. The members of the LLP can be individuals/or body corporate through the nominees.	Private company: Minimum – 2 members Maximum 200 members Public company: Minimum – 7 members Maximum – No such limit on the members.

			Members can be organizations, trusts, another business form or individuals.
6.	Liability of members/ partners	Liability of a partners is limited to the extent of agreed contribution in case of intention is fraud.	Liability of a member is limited to the amount unpaid on the shares held by them.
7.	Management	The business of the company managed by the partners including the designated partners authorized in the agreement.	The affairs of the company are managed by board of directors elected by the shareholders.
8.	Minimum number of directors/ designated partners	Minimum 2 designated partners.	Pvt. Co. – 2 directors Public co. – 3 directors

3. (i) Implied authority of partner as agent of the firm (Section 19):

Subject to the provisions of section 22, the act of a partner which is done to carry on, in the usual way, business of the kind carried on by the firm, binds the firm. The authority of a partner to bind the firm conferred by this section is called his “implied authority”

In the absence of any usage or custom of trade to the contrary, the implied authority of a partner does not empower him to-

- (a) Submit a dispute relating to the business of the firm to arbitration;
- (b) Open a banking account on behalf of the firm in his own name;
- (c) Compromise or relinquish any claim or portion of a claim by the firm;
- (d) Withdraw a suit or proceedings filed on behalf of the firm;
- (e) Admit any liability in a suit or proceedings filed on behalf of the firm;
- (f) Acquire immovable property on behalf of the firm;
- (g) Transfer immovable property belonging to the firm; and
- (h) Enter into partnership on behalf of the firm.

(ii) As per the provisions of Section 19 of the Indian Contract Act, 1872, when consent to an agreement is caused by coercion, fraud or misrepresentation, the agreement is a contract voidable at the option of the party whose consent was so caused.

A party to contract, whose consent was caused by fraud or misrepresentation, may, if he think fit, insist that the contract shall be performed, and that he shall be put in the position in which he would have been if the representations made had been true.

Exception- If such consent was caused by misrepresentation or by silence, fraudulent within the meaning of section 17, the contract, nevertheless, is not voidable if the party whose consent was so caused had the means of discovering the truth with ordinary diligence.

In the situation given in the question, both the fuel meter and the speed meter of the car were working perfectly, Mr. CHHOTU had the means of discovering the truth with ordinary diligence. Therefore, the contract is not voidable. Hence, Mr. CHHOTU cannot rescind the contract on the above ground.

4. (i) Caveat Emptor’ means “let the buyer beware”, i.e. in sale of goods the seller is under no duty to reveal unflattering truths about the goods sold. Therefore, when a person buys some goods, he must examine them thoroughly. If the goods turn out to be defective or do not suit his purpose, or

if he depends upon his skill and judgment and makes a bad selection, he cannot blame any body excepting himself.

The rule is enunciated in the opening words of section 16 of the Sale of Goods Act, 1930 which runs thus: "Subject to the provisions of this Act and of any other law for the time being in force, there is no implied warranty or condition as to the quality or fitness for any particular purpose of goods supplied under a contract of sale"

The rule of caveat emptor does not apply in the following cases:

- (i) *Fitness for buyer's purpose*: Where the buyer, expressly or by implication, makes know to the seller the particular purpose for which he requires the goods and relies on the seller's skill or judgment and the goods are of a description which it is in the course of the seller's business to supply, the seller must supply the goods which shall be fit for the buyer's purpose. [Section 16(1)].
- (ii) *Sale under a patent or trade name*: In the case of a contract for the sale of a specified article under its patent or other trade name, there is no implied condition that the goods shall be reasonably fit for any particular purpose [Section 16(1)].
- (iii) *Merchantable quality*: Where goods are bought by description from a seller who deals in goods of that description (whether he is in the manufacturer or producer or not), there is an implied condition that the goods shall be of merchantable quality. But if the buyer has examined the goods, there is no implied condition as regards defects which such examination ought to have revealed. [Section 16(2)].
- (iv) *Usage of trade*: An implied warranty or condition as to quality or fitness for a particular purpose may be annexed by the usage of trade. [Section 16(3)].
- (v) *Consent by fraud*: Where the consent of the buyer, in a contract of sale, is obtained by the seller by fraud or where the seller knowingly conceals a defect which could not be discovered on a reasonable examination, the doctrine of caveat emptor does not apply.
- (ii) 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 about 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. M also is not aware that he is dealing with a partner in a firm. 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. (i) As per the provisions of section 24 of the sale of Goods Act, 1930, when goods are delivered to the buyer on approval or 'on sale or return' or other similar terms, the property therein passes to the buyer-
 - (a) When the buyer signifies his approval or acceptance to the seller or does any other act adopting the transaction;

- (b) If he does not signify his approval or acceptance to the seller but retains the goods without giving notice or rejection, then, if a time has been fixed for the return of the goods, on the expiration of such time, and, if no time has been fixed, on the expiration of a reasonable time; or
- (c) he does something to the good which is equivalent to accepting the goods e.g. he pledges or sells the goods.

Referring to the above provisions, we can analyse the situation given in the question.

Since Mr. JOSHI, who had taken delivery of the Motor Car on sale or Return basis and pledged the Motor car to Mr. GAJESH, he has attracted the third condition that he has done something to the good which is equivalent to accepting the goods e.g. he pledges or sells the goods. Therefore, the property therein (Motor Car) passes to the Mr. JOSHI. Now in this situation, Ms. PREETI cannot claim back her Motor Car from Mr. GAJESH, but she can claim the price of the Motor Card from Mr. JOSHI only.

- (ii) Under section 7(2) the Registrar shall on the basis of documents and information filed for the formation of a company, shall register all the documents and information and issue a certificate that the company is incorporated in the prescribed form to the effect that the proposed company is incorporated under this Act. The company becomes a legal entity from the date mentioned in the certificate of incorporation and continues to be so till it is wound up.

Effects of registration of a company

Section 9 of the Companies Act, 2013 provides that, from the date of incorporation mentioned in the certificate of incorporation, such of the subscribers to the Memorandum and all other persons, as may from time to time become members of the company, shall be a body corporate by the name contained in the memorandum, capable forthwith of exercising all the functions of an incorporated company under this Act and having perpetual succession with power to acquire, hold and dispose of property, both movable and immovable, tangible and intangible, to contract and to sue and be sued by the said name. Accordingly, when a company is registered and a certificate of incorporation is issued by the Registrar, three important consequences follow:

- (a) the company becomes a distinct legal entity. Its life commences from the date mentioned in the certificate of incorporation capable of entering into contracts in its own name, acquiring, holding and disposing of property of any nature whatsoever and capable of suing and being sued in its own name.
 - (b) it acquires a life of perpetual existence by the doctrine of succession. The members may come and go, but it goes on forever, unless it is wound up.
 - (c) Its property is not the property of the shareholders. The shareholders have a right to share in the profits of the company as and when declared either as dividend or as bonus shares. Likewise any liability of the company is not the liability of the individual shareholders.
6. (i) The law provides that a contract should be supported by consideration. So long as consideration exists, the Courts are not concerned to its adequacy, provided it is of some value. The adequacy of the consideration is for the parties to consider at the time of making the agreement, not for the Court when it is sought to be enforced (**Bolton v. Madden**). Consideration must however, be something to which the law attaches value though it need not be equivalent in value to the promise made.

According to Explanation 2 to Section 25 of the Indian Contract Act, 1872, an agreement to which the consent of the promisor is freely given is not void merely because the consideration is inadequate but the inadequacy of the consideration may be taken into account by the Court in determining the question whether the consent of the promisor was freely given.

OR

Compensation for loss or damage caused by breach of contract (Section 73)

When a contract has been broken, the party who suffers by such a breach is entitled to receive, from the party who has broken the contract, compensation for any loss or damage caused to him thereby, which naturally arose in the usual course of things from such breach, or which the parties knew, when they made the contract, to be likely to result from the breach of it.

Such compensation is not to be given for any remote and indirect loss or damage sustained by reason of the breach.

In view of above, the statement given in the question seems to be incorrect.

(ii) Settlement of partnership accounts (Section 48)

In settling the accounts of a firm after dissolution, the following rules shall, subject to agreement by the partners, be observed:

- (i) Losses, including deficiencies of capital, shall be paid first out of profits, next out of capital, and, lastly, if necessary, by the partners individually in the proportions in which they were entitled to share profits.
- (ii) The assets of the firm, including any sums contributed by the partners to make up deficiencies of capital, must be applied in the following manner and order:
 - (a) in paying the debts of the firm to third parties;
 - (b) in paying to each partner rateably what is due to him from capital;
 - (c) in paying to each partner rateably what is due to him on account of capital; and
 - (d) the residue, if any, shall be divided among the partners in the proportions in which they were entitled to share profits.
- (iii) As per section 7(7) of the Companies Act, 2013, where a company has been got incorporated by furnishing false or incorrect information or representation or by suppressing any material fact or information in any of the documents or declaration filed or made for incorporating such company or by any fraudulent action, the Tribunal may, on an application made to it, on being satisfied that the situation so warrants, direct that liability of the members shall be unlimited.

Hence, the order of NCLT will be legal.

Precautions: Before making any order,—

- (a) the company shall be given a reasonable opportunity of being heard in the matter; and
- (b) the Tribunal shall take into consideration the transactions entered into by the company, including the obligations, if any, contracted or payment of any liability.

FOUNDATION COURSE

MOCK TEST PAPER - 1

PAPER 2: SECTION-B: BUSINESS CORRESPONDENCE AND REPORTING

ANSWERS

1. (a) (1) b
 - (2) d
 - (3) a
 - (4) c
 - (5) c
- (b) (i) Green house Gases and the effects (Heading)
 - (1) Acc to Global Wrmng hts
 - a) Wrmng lpsd in 21st cntry
 - (2) New Prbltc System of prdctng clmt
 - (a) Dvlpd by Univ of South Hampton
 - (b) Uses new statscl mthd, diff from tradtnl smltns
 - (c) Rlbl and eqvlnt to crnt mthds
 - (d) Finds crnt clmt anlgs
 - (e) Uses rfrnce mdl
 - (f) Dedcs future psblts
 - (3) New Method
 - (a) Prdcts very high mean air temp, espclly on sea surfaces in 2018-22
 - (i) Cause
 - Low prblty of intense cold events
 - High prblty of heat events
 - (ii) Effect
 - Incrd trpcl strm actvty
 - (b) Much faster than a super comp
 - (i) Prdctns made in frctn of scnd based on algo

Key Used

- Gbl= global
- Wrmng= warming
- Hts=hiatus
- Lpsd=lapsed
- Cntry=century
- Prblstc=probalistic
- Prdctng=predicting
- Clmt=climate

- Temp=temperature
- Dvlpd=developed
- Univ= university
- Statscl=statistical
- Mthds=methods
- Tradtnl=traditional
- Smltns= simulations
- Rlbl=reliable
- EqvInt=equivalent
- Crnt=current
- Analgs=analogues
- Rfrnce=reference
- Mdls=models
- Dedcs=deduces
- Psblts=possibilities
- Espcly=especially
- Prdcts=Predicts
- Prblty=probability
- Incrsd=increased
- Trpcl=tropical
- Strm=storm
- Actvty=activity
- Comp=computer
- Prdctns=predeictions
- Frctn=fraction
- Scnd=second
- Algo=algorithm

(b) (ii) Summary

As per Global warming hiatus warming seem to have lapsed in this, but new method suggests hotter temperatures than expected. New probabilistic system developed by South Hampton University uses a method different from the traditional one that uses new statistical method that finds current climate analogues using reference models deducing future possibilities. The system is as reliable as the current system. It has predicted extremely high mean air temperature especially on the sea surfaces due to low probability of extreme cold events and high probability of high heat events causing increased tropical storm activity. It makes predictions in a fraction of a second and is much faster compared to a super computer.

2. (a) Communication is a process of exchanging information, ideas, thoughts, feelings and emotions through speech, signals, writing, or behavior. Communication is relevant in daily life as we experience it in all walks of life. While talking to friends, family and office colleagues, while passing on a piece of information, while starting a campaign or a protest march; at every step we want to

communicate a message. The audience differs and the purpose differs; yet communication happens.

- (b) (i) d
(ii) c
(iii) Studies should be given first priority.
(iv) The doctor asked the patient to wait.

(c) **GST : At a glance**

A new development in the field of tax payment has come up with the advent of GST (Goods and sales tax). This collective tax, includes all the multiple taxes levied on products, however the preparation for its implementation is not too sound. The government has postponed the first filing of GST, giving tax payers enough time to understand the nuances. The e commerce portals too have been given some leniency as far as deduction of taxes from sellers is concerned.

3. (a) **Chain of Command:** The communication pattern that follows the chain of command from the senior to the junior is called the chain network. Communication starts at the top, like from a CEO, and works its way down to the different levels of employees. It involves a lot of organizational hierarchy.
- (b) (i) a
(ii) c
(iii) A cake can be made by us on a stove.
(iv) They informed that they had been living in Assam.

(c) **Letter**

Manager

Date:

Your Own Office supplies Ltd.

New Delhi

Manager

Name of client company

New Delhi

Dear Sir/Madam

Sub: Apology for delay in shipment of Order No. 12345

This with reference to the order placed by your organization for supply of stationary items (Order No. 12345) dated 12th Aug., 2018. I sincerely apologize for the delay in the shipment of the same. Due to heavy rains in Mumbai, our dispatch section at the head office (based in Mumbai) could not send any orders for 3 days due to thin staff attendance and slow movement of traffic around the area resulting in inadvertent delay in shipment.

Please accept my sincere apologies for the inconvenience caused. We are a trusted a name in office supplies and we have always delivered your orders in time. We hope that you will give us many more opportunities to deal with you. Looking forward to a long term business relationship.

Thanks for the cooperation.

Regards,

Manager, Office and food supplies ltd.

4. (a) **Barriers in communication:**

- Physical Barriers
- Cultural Barriers
- Language Barriers
- Technology Barriers
- Emotional Barriers

Technology Barriers: Being a technology driven world, all communication is dependent on good and extensive use of technology. However, there might arise technical issues, like server crash, overload of information etc. which lead to miscommunication or no communication at all.

Language Barriers: It's a cosmopolitan set up, where people of different nationalities move from their home to other countries for work. As a result, it is difficult to have a common language for communication. Hence, diversity gives rise to many languages and it acts as a barrier at times.

- (b) (i) a
- (ii) The school authorities declared the results
- (iii) The teacher praised the girl that she had been working hard.

(c) **Answer Hints for Article**

- Social media is a good way to connect with friends and relatives
- A convenient platform for sharing ideas, thoughts and opinions
- Facebook, twitter, instagram, whatsapp are useful when used in a healthy way.
- Getting addicted to them is very easy and effects one's productivity.
- With the advent of social media in our lives, every movement gets tracked and reported.
- Technology at its boom, is not safe always. One needs to use it judiciously for good causes.
- The social media shows a person's daily movements, tracks your trips; what you see on your FB pages is influenced by your past searches, which is probably not right.
- A good balance of technology and mind, with less interference of the social media is an appropriate approach.

Answer Hints for Report

- Mention a heading, name of the NGO
- Venue, Date
- The purpose of the workshop
- How many members came from the NGO; how did they go ahead with the workshop
- The audience and its reaction
- Pamphlets , information shared during the session.
- Motivational talks to encourage donations to make a difference in the lives of underprivileged
- Felicitations/Valedictory session by the Principal

5. (a) **Based on Communication channels, there are three kinds of categories:**

- Verbal: Verbal communication involves the use of words and language in delivering the intended message
- Non Verbal: Nonverbal communication is the process of communicating by sending and receiving wordless messages. These messages can aid verbal communication, convey thoughts and feelings contrary to the spoken words or express ideas and emotions on their own.
- Visual: Visual communication through visual aids such as signs, typography, drawing, graphic design, illustration, colour and other electronic resources usually reinforces written communication. Visuals like graphs, pie charts and other diagrammatic presentations convey clearly and concisely a great deal of information. They are an essential part of official presentations these days.

(b) (i) b

(ii) d

(iii) The children requested for no homework that day.

(c) **Minutes of the Meeting**

Date: 21st July, 2018

Meeting started at 11: 00 am.

Members in attendance : Head of Sales and Marketing, the Product Head, Product lead, three members of the Sales team

Mr. Raju Murthy, Head of Sales and Marketing informed the agenda of the meeting i.e. the sales decline in the product

Mr. Kishore Sandhu, Product Head expressed concern over the matter; discussed a few flaws noticed in the sales strategy.

Ms. Seema Thakur, Sales Head gave a detailed analysis of the figures observed in the last six months.

Her team including Mr. X, Mr. Y and Mr. Z elaborated on the market trends based on the usage of the particular product

All the participants agreed to the concern and come back with a detailed report.

Conclusion Stated: ATR to be submitted by 24th July, 2018 to the Head of Sales and Marketing.

Resume

Name: Manish Reddy

Phone: 040-123456

Email:-mreddy@gmail.com

Address: 123, Chennai Road, Chennai

Birthday: 1st January

CAREER OBJECTIVE: Seeking a challenging career with a progressive organization that provides an opportunity to utilize my sales and marketing skills & abilities in the FMCG sector.

PERSONAL SKILLS

Excellent persuasion skills

Highly sales driven

Ability to work independently or as part of a team

Proven leadership skills and ability to motivate

EDUCATION

B.com from Hindu College, Delhi University

PGDIM from Symbiosis University, Pune

ACHIEVEMENTS

- Awarded the 'Best Sales person' Award in the company
- Awarded a cash prize for two consecutive months for over achieving sales target.

PROFESSIONAL EXPERIENCE

XYZ Pvt Ltd, Chennai

Worked as a Junior Sales Executive

Responsible for daily sales with a predicted target

Experience: 5 years

Auromatic Brothers

Worked as Senior Sales Executive

Responsible for monthly sales target

Led a team of twenty members.

Experience: 5 years.

REFERENCES: Will be provided upon request.

DECLARATION: I solemnly declare that all the above information is correct to the best of my knowledge and belief.

Date: Place:

(Manish Reddy)

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:
- Whether the Firm's contention shall be tenable?
 - 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:
- A private limited company must have a minimum of two members, while a public limited company must have at least seven members.
 - Affixing of Common seal on company's documents is compulsory. **(3 Marks)**

FOUNDATION COURSE

MOCK TEST PAPER - 2

PAPER 2: SECTION-B: BUSINESS CORRESPONDENCE AND REPORTING

The Question Paper comprises of 5 questions of 10 marks each.

Question No. 1 is compulsory. Out of questions 2 to 5, attempt any three

Max Marks: 40

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

(1 Mark)
- 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

(1 Mark)
- 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

(1 Mark)
- 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

(1 Mark)

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
- Go hunting
 - Enjoy the moment
 - Capture the inferior
 - Worthless search **(1 Mark)**
- (ii) It's piece of cake
- Something too sweet
 - Easy job
 - A small bite
 - 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)**

FOUNDATION COURSE

MOCK TEST PAPER – 2

PAPER 2: BUSINESS LAWS AND BUSINESS CORRESPONDENCE AND REPORTING

SECTION: 2A: BUSINESS LAWS

ANSWERS

1. (a) Problem asked in the question is based on the provisions of the Indian Contract Act, 1872 as contained in section 10. According to the provisions there should be an intention to create legal relationship between the parties. Agreements of a social nature or domestic nature do not contemplate legal relationship and as such are not contracts, which can be enforced. This principle has been laid down in the case of *Balfour v. Balfour*. Accordingly, applying the above provisions and the case decision, in this case son cannot recover the amount of Rs. 1 lakh from father for the reasons explained above.
- (b) The House of Lords in *Salomon Vs. Salomon & Co. Ltd.* laid down that a company is a person distinct and separate from its members, and therefore, has an independent separate legal existence from its members who have constituted the company. But under certain circumstances the separate entity of the company may be ignored by the courts. When that happens, the courts ignore the corporate entity of the company and look behind the corporate façade and hold the persons in control of the management of its affairs liable for the acts of the company. Where a company is incorporated and formed by certain persons only for the purpose of evading taxes, the courts have discretion to disregard the corporate entity and tax the income in the hands of the appropriate assessee.
 - (1) The problem asked in the question is based upon the aforesaid facts. The three companies were formed by the assessee purely and simply as a means of avoiding tax and the companies were nothing more than the façade of the assessee himself. Therefore, the whole idea of Mr. Krishna was simply to split his income into three parts with a view to evade tax. No other business was done by the company.
 - (2) The legal personality of the three private companies may be disregarded because the companies were formed only to avoid tax liability. It carried no other business, but was created simply as a legal entity to ostensibly receive the dividend and interest and to hand them over to the assessee as pretended loans.
- (c) **"Goods"** means every kind of movable property other than actionable claims and money; and includes stock and shares, growing crops, grass, and things attached to or forming part of the land, which are agreed to be severed before sale or under the contract of sale. [Section 2(7) of the Sales of Goods Act, 1930]

'Actionable claims' are claims, which can be enforced only by an action or suit, e.g., debt. A debt is not a movable property or goods. Even the Fixed Deposit Receipts (FDR) are considered as goods under Section 176 of the Indian Contract Act read with Section 2(7) of the Sales of Goods Act.
2. (a) As per section 40 of the Indian Contract Act, 1872, the promise under a contract may be performed, as the circumstances may permit, by the promisor himself, or by his agent or his legal representative.
 - (i) **Promisor himself:** If there is something in the contract to show that it was the intention of the parties that the promise should be performed by the promisor himself, such promise must be performed by the promisor. This means contracts which involve the exercise of personal skill or diligence, or which are founded on personal confidence between the parties must be

performed by the promisor himself.

- (ii) **Agent:** Where personal consideration is not the foundation of a contract, the promisor or his representative may employ a competent person to perform it.
- (iii) **Legal Representatives:** A contract which involves the use of personal skill or is founded on personal consideration comes to an end on the death of the promisor. As regards any other contract the legal representatives of the deceased promisor are bound to perform it unless a contrary intention appears from the contract. But their liability under a contract is limited to the value of the property they inherit from the deceased.
- (iv) **Third persons:** As per Section 41 of the Indian Contract Act, 1872, when a promisee accepts performance of the promise from a third person, he cannot afterwards enforce it against the promisor. That is, performance by a stranger, accepted by the promisee, produces the result of discharging the promisor, although the latter has neither authorised nor ratified the act of the third party.
- (v) **Joint promisors:** When two or more persons have made a joint promise, then unless a contrary intention appears by the contract, all such persons must jointly fulfill the promise. If any of them dies, his legal representatives must, jointly with the surviving promisors, fulfill the promise. If all of them die, the legal representatives of all of them must fulfill the promise jointly
- (b) **Meaning:** A LLP is a new form of legal business entity with limited liability. It is an alternative corporate business vehicle that not only gives the benefits of limited liability at low compliance cost but allows its partners the flexibility of organising their internal structure as a traditional partnership. The LLP is a separate legal entity and, while the LLP itself will be liable for the full extent of its assets, the liability of the partners will be limited.

Steps to incorporate LLP:

- (i) Name reservation
 - The first step to incorporate Limited Liability Partnership (LLP) is reservation of name of LLP.
 - Applicant has to file e- Form 1, for ascertaining availability and reservation of the name of a LLP business.
 - (ii) Incorporate LLP
 - After reserving a name, user has to file e- Form 2 for incorporating a new Limited Liability Partnership (LLP).
 - e-Form 2 contains the details of LLP proposed to be incorporated, partners'/ designated partners' details and consent of the partners/ designated partners to act as partners/ designated partners.
 - (iii) LLP Agreement
 - Execution of LLP Agreement is mandatory as per Section 23 of the Act.
 - LLP Agreement is required to be filed with the registrar in e- Form 3 within 30 days of incorporation of LLP.
3. (a) A minor cannot be bound by a contract because a minor's contract is void and not merely voidable. Therefore, a minor cannot become a partner in a firm because partnership is founded on a contract. Though a minor cannot be a partner in a firm, he can nonetheless be admitted to the benefits of partnership under Section 30 of the Act. In other words, he can be validly given a share in the partnership profits. When this has been done and it can be done with the consent of all the partners then the rights and liabilities of such a partner will be governed under Section 30 as follows:

Rights:

- (i) A minor partner has a right to his agreed share of the profits and 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.

- (b) **BREACH OF CONTRACT- DAMAGES:** Section 73 of the Indian Contract Act, 1872 lays down that when a contract has been broken, the party who suffers by such breach is entitled to receive from the party who has broken the contract, compensation for any loss or damage caused to him thereby which naturally arose in the usual course of things from such breach or which the parties knew when they made the contract to be likely to result from the breach of it.

The leading case on this point is "*Hadley v. Baxendale*" in which it was decided by the Court that the special circumstances under which the contract was actually made were communicated by the plaintiff to the defendant, and thus known to both the parties to the contract, the damages resulting from the breach of such contract which they would reasonably contemplate, would be the amount of injury which would ordinarily follow from the breach of contract under these special circumstances so known and communicated.

The problem asked in this question is based on the provisions of Section 73 of the Indian Contract Act, 1872. In the instant case 'X' had intimated to 'Z' that he was purchasing water bottles from him for the purpose of performing his contract with 'Y'. Thus, 'Z' had the knowledge of the special circumstances. Therefore, 'X' is entitled to claim from 'Z' Rs. 500/- at the rate of 0.50 paise i.e. 1000 water bottles x 0.50 paise (difference between the procuring price of water bottles and contracted selling price to 'Y') being the amount of profit 'X' would have made by the performance of his contract with 'Y'.

If 'X' had not informed 'Z' of 'Y's contract, then the amount of damages would have been the difference between the contract price and the market price on the day of default. In other words, the amount of damages would be Rs. 750/- (i.e. 1000 water bottles x 0.75 paise).

4. (a) **Right of lien of an unpaid seller**

The legal provisions regarding the right of lien of an unpaid seller has been stated from Sections 47 to 49 of the Sale of Goods Act, 1930 which may be enumerated as follows:

- (i) According to Section 47 the unpaid seller of the goods who is in possession of them is entitled to retain possession of them until payment or tender of the price in the following cases namely:
 - (a) where the goods have been sold without any stipulation as to credit.
 - (b) where the goods have been sold on credit, but the term of credit has expired; or
 - (c) where the buyer becomes insolvent.

The seller may exercise his right of lien notwithstanding that he is in possession of the goods as agent or bailee for the buyer.

- (ii) Section 48 states that where an unpaid seller has made part delivery of the goods, he may exercise his right of lien on the remainder, unless such part delivery has been made under such circumstances as to show an agreement to waive the lien.

- (iii) According to Section 49 the unpaid seller loses his lien on goods:
 - (a) when he delivers the goods to a carrier or other bailee for the purpose of transmission to the buyer without reserving the right of disposal of the goods.
 - (b) when the buyer or his agent lawfully obtains possession of the goods;
 - (c) by waiver thereof

The unpaid seller of the goods, having a lien thereon, does not lose his lien by reason only that he has obtained a decree to the price of the goods.

Right of lien and Right to stoppage the goods in transit; distinction:

- (i) The essence of a right of lien is to retain possession whereas the right of stoppage in transit is right to regain possession.
 - (ii) Seller should be in possession of goods under lien while in stoppage in transit (1) Seller should have parted with the possession (2) possession should be with the carrier and (3) Buyer has not acquired the possession.
 - (iii) Right of lien can be exercised even when the buyer is not insolvent but it is not the case with right of stoppage in transit.
 - (iv) Right of stoppage in transit begins when the right of lien ends. Thus the end of the right of lien is starting point of the right of stoppage the goods in transit.
- (b) The problem in the question is based on the 'Implied Authority' of a partner provided in Section 19 of the Indian Partnership Act, 1932. The section provides that subject to the provisions of Section 22 of the Act, the act of a partner, which is done to carry on, in the usual way, business of the kind carried on by the firm, binds the firm. The authority of a partner to bind the firm conferred by this section is called his 'Implied Authority' [Sub-Section (1) of section 19]. Furthermore, every partner is in contemplation of law the general and accredited agent of the partnership and may consequently bind all the other partners by his acts in all matters which are within the scope and object of the partnership. Hence, if the partnership is of a general commercial nature, he may buy goods on account of the partnership.

Considering the above provisions and explanation, the questions as asked in the problem may be answered as under:

- (i) The firm's contention is not tenable, for the reason that the partner, in the usual course of the business on behalf of the firm has an implied authority to bind the firm. The firm is, therefore, liable for the price of the goods.
- (ii) In the second case also, the answer would be the same as above, i.e. the implied authority of the partner binds the firm.

In both the cases, however, the firm ABC can take action against A, the partner but it has to pay the price of stationery to the supplier D.

5. (a) Section 26 of the Sale of Goods Act, 1930 provides that unless otherwise agreed, the goods remain at the seller's risk until the property therein is transferred to the buyer, but when the property therein is transferred to the buyer, the goods are at buyer's risk whether delivery has been made or not. Further Section 18 read with Section 23 of the Act provides that in a contract for the sale of unascertained goods, no property in the goods is transferred to the buyer, unless and until the goods are ascertained and where there is contract for the sale of unascertained or future goods by description, and goods of that description and in a deliverable state are unconditionally appropriated to the contract, either by the seller with the assent of the buyer or by the buyer with the assent of the seller, the property in the goods thereupon passes to the buyer. Such assent may be express or implied. Applying the aforesaid law to the facts of the case in hand, it is clear

that Mr. Samuel has the right to select the good out of the bulk and he has sent his men for same purpose.

Hence the problem can be answered based on the following two assumptions and the answer will vary accordingly.

(a) **Where the bales have been selected with the consent of the buyer's representatives:**

In this case, the property in the 60 bales has been transferred to the buyer and goods have been appropriated to the contract. Thus, loss arising due to fire in case of 60 bales would be borne by Mr. Samuel. As regards 40 bales, the loss would be borne by Mr. Varun, since the goods have not been identified and appropriated.

(b) **Where the bales have not been selected with the consent of buyer's representatives.**

In this case, the property in the goods has not been transferred at all and hence the loss of 100 bales would be borne by Mr. Varun completely.

- (b) **Doctrine of ultra vires:** The meaning of the term *ultra vires* is simply "beyond (their) powers". The legal phrase "*ultra vires*" is applicable only to acts done in excess of the legal powers of the doers. This presupposes that the powers are in their nature limited. To an ordinary citizen, the law permits whatever does the law not expressly forbid.

It is a fundamental rule of Company Law that the objects of a company as stated in its memorandum can be departed from only to the extent permitted by the Act - thus far and no further [*Ashbury Railway Company Ltd. vs. Riche*]. In consequence, any act done or a contract made by the company which travels beyond the powers not only of the directors but also of the company is wholly void and inoperative in law and is therefore not binding on the company. On this account, a company can be restrained from employing its fund for purposes other than those sanctioned by the memorandum. Likewise, it can be restrained from carrying on a trade different from the one it is authorised to carry on.

The impact of the doctrine of *ultra vires* is that a company can neither be sued on an *ultra vires* transaction, nor can it sue on it. Since the memorandum is a "public document", it is open to public inspection. Therefore, when one deals with a company one is deemed to know about the powers of the company. If in spite of this you enter into a transaction which is *ultra vires* the company, you cannot enforce it against the company. For example, if you have supplied goods or performed service on such a contract or lent money, you cannot obtain payment or recover the money lent. But if the money advanced to the company has not been expended, the lender may stop the company from parting with it by means of an injunction; this is because the company does not become the owner of the money, which is *ultra vires* the company. As the lender remains the owner, he can take back the property *in specie*. If the *ultra vires* loan has been utilised in meeting lawful debt of the company then the lender steps into the shoes of the debtor paid off and consequently he would be entitled to recover his loan to that extent from the company.

An act which is *ultra vires* the company being void, cannot be ratified by the shareholders of the company. Sometimes, act which is *ultra vires* can be regularised by ratifying it subsequently. For instance, if the act is *ultra vires* the power of the directors, the shareholders can ratify it; if it is *ultra vires* the articles of the company, the company can alter the articles; if the act is within the power of the company but is done irregularly, shareholder can validate it.

6. (a) **No consideration, no contract:** Every agreement, to be enforceable by law must be supported by valid consideration. An agreement made without any consideration is void. No consideration, no contract is a general rule. However, Section 25 of the Indian Contract Act, 1872 provides some exceptions to this rule, where an agreement without consideration will be valid and binding. These exceptions are as follows:

- (i) **Agreement made on account of natural love and affection:** Section 25 (1) provides that if an agreement is (i) in writing (ii) registered under the law and (iii) made on account of natural love and affection (iv) between the parties standing in a near relation to each other, it will be enforceable at law even if there is no consideration.
- (ii) **Compensation for past voluntary services:** Section 25(2) provides that a promise to compensate, wholly or in part, a person who has already voluntarily done something for the promisor, is enforceable.
- (ii) **Promise to pay time-barred debts (Section 25 (3)):** Where there is an agreement, made in writing and signed by the debtor or by his agent, to pay wholly or in part a time barred debt, the agreement is valid and binding even though there is no consideration.
- (iv) **Contract of agency (Section 185):** No consideration is necessary to create an agency.
- (v) **Completed gift (Explanation 1 to Section 25):** A completed gift needs no consideration. Thus, if a person transfers some property by a duly written and registered deed as a gift he cannot claim back the property subsequently on the ground of lack of consideration.

Or

“Coercion” is the committing or threatening to commit any act forbidden by the Indian Penal Code 1860, or the unlawful detaining or threatening to detain any property, to the prejudice of any person whatever, with the intention of causing any person to enter into an agreement. (Section 15 of the Indian Contract Act, 1872).

It is also important to note that it is immaterial whether the Indian Penal Code, 1860 is or is not in force at the place where the coercion is employed.

Effects on validity: According to section 19 of the Act, when consent to an agreement is caused by coercion, the contract is voidable at the option of the party, whose consent was so caused. The aggrieved party, whose consent was so caused can enforce the agreement or treat it as void and rescind it. It is seen that in all these cases though the agreement amounts to a contract, it is voidable. The injured party might insist on being placed in the same position in which he might have been had the vitiating circumstances not been present.

Where a contract is voidable and the party entitled to avoid it decides to do so by rescinding it, he must restore any benefit which he might have received from the other party. He cannot avoid the contract and at the same time enjoy the benefit under the rescinded/avoided contract. (Section 64)

(b) Partnership Deed

Partnership is the result of an agreement. No particular formalities are required for an agreement of partnership. It may be in writing or formed verbally. But it is desirable to have the partnership agreement in writing to avoid future disputes. The document in writing containing the various terms and conditions as to the relationship of the partners to each other is called the ‘partnership deed’. It should be drafted with care and be stamped according to the provisions of the Stamp Act, 1899. Where the partnership comprises immovable property, the instrument of partnership must be in writing, stamped and registered under the Registration Act.

Partnership deed may contain the following information:-

1. Name of the partnership firm.
2. Names of all the partners.
3. Nature and place of the business of the firm.
4. Date of commencement of partnership.
5. Duration of the partnership firm.
6. Capital contribution of each partner.

7. Profit Sharing ratio of the partners.
8. Admission and Retirement of a partner.
9. Rates of interest on Capital, Drawings and loans.
10. Provisions for settlement of accounts in the case of dissolution of the firm.
11. Provisions for Salaries or commissions, payable to the partners, if any.
12. Provisions for expulsion of a partner in case of gross breach of duty or fraud.

A partnership firm may add or delete any provision according to the needs of the firm.

- (c) (i) **Correct:** Section 3 of the Companies Act, 2013 deals with the basic requirement with respect to the constitution of the company. In the case of a public company, any 7 or more persons can form a company for any lawful purpose by subscribing their names to memorandum and complying with the requirements of this Act in respect of registration. In exactly the same way, 2 or more persons can form a private company.
- (ii) **Incorrect:** The common seal is a seal used by a corporation as the symbol of its incorporation. The Companies (Amendment) Act, 2015 has made the common seal optional by omitting the words "and a common seal" from Section 9 so as to provide an alternative mode of authorization for companies who opt not to have a common seal. This amendment provides that the documents which need to be authenticated by a common seal will be required to be so done, only if the company opts to have a common seal. In case a company does not have a common seal, the authorization shall be made by two directors or by a director and the Company Secretary, wherever the company has appointed a Company Secretary.

FOUNDATION COURSE

MOCK TEST PAPER - 2

PAPER 2: SECTION-B: BUSINESS CORRESPONDENCE AND REPORTING

ANSWERS

1. (a)

- 1) c
- 2) a
- 3) c
- 4) d
- 5) a

(b) (i) Plight of schools in India (Heading)

- 1) Chldrn like Schls if they
 - a) Atnd willgly
 - b) Enjoy
 - c) Able to undrstnd tchnng mthds
- 2) Facts
 - a) Apprx 10 % prmry schls have
 - (i) sngl cls OR sngl tchr
 - b) Chldrn b/w 7-14 not abl to read
 - c) High drpt rate after grd five
 - d) Only 25% chldrn pass grd five
- 3) Imprtnce of Tchrs
 - a) Physcl strct, ac, lab can't sbste for a tchr
 - b) Tchr mtvts stdnts
- 4) Tchrs will thnk abt stdnts wlfr if govt and schl mgmt
 - a) Trains
 - b) Mtvts
 - c) Pays them well
- 5) Facts abt Rural India
 - a) 60% drpt rate after prmry schl
 - b) Chldrn work to spmnt fmly income
 - c) Indfrnt and unaware parents don't enrol chldrn in schls
- 6) Suggestion:
 - a) adopt a prmry schl to sprd awrns

Key Used

- Chldrn= children
- Shcls= schools

- Atn=attend
- Willgly=willingly
- Undrstnd=understand
- Tchng=teaching
- Mthds=methods
- Stdnts= students
- Apprx=approximately
- Pmry=primary
- Sngl=single
- b/w=between
- Drpt=dropout
- Grd=grade
- Imprtnce=importance
- Physcl=physical
- Strct=structure
- Sbste=substitute
- Mtvts=motivates
- Stdnts=students
- Abt=about
- Wlfr=welfare
- Govt=government
- Mgmt=management
- Spmnt=supplement
- Fmly=family
- Indfrnt=indifferent
- Sprd=spread
- Awrns=awareness

(b) (ii) Summary

Children will enjoy learning if they attend schools willingly and are able to understand the teaching methods. The poor plight of primary education in India is evident from the following facts: 10% or more primary schools have a single classroom or a single teacher. Children in the age group 7-14 are not able to read, dropout rate is high with only 25% of students able to qualify grade five. Teachers play an important role in learning as they motivate their students to learn and that they cannot be substituted by material additions like tall structure, ACs and laboratories. Teachers shall willingly work towards students' welfare if they are duly trained, motivated and well paid. In rural areas there is 60% dropout rate after primary school as parents take them to work to supplement their family income. Due to lack of awareness and apathy they do not enroll them into middle schools. It dawns upon us to change this plight by adopting the primary schools in our nearby areas to spread awareness amongst students and parents about the role of education in development of a child.

2. (a) **Vertical Network and Wheel & Spoke Network**

Vertical Network	Wheel and Spoke Network
A formal network. It is usually between a higher ranking employee and a subordinate.	A network with a single controlling authority who gives instructions and orders to all employees working under him/her.
A two way communication happens	Two way communication happens but useful only in small organizations.

- (b) (i) d
(ii) c
(iii) A lot is spoken on politics by Abhishek.
(iv) The Principal exclaimed/remarked that he was a bright child.

(c) **Peace on Earth: Message of all religions (Title)**

All religions across the globe have one common teaching, Peace on Earth. The religious scriptures and ceremonies aim towards eliminating war and spreading the cause of humanity. The realization happened little too late, only after the occurrence of major destructive events like world war and nuclear bombings.

3. (a) **Star Network:** has multiple channels of network in communication. This network allows a group communication and is useful especially where teamwork is involved. The members communicate and exchange information with each other freely, and without hindrance or hesitation. The usefulness of all networks depends on the structure and size of the company, and the manner of communication between the employees.

- (b) (i) a
(ii) c
(iii) Football matches are watched by people late night.
(iv) The athlete said that he could break all records.

(c) **Letter**

Manager

Date:

Dot Net Services.

Hyderabad

23rd Aug, 2018

Manager

Name of vendor company

Bengaluru

Dear Sir/Madam

Sub: Complaint against Order No. 34567 (computer peripherals)

With regard to the subject, the order No. 34567 was delivered to us on Aug 20, 2018. We are highly dissatisfied with the quality of computer peripherals. Many devices are chipped from the edge and few are damaged too. Moreover, the number of items delivered does not match with our list of requirements.

Please find attached the list of items for which the order was placed for your perusal. My colleague will also be sharing with you the pictures of the damaged peripherals. I request you to replace the items at the earliest. In future, please ensure that a thorough quality check is done before any dispatch to avoid mutual inconvenience.

Thanks and Regards,

Name

Manager, Dot net services.

Manager, Office and food supplies Ltd.

4. (a) The Characteristics of Effective Communication:

Communication for humans is akin to breathing. From the first cry of the baby to the last breath of a person, communication is an essential part of life. However, good communication is an art that has been developed and honed. Effective communicators practice every aspect of the skill frequently.

It is a fact that our everyday communication is often marred by confusion, misunderstandings, misconceptions, partial understanding and obscurity. Thus, several aspects must be kept in mind while interacting with others for our communication to convey the intended message.

1. **Clear:** Any spoken or written communication should state the purpose of message clearly. The language should be simple. Sentences ought to be short as the core message is lost in long, convoluted sentences. Each idea or point must be explained in a separate bulleted point or paragraphs. Make it easy for the reader to grasp the intent of the communiqué.
2. **Concise:** Brevity is the essence of business communication. No one has the time to read long drawn out essays. Besides, the core content is lost in elaborate details. Avoid using too many irrelevant words or adjectives, for example, 'you see', 'I mean to say', etc. Ensure that there are no repetitions.
3. **Concrete:** The content of your communiqué should be tangible. Base it on facts and figures. Abstract ideas and thoughts are liable to misinterpretation. Make sure that there is just sufficient detail to support your case/ argument and bring focus to the main message.
4. **Coherent:** Coherence in writing and speech refers to the logical bridge between words, sentences, and paragraphs. Main ideas and meaning can be difficult for the reader to follow if the writer jumps from one idea to another and uses contradictory words to express himself. The key to coherence is sequentially organized and logically presented information which is easily understood. All content under the topic should be relevant, interconnected and present information in a flow.
5. **Complete:** A complete communication conveys all facts and information required by the recipient. It keeps in mind the receiver's intellect and attitude and conveys the message accordingly. A complete communication helps in building the company's reputation, aids in better decision making as all relevant and required information is available with the receiver.
6. **Courteous:** Courtesy implies that the sender is polite, considerate, respectful, open and honest with the receiver. The sender of the message takes into consideration the viewpoints and feelings of the receiver of the message. Make sure nothing offensive or with hidden negative tone is included.
7. **Listening for Understanding:** We are bombarded by noise and sound in all our waking hours. We 'hear' conversations, news, gossip and many other forms of speech all the time. However,

most of it is not listened to carefully and therefore, not understood, partially understood or misunderstood. A good listener does not only listen to the spoken words, but observes carefully the nonverbal cues to understand the complete message. He absorbs the given information, processes it, understands its context and meaning and to form an accurate, reasoned, intelligent response.

The listener has to be objective, practical and in control of his emotions. Often the understanding of a listener is coloured by his own emotions, judgments, opinions, and reactions to what is being said. While listening for understanding, we focus on the individual and his agenda. A perceptive listener is able to satisfy a customer and suggest solutions as per the needs of the client

8. **Focus and Attention:** **Everyday work environment** has multiple activities going on simultaneously. The ringing of the phone, an incoming email, or a number of tasks requiring your attention, anxiety related to work, emotional distress etc. can distract you. Such distractions are detrimental to the communication process with an individual or a group of people. You may overlook or completely miss important points or cues in the interaction. Thus, keeping your focus and attention during the communiqué is imperative for effective communication.

9. **Emotional Awareness and Control:** “Human behavior is not under the sole control of emotion or deliberation but results from the interaction of these two processes,” Loewenstein said.

However, emotions play a major role in our interactions with other people. They are a powerful force that affect our perception of reality regardless of how hard we try to be unbiased. In fact, intense emotions can undermine a person’s capacity for rational decision-making, even when the individual is aware of the need to make careful decisions.

Consequently, emotional awareness is a necessary element of good communication. While interacting with another person or a group, it is important to understand the emotions you and he/ she/ they are bringing to the discussion. Managing your own and others emotions and communicating keeping in mind the emotional state of others helps in smooth interaction and breakdown of the communication process.

- (b) (i) a
- (ii) You must complete the test in one hour.
- (iii) She said that her mother cooked well.

(c) **Answer Hints for Article**

GST and related reforms

- GST launched in July 2017, in India. It combines the multiple taxes into one, bringing in a complete goods and sales tax.
- It’s a game changing reform
- Impact on the Indian Economy : positives and negatives
 - ✓ Increase in competition
 - ✓ Calculation of taxes is simpler, as there is only one central tax
 - ✓ GST allows freedom of transportation of goods within the country. Hence, can lead to more production.
 - ✓ Greater tax revenues
 - ✓ Increase in exports.
 - Business not yet compliant with GST
 - A complicated structure; layman cannot understand
 - Lot of variables and exceptions involved in GST implementation.

- Political lobbying over GST

Answer Hints for Report

- Mention a heading: **Your Career, your responsibility**
- Venue, Date
- Participating institutions for careers in Science, Commerce and Arts streams
- Neighbouring schools participating in the event
- Orientation sessions/ seminars conducted
- Participation by students/teachers and their reaction
- Pamphlets, Brochures and digital information shared during the sessions.
- Motivational talks to encourage students to pursue their passion.
- Felicitations/Valedictory session by the Principal.

5. (a) **Based on Communication channels, there are three kinds of categories:**

- Verbal: Verbal communication involves the use of words and language in delivering the intended message
- Non Verbal: Nonverbal communication is the process of communicating by sending and receiving wordless messages. These messages can aid verbal communication, convey thoughts and feelings contrary to the spoken words or express ideas and emotions on their own.
- Visual: Visual communication through visual aids such as signs, typography, drawing, graphic design, illustration, colour and other electronic resources usually reinforces written communication. Visuals like graphs, pie charts and other diagrammatic presentations convey clearly and concisely a great deal of information. They are an essential part of official presentations these days.

- (b) (i) d
(ii) b
(iii) Brother said that he had finished his studies.

(c) **Minutes of the Meeting**

Date: 3rd Oct, 2018

Meeting started at 4: 00pm.

In Attendance: Chairperson, Product Head, Sales Head and Creative Director. FMCG.

Agenda: Discussion on Sales , Marketing and the advertising strategies.

Mrs Kamla Murthy, Chairperson, gave an introduction about the product range and the need to add more to retain the market share.

Mr. Raju D, Product Head spoke about the new product its USPs and explained how it was superior to similar products in the segment available in the market

Mrs. Usha Krishnan, Sales Head gave a detailed analysis of costing, overheads and other miscellaneous expenses to market the product.

Ms. Jennie Matthew, Creative director, PR, spoke about advertising campaign. Also mentioned the cost involved.

Her team including Mr. X, Mr. Y, Mr. Z elaborated on the advertising strategies.

All the participants approved of the plan and appreciated it.

Madam Chairperson declared an open house for participants to put up their concerns, and finally gave a vote of thanks.

Conclusions stated. Proposal for more funds put forward

ATR to be submitted by 10th Oct, 2018

Resume

1) Chronological Resume

Name

Address

Phone Number

Email

OBJECTIVE: To be associated with an organisation that will offer to me tremendous opportunities for growth in career and provide a challenging environment that will utilise my accounting skills and abilities to the maximum.

SUMMARY:

- Have an years experience of working in an office
- Possess good management skills
- Can work under pressure situations
- Willingness to learn more is the driving factor.

EXPERIENCE:

2017 to present day

Junior Manager

Name the company, address

EDUCATION:

Begin from recent education moving back to college and then lastly school.

2017: CA IPCC, Group 1

2016: B. com (h), Kirori Mal College, DU

2014: class XII th, DAV Model School, Pitam Pura, New Delhi

2012: class Xth, DAV Model School, Pitam pura, New Delhi

SKILLS: Well versed with MS Office

Working knowledge of Tally

Completed compulsory 250 hrs of Computer Training as per ICAI curriculum schedule.

Updated with all the latest computer applications and softwares.

PERSONAL DETAILS:

Date of Birth: 15 July, 1982

Marital Status: Unmarried

Languages Known: English, Hindi, French

Permanent Address: 822, SFS Flats, Pitam Pura New Delhi 110034

DECLARATION: I solemnly declare that all the above information is correct to the best of my knowledge and belief.

Date: Place: (Name)

MOCK TEST PAPER
FOUNDATION COURSE
PAPER 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.*

Working Notes should form part of the answer.

Total Marks: 60

QUESTIONS

1. (a) Shambhu Dayal started "self service" system in his shop. Smt. Prakash entered the shop, took a basket and after taking articles of her choice into the basket reached the cashier for payments. The cashier refuses to accept the price. Can Shambhu Dayal be compelled to sell the said articles to Smt. Prakash? Decide as per the provisions of the Indian Contract Act, 1872. **(4 Marks)**
- (b) Mr. X had purchased some goods from M/s ABC Limited on credit. A credit period of one month was allowed to Mr. X. Before the due date Mr. X went to the company and wanted to repay the amount due from him. He found only Mr. Z there, who was the factory supervisor of the company. Mr. Z told Mr. X that the accountant and the cashier were on leave, he is in-charge of receiving money and he may pay the amount to him. Mr. Z issued a money receipt under his signature. After two months M/s ABC Limited issued a notice to Mr. X for non-payment of the dues within the stipulated period. Mr. X informed the company that he had already cleared the dues and he is no more responsible for the same. He also contended that Mr. Z is an employee of the company whom he had made the payment and being an outsider, he trusted the words of Mr. Z as duty distribution is a job of the internal management of the company.
 Analyse the situation and decide whether Mr. X is free from his liability. **(4 Marks)**
- (c) Explain the term "Delivery and its forms" under the Sale of Goods Act, 1930. **(4 Marks)**
2. (a) "An anticipatory breach of contract is a breach of contract occurring before the time fixed for performance has arrived". Discuss stating also the effect of anticipatory breach on contracts. **(7 Marks)**
- (b) Differentiate between the Limited Liability Partnership (LLP) and Limited Liability Company. **(5 Marks)**
3. (a) "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.

- (b) Mr. X and Mr. Y entered into a contract on 1st August, 2018, by which Mr. X had to supply 50 tons of sugar to Mr. Y at a certain price strictly within a period of 10 days of the contract. Mr. Y also paid an amount of Rs. 50,000 towards advance as per the terms of the above contract. The mode of transportation available between their places is roadway only. Severe flood came on 2nd August, 2018 and the only road connecting their places was damaged and could not be repaired within fifteen days. Mr. X offered to supply sugar on 20th August, 2018 for which Mr. Y did not agree. On 1st September, 2018, Mr. X claimed compensation of Rs. 10,000 from Mr. Y for refusing to accept the supply of sugar, which was not there within the purview of the contract. On the other hand, Mr. Y claimed for refund of Rs. 50,000, which he had paid as advance in terms of the contract. Analyse the above situation in terms of the provisions of the Indian Contract Act, 1872 and decide on Y's contention. **(6 Marks)**
4. (a) What do you understand by the term "unpaid seller" under the Sale of Goods Act, 1930? When can an unpaid seller exercise the right of stoppage of goods in transit? **(6 Marks)**
- (b) A, B, and C are partners of a partnership firm ABC & Co. The firm is a dealer in office furniture. A was in charge of purchase and sale, B was in charge of maintenance of accounts of the firm and C was in charge of handling all legal matters. Recently through an agreement among them, it was decided that A will be in charge of maintenance of accounts and B will be in charge of purchase and sale. Being ignorant about such agreement, M, a supplier supplied some furniture to A, who ultimately sold them to a third party. Referring to the provisions of the Partnership Act, 1932, advise whether M can recover money from the firm.
- What will be your advice in case M was having knowledge about the agreement? **(6 Marks)**
5. (a) Mr. Samuel agreed to purchase 100 bales of cotton from Mr. Varun, out of his large stock and sent his men to take delivery of the goods. They could pack only 60 bales. Later on, there was an accidental fire and the entire stock was destroyed including 60 bales that were already packed. Referring to the provisions of the Sale of Goods Act, 1930 explain as to who will bear the loss and to what extent? **(6 Marks)**
- (b) F, an assessee, was a wealthy man earning huge income by way of dividend and interest. He formed three Private Companies and agreed with each to hold a bloc of investment as an agent for them. The dividend and interest income received by the companies was handed back to F as a pretended loan. This way, F divided his income into three parts in a bid to reduce his tax liability. Decide, for what purpose the three companies were established? Whether the legal personality of all the three companies may be disregarded. **(6 Marks)**
6. (a) Define consideration. State the characteristics of a valid consideration. **(5 Marks)**
- (b) When does dissolution of a partnership firm take place under the provisions of the Indian Partnership Act, 1932? Explain. **(4 Marks)**
- (c) Flora Fauna Limited was registered as a public company. There are 230 members in the company as noted below:
- | | |
|--|-----|
| (a) Directors and their relatives | 190 |
| (b) Employees | 15 |
| (c) Ex-Employees (Shares were allotted when they were employees) | 10 |
| (d) 5 couples holding shares jointly in the name of husband and wife (5*2) | 10 |
| (e) Others | 5 |
- The Board of Directors of the company propose to convert it into a private company. Also advise whether reduction in the number of members is necessary. **(3 Marks)**

FOUNDATION COURSE

MOCK TEST PAPER 1

PAPER 2: SECTION-B: BUSINESS CORRESPONDENCE AND REPORTING

The Question Paper comprises of 5 questions of 10 marks each.

*Question No. 1 is compulsory. Out of questions 2 to 5, attempt any **three**.*

Max Marks: 40

1. (a) Read the passage carefully and answer the questions that follow:

The window offered a view of the house opposite. The two families did not speak to each other because of a property dispute. One day, Ruchira's textbooks lay untouched as the young girl's gaze was on the happenings in the house opposite. There were two new faces in the neighboring household – that of an elderly widow and a girl aged sixteen. Sometimes the elderly lady would sit by the window, doing the young girl's hair. On other days she was absent.

The new young neighbour's daily routine could be seen through the window – she cleaned the rice paddy, split nuts, put the cushions in the sun to air them. In the afternoons, while the men were all at work some of the women slept and others played cards. The girl sat on the terrace and read. Sometimes she wrote. One day there was hindrance. She was writing when the elderly woman snatched the unfinished letter from her hands. Thereafter the girl was not to be seen on the terrace. Sometimes during the day sounds came from the house indicating that a massive argument was going on inside.

A few days passed. One evening Ruchira noticed the girl standing on the terrace in tears. The evening prayer was in progress. As she did daily, the girl bowed several times in prayer. Then she went downstairs. That night Ruchira wrote a letter. She went out and posted it that very instant. But as she lay in bed that night, she prayed fervently that her offer of friendship wouldn't reach its destination. Ruchira then left for Madhupur and returned when it was time for college to start. She found the house opposite in darkness, locked. They had left. When she stepped into her room she found the desk piled with letters – one had a local stamp on it with her name and address in unfamiliar handwriting. She quickly read it. They continued to write to each other for the next twenty years.

- (i) Why did Ruchira write a letter to her new neighbour?

- (a) She wanted to offer her, her help.
- (b) She wanted to be friends with her.
- (c) To apologize for her family's behaviour towards her family
- (d) To encourage her to continue learning to read and write.

(1 Mark)

- (ii) Which of the following is TRUE in the context of the passage?

- (a) The young girl was very devout and prayed everyday.
- (b) Only two letters were exchanged between the two girls.
- (c) The new young neighbour was a servant.
- (d) The afternoon was a time to relax for everyone.

(1 Mark)(iii)

- (iii) How did the new young neighbour spend her days?

- (a) She was busy writing letters to Ruchira
- (b) She used to daydream about her past experiences.
- (c) She would attend to the needs of the widow.

- (d) She spent her time learning to read and write. **(1 Mark)**
- (iv) Why was the young neighbour prevented from sitting on the terrace?
- (a) She used to while away her time instead of working
- (b) The old woman could no longer keep an eye on her.
- (c) She had not finished writing the letter she was asked to.
- (d) She had been writing a letter which she wasn't supposed to. **(1 Mark)**
- (v) What was the major argument in the house about?
- (a) There were too many people living there, which resulted in arguments.
- (b) The young girl was insisting on attending college.
- (c) The young girl had been wasting her time instead of working.
- (d) The old woman did not guard the young girl closely. **(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)**

(iii) A tax is a financial charge or levy imposed by a state or its functional equivalent upon a taxpayer and the failure to pay such a levy is punishable by law. Taxes are imposed by a number of administrative divisions. Taxes are direct or indirect in nature and are required to be reimbursed in money or its labour equivalent.

Finances obtained through the imposition of taxation have been used by countries and their functional equivalents conventionally to carry out a number of functions. Some of these include protection of property, expenditures on war, economic infrastructure, the enforcement of law and public order, public works, subsidies, social engineering, and the very operation of the government itself. Governments utilise taxes for the funding of welfare and public services. These services include education systems, pensions for the elderly, health care systems, unemployment rehabilitation and benefits, and public transportation. Energy, water and waste management systems are also common public utilities. A portion of taxes is used to alleviate the state's debt and the interest this debt accrues.

The important features of a modern economy are perceived by the efficient, fair and stable financial markets whose contribution is vital and significant for the overall financial system. The manners in which nations raise taxes are as varied as the amounts they raise. The tax patterns of a country are formulated on a number of factors as its inherent economic structure, its history, and to a significant extent on the tax structures of its neighbouring countries. Choice plays an important part, as different countries may attach different levels of importance to commonly established characteristics of a superior tax system such as fairness, required economic effects and collection costs that it entails.

The level of the per capita income is a powerful determinant of the nature of taxation a country will adopt, the higher the level of the per capita income, the more a country relies on direct taxes, particularly those on personal income. Consumption taxes although they rise more slowly tend to become relatively important in developed countries. These differentiations in tax structures reflect the basic differences between high and low income countries. Low-income countries it is observed tend to raise additional revenues at the border, as a few collection points require control. For this reason, they rely heavily on excise taxes on tobacco, alcohol and so on. In contrast, direct taxes (and VAT) require a more effective tax administration coupled with sophisticated taxpayers, these conditions are prevalent in developed countries.

2. (a) What do you mean by completeness in effective communication? **(1 Mark)**

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

Embezzle

(a) Shine (b) Steal (c) Busy (d) Shocked **(1 Mark)**

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

Applaud

(a) Organize (b) Compose (c) About (d) Condemn **(1 Mark)**

(iii) Change the following sentences into passive voice.

You should write an apology letter. **(1 Mark)**

(iv) Change the following sentences to indirect speech.

Uncle said, 'I am unwell' **(1 Mark)**

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

After years of questioning the potential health hazards of second hand cigarette smoke, a growing number of scientists and health officials are becoming persuaded that the dangers are real, broader than once believed and parallel those of direct smoke.

It has long been established that smoking harms the health of those who do the smoking. Now new epidemiological studies and reviews are strengthening the evidence that it also harms the health of other people nearby who inhale the toxic fumes generated by the smoker, particularly from the burning end of the cigarette. Such indirect, or second hand, smoking causes death not only by lung cancer, but even more by heart attack, the studies show. The studies on passive smoking, as it is often called, also strengthen the link between parental smoking and respiratory damage in children.

What has swayed many scientists is a remarkable consistency in findings from different types of studies in several countries with improved methods over those used in the first such studies a few years ago. The new findings confirm and advance two landmark reports in 1986 from the Surgeon General, who concluded that passive smoking caused lung cancer, and from the National Research Council, which said passive smoking is associated with lung cancer.

"The links between passive smoking and health problems are now as solid as any finding in epidemiology," said, an expert in the epidemiology of smoking at the University of California at San Diego. **(5 Marks)**

3. (a) Explain briefly cultural barriers in communication. **(1 Mark)**

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

Divulge

(a) Dig into (b) Varied (c) Reveal (d) Deep **(1 Mark)**

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

Cumbersome

(a) Manageable (b) Clumsy (c) Quantitative (d) Moderate **(1 Mark)**

(iii) Change the following sentences into passive voice

Anita finished the work very soon. **(1 Mark)**

(iv) Change the following sentence to indirect speech.

"Don't try this at home," the stuntman told the audience. **(1 Mark)**

- (c) As the Manager, HR of Net Solutions Ltd, Mumbai, draft a complaint letter to the Administration Head of Food for you Solutions, Mumbai, stating your concern about the bad quality of food being supplied to your company's cafeteria. **(5 Marks)**
4. (a) What is non verbal communication. Explain its types. **(2 Marks)**
- (b) (i) Select the suitable antonym for the given word:
Concealed
(a) To hide (b) Uninteresting (c) Known (d) Related **(1 Mark)**
- (ii) Rewrite the following sentences in active voice
A conservative lifestyle was led by women in olden days. **(1 Mark)**
- (iii) Change the following sentence into Indirect speech.
The girl asked, 'Where do you live'? **(1 Mark)**
- (c) Write an Article of about 250-300 words on the topic **"Social media interferes with personal life"** **(5 Marks)**
5. (a) Define formal communication and explain its types **(2 Marks)**
- (b) Select the correct meaning of the idioms/phrases given below.
- (i) Face the music
(a) Escape from the situation
(b) Act violently
(c) Enjoy the music
(d) Face the challenges/consequences **(1 Mark)**
- (ii) Food for thought
(a) Incomplete information
(b) Good knowledge
(c) Uncensored words
(d) Baseless facts **(1 Mark)**
- (iii) Change the following sentence into Indirect speech.
"Does she know Robert?" he wanted to know. **(1 Mark)**
- (c) Draft a resume for Sushma Ranganathan, who has passed class XIIth, has completed her B.com with flying colours, from a well-reputed college/university. She has to write her CA finals and is quite hopeful of clearing the exams in first attempt and now wishes to apply for a job in the Audit department. Mention auditing as her skill expertise. **(5 Marks)**

MOCK TEST PAPER 1
FOUNDATION COURSE
PAPER 2A: BUSINESS LAWS

ANSWERS

1. (a) **Invitation to offer:** The offer should be distinguished from an invitation to offer. An offer is the final expression of willingness by the offeror to be bound by his offer should the party chooses to accept it. Where a party, without expressing his final willingness, proposes certain terms on which he is willing to negotiate, he does not make an offer, but invites only the other party to make an offer on those terms. This is the basic distinction between offer and invitation to offer.

The display of articles with a price in it in a self-service shop is merely an invitation to offer. It is in no sense an offer for sale, the acceptance of which constitutes a contract. In this case, Smt. Prakash by selecting some articles and approaching the cashier for payment simply made an offer to buy the articles selected by her. If the cashier does not accept the price, the interested buyer cannot compel him to sell.

- (b) **Doctrine of Indoor Management:** The Doctrine of Indoor Management is the exception to the doctrine of constructive notice. The doctrine of constructive notice does not mean that outsiders are deemed to have notice of the internal affairs of the company. For instance, if an act is authorised by the articles or memorandum, an outsider is entitled to assume that all the detailed formalities for doing that act have been observed.

The doctrine of Indoor Management is important to persons dealing with a company through its directors or other persons. They are entitled to assume that the acts of the directors or other officers of the company are validly performed, if they are within the scope of their apparent authority. So long as an act is valid under the articles, if done in a particular manner, an outsider dealing with the company is entitled to assume that it has been done in the manner required.

In the given question, Mr. X has made payment to Mr. Z and he (Mr. Z) gave to receipt of the same to Mr. X. Thus, it will be rightful on part of Mr. X to assume that Mr. Z was also authorised to receive money on behalf of the company. Hence, Mr. X will be free from liability for payment of goods purchased from M/s ABC Limited, as he has paid amount due to an employee of the company.

- (c) **Delivery - its forms and derivatives:** Delivery means voluntary transfer of possession from one person to another [Section 2(2) of the Sale of Goods Act, 1930]. As a general rule, delivery of goods may be made by doing anything, which has the effect of putting the goods in the possession of the buyer, or any person authorized to hold them on his behalf.

Forms of delivery: Following are the kinds of delivery for transfer of possession:

- (i) **Actual delivery:** When the goods are physically delivered to the buyer.
- (ii) **Constructive delivery:** When it is effected without any change in the custody or actual possession of the thing as in the case of delivery by attornment (acknowledgement) e.g., where a warehouseman holding the goods of A agrees to hold them on behalf of B, at A's request.
- (iii) **Symbolic delivery:** When there is a delivery of a thing in token of a transfer of something else, i.e., delivery of goods in the course of transit may be made by handing over documents of title to goods, like bill of lading or railway receipt or delivery orders or the key of a warehouse containing the goods is handed over to buyer.

2. (a) An anticipatory breach of contract is a breach of contract occurring before the time fixed for performance has arrived. When the promisor refuses altogether to perform his promise and signifies his unwillingness even before the time for performance has arrived, it is called Anticipatory Breach. The law in this regard has very well summed up in ***Frostv. Knight and Hochster v. Dela Tour***:

Section 39 of the Indian Contract Act deals with **anticipatory breach of contract** and provides as follows: "When a party to a contract has refused to perform or disable himself from performing, his promise in its entirety, the promisee may put an end to the contract, unless he has signified, but words or conduct, his acquiescence in its continuance."

Effect of anticipatory breach: The promisee is excused from performance or from further performance. Further he gets an option:

- (1) To either treat the contract as "rescinded and sue the other party for damages from breach of contract immediately without waiting until the due date of performance; or
- (2) He may elect not to rescind but to treat the contract as still operative, and wait for the time of performance and then hold the other party responsible for the consequences of non-performance. But in this case, he will keep the contract alive for the benefit of the other party as well as his own, and the guilty party, if he so decides on re-consideration, may still perform his part of the, contract and can also take advantage of any supervening impossibility which may have the effect of discharging the contract.

(b) Distinction between LLP and Limited Liability Company

	Basis	LLP	LLC
1.	Regulating Act	The LLP Act, 2008.	The Companies Act, 2013.
2.	Members/Partners	The persons who contribute to LLP are known as partners of the LLP.	The persons who invest the money in the shares are known as members of the company.
3.	Internal governance structure	The internal governance structure of a LLP is governed by contract agreement between the partners.	The internal governance structure of a company is regulated by statute (i.e., Companies Act, 2013).
4.	Name	Name of the LLP to contain the word "Limited Liability partnership" or "LLP" as suffix.	Name of the public company to contain the word "limited" and Pvt. Co. to contain the word "Private limited" as suffix.
5.	No. of members/partners	Minimum – 2 members Maximum – No such limit on the members in the Act. The members of the LLP can be individuals or body corporate through the nominees.	Private company: Minimum – 2 members Maximum 200 members Public company: Minimum – 7 members Maximum – No such limit on the members. Members can be organizations, trusts, another business form or individuals.
6.	Liability of members/partners	Liability of a partners is limited to the extent of agreed contribution in case of intention is fraud.	Liability of a member is limited to the amount unpaid on the shares held by them.

7.	Management	The business of the company managed by the partners including the designated partners authorized in the agreement.	The affairs of the company are managed by board of directors elected by the shareholders.
8.	Minimum number of directors/designated partners	Minimum 2 designated partners.	Pvt. Co. – 2 directors Public co. – 3 directors

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 and 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) **Subsequent or Supervening impossibility (Becomes impossible after entering into contract):** When performance of promise become impossible or illegal by occurrence of an unexpected event or a change of circumstances beyond the contemplation of parties, the contract becomes void e.g. change in law etc.

Also, according to section 65 of the Indian Contract Act, 1872, when an agreement is discovered to be void or when a contract becomes void, any person who has received any advantage under such agreement or contract is bound to restore it, or to make compensation for it to the person from whom he received it.

In the given question, after Mr. X and Mr. Y have entered into the contract to supply 50 tons of sugar, the event of flood occurred which made it impossible to deliver the sugar within the stipulated time. Thus, the promise in question became void. Further, Mr. X has to pay back the amount of Rs. 50,000 that he received from Mr. Y as an advance for the supply of sugar within the stipulated time. Hence, the contention of Mr. Y is correct.

4. (a) **Unpaid Seller:** According to Section 45 of the Sale of Goods Act, 1930 the seller of goods is deemed to be an 'Unpaid Seller' when-

- (a) the whole of the price has not been paid or tendered.
- (b) a bill of exchange or other negotiable instrument has been received as conditional payment, and it has been dishonoured.

Right of stoppage of goods in transit

When the unpaid seller has parted with the goods to a carrier and the buyer has become insolvent, he can exercise this right by asking the carrier to return the goods back, or not to deliver the goods to the buyer.

However, the right of stoppage in transit is exercised only when the following conditions are fulfilled:

- (a) The seller must be unpaid.
 - (b) The seller must have parted with the possession of goods.
 - (c) The goods must be in the course of transit.
 - (d) The buyer must have become insolvent.
 - (e) The right is subject to provisions of the Act.
- (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. M also is not aware that he is dealing with a partner in a firm. 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) Section 26 of the Sale of Goods Act, 1930 provides that unless otherwise agreed, the goods remain at the seller's risk until the property therein is transferred to the buyer, but when the property therein is transferred to the buyer, the goods are at buyer's risk whether delivery has been made or not. Further Section 18 read with Section 23 of the Act provides that in a contract for the sale of unascertained goods, no property in the goods is transferred to the buyer, unless and until the goods are ascertained and where there is contract for the sale of unascertained or future goods by description, and goods of that description and in a deliverable state are unconditionally appropriated to the contract, either by the seller with the assent of the buyer or by the buyer with the assent of the seller, the property in the goods thereupon passes to the buyer. Such assent may be express or implied. Applying the aforesaid law to the facts of the case in hand, it is clear that Mr. Samuel has the right to select the good out of the bulk and he has sent his men for same purpose.

Hence the problem can be answered based on the following two assumptions and the answer will vary accordingly.

- (i) Where the bales have been selected with the consent of the buyer's representatives: In this case, the property in the 60 bales has been transferred to the buyer and goods have been appropriated to the contract. Thus, loss arising due to fire in case of 60 bales would be borne by Mr. Samuel. As regards 40 bales, the loss would be borne by Mr. Varun, since the goods have not been identified and appropriated.
 - (ii) Where the bales have not been selected with the consent of buyer's representatives.
In this case the property in the goods has not been transferred at all and hence the loss of 100 bales would be borne by Mr. Varun completely.
- (b) The House of Lords in *Salomon Vs Salomon & Co. Ltd.* laid down that a company is a person distinct and separate from its members, and therefore, has an independent separate legal existence from its members who have constituted the company. But under certain circumstances the separate entity of the company may be ignored by the courts. When that happens, the courts ignore the corporate entity of the company and look behind the corporate façade and hold the persons in control of the management of its affairs liable for the acts of the company. Where a company is incorporated and formed by certain persons only for the purpose of evading taxes, the courts have discretion to disregard the corporate entity and tax the income in the hands of the appropriate assessee.
- (1) The problem asked in the question is based upon the aforesaid facts. The three companies were formed by the assessee purely and simply as a means of avoiding tax and the companies were nothing more than the façade of the assessee himself. Therefore the whole idea of Mr. F was simply to split his income into three parts with a view to evade tax. No other business was done by the company.
 - (2) The legal personality of the three private companies may be disregarded because the companies were formed only to avoid tax liability. It carried on no other business, but was created simply as a legal entity to ostensibly receive the dividend and interest and to hand them over to the assessee as pretended loans. The same was upheld in *Re Sir Dinshaw Maneckji Petit* AIR 1927 Bom.371 and *Juggilal vs. Commissioner of Income Tax* AIR (1969) SC (932).

6. (a) Definition of Consideration-Section 2(d)

"When at the desire of the promisor, the promise or any other person has done, or does or abstains from doing of promises to do or abstain from doing something, such an act or abstinence or promise is called consideration for the promise"

The essential characteristics of a valid consideration are as follows:

- (1) Consideration must move at the desire of the promisor
- (2) It may proceed from the promisee or any other person on his behalf.
- (3) It may be executed or executory. It may be past, present or future.
- (4) It must be real and have some value in the eyes of law.
- (5) It must not be something which the promisor is already legally bound to do.
- (6) It must not be unlawful, immoral or opposed to public policy.
- (7) Inadequacy of consideration does not invalidate the contract. Thus, it need not be proportionate to the value of the promise of the other.
- (8) It may comprise of some benefit, profit, right or interest accruing to one or some loss, detriment, obligation or responsibility undertaken by the other.

- (b) **Dissolution of Firm:** The Dissolution of Firm means the discontinuation of the jural relation existing between all the partners of the Firm. But when only one of the partners retires or becomes incapacitated from acting as a partner due to death, insolvency or insanity, the partnership, i.e., the relationship between such a partner and other is dissolved, but the rest may decide to continue. In such cases, there is in practice, no dissolution of the firm. The particular partner goes out, but the remaining partners carry on the business of the Firm. In the case of dissolution of the firm, on the other hand, the whole firm is dissolved. The partnership terminates as between each and every partner of the firm.

Dissolution of a Firm may take place (Section 39 - 44)

- (a) as a result of any agreement between all the partners (i.e., dissolution by agreement);
 - (b) by the adjudication of all the partners, or of all the partners but one, as insolvent (i.e., compulsory dissolution);
 - (c) by the business of the Firm becoming unlawful (i.e., compulsory dissolution);
 - (d) subject to agreement between the parties, on the happening of certain contingencies, such as: (i) effluence of time; (ii) completion of the venture for which it was entered into; (iii) death of a partner; (iv) insolvency of a partner.
 - (e) by a partner giving notice of his intention to dissolve the firm, in case of partnership at will and the firm being dissolved as from the date mentioned in the notice, or if no date is mentioned, as from the date of the communication of the notice; and
 - (f) by intervention of court in case of: (i) a partner becoming the unsound mind; (ii) permanent incapacity of a partner to perform his duties as such; (iii) Misconduct of a partner affecting the business; (iv) willful or persistent breaches of agreement by a partner; (v) transfer or sale of the whole interest of a partner; (vi) improbability of the business being carried on save at a loss; (vii) the court being satisfied on other equitable grounds that the firm should be dissolved.
- (c) 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, Flora 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)	Directors and their relatives	190
(ii)	5 Couples (5*1)	5
(iii)	Others	5
	Total	200

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.

FOUNDATION COURSE

MOCK TEST PAPER

PAPER 2: SECTION-B: BUSINESS CORRESPONDENCE AND REPORTING

ANSWERS

1. (a)

Answer Key

(i) b

(ii) a

(iii) d

(iv) d

(v) c

(b) (i) A Basic understanding of Tax and its variants (Heading)

I) What is a tax?

- 1) A fincl charge or a levy
- 2) Can be direct or indirect
- 3) Administered by the govt.

II) Use of Tax

- 1) Protecⁿ of property
- 2) Expenditure on wars
- 3) Economic infrastructures
- 4) Law and order
- 5) Public works
- 6) Subsidies
- 7) Social engg
- 8) Functioning of the govt.
 - (a) Welfare and public services
 - (b) Eduⁿ
 - (c) Pension for the elderly
 - (d) Unemployment benefits
 - (e) Public transprtⁿ.
 - (f) Day to day public utilities

(ii) Summary

Tax is a charge which the government or its equivalent functional body levies on the public. Taxes are used for various purposes like protection of property, expenditures on war, economic infrastructure, the enforcement of law and public order, public works, subsidies, social engineering, and the very operation of the government itself. Calculation of tax is based on various factors such as its inherent economic structure, its history, and to a significant extent on the tax structures of its neighbouring countries. Direct and indirect taxes are

prevalent in countries depending on their income group. Per capita income too plays an important role in deciding a tax amount. Failure to pay tax is a punishable offence.

2. (a) A complete communication conveys all facts and information required by the recipient. It keeps in mind the receiver's intellect and attitude and conveys the message accordingly. A complete communication helps in building the company's reputation, aids in better decision making as all relevant and required information is available with the receiver.

(b) (i) b

(ii) d

(iii) An apology letter should be written by you.

(iv) Uncle complained that he was unwell.

(c) Hazards of Passive Smoking (Title)

A lot of research and studies have concluded that second hand smoke, or passive smoking as it is commonly called is equally hazardous to health as is active smoking. Consistent results show that passive smoking causes lung cancer; also a study brings out a link between parental smoking and damage in children.

3. (a) Understanding *cultural aspects of communication* refers to having knowledge of different cultures in order to communicate effectively with cross culture people.. Understanding various cultures in this era of globalization is an absolute necessity as the existence of cultural differences between people from various countries, regions tribes and, religions, where words and symbols may be interpreted differently can result in communication barriers and miscommunications. Multinational companies offer special courses and documents to familiarize their staff with the culture of the country where they are based for work.

(b) (i) c

(ii) a

(iii) The work was finished very soon by Anita

(iv) The stuntman advised the audience not to try that at home.

(c) Letter

Manager Operations and Admin

Net Solutions

Mumbai

15th Feb, 2019

Administration Head

Food for you Solutions

Mumbai

Dear Sir/Madam

Sub: Complaint against food quality

This with reference to the food supplied to our cafeteria by your company's kitchen. Unfortunately, for the past few weeks, we have observed that the quality of food items, especially rice, wheat flour and pulses has degraded considerably.

A few of our employees complained of ill health after having consumed your food. I presume stale food is not being sent to us.

Kindly assure that the raw material you use is of high quality standards and is ISI approved.

I request you to look into this matter urgently and present a report within 2 days time to avoid a stern action.

Thanks and Regards,

Name

Manager, Ops and Admin

Net Solutions

(Signed)

Manager, Office and food supplies Ltd.

4. (a) Nonverbal communication is the process of communicating by sending and receiving wordless messages. These messages can aid verbal communication, convey thoughts and feelings contrary to the spoken words or express ideas and emotions on their own. Some of the functions of nonverbal communication in humans are to complement and illustrate, to reinforce and emphasize, to replace and substitute, to control and regulate, and to contradict the denoted message
 - **Physical nonverbal communication:** An individual's body language that is, facial expressions, stance, gestures, tone of voice, touch, and other physical signals constitute this type of communication. For example, leaning forward may mean friendliness, acceptance and interest, while crossing arms can be interpreted as antagonistic or defensive posture.
 - **Paralanguage:** The way you say something, more than the actual words used, reveal the intent of the message, The voice quality, intonation, pitch, stress, emotion, tone, and style of speaking, communicates approval, interest or the lack of it.
 - **Aesthetic communication:** Art forms such as dancing, painting, sculptor, music are also means of communication. They distinctly convey the ideas and thoughts of the artist.
 - **Appearance:** Appearance is usually the first thing noticed about a person. A well dressed and groomed person is presumed to be organized and methodical, whereas a sloppy or shabby person fails to make a favourable impression. Therefore, dressing appropriately in all formal interactions is emphasized. The dress code in office is generally formal. It constitutes of formal suits, trousers with plain white or light coloured shirts and leather shoes. Bright colours, jeans, T - shirts, especially with slogans and other informal wear are frowned upon. For women formal two-piece trouser or skirt sets or formal ethnic wear like sarees, is permissible.
 - **Symbols** such as religious and status.
- (b) (i) c
- (ii) Women led a conservative lifestyle in olden days
- (iii) The girl asked where I lived?
- (c) **Answer Hints for Article**
 - Mention a heading: **Social Media: A Bane or Boon**
 - Social media is a good way to connect with friends and relatives
 - A convenient platform for sharing ideas, thoughts and opinions
 - Facebook, twitter, instagram, whatsapp are useful when used in a healthy way.

- Getting addicted to them is very easy and affects one's productivity.
 - With the advent of social media in our lives, every movement gets tracked and reported.
 - Technology at its boom, is not safe always. One needs to use it judiciously for good causes.
 - The social media shows a person's daily movements, tracks your trips; what you see on your FB pages is influenced by your past searches, which is probably not right.
 - A good balance of technology and mind, with less interference of the social media is an appropriate approach.
5. (a) **Formal communication:** Formal communication, both oral and written, follows certain rules, principles and conventions in conveying the message. The hierarchy in the organization has to be followed. Formal format, style and language have to be used. The communication pattern can be vertical, horizontal or diagonal.
- **Vertical:** Information can flow upwards or downwards in the organization. Data that is collected flows up to the top levels of management for review and decision making, while instructions and orders are passed down from the management/seniors to the subordinates for implementation.
 - **Horizontal:** Horizontal communication that involves communication between two parts of the organization at the same level. For example, the managers of a project in a company may hold a regular daily, weekly or monthly meeting to discuss the progress of the project.
 - **Diagonal:** Cross-functional communication between employees at different levels of the organizational hierarchy is described as diagonal communication. Diagonal communication is increasingly common in larger organizations. It reduces the chances of distortion or misinterpretation by encouraging direct communication between the relevant parties. For example, a junior engineer reports directly to the General Manager regarding the progress on the project.
- (b) (i) d
- (ii) b
- (iii) He wanted to know if she knew Robert.
- (c) Following is a standard format, with subheadings for freshers like Sushma. (A fresher is typically a person who has never worked in any organization and is applying for his first formal job)
- Name and contact details
 - Objective Summary
 - Academic Qualifications and Achievements (mention class XII marks/grades/CGPA) Also mention, that Sushma is going to write her CA finals, in May/November.
 - Co-curricular Achievements
 - Training Programs/Articleship attended/completed (Name the organization and the date of joining)
 - Strengths (Personal and professional) *Here the auditing expertise can be mentioned.*
 - Interests/Hobbies
 - Declaration
 - Signature

MOCK TEST PAPER
FOUNDATION COURSE
PAPER 2: SECTION A: BUSINESS LAWS

Question No. 1 is compulsory.

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

*Wherever necessary, suitable assumptions should be made and disclosed
by way of note forming part of the answer.*

Working Notes should form part of the answer.

Total Marks: 60

QUESTIONS

1. (a) Krish, Kamya and Ketan are partners in a firm. They jointly promised to pay Rs. 6,00,000 to Dia. Kamya become insolvent and her private assets are sufficient to pay 1/5 of her share of debts. Krish is compelled to pay the whole amount to Dia. Examining the provisions of the Indian Contract Act, 1872, decide the extent to which Krish can recover the amount from Ketan. **(4 Marks)**
- (b) Akbar, 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 Akbar as a pretended loan. This way, Akbar 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 difference between Sale and Agreement to sell under the Sale of Goods Act, 1930. **(4 Marks)**
2. (a) State the grounds upon which a contract may be discharged 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) State the modes by which a partner may transfer his interest in the firm in favour of another person under the Indian Partnership Act, 1932. What are the rights of such a transferee? **(6 Marks)**
- (b) '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, 1872. **(6 Marks)**

4. (a) What are the implied conditions in a contract of 'Sale by sample' under the Sale of Goods Act, 1930? State also the implied warranties operative under the said Act. **(6 Marks)**
- (b) X, Y and Z are partners in a Partnership Firm. They were carrying their business successfully for the past several years. Spouses of X and Y fought in ladies club on their personal issue and X's wife was hurt badly. X got angry on the incident and he convinced Z to expel Y from their partnership firm. Y was expelled from partnership without any notice from X and Z. Considering the provisions of the Indian Partnership Act, 1932, state whether they can expel a partner from the firm. What are the criteria for test of good faith in such circumstances? **(6 Marks)**
5. (a) Mr. D sold some goods to Mr. E for Rs. 5,00,000 on 15 days credit. Mr. D delivered the goods. On due date Mr. E refused to pay for it. State the position and rights of Mr. D as per the Sale of Goods Act, 1930. **(6 Marks)**
- (b) Explain the meaning of Guarantee Company? State the similarities and dissimilarities between a 'Guarantee Company' and 'Company Limited by Shares'. **(6 Marks)**
6. (a) "No consideration, no contract". Discuss.

Or

- "Mere silence does not amount to fraud". Discuss. **(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)**

PAPER 2: SECTION-B: BUSINESS CORRESPONDENCE AND REPORTING

The Question Paper comprises of 5 questions of 10 marks each.

*Question No. 1 is compulsory. Out of questions 2 to 5, attempt any **three**.*

Total Marks: 40

1. (a) Read the passage carefully and answer the questions that follow:

A sanctuary may be defined as a place where Man is passive and the rest of Nature active. Till quite recently Nature had her own sanctuaries, where man either did not go at all or went only as a tool-using animal in comparatively small numbers. But now, in this machine age, there is no place left where man cannot go with overwhelming forces at his command. He can strangle to death all the nobler wild life in the world to-day. Tomorrow he certainly will have done so, unless he exercises due foresight and self-control in the mean time.

There is not the slightest doubt that birds and mammals are now being killed off much faster than they can breed. And it is always the largest and noblest forms of life that suffer most. The whales and elephants, lions and eagles, go. The rats and flies, and all mean parasites, remain. This is inevitable in certain cases. But it is wanton killing off that is of concern. Civilized man begins by destroying the very forms of wild life he learns to appreciate most when he becomes still more civilized. The obvious remedy is to begin conservation at an earlier stage, when it is easier and better in every way, by enforcing laws for close seasons, game preserves, the selective protection of certain species, and sanctuaries.

I have just defined a sanctuary as a place where man is passive and the rest of Nature active. But this general definition is too absolute for any special case. The mere fact that man has to protect a sanctuary does away with his purely passive attitude. Then, he can be beneficially active by destroying pests and parasites, like bot-flies or mosquitoes, and by finding antidotes for diseases like the epidemic which periodically kills off the rabbits and thus starves many of the carnivores to death. But, except in cases where experiment has proved his intervention to be beneficial, the less he upsets the balance of Nature the better, even when he tries to be an earthly Providence.

1. What can man do to avoid killing all wild life in the future?
 - (a) Experiment more
 - (b) Have a foresight
 - (c) Maintain self control
 - (d) Both a and b (1 Mark)
2. What according to the author is a sanctuary?
 - (a) A place where Man is active and so is Nature
 - (b) A place where Man is passive and so is Nature
 - (c) A place where Man is passive but Nature is active
 - (d) A place where Man and Nature do not co exist. **(1 Mark)**
3. What according to the author can lead to the death of carnivores?
 - (a) Finding antidotes for epidemics, which might kill animal that are food for carnivores
 - (b) Conservation at a later stage
 - (c) Carnivores can die anytime.
 - (d) Man is egoistic and wants to be powerful than carnivores. **(1 Mark)**

4. Find the word in the passage that means 'unprovoked' or 'deliberate'
- Beneficially
 - Wanton
 - Inevitable
 - Providence **(1 Mark)**
5. What does the author mean by the phrase 'earthly Providence' in the last line of the passage?
- The Earth is God.
 - Man is inferior to God.
 - God will not take care of the Earth
 - Man wants to be like God on Earth. **(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)

The small village of Somnathpur contains an extraordinary temple, built around 1268 A.D. by the Hoyasalas of Karnataka – one of the most prolific temple builders. Belur and Halebidu are among their better-known works. While these suffered during the invasion of the 14th century, the Somnathpur temple stands more or less intact in near-original condition. The small temple captivates with the beauty and vitality of its detailed sculpture, covering almost every inch of the walls, pillars and even ceilings. It has three shikaras and stands on a star-shaped raised platform with 24 edges. The outer walls have a profusion of detailed carvings: the entire surface run over by carved plaques of stone. There were vertical panels covered by exquisite figures of God and Goddesses, with many incarnations being depicted. There were nymphs too, some carrying an ear of maize, a symbol of plenty and prosperity. The elaborate ornamentation, very characteristic of Hoysala sculptures was a remarkable feature. On closer look – and it is worth it – the series of friezes on the outer walls revealed intricately carved caparisoned elephants, charging horsemen, stylized flowers, warriors, musicians, crocodiles and swans.

The temple was actually commissioned by Soma Dandanayaka or Somnath (he named the village after himself), the minister of the Hoysala king, Narasimha the Third. The temple was built to house three versions of Krishna – Venugopala, Janardana and Prasanna Keshava, though only two remain in their original form. In the darkness of the sanctum sanctorum, it is interesting to discern the different images. The temple's sculptural perfection is amazing and includes the doors of the temple and the three elegantly carved towers.

2. (a) What is visual communication? **(1 Mark)**
- (b) (i) Choose the word which best expresses the meaning of the given word.
Contingency
- Existence
 - Evidence
 - Rebel
 - Emergency **(1 Mark)**
- (ii) Select a suitable antonym for the word given in question.
Proximity
- Approximation
 - Assumingly
 - Remoteness
 - Cure **(1 Mark)**
- (iii) Change the following sentences into passive voice.
Who wrote this essay? **(1 Mark)**

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

Sheila said, 'How smart Seema is'

(1 Mark)

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

Digital payments in India took off in a massive way right after demonetization, with the likes of Paytm, Google pay leveraging the government move to become a household name. However, a new study now reveals that more than half of the shops in Indian cities want to stay away from digital payments. Awareness is not enough to get Indians to use digital payments as only 48% of merchants accept digital payments, according to a report done by CUTS international. Expensive and unreliable infrastructure, unaware customers, lack of interoperability, transaction failures and charges are reasons why merchants don't prefer digital payments in India.

Cash is still king in India and digital payments today hold a mere 10% of all transactions in the country. Recognising that, the Payments Council of India recently submitted recommendations to the newly-formed panel by the government for digital payments. The PCI suggested seamless access to payments infrastructure and formation of a KYC bureau among multiple other things. While right after demonetization going cashless meant digital payments saw a huge spike in numbers, in 2018 the conversion rate actually fell. According to data from the Reserve Bank of India, there was a one percent fall in digital payments in November 2018 when compared to November 2017. Regulations, too, form a major role in the adoption of digital payments in India. While the current government has been encouraging of India's shift to digitization and has been promoting a cashless India, mandates like compulsory KYC had halted the operations of many payment wallets.

(5 Marks)

3. (a) What is network in communication.

(1 Mark)

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

Inherent

- (a) Intrinsic (b) Inevitable (c) Innovation (d) Intent

(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

Rajesh uses a pen to sketch figures.

(1 Mark)

- (iv) Change the following sentence to indirect speech.

Elders always say, 'If you work hard, you will succeed.'

(1 Mark)

- (c) Draft a Circular informing the staff about the dismissal of the Sales Head on being proved guilty of charges of misappropriation of funds/accounts.

(5 Marks)

4. (a) Explain briefly the characteristics of effective communication.

(2 Marks)

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

Vigilant

- (a) Careful (b) Curious (c) Concerned (d) Inattentive

(1 Mark)

- (ii) Rewrite the following sentences in active voice

Work could be done by us only by next week.

(1 Mark)

- (iii) Change the following sentence into Indirect speech.
Teacher said, 'Please use a blue pen for your homework' **(1 Mark)**
- (c) Write an Article of about 250-300 words on the topic "What is more important—Physical fitness or Mental fitness?" **(5 Marks)**
5. (a) What/Which according to you is/are the most significant communication barrier/s that should be eliminated for a seamless communication in a diverse/multi-cultural work environment? **(2 Marks)**
- (b) Select the correct meaning of the idioms/phrases given below.
- (i) Acid test
- (a) Difficult job
 - (b) Useless task
 - (c) Decisive test
 - (d) Unknown work **(1 Mark)**
- (ii) Sell like hotcakes
- (a) A difficult campaign
 - (b) Controversial marketing
 - (c) Good baker
 - (d) Fast selling / in huge numbers **(1 Mark)**
- (iii) Change the following sentence into Indirect speech.
The Principal said, 'You are a bright child'. **(1 Mark)**
- (c) Draft your resume for the position of articled trainee in a firm. **(5 Marks)**

MOCK TEST PAPER 2
FOUNDATION COURSE
PAPER 2: SECTION A: BUSINESS LAWS

ANSWERS

1. (a) As per section 43 of the Indian Contract Act, 1872, when two or more persons make a joint promise, the promisee may, in the absence of express agreement to the contrary, compel any one or more of such joint promisors to perform the whole of the promise.

Each of two or more joint promisors may compel every other joint promisor to contribute equally with himself to the performance of the promise, unless a contrary intention appears from the contract.

If any one of two or more joint promisors makes default in such contribution, the remaining joint promisors must bear the loss arising from such default in equal shares.

In the instant case, Krish, Kamya and Ketan jointly promised to pay Rs. 6,00,000 to Dia. Kamya become insolvent and her private assets are sufficient to pay 1/5 of her share of debts. Krish is compelled to pay the whole amount. Krish is entitled to receive Rs. 40,000 from Kamya's estate, and Rs. 2,80,000 from Ketan.

- (b) The House of Lords in *Salomon Vs. Salomon & Co. Ltd.* laid down that a company is a person distinct and separate from its members, and therefore, has an independent separate legal existence from its members who have constituted the company. But under certain circumstances the separate entity of the company may be ignored by the courts. When that happens, the courts ignore the corporate entity of the company and look behind the corporate façade and hold the persons in control of the management of its affairs liable for the acts of the company. Where a company is incorporated and formed by certain persons only for the purpose of evading taxes, the courts have discretion to disregard the corporate entity and tax the income in the hands of the appropriate assessee.

- (1) The problem asked in the question is based upon the aforesaid facts. The three companies were formed by the assessee purely and simply as a means of avoiding tax and the companies were nothing more than the façade of the assessee himself. Therefore, the whole idea of Mr. Akbar was simply to split his income into three parts with a view to evade tax. No other business was done by the company.
- (2) The legal personality of the three private companies may be disregarded because the companies were formed only to avoid tax liability. It carried no other business, but was created simply as a legal entity to ostensibly receive the dividend and interest and to hand them over to the assessee as pretended loans.

- (c) The differences between the sale and agreement to sell is as follows:

Basis of difference	Sale	Agreement to sell
Transfer of property	The property in the goods passes to the buyer immediately.	Property in the goods passes to the buyer on future date or on fulfilment of some condition.
Nature of contract	It is an executed contract. i.e. contract for which consideration has been paid.	It is an executory contract. i.e. contract for which consideration is to be paid at a future date.
Remedies for breach	The seller can sue the buyer for the price of the goods because	The aggrieved party can sue for damages only and not for the price,

	of the passing of the property therein to the buyer.	unless the price was payable at a stated date.
Liability of parties	A subsequent loss or destruction of the goods is the liability of the buyer.	Such loss or destruction is the liability of the seller.
Burden of risk	Risk of loss is that of buyer since risk follows ownership.	Risk of loss is that of seller.
Nature of rights	Creates Jus in rem	Creates Jus in personam
Right of resale	The seller cannot resell the goods.	The seller may sell the goods since ownership is with the seller.

2. (a) 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 (Section 56).
 - (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. If one of the parties to a contract breaks the promise the party injured thereby, has not only a right of action for damages but he is also discharged from performing his part of the contract (Section 64).
 - (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. (Section 63).
 - (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 (Section 67).
- (b) **Meaning:** A LLP is a new form of legal business entity with limited liability. It is an alternative corporate business vehicle that not only gives the benefits of limited liability at low compliance cost but allows its partners the flexibility of organising their internal structure as a traditional partnership.

The LLP is a separate legal entity and, while the LLP itself will be liable for the full extent of its assets, the liability of the partners will be limited.

Steps to incorporate LLP:

- (a) Name reservation
 - The first step to incorporate Limited Liability Partnership (LLP) is reservation of name of LLP.
 - Applicant has to file e- Form 1, for ascertaining availability and reservation of the name of a LLP business.
 - (b) Incorporate LLP
 - After reserving a name, user has to file e- Form 2 for incorporating a new Limited Liability Partnership (LLP).
 - e-Form 2 contains the details of LLP proposed to be incorporated, partners'/ designated partners' details and consent of the partners/ designated partners to act as partners/ designated partners.
 - (c) LLP Agreement
 - Execution of LLP Agreement is mandatory as per Section 23 of the Act.
 - LLP Agreement is required to be filed with the registrar in e- Form 3 within 30 days of incorporation of LLP.
3. (a) Section 29 of the Indian Partnership Act, 1932 provides that a share in a partnership is transferable like any other property, but as the partnership relationship is based on mutual confidence, the assignee of a partner's interest by sale, mortgage or otherwise cannot enjoy the same rights and privileges as the original partner.

The rights of such a transferee are as follows:

- (1) During the continuance of partnership, such transferee is not entitled
 - (a) to interfere with the conduct of the business,
 - (b) to require accounts, or
 - (c) to inspect books of the firm.

He is only entitled to receive the share of the profits of the transferring partner and he is bound to accept the profits as agreed to by the partners, i.e., he cannot challenge the accounts.
- (2) On the dissolution of the firm or on the retirement of the transferring partner, the transferee will be entitled, against the remaining partners:
 - (a) to receive the share of the assets of the firm to which the transferring partner was entitled, and
 - (b) for the purpose of ascertaining the share,

he is entitled to an account as from the date of the dissolution.

By virtue of Section 31, no person can be introduced as a partner in a firm without the consent of all the partners. A partner cannot by transferring his own interest, make anybody else a partner in his place, unless the other partners agree to accept that person as a partner. At the same time, a partner is not debarred from transferring his interest. A partner's interest in the partnership can be regarded as an existing interest and tangible property which can be assigned.

- (b) **BREACH OF CONTRACT - DAMAGES:** Section 73 of the Indian Contract Act, 1872 lays down that when a contract has been broken, the party who suffers by such breach is entitled to receive from the party who has broken the contract compensation for any loss or damage caused to him thereby

which naturally arose in the usual course of things from such breach or which the parties knew when they made the contract to be likely to result from the breach of it.

The leading case on this point is "*Hadley v. Baxendale*" in which it was decided by the Court that the special circumstances under which the contract was actually made were communicated by the plaintiff to the defendant, and thus known to both the parties to the contract, the damages resulting from the breach of such contract which they would reasonably contemplate, would be the amount of injury which would ordinarily follow from the breach of contract under these special circumstances so known and communicated.

The problem asked in this question is based on the provisions of Section 73 of the Indian Contract Act, 1872. In the instant case 'X' had intimated to 'Z' that he was purchasing water bottles from him for the purpose of performing his contract with 'Y'. Thus, 'Z' had the knowledge of the special circumstances. Therefore, 'X' is entitled to claim from 'Z' ₹ 500/- at the rate of 0.50 paise i.e. 1000 water bottles x 0.50 paise (difference between the procuring price of water bottles and contracted selling price to 'Y') being the amount of profit 'X' would have made by the performance of his contract with 'Y'.

If 'X' had not informed 'Z' of 'Y's contract, then the amount of damages would have been the difference between the contract price and the market price on the day of default. In other words, the amount of damages would be ₹ 750/- (i.e. 1000 water bottles x 0.75 paise).

4. (a) The following are implied conditions in a contract of sale by sample in accordance with Section 17 of the Sale of Goods Act, 1930;

- (a) that the bulk shall correspond with the sample in quality;
- (b) that the buyer shall have a reasonable opportunity of comparing the bulk with the sample.
- (c) that the goods shall be free from any defect, rendering them unmerchantable, which would not be apparent on a reasonable examination of the sample.

Implied Warrants:

1. *Warranty as to undisturbed possession [Section 14(b)]*: An implied warranty that the buyer shall have and enjoy quiet possession of the goods. That is to say, if the buyer having got possession of the goods, is later on disturbed in his possession, he is entitled to sue the seller for the breach of the warranty.
 2. *Warranty as to non-existence of encumbrances [Section 14(c)]*: An implied warranty that the goods shall be free from any charge or encumbrance in favour of any third party not declared or known to the buyer before or at the time the contract is entered into.
 3. *Warranty as to quality or fitness by usage of trade [Section 16(3)]*: An implied warranty as to quality or fitness for a particular purpose may be annexed by the usage of trade.
 4. *Warranty to disclose dangerous nature of goods*: Where a person sells goods, knowing that the goods are inherently dangerous or they are likely to be dangerous to the buyer and that the buyer is ignorant of the danger, he must warn the buyer of the probable danger, otherwise he will be liable in damages.
- (b) A partner may not be expelled from a firm by a majority of partners except in exercise, in good faith, of powers conferred by contract between the partners. It is, thus, essential that:
- (i) the power of expulsion must have existed in a contract between the partners;
 - (ii) the power has been exercised by a majority of the partners; and
 - (iii) it has been exercised in good faith.

If all these conditions are not present, the expulsion is not deemed to be in bonafide interest of the business of the firm.

The test of good faith as required under Section 33(1) includes three things:

- The expulsion must be in the interest of the partnership.
- The partner to be expelled is served with a notice.
- He is given an opportunity of being heard.

If a partner is otherwise expelled, the expulsion is null and void.

Thus, according to the test of good faith as required under Section 33(1), expulsion of Partner Y is not valid.

5. (a) **Position of Mr. D:** Mr. D sold some goods to Mr. E for ₹ 5,00,000 on 15 days credit. Mr. D delivered the goods. On due date Mr. E refused to pay for it. So, Mr. D is an unpaid seller as according to section 45(1) of the Sale of Goods Act, 1930 the seller of goods is deemed to be an 'Unpaid Seller' when the whole of the price has not been paid or tendered and the seller had an immediate right of action for the price.

Rights of Mr. D: As the goods have parted away from Mr. D, therefore, Mr. D cannot exercise the right against the goods, he can only exercise his rights against the buyer i.e. Mr. E which are as under:

- (i) **Suit for price (Section 55):** In the mentioned contract of sale, the price is payable after 15 days and Mr. E refuses to pay such price, Mr. D may sue Mr. E for the price.
- (ii) **Suit for damages for non-acceptance (Section 56):** Mr. D may sue Mr. E for damages for non-acceptance if Mr. E wrongfully neglects or refuses to accept and pay for the goods. As regards measure of damages, Section 73 of the Indian Contract Act, 1872 applies.
- (iii) **Suit for interest (Section 61):** If there is no specific agreement between the Mr. D and Mr. E as to interest on the price of the goods from the date on which payment becomes due, Mr. D may charge interest on the price when it becomes due from such day as he may notify to Mr. E.

- (b) **Meaning of Guarantee Company:** Section 2(21) of the Companies Act, 2013 defines a Company Limited by Guarantee as a company having the liability of its members limited by the memorandum to such amount as the members may respectively undertake to contribute to the assets of the company in the event of its being wound up. Thus, the liability of the members of a guarantee company is limited to a stipulated amount in terms of individual guarantees given by members and mentioned in the memorandum. The members cannot be called upon to contribute more than such stipulated amount for which each member has given a guarantee in the memorandum of association.

Similarities and dis-similarities between the Guarantee Company and the Company limited by shares: The common features between a "guarantee company" and the "company limited share" are legal entity and limited liability. In case of a company limited by shares, the liability of its members is limited to the amount remaining unpaid on the shares held by them. Both these type of companies have to state this fact in their memorandum that the members' liability is limited.

However, the dissimilarities between a 'guarantee company' and 'company limited by shares' is that in the former case the members will be called upon to discharge their liability only after commencement of the winding up of the company and only to the extent of amounts guaranteed by them respectively; whereas in the case of a company limited by shares, the members may be called upon to discharge their liability at any time, either during the life of the company or during the course of its winding up.

6. (a) **No consideration, no contract:** Every agreement, to be enforceable by law must be supported by valid consideration. An agreement made without any consideration is void. No consideration, no contract is a general rule. However, Section 25 of the Indian Contract Act, 1872 provides some exceptions to this rule, where an agreement without consideration will be valid and binding. These exceptions are as follows:

- (i) **Agreement made on account of natural love and affection:** Section 25 (1) provides that if an agreement is (i) in writing (ii) registered under the law and (iii) made on account of natural love and affection (iv) between the parties standing in a near relation to each other, it will be enforceable at law even if there is no consideration. Thus, where A, for natural love and affection, promises to give his son, B, ₹ 1,00,000 in writing and registers it. This is a valid contract.
- (ii) **Compensation for past voluntary services:** Section 25(2) provides that a promise to compensate, wholly or in part, a person who has already voluntarily done something for the promisor, is enforceable. Thus, when A finds B's purse and gives it to him and B promises to give A ₹ 5,000, this is a valid contract.
- (iii) **Promise to pay time-barred debts (Section 25 (3)):** Where there is an agreement, made in writing and signed by the debtor or by his agent, to pay wholly or in part a time barred debt, the agreement is valid and binding even though there is no consideration. If A owes B ₹ 1,00,000 but the debt is lapsed due to time-bar and A further makes a written promise to pay ₹ 50,000 on account of this debt, it constitutes a valid contract.
- (iv) **Contract of agency (Section 185):** No consideration is necessary to create an agency.
- (v) **Completed gift (Explanation 1 to Section 25):** A completed gift needs no consideration. Thus, if a person transfers some property by a duly written and registered deed as a gift he cannot claim back the property subsequently on the ground of lack of consideration.

Or

Mere silence not amounting to fraud: Mere silence as to facts likely to affect the willingness of a person to enter into a contract is no fraud; but where it is the duty of a person to speak, or his silence is equivalent to speech, silence amounts to fraud.

It is a rule of law that mere silence does not amount to fraud. A contracting party is not duty bound to disclose the whole truth to the other party or to give him the whole information in his possession affecting the subject matter of the contract.

The rule is contained in explanation to Section 17 of the Indian Contract Act which clearly states the position that mere silence as to facts likely to affect the willingness of a person to enter into a contract is not fraud.

Exceptions to this rule:

- (a) Where the circumstances of the case are such that, regard being had to them, it is the duty of the person keeping silence to speak. Duty to speak arises when one contracting party reposes trust and confidence in the other or where one party has to depend upon the good sense of the other (e.g. Insurance Contract).
- (b) Where the silence is, in itself, equivalent to speech.

(b) Partnership Deed

Partnership is the result of an agreement. No particular formalities are required for an agreement of partnership. It may be in writing or formed verbally. But it is desirable to have the partnership agreement in writing to avoid future disputes. The document in writing containing the various terms and conditions as to the relationship of the partners to each other is called the 'partnership deed'. It should be drafted with care and be stamped according to the provisions of the Stamp Act, 1899.

Where the partnership comprises immovable property, the instrument of partnership must be in writing, stamped and registered under the Registration Act.

Partnership deed may contain the following information:-

1. Name of the partnership firm.
2. Names of all the partners.
3. Nature and place of the business of the firm.
4. Date of commencement of partnership.
5. Duration of the partnership firm.
6. Capital contribution of each partner.
7. Profit Sharing ratio of the partners.
8. Admission and Retirement of a partner.
9. Rates of interest on Capital, Drawings and loans.
10. Provisions for settlement of accounts in the case of dissolution of the firm.
11. Provisions for Salaries or commissions, payable to the partners, if any.
12. Provisions for expulsion of a partner in case of gross breach of duty or fraud.

A partnership firm may add or delete any provision according to the needs of the firm.

- (c) (i) **Correct:** Section 3 of the Companies Act, 2013 deals with the basic requirement with respect to the constitution of the company. In the case of a public company, any 7 or more persons can form a company for any lawful purpose by subscribing their names to memorandum and complying with the requirements of this Act in respect of registration. In exactly the same way, 2 or more persons can form a private company.
- (ii) **Incorrect:** The common seal is a seal used by a corporation as the symbol of its incorporation. The Companies (Amendment) Act, 2015 has made the common seal optional by omitting the words "and a common seal" from Section 9 so as to provide an alternative mode of authorization for companies who opt not to have a common seal. This amendment provides that the documents which need to be authenticated by a common seal will be required to be so done, only if the company opts to have a common seal. In case a company does not have a common seal, the authorization shall be made by two directors or by a director and the Company Secretary, wherever the company has appointed a Company Secretary.

PAPER 2: SECTION-B: BUSINESS CORRESPONDENCE AND REPORTING

ANSWERS

1. (a) (i) d
 (ii) c
 (iii) a
 (iv) b
 (v) d

(b) (i) (I) **Loc & Origin**

- 1) Built around 1268 AD
- 2) At Somnathpur.
 - a) A small village
- 3) Commsnd by **Soma Dandanayaka or Somnath**,
 - a) Mnstr of Hoyasala King of Karnataka, **Narasimha, III**
- 4) almost in orgnl condtn
- 5) Houses three shrines
 - a) Ddictd to three incmnts of Krishna
 - i. Venugopala,
 - ii. Janardana
 - iii. Prasanna Keshava.

(II) **Strctrl Details**

- 1) has three Shikaras.
- 2) stands on a star-shaped-raised platform with 24 edges.

(III) **Sclptrl Details**

- 1) Intrct crvngs on outer walls dpctng
 - a) cprsnd elephants,
 - b) chrgng horsemen,
 - c) stylzd flowers,
 - d) warriors, musicians,
 - e) crocodiles and swans.
- 2) Vrtcl pnls dpctng
 - a) figures of gods & goddesses in many incmnts
 - i. hvng elbrt ormmnttn
 - b) nymphs caryng ear of maize – a smbl of prsprty
- 3) doors and three elgntly carved towers

Key Used:

Loc: location

Commsnd: commissioned

Orgnl: original

Cndtn: condition
 Mnstr: minister
 Ddictd: dedicated
 Incrntns: incarnations
 Strctrl: structural
 Sculptrl: sculptural
 Intrct: intricate
 Crvngs: carvings
 Dpctng: depicting
 Cprsnd: caparisoned
 Chrgng: charging
 Stylzd: stylized
 Vrtcl: vertical
 Pnls: panels
 Dpctng: depicting
 Havng: having
 Elbrt: elaborate
 Ornmntn: ornamentation
 Caryng: carrying
 Smbl: symbol
 Prsprty: prosperity
 Elgntly: elegantly

(b) (ii) Summary

The Somnathpur temple, built around 1268 AD, by the Hoysalas of Karnataka is an epitome of exquisite craftsmanship. Commissioned by the Dandanayak. The temple is dedicated to three incarnations of Lord Krishna - Venugopala, Janardana and Prasanna Keshava. It stands almost in its original condition on a star shaped raised platform. It has three shikaras. The outer walls are replete with intricate carvings of caparisoned elephants, charging horsemen, stylized flowers, warriors, musicians, crocodiles and swans. Vertical panels depict figures of Gods and Goddesses in various incarnations and symbols of , prosperity such as nymphs carrying ear of maize. The beautifully carved three elegant towers and doors are worth seeing and appreciating.

2. (a) Visual communication is effected through visual aids such as signs, typography, drawing, graphic design, illustration, color and other electronic resources usually reinforces written communication. It is a powerful medium to communicate. Thus print and audio-visual media makes effective use of adverts to convey their message. Visuals like videos graphs, pie charts and other diagrammatic presentations convey clearly and concisely a great deal of information.
- (b) (i) d
- (ii) c
- (iii) By whom was this essay written?
- (iv) Sheila exclaimed how smart Seema was.

(c) Digital Payments: The Flip side (Title)

Although digital payments like Paytm and Google pay took on a fast flight after demonetization, their presence is not yet complete. Reasons could be many- unaware customers, unwilling merchants, unreliable infrastructure, lack of interoperability etc. According to data reports, cash still rules the market with digital payments holding only 10% of share. Also, recommendations from PCI have not played a major role. Moreover, government regulations like KYC mandates bring down the implementation and usage of digital payments, thus discouraging a digitized Indian economy.

3. (a) A **communication network** refers to the method and pattern used by members of an organization 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) a**(ii) c****(iii)** A pen is used by Rajesh to sketch figures.**(iv)** Elders always say that if you work hard, you will succeed. (Universal truth)**(c) Circular**

XYZ Consultants
32, Jai Hind Road
Nagpur, India

Circular**Date:** 10th April, 2019**To:** The all staff members**From:** HR department**Reference :** HR/Circular/2019/03

Subject: Dismissal of staff member

This is to inform that Mr. PQR, holding the position of Sales Head has been suspended from his responsibilities due to multiple charges of misappropriation of office funds against him. He is currently at large and avoiding police arrest.

Staff is instructed to immediately report any information/clue about him to the undersigned.

Head , HR.**4. (a) Various desirable characteristics of effective communication are:**

1. **Clarity:** Any spoken or written communication should state the purpose of message clearly. The language should be simple. Sentences ought to be short as the core message is lost in long, convoluted sentences. Each idea or point must be explained in a separate bulleted points or paragraphs. Make it easy for the reader to grasp the intent of the communiqué.

2. **Conciseness:** Brevity is the essence of business communication. No one has the time to read long drawn out essays. Besides, the core content is lost in elaborate details. Avoid using too many irrelevant words or adjectives, for example, 'you see', 'I mean to say', etc. Ensure that there are no repetitions
 3. **Concreteness:** The content of your communiqué should be tangible. Base it on facts and figures. Abstract ideas and thoughts are liable to misinterpretation. Make sure that there is just sufficient detail to support your case/ argument and bring focus to the main message
 4. **Coherence:** Coherence in writing and speech refers to the logical bridge between words, sentences, and paragraphs. Main ideas and meaning can be difficult for the reader to follow if the writer jumps from one idea to another and uses contradictory words to express himself. The key to coherence is sequentially organized and logically presented information which is easily understood. All content under the topic should be relevant, interconnected and present information in a flow.
 5. **Completeness:** A complete communication conveys all facts and information required by the recipient. It keeps in mind the receiver's intellect and attitude and conveys the message accordingly. A complete communication helps in building the company's reputation, aids in better decision making as all relevant and required information is available with the receiver.
 6. **Courtesy:** Courtesy implies that the sender is polite, considerate, respectful, open and honest with the receiver. The sender of the message takes into consideration the viewpoints and feelings of the receiver of the message. Make sure nothing offensive or with hidden negative tone is included.
 7. **Listening for Understanding:** We are bombarded by noise and sound in all our waking hours. We 'hear' conversations, news, gossip and many other forms of speech all the time. However, most of it is not listened to carefully and therefore, not understood, partially understood or misunderstood. A good listener does not only listen to the spoken words, but observes carefully the nonverbal cues to understand the complete message. He absorbs the given information, processes it, understands its context and meaning and to form an accurate, reasoned, intelligent response.

The listener has to be objective, practical and in control of his emotions. Often the understanding of a listener is coloured by his own emotions, judgments, opinions, and reactions to what is being said. While listening for understanding, we focus on the individual and his agenda. A perceptive listener is able to satisfy a customer and suggest solutions as per the needs of the client
 8. **Focus and Attention:** Everyday work environment has multiple activities going on simultaneously. The ringing of the phone, an incoming email, or a number of tasks requiring your attention, anxiety related to work, emotional distress etc. can distract you. Such distractions are detrimental to the communication process with an individual or a group of people. You may overlook or completely miss important points or cues in the interaction. Thus, keeping your focus and attention during the communiqué is imperative for effective communication.
 9. **Emotional Awareness and Control:** Emotional awareness is a necessary element of good communication. While interacting with another person or a group, it is important to understand the emotions you and he/ she/ they are bringing to the discussion. Managing your own and others emotions and communicating keeping in mind the emotional state of others helps in smooth interaction and breakdown of the communication process.
- (b) (i) d
- (ii) We can do the work only by next week.
- (iii) Teacher requested the children to use a blue pen for their homework.

(c) Answer Hints for Article

- Both play an equally significant role
- Only physical fitness keeps the body in shape
- Six packs, abs, muscular body.....all look impressive but does running and doing cardio take care of the mind.
- Is it fine to be dumb in the head and have a strong, finely chiselled body?
- Mind is the hard drive of a human body. Data stored, collected, used etc.
- An active mind ensures proper functioning of the whole system
- Quote like, 'an empty mind is a devil's workshop'.
- However, physical prowess and mental agility both have their own specific and need based roles.

5. (a) In a cross cultural environment the factors that impact communication the most are:

1. **Language:** It can create many obstacles in communication. Literally, people from different regions and countries may interpret the same words differently. Difficult words, subject specific terminology, unfamiliar expressions and ambiguous words having multiple meanings, create hurdles in communicating. It is also a fact that the linguistic ability of various people in the work place is different. Some may be proficient in the language while others may possess just basic skills. Therefore, it is important to use clear, simple easily understood language in most of your official communications.

2. **Cultural barriers:** Understanding *cultural aspects of communication* refers to having knowledge of different cultures in order to communicate effectively with cross culture people. Understanding various cultures in this era of globalization is an absolute necessity as the existence of cultural differences between people from various countries, regions tribes and, religions, where words and symbols may be interpreted differently can result in communication barriers and miscommunications. In addition, every organization too has its own work culture. In fact, departments within the same company may also differ in their expectations, norms and ideologies. This can impact intra and inter organizational communication.

The same principle applies to families and family groups, where people have different expectations according to their background and traditions leading to friction and misunderstanding. A very simple example is of the way food is served by a member of a family. It can be the cause of appreciation or displeasure.

3. **Emotional barriers:** Anger, fear of criticism or ridicule, mistrust of person, suspicion of intentions, jealousy, anxiety and many more feelings and sentiments we carry within us, affect our communication ability and quality. A person who is upset and disturbed cannot pass on or receive information appropriately and objectively. His emotions will colour his perception and assessment of the communication.

4. **Attitude barriers-** Personal attitudes of employees can affect communication within the organization. A proactive, motivated worker will facilitate the communication process, whereas a dissatisfied, disgruntled, shy, introvert or lazy employee can delay, hesitate in taking the initiative, or refuse to communicate. Attitude problems can be addressed by good management and regular interaction with staff members.

(b) (i) c

(ii) d

(iii) The Principal exclaimed that he was a bright child.

(c) Following is a standard format, with subheadings as under:

- Name and contact details
- Objective Summary
- Academic Qualifications and Achievements (mention class X, XII marks/grades/CGPA)
- Co-curricular Achievements
- Areas of interest/ aptitude
- Strengths (Personal and professional)
- Specialized skills, if any
- Language Proficiency
- Interests/Hobbies
- Declaration
- Signature

MOCK TEST PAPER 1**PAPER 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.

Working Notes should form part of the answer.

Total Marks: 60

QUESTIONS

1. (a) Point out with reason whether the following agreements are valid or void:
 - (i) Riya promises Samarth to lend Rs. 500,000 in lieu of consideration that Samarth gets Riya's marriage dissolved and he himself marries her.
 - (ii) Aryan agrees with Mathew to sell his black horse. Unknown to both the parties, the horse was dead at the time of agreement.
 - (iii) Ravi sells the goodwill of his shop to Shyam for Rs. 4,00,000 and promises not to carry on such business forever and anywhere in India.
 - (iv) In an agreement between Prakash and Girish, there is a condition that they will not institute legal proceedings against each other without consent. **(4 Marks)**
- (b) A company registered under section 8 of the Companies Act, 2013, earned huge profit during the financial year ended on 31st March, 2019 due to some favorable policies declared by the Government of India and implemented by the company. Considering the development, some members of the company wanted the company to distribute dividends to the members of the company. They approached you to advise them about the maximum amount of dividend that can be declared by the company as per the provisions of the Companies Act, 2013. **(4 Marks)**
- (c) What is meant by delivery of goods under the Sale of Goods Act, 1930? State various modes of delivery. **(4 Marks)**
2. (a) "An anticipatory breach of contract is a breach of contract occurring before the time fixed for performance has arrived". Explain the statement and also the effect of anticipatory breach on contracts. **(7 Marks)**
- (b) What do you mean by Designated Partner? Whether it is mandatory to appoint Designated partner in a LLP? **(5 Marks)**
3. (a) Distinguish between Partnership vs. Hindu Undivided Family. Write any two points. **(2 Marks)**
- (b) What are the consequences of Non -Registration of a Partnership Firm? Discuss. **(4 Marks)**
- (c) Evergreen Ltd., contracts with Shakti Traders to make and deliver certain machinery to them by 30th June, 2004 for Rs. 11.50 lakhs. Due to labour strike, Evergreen Ltd. could not manufacture and deliver the machinery to Shakti Traders. Later, Shakti Traders procured the machinery from another manufacturer for Rs.12.75 lakhs. Shakti Traders was also prevented from performing a contract which it had made with Xylo Traders at the time of their contract with Evergreen Ltd. and were compelled to pay compensation for breach of contract. Advise Shakti Traders the amount of

compensation which it can claim from Evergreen Ltd., referring to the legal provisions of the Indian Contract Act, 1872. **(6 Marks)**

4. (a) What do you understand by the term “unpaid seller” under the Sale of Goods Act, 1930? When can an unpaid seller exercise the right of stoppage of goods in transit? **(6 Marks)**
- (b) Mahesh, Suresh and Dinesh are partners in a trading firm. Mahesh, without the knowledge or consent of Suresh and Dinesh borrows himself Rs. 50,000 from Ramesh, a customer of the firm, in the name of the firm. Mahesh, then buys some goods for his personal use with that borrowed money. Can Mr. Ramesh hold Mr. Suresh & Mr. Dinesh liable for the loan? Explain the relevant provisions of the Indian Partnership Act, 1932. **(6 Marks)**
5. (a) Mr. G sold some goods to Mr. H for certain price by issue of an invoice, but payment in respect of the same was not received on that day. The goods were packed and lying in the godown of Mr. G. The goods were inspected by H's agent and were found to be in order. Later on, the dues of the goods were settled in cash. Just after receiving cash, Mr. G asked Mr. H that goods should be taken away from his godown to enable him to store other goods purchased by him. After one day, since Mr. H did not take delivery of the goods, Mr. G kept the goods out of the godown in an open space. Due to rain, some goods were damaged.

Referring to the provisions of the Sale of Goods Act, 1930, analyse the above situation and decide who will be held responsible for the above damage. Will your answer be different, if the dues were not settled in cash and are still pending? **(6 Marks)**

- (b) Define OPC (One Person Company) and state the rules regarding its membership. Can it be converted into a non-profit company under Section 8 or a private company? **(6 Marks)**
6. (a) “To form a valid contract, consideration must be adequate”. Comment. **(5 Marks)**
- (b) What is the conclusive evidence of partnership? State the circumstances when partnership is not considered between two or more parties. **(4 Marks)**
- (c) Mr. X had purchased some goods from M/s ABC Limited on credit. A credit period of one month was allowed to Mr. X. Before the due date Mr. X went to the company and wanted to repay the amount due from him. He found only Mr. Z there, who was the factory supervisor of the company. Mr. Z told Mr. X that the accountant and the cashier were on leave, he is in-charge of receiving money and he may pay the amount to him. Mr. Z issued a money receipt under his signature. After two months M/s ABC Limited issued a notice to Mr. X for non-payment of the dues within the stipulated period. Mr. X informed the company that he had already cleared the dues and he is no more responsible for the same. He also contended that Mr. Z is an employee of the company to whom he had made the payment and being an outsider, he trusted the words of Mr. Z as duty distribution is a job of the internal management of the company.

Analyse the situation and decide whether Mr. X is free from his liability. **(3 Marks)**

PAPER 2: SECTION-B: BUSINESS CORRESPONDENCE AND REPORTING

The Question Paper comprises of 5 questions of 10 marks each.

*Question No. 1 is compulsory. Out of questions 2 to 5, attempt any **three**.*

Total Marks: 40

Instructions

The Question Paper comprises of 5 questions of 10 marks each. Question No. 1 is compulsory. Out of questions 2 to 5, attempt any three.

1. (a) Read the passage carefully and answer the questions that follow:

Cybercrime is a crime which happens online or primarily online. Cybercriminals commit crimes by targeting computer networks or devices. One of the most common methods is by hacking. Other cybercrimes include cyber-stalking, child sexual exploitation, harassment and bullying. Hacking means violating IT (Information Technology) Act, and intervening into a computer, or a network system for specific goals, such as stealing money, gaining fame, stealing of confidential data etc. or to exploit someone. The person involved in hacking purpose is known as hacker. Hacker are categorised into three types: (i) White Hat hacker, (ii) Black Hat hacker and (iii) Grey Hat hacker.

White Hat hackers are also known as ethical hackers. White hackers are legal hacker and they never intent to harm a computer or system, rather they find out loopholes in a computer or a network system to keep the system safe from being hacked. Black Hat hackers are called crackers who gain unauthorised access to a system to harm or steal sensitive information. They find loopholes to gain access to a system. While grey hat hackers are mixture of both black hat and white hat hackers. They do it for fun without the owner's consent.

Some methods to protect yourself safe from cybercrimes are: (i) keep software updated, (ii) use strong passwords, (iii) manage the social media settings as per your privacy, (iv) talk to children about internet, (iv) keep an eye on kids using parental control, (v) keep your identity safe, (vi) do not click on any unknown link, (vii) know what do be done if you become a victim. Children are most common victims of cybercrime. So keeping an eye on children action is very important. Cybercrimes cases in India registered under the IT Act, increased between 2011 and 2014. In 2015, there were 11,592 cases of cybercrime in India. Cybercrime cases are increasing day by day. Protection from crime is in your hands. So use internet wisely. Beware of crime else crime will not aware you.

- 1) Reason for increase in cybercrime are: **(1 Mark)**
- Increased use of internet
 - Unawareness of cybercrime
 - Ignorance of privacy setting
 - Need of Digitalization
- 2) Children are common victim of cybercrime because: **(1 Mark)**
- They are innocent
 - Lack of information about internet
 - Lack of parent awareness
 - Both (a) and (c)

- 3) Which action should not be taken? (1 Mark)
- Creating a long password
 - Activating Internet Security
 - Creating Database without password
 - Using Parental control
- 4) Synonym of trail is: (1 Mark)
- Harassment
 - Bullying
 - Intervening
 - Stalking
- 5) The word assent means: (1 Mark)
- Stealing
 - Consent
 - Mixture
 - Beware

(b) Read the passage given below.

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

(3 Marks)

- (ii) Write summary.

(2 Marks)

Mass communication is the procedure of exchanging information, particulars, facts, figures, and data, etc. through mass media to a large section of the population. In simple words conveyance of messages to several people at the same time is called mass communication. But by definition, mass communication is the process through which some information is circulated broadly among people throughout the globe. Through mass communication, information can be transmitted rapidly to mass that generally stay far away from the root of information. There are many mediums, such as radio, television, social networking (Facebook, Instagram, WhatsApp, Twitter, etc.), billboards, newspapers, magazines, film, and internet for spreading information.

Characteristics of mass communication: (i) Large number of audience and (ii) Wide area. It has a large number of spectators of different races, groups, sections, cultures, communities, etc. and they are geographically scattered which makes it most popular among communication systems as people keep their eyes on every update. The area of mass communication is wider than any other communication systems.

The main motive of mass communication study is to learn how the substances of mass communication affect the attitudes, opinions, emotions, and ultimately behaviours of the people who collect or obtain the message. Studying involves exposing participants to various media content and recording their reactions through data about the cause and effect of mass communication.

The survey, which is another method, involves summarizing individuals' responses to a set of questions to generalize their reaction to a larger part of the world. Content analysis is another process that concludes the undiluted reaction on a piece of communication, such as newspaper article, book, television program, film or broadcast news script.

A qualitative method is known as ethnography which permits the analyst to dip themselves into a culture to observe and document the calibre of communication that exists there.

It fosters mass products creating mass consumers which in turn increase sales of the product. People get the latest news in a short time irrespective of their location and at the same time, it educates people giving information about health, the environment and much more. Hidden talents get chances to showcase themselves in the field such as comedy, acting, and singing. Knowledge increases as watching quiz programs, animal programs and so on increases the general knowledge of the people. Using mass communication sensibly and accurately leads to the development of a country.

2. (a) What are the barriers of communication? Explain it. **(1 Mark)**

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

Quixotic

- (a) Pragmatic (b) Mundane (c) Utopian (d) Sane

- (ii) Select a suitable antonym for the word given in question. **(1 Mark)**

Nebulous

- (a) Sullen (b) Dismal (c) Definite (d) Gist

- (iii) Change the following sentences into passive voice. **(1 Mark)**

Director supposes the staff to follow the rules.

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

I will tell my students, "I have completed mysyllabus."

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

UGC targets 30% enrolment in higher education by 2020. The University Grants Commission has set a target to increase the Gross Enrolment Ratio (GER) in higher education to 30 per cent by 2020 from the present 25.4 per cent, UGC Chairman DP Singh said on Wednesday. The UGC has also set certain objectives to improve the quality of higher education in institutions, he said. "The number of students enrolled in higher education system has gone up to about 3.66 crore in 2017-18. The GER rose to 25.4 per cent in 2017-18, while the aim is to increase it to 30 per cent by 2020," Singh told reporters here. GER is the ratio of students enrolled in the age group of 18-23 years to the population in that age group. Singh said the UGC has also recently chalked out some objectives for improving the quality of learning in higher education institutions (HEIs). "The objectives include regular revision of curriculum with clearly specified learning outcomes and soft skills, enabling youth to secure access to employment/self-employment, developing social-industry connect, availability of motivated teachers and accreditation to ensure qualitative self-improvement in HEIs," he said. He also informed that the UGC and the Ministry of Human Resources Development (HRD) recently organised a three- day national conference in Pune to discuss research and innovation in higher education and adopted 10 resolutions. These include achieving the UGC quality mandate in universities and affiliated institutions by 2020, adopting and implementing learning outcome-based curriculum framework, enhancing research productivity and boosting vocationalisation of higher education by participating in the National Apprenticeship Promotion Scheme (NAPS). The experts at the conference also stressed on the need to sensitise students and encourage them to participate in social/economic betterment of the community by adopting at least five villages under the Unnat Bharat Abhiyan, and to strive for smart and clean campus by 2020, the official said.

Source: The Hindu (Business Line)

3. (a) Differentiate between the Horizontal and Diagonal Communication? **(1 Mark)**
- (b) (i) Choose the word which best expresses the meaning of the given word. **(1 Mark)**
 Stolid
 (a) Stain (b) Strafe (c) Stork (d) Stoical
- (ii) Choose the appropriate word to fill the blank: **(1 Mark)**
 students need to be aware of the significance of collocation.
 (a) Solipsistic (b) Inchoate (c) Advanced (d) Minger
- (iii) Change the following sentences into passive voice: **(1 Mark)**
 Had they completed the paperwork?
- (iv) Change the following sentence to indirect speech. **(1 Mark)**
 "Chinese Language is very difficult to learn." He said.
- (c) Draft a formal letter, as Head of the purchase, write a complaint letter to the xyz company for zyx product. **(5 Marks)**
4. (a) Compare written and oral communication in your own language? **(2 Marks)**
- (b) (i) Select the suitable antonym for the given word: **(1 Mark)**
 Flamboyant
 (a) Colourful (b) Modest (c) Sporty (d) Actor
- (ii) Rewrite the following sentences in active voice:
 Let it be done now.
- (iii) Change the following sentence into Indirect speech.
 "Will the administrator release me? He asked.
- (c) Write an Article of about 250-300 words on the topic **"Team Building for Success"**. **(5 Marks)**

Or

You are Sameer Goyal, a reporter of 'The Hindu' newspaper. Write a report on Fake/fraud Calling for Getting OTP/Password in the Noida in 150-200 words.

5. (a) What are the characteristics of effective communication? **(2 Marks)**
- (b) (i) Select the correct meaning of the idioms/phrases given below.
- (1) For good **(1 Mark)**
 (a) Sometimes
 (b) Permanently
 (c) Occasionally
 (d) Usually
- (2) Right-hand man **(1 Mark)**
 (a) Faithful
 (b) Punctual
 (c) Hard worker
 (d) Most efficient assistant

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

My mother said to me, "Will you go and swim at least now."

- (c) The marketing Head of the A-Tour & Travels Ltd, a travel 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. (Attendees should be from marketing, advertisement and R&D). 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 a journal Trainee. Include past experiences, with emphasis on the journalism.

Other inputs: Name: Ravi Prakash Mandal

Experience: 2 years, (divide it into two jobs/company)

Current designation: Junior Journal Trainee

MOCK TEST PAPER 1
FOUNDATION COURSE
PAPER 2: SECTION A: BUSINESS LAWS

ANSWERS

1. (a) Validity of agreements

- (i) *Void Agreement:* As per Section 23 of the Indian Contract Act, 1872, an agreement is void if the object or consideration is against the public policy.
- (ii) *Void Agreement:* As per Section 20 of the Indian Contract Act, 1872 the contracts caused by mistake of fact are void. There is mistake of fact as to the existence of subject matter.
- (iii) *Void Agreement:* As per Section 27 of the Indian Contract Act, 1872 an agreement in restraint of trade is void. However, a buyer can put such a condition on the seller of good will, not to carry on same business. However, the conditions must be reasonable regarding the duration and the place of the business.
- (iv) *Void Agreement:* An agreement in restraint of legal proceedings is void as per Section 28 of the Indian Contract Act, 1872.

- (b)** 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, sports, education, research, social welfare, religion, charity, protection of environment etc.

Such company intends to apply its profit in

- promoting its objects and
- prohibiting the payment of any dividend to its members.

Hence, a company that is registered under section 8 of the Companies Act, 2013, is prohibited from the payment of any dividend to its members.

In the present case, the company in question is a section 8 company and hence it cannot declare dividend. Thus, the contention of members is incorrect.

- (c) Delivery of goods [section 2(2) of the Sale of Goods Act, 1930]:** Delivery means voluntary transfer of possession from one person to another. As a general rule, delivery of goods may be made by doing anything, which has the effect of putting the goods in the possession of the buyer, or any person authorized to hold them on his behalf.

Modes of delivery: Following are the modes of delivery for transfer of possession:

- (i) **Actual delivery:** When the goods are physically delivered to the buyer.
- (ii) **Constructive delivery:** When it is effected without any change in the custody or actual possession of the thing as in the case of delivery by attornment (acknowledgement) e.g., where a warehouseman holding the goods of A agrees to hold them on behalf of B, at A's request.
- (iii) **Symbolic delivery:** When there is a delivery of a thing in token of a transfer of something else, i.e., delivery of goods in the course of transit may be made by handing over documents of title to goods, like bill of lading or railway receipt or delivery orders or the key of a warehouse containing the goods is handed over to buyer.

- 2. (a)** An anticipatory breach of contract is a breach of contract occurring before the time fixed for performance has arrived. When the promisor refuses altogether to perform his promise and signifies his unwillingness even before the time for performance has arrived, it is called Anticipatory Breach.

Section 39 of the Indian Contract Act, 1872 deals with **anticipatory breach of contract** and provides as follows: "When a party to a contract has refused to perform or disable himself from performing, his promise in its entirety, the promisee may put an end to the contract, unless he has signified, but words or conduct, his acquiescence in its continuance."

Effect of anticipatory breach: The promisee is excused from performance or from further performance. Further he gets an option:

- (1) To either treat the contract as "rescinded and sue the other party for damages from breach of contract immediately without waiting until the due date of performance; or
- (2) He may elect not to rescind but to treat the contract as still operative, and wait for the time of performance and then hold the other party responsible for the consequences of non-performance. But in this case, he will keep the contract alive for the benefit of the other party as well as his own, and the guilty party, if he so decides on re-consideration, may still perform his part of the contract and can also take advantage of any supervening impossibility which may have the effect of discharging the contract.

- (b) **Designated Partner [Section 2(j)]: "Designated partner" means any partner designated as such pursuant to section 7 of the LLP Act, 2008.**

According to section 7:

- (i) Every LLP shall have at least two designated partners who are individuals and at least one of them shall be a resident in India.
- (ii) If in LLP, all the partners are bodies corporate or in which one or more partners are individuals and bodies corporate, at least two individuals who are partners of such LLP or nominees of such bodies corporate shall act as designated partners.
- (iii) Resident in India: For the purposes of this section, the term "resident in India" means a person who has stayed in India for a period of not less than 182 days during the immediately preceding one year.

3. (a) Partnership vs. Hindu Undivided Family

Basis of difference	Partnership	Joint Hindu family
Mode of creation	Partnership is created necessarily by an agreement.	The right in the joint family is created by status means its creation by birth in the family.
Death of a member	Death of a partner ordinarily leads to the dissolution of partnership.	The death of a member in the Hindu undivided family does not give rise to dissolution of the family business.
Management	All the partners are equally entitled to take part in the partnership business.	The right of management of joint family business generally vests in the Karta, the governing male member or female member of the family.
Authority to bind	Every partner can, by his act, bind the firm.	The Karta or the manager, has the authority to contract for the family business and the other members in the family.
Liability	In a partnership, the liability of a partner is unlimited.	In a Hindu undivided family, only the liability of the Karta is unlimited, and the other co-partners are liable only to the extent of their share in the profits of the family business.
Calling for accounts on closure	A partner can bring a suit against the firm for accounts, provided he also seeks the dissolution of the firm.	On the separation of the joint family, a member is not entitled to ask for account of the family business.

Governing Law	A partnership is governed by the Indian Partnership Act, 1932.	A Joint Hindu Family business is governed by the Hindu Law.
Minor's capacity	In a partnership, a minor cannot become a partner, though he can be admitted to the benefits of partnership, only with the consent of all the partners.	In Hindu undivided family business, a minor becomes a member of the ancestral business by the incidence of birth. He does not have to wait for attaining majority.
Continuity	A firm subject to a contract between the partners gets dissolved by death or insolvency of a partner.	A Joint Hindu family has the continuity till it is divided. The status of Joint Hindu family is not thereby affected by the death of a member.
Number of Members	In case of Partnership, number of members should not exceed 50	Members of HUF who carry on a business may be unlimited in number.
Share in the business	In a partnership, each partner has a defined share by virtue of an agreement between the partners.	In a HUF, no coparceners has a definite share. His interest is a fluctuating one. It is capable of being enlarged by deaths in the family diminished by births in the family.

- (b) **Consequences of Non-Registration of a Partnership Firm [Section 69 of the Indian Partnership Act, 1932]:** Although registration of firms is not compulsory, yet the consequences or disabilities of non-registration have a persuasive pressure for their registration. **These disabilities briefly 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 persons 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. But, such a person may sue for dissolution of the firm or for accounts and realization of his share in the firm's property where the firm is dissolved.
- (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 73 of the Indian Contract Act, 1872 provides for consequences of breach of contract. According to it, when a contract has been broken, the party who suffers by such breach is entitled to receive from the party who has broken the contract, compensation for any loss or damage caused to him thereby which naturally arose in the usual course of things from such breach or which the parties knew when they made the contract, to be likely to result from the breach of it. Such compensation is not given for any remote and indirect loss or damage sustained by reason of the breach. It is further provided in the explanation to the section that in estimating the loss or damage from a breach of contract, the means which existed of remedying the inconvenience caused by the non-performance of the contract must be taken into account.

Applying the above principle of law to the given case, Evergreen Ltd. is obliged to compensate for the loss of Rs.1.25 lakhs (i.e. Rs.12.75 minus Rs.11.50 = Rs. 1.25 lakhs) which had naturally arisen due to default in performing the contract by the specified date.

Regarding the amount of compensation which Shakti Traders were compelled to make to Xylo Traders, it depends upon the fact whether Evergreen Ltd. knew about the contract of Shakti Traders for supply of the contracted machinery to Xylo Traders on the specified date. If so, Evergreen Ltd. is also obliged to reimburse the compensation which Shakti Traders had to pay to Xylo Traders for breach of contract. Otherwise Evergreen Ltd. is not liable.

4. (a) Unpaid Seller

According to Section 45 of the Sale of Goods Act, 1930 the seller of goods is deemed to be an 'Unpaid Seller' when-

- (a) the whole of the price has not been paid or tendered.
- (b) a bill of exchange or other negotiable instrument has been received as conditional payment, and it has been dishonoured.

Right of stoppage of goods in transit

When the unpaid seller has parted with the goods to a carrier and the buyer has become insolvent, he can exercise this right by asking the carrier to return the goods back, or not to deliver the goods to the buyer.

However, the right of stoppage in transit is exercised only when the following conditions are fulfilled:

- (a) The seller must be unpaid.
- (b) The seller must have parted with the possession of goods.
- (c) The goods must be in the course of transit.
- (d) The buyer must have become insolvent.
- (e) The right is subject to provisions of the Act.

(b) Implied authority of a partner

Yes, as per sections 19 and 22 of the Indian Partnership Act, 1932 unless otherwise provided in the partnership deed, every partner has an implied authority to bind every other partner for acts done in the name of the firm, provided the same falls within the ordinary course of business and is done in a usual manner. Mahesh has a right to borrow the money of Rs. 50,000/- from Ramesh on behalf of his firm in the usual manner. Since, Ramesh has no knowledge that the amount was borrowed by Mahesh without the consent of the other two partners, Mr. Suresh and Mr. Dinesh, he can hold both of them (Suresh and Dinesh) liable for the re-payment of the loan.

5. (a) (i) According to section 44 of the Sales of Goods Act, 1932, when the seller is ready and willing to deliver the goods and requests the buyer to take delivery, and the buyer does not within a reasonable time after such request take delivery of the goods, he is liable to the seller for any loss occasioned by his neglect or refusal to take delivery and also for a reasonable charge for the care and custody of the goods.

The property in the goods or beneficial right in the goods passes to the buyer at appoint of time depending upon ascertainment, appropriation and delivery of goods. Risk of loss of goods *prima facie* follows the passing of property in goods. Goods remain at the seller's risk unless the property there in is transferred to the buyer, but after transfer of property therein to the buyer the goods are at the buyer's risk whether delivery has been made or not.

In the given case, since Mr. G has already intimated Mr. H, that he wanted to store some other goods and thus Mr. H should take the delivery of goods kept in the godown of Mr. G, the loss of goods damaged should be borne by Mr. H.

- (ii) If the price of the goods would not have settled in cash and some amount would have been pending then Mr. G will be treated as an unpaid seller and he can enforce the following rights against the goods as well as against the buyer personally:

- (a) Where under a contract of sale the property in the goods has passed to the buyer and the buyer wrongfully neglects or refuses to pay for the goods according to the terms of the contract, the seller may sue him for the price of the goods. [Section 55(1) of the Sales of Goods Act, 1930]
- (b) Where under a contract of sale the price is payable on a certain day irrespective of delivery and the buyer wrongfully neglects or refuses to pay such price, the seller may sue him for the price although the property in the goods has not passed and the goods have not been appropriated to the contract. [Section 55(2) of the Sales of Goods Act, 1930].

(b) **One Person Company (OPC) [Section 2(62) of the Companies Act, 2013]:** The Act defines one person company (OPC) as a company which has only one person as a member.

Rules regarding its membership:

- Only one person as member.
- The memorandum of OPC shall indicate the name of the other person, who shall, in the event of the subscriber's death or his incapacity to contract, become the member of the company.
- The other person whose name is given in the memorandum shall give his prior written consent in prescribed form and the same shall be filed with Registrar of companies at the time of incorporation.
- Such other person may be given the right to withdraw his consent.
- The member of OPC may at any time change the name of such other person by giving notice to the company and the company shall intimate the same to the Registrar.
- Any such change in the name of the person shall not be deemed to be an alteration of the memorandum.
- Only a natural person who is an Indian citizen and resident in India (person who has stayed in India for a period of not less than 182 days during the immediately preceding one calendar year)-
 - shall be eligible to incorporate a OPC;
 - shall be a nominee for the sole member of a OPC.
- No person shall be eligible to incorporate more than one OPC or become nominee in more than one such company.
- No minor shall become member or nominee of the OPC or can hold share with beneficial interest.

OPC cannot be incorporated or converted into a company under section 8 of the Act. Though it may be converted to private or public companies in certain cases. OPC cannot convert voluntarily into any kind of company unless two years have expired from the date of incorporation, except where the paid up share capital is increased beyond fifty lakh rupees or its average annual turnover during the relevant period exceeds two crore rupees.

6. (a) The law provides that a contract should be supported by consideration. So long as consideration exists, the Courts are not concerned to its adequacy, provided it is of some value. The adequacy of the consideration is for the parties to consider at the time of making the agreement, not for the Court when it is sought to be enforced (**Bolton v. Madden**). Consideration must however, be something to which the law attaches value though it need not be equivalent in value to the promise made.

According to Explanation 2 to Section 25 of the Indian Contract Act, 1872, an agreement to which the consent of the promisor is freely given is not void merely because the consideration is

inadequate but the inadequacy of the consideration may be taken into account by the Court in determining the question whether the consent of the promisor was freely given.

- (b) **Conclusive evidence of partnership:** Existence of Mutual Agency which is the cardinal principle of partnership law is very much helpful in reaching a conclusion with respect to determination of existence of partnership. Each partner carrying on the business is the principal as well as an agent of other partners. So, the act of one partner done on behalf of firm, binds all the partners. If the element of mutual agency relationship exists between the parties constituting a group formed with a view to earn profits by running a business, a partnership may be deemed to exist.

Circumstances when partnership is not considered between two or more parties: Various judicial pronouncements have laid to the following factors leading to no partnership between the parties:

- (i) Parties have not retained any record of terms and conditions of partnership.
- (ii) Partnership business has maintained no accounts of its own, which would be open to inspection by both parties
- (iii) No account of the partnership was opened with any bank
- (iv) No written intimation was conveyed to the Deputy Director of Procurement with respect to the newly created partnership.

- (c) **Doctrine of Indoor Management:** The Doctrine of Indoor Management is the exception to the doctrine of constructive notice. The doctrine of constructive notice does not mean that outsiders are deemed to have notice of the internal affairs of the company. For instance, if an act is authorised by the articles or memorandum, an outsider is entitled to assume that all the detailed formalities for doing that act have been observed.

The doctrine of Indoor Management is important to persons dealing with a company through its directors or other persons. They are entitled to assume that the acts of the directors or other officers of the company are validly performed, if they are within the scope of their apparent authority. So long as an act is valid under the articles, if done in a particular manner, an outsider dealing with the company is entitled to assume that it has been done in the manner required.

In the given question, Mr. X has made payment to Mr. Z and he (Mr. Z) gave receipt of the same to Mr. X. Thus, it will be rightful on part of Mr. X to assume that Mr. Z was also authorised to receive money on behalf of the company. Hence, Mr. X will be free from liability for payment of goods purchased from M/s ABC Limited, as he has paid amount due to an employee of the company.

**PAPER 2: SECTION-B: BUSINESS CORRESPONDENCE AND REPORTING
ANSWERS**

1. (a) 1-b, 2-c, 3-c, 4-d, 5-b
- (b) 1. Intro of Mass Comm
 - 1.1 Dfn of Mass Comm
 - 1.2 Info can be transferred easily
 - 1.3 Mdm of Mass Comm
2. Chrctcs of Mass Communication
 - 2.2 Large audience
 - 2.2 Broader area
 - 2.3 Base of communication
3. Motive of Mass Comm Study
 - 3.1 Assess its effect on peoples' behaviour
 - 3.2 Methods
 - 3.2.1 Survey of data
 - 3.2.2 Content analysis
 - 3.2.3 Ethnography
4. Advntgs of Mass Comm
 - 4.1 Increases product sales
 - 4.2 Provides latest news, knowledge, health tips
 - 4.3 People can showcase hidden talents
 - 4.4 Leads to dvlpmnt of country

Key:

- 1) Intro- Introduction
- 2) Mass Comm- Mass communication
- 3) Dfn- Definition
- 4) Info- Information
- 5) Mdm- Medium
- 6) Chrctcs- Characteristics
- 7) Sprdng- spreading
- 8) Sbst- substance
- 9) Dcmntng- documenting
- 10) Comn- Communication
- 11) Advntgs- Advantages
- 12) Dvlpmnt- development

2. (a) An Obstacle to communication when the message delivered by the speaker doesn't reach to the receiver. There are many barriers in the communication process. These are the following:
- i. **Physical Barriers:** Physical barriers are related to our surroundings such as noise, technical disturbances, outdated instrument, distant locale, old technology and inappropriate infrastructure.
 - ii. **Organisational structure barriers:** It occurs when the systems, structures and processes in the organization are not clear or have gaps in them.
 - iii. **Language barrier:** No two people speak or write alike. But there must be basic knowledge of phonology, morphology, syntax, semantics, and pragmatics of the language. Because inappropriate knowledge of language can create many snags in communication.
 - iv. **Cultural barriers:** It refers to having knowledge of different cultures in order to communicate effectively with cross culture people.
 - v. **Emotional barriers:** anger, fear of criticism, unreliability, and suspicion of intentions, jealousy, anxiety and many more emotions either positive or negative affect our communication.
 - vi. **Attitude barriers:** Personal attitudes of employees can affect communication with the organization.
 - vii. **Perception barriers:** Everyone perceives the world differently and this causes problem in communicating.
 - viii. **Physiological barriers:** Health issues can be hurdles in effective interaction with others.
 - ix. **Technology barriers:** Anyone who is not tech friendly struggles to communicate effectively via the medium.
 - x. **Gender barriers:** Men and women communicate differently. Men talk in linear, logical and compartmentalized manner whereas the women use both logic and emotion and are more verbose.
- (b) (i) c Utopian
 (ii) c Definite
 (iii) It is supposed by Director that the rules will be followed by the staff.
 (iv) I will tell my students that I have completed my syllabus.
- (c) UGC targets by 2020
- UGC targets increase the GER in higher education to 30% enrolment in higher education by 2020. The UGC has also set certain objectives to improve the quality of higher education. The objectives include regular revision of curriculum with clearly specified learning outcomes and soft skills, enabling youth to secure access to employment/self-employment, developing social industry connect availability of motivated teachers and accreditation to ensure qualitative self-improvement in HEIs. The UGC and the HRD recently organised a three-day national conference in Pune to discuss research and innovation in higher education and adopted 10 resolutions. The conference was based on the need to sensitise students to participate in social/economic betterment of the "Unnat Bharat Abhiyan".
3. (a) Horizontal communication that involves communication between two parts of the organisation at the same level. Such as, the managers of a project in a company may hold a regular daily, weekly, or monthly meeting to discuss the progress of the project. While Diagonal communication is cross-functional communication between employees at different levels of the organization hierarchy is described as diagonal communication. It is increasingly common in large organisations. It reduces the chances of distortion or misinterpretation by encouraging direct communication between the relevant parties. As a junior engineer reports directly to the General Manager regarding the progress on the project.

- (b) (i) d stoical
 (ii) c advanced
 (iii) Paper work been completed by them?
 (iv) He said Chinese Language is very difficult to learn.
- (c) XYZ Pvt. Ltd.
 Patel Chowk
 New Delhi-05

August 27, 20XX

The Sales Manager
 XYZ Communications
 A-56/C Hari Nagar
 New Delhi-06

Dear Sir/Ma'am,

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

This is with reference to order no. S/N-226 made on July 28, 20XX. The order comprised six 2 tonne split air-conditioners of XXX brand and four 1.5 tonne window air-conditioners of xyz brand. As per the agreement, the products were to be delivered within ten days of order and a representative was to be sent for installation. Meanwhile, no one has visited the venue for installation.

The fact that you have taken undue time and have not yet delivered the order, has caused us great embarrassment and inconvenienced our clients. In addition, we have no correspondence from your side explaining the delay.

I sincerely request you to look into the matter and do the needful as soon as possible.

Thanks & Regards!

ZYX

Administrator

IT Solutions Ltd.

4. (a) Written and oral communication comes under the term verbal communication. Written communication is different from oral communication in terms of the following:

Written communication: Nowadays writing skills are very important. It includes letters and documents, e-mails, reports, handbooks, brochures, various chat platforms, SMS and any form of written interaction between people. The written form of communication is essential and indispensable for formal business interactions and legal instructions and documentation. Effectiveness of written communication depends on the writing style, knowledge of grammar, selection of lexicon and clarity.

Oral Communication: It refers to communication through the spoken word, either face-to-face, telephonically, via voice chat, video conference or any other medium. Formal medium like lectures, meetings, presentations, conferences, seminars, interview etc. are part of oral communication. Effectiveness of oral communication depends on clear speech and the tone used by the speaker. Speaking in too high/low volume or too fast/slow can also impair communication between people. Knowledge of paralanguage and use of paralanguage is desideratum for effective oral communication.

(b) (i) b

(ii) Do it now.

(iii) He asked whether administrator would release him.

(c) hints

- Acronym TEAM stands for Together, Everyone, Achieves, More.
- Generally, it ranges from 2-5 members while 4-5 is common in a project.
- It must be diverse in knowledge, social/cultural background, strengths and talents.
- Purpose of the team should be clear.
- Assign roles and tasks for everyone.
- Avoid conflicts among them.
- Decisions should be taken democratically.
- There should be no communication gap.
- Rumor and humor both affect a team, so, avoid rumor and inject humor in communication.
- Try to avoid personal identity but interested in achieving team recognition.
- Good teams always celebrate achievements or accomplishments.

Or

Fake/Fraud Calling for Getting OTP/Password

- Nowadays, OTP/Password theft on rise
- The situation is alarming
- Now we are used to online/digital transaction
- In most of the cases, A person calls as a bank employee regarding update or renew the debit/credit card
- Many people getting such calls in Noida
- Banks never ask for your password/OTP over calls, SMSes or emails.
- Recently, Ravi's 2 lakhs rupees have been stolen using this method.
- If you get such call, immediately disconnect your call and share his/her number to concerned bank/fraud prevention agency
- Never share confidential details to anyone in any circumstances

5. (a) Good communication is an art that has been 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.
- (b) (i) (1) b Permanently
(2) d Most efficient assistant
- (ii) My mother asked me if I would go and swim at least then.
- (c) (below)

Agenda	
A-Tour & Travels Ltd Marketing Team Meeting August 27, 2019 Time: 10-11 A.M. Venue: Conference Room-02	
In attendance: Mr. S. Nayar, Head, Marketing, Mr. Keshav Panda, Area Manager, four members of the marketing team. Mr. S. Nayar, Head of the Marketing informed the agenda of the meeting i.e., the booking decline in India. Ms. Piya Raghav, Marketing lead gave a detailed analysis of the booking figures for the one year. Her team including Mr. A, Mr. B, Ms. C, Ms. D elaborated on the market's new trend, target customers and their needs. Mr. Vivek Pachauri, Head, Area Manager's, expressed concern over the matter, discussed a few changes in the advertisement and travel plans. All the participants consented to the concerns raised and decided to submit their reports. The Head of the Marketing proposed a vote of thanks and declared the next meeting to discuss reports to be held on September 01, 2019. ATR to be submitted by 26 th July 2019 to the Dr. Umesh Rawat, Jr. Marketing Analyst.	

Or

A-32 E, Sector-05

C-16/A, Sector-04

Laxmi Nagar

New Delhi-92

Ravi.goel@gmail.com

September 06, 20xx

The HRD

ABC Media House

Noida-62

Dear Sir/Ma'am,

Subject: Application for the Post of Journalist Trainee

This is with reference to your advertisement in 'Employment News' dated September 04, 20XX, for the post of Journalist in your organization. I wish to apply for the same.

I am conscientious, punctual and open to learning. I am pursuing the final semester of BJMC. I shall be taking my final exams in a month. Thereafter, I wish to join a reputed media house like yours.

If given the opportunity, I assure you that I shall work hard with utmost allegiance towards the organization and prove to be an asset.

I am enclosing my résumé herewith for your reference. I shall be available for an interview through online or face to face on any day of your convenience.

Thank you for your consideration, and I look forward to pleasing response from you!

Your Sincerely,

Ravi Prakash Goel

Enclosure:

1. Résumé

Résumé

RAM PRAKASH GOEL

C-16/A, Sector-04

Laxmi Nagar

New Delhi-92

Mob: +91-xxxxx xxxxx

Email: Ravi.goel@gmail.com

Profile:

- Hardworking, punctual, strong team player
- Confident working with computers and technology

Educational Qualifications:

S.No	Examination/ Degree / Course	Subject/Str eam	Institute / College	Board/Uni versity	Year of Passing	Percentage / Division
1	BJMC	Print Media	ITS College	CCSU	2017	70%(aggregat e of 5 semesters)
2	Higher Secondary	Commerce	St. jones Public School, New Delhi	CBSE	2014	69%
3	Secondary	Commerce	KV Intermediate School	CBSE	2012	72%

Professional Skills:

- Print Media, Electronic Media

Intrapersonal Skills:

- Excellent Communication Skills
- Highly organized and efficient
- Ability to work independently
- Ability to work in team
- Proven leadership skills and ability to motivate

Language Known:

- English, Hindi, Marathi (Comm.)

Hobbies:

- Reading Novels, Travelling, Interacting with people

Personal Details:

- Father's Name: XYZ
- Mother's Name: XYX
- DoB: XYZ
- Gender: Male
- Nationality: XYZ
- Marital Status: Single/Married

References:

Taruna Kohli

Assistant Secretary

Board of Studies

ICAI, Noida

Dr. Anand Kumar Saurabh

Project Associate

Board of Studies

ICAI, Noida

Mob.: +91-xxxxx xxxxx

Email: xyz@icai.in

Mob.: +91-xxxxx xxxxx

Email: xyz@icai.in

Declaration: I solemnly declare that all the above information is correct to the best of my knowledge and belief.

Date: XYZ

Place: XYZ

(RAM PRAKASH GOEL)