

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) 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.

(iii) Rahul was induced by Modi 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, mother of rahul persuaded him to sue Modi. State on what ground the Rahul can sue Modi ?

2. (i) '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 Consequently, 'X' could not procure any water bottle and 'Y' rescinded the contract.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.

(ii) What do you mean by Limited Liability Partnership (LLP)? What are the advantages for forming a LLP for doing business?

3. (i) M, N and P were partners in a firm. The firm ordered JR Limited to supply the furniture. P dies, and M and N continues the business in the firm's name. the firm did not give any notice about P's death to the public or the persons dealing with the firm. The furniture was delivered to the firm after P's death, fact about his death was known

to them at the time of delivery. Afterwards the firm became insolvent and failed to pay the price of furniture to JR Limited. Explain with reasons: (a) Whether P's private estate is liable for the price of furniture purchased by the firm? (b) Whether does it make any difference if JR Limited supplied the furniture to the firm believing that all the three partners are alive?

(ii) Mr. SHYAM owned a motor car. He approached Mr. HARISH and offered to sell his motor car for ` 3,00,000. Mr. SHYAM told Mr. HARISH that the motor car is running at the rate of 20 KMs per litre of petrol. Both the fuel meter and the speed meter of the car were working perfectly. Mr. HARISH agreed with the proposal of Mr. SHYAM and took delivery of the car by paying ` 3,00,000/- to Mr. SHYAM. After 10 days, Mr. HARISH came back with the car and stated that the claim made by Mr. SHYAM 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. HARISH can rescind the contract on the above ground

4. (i) What are the differences between a 'Condition' and 'Warranty' in a contract of sale? Also explain, when shall a 'breach of condition' be treated as 'breach of warranty' under the provisions of the Sale of Goods Act, 1930?

(ii) Mr. A (transferor) transfer his share in a partnership firm to Mr. B (transferee). Mr. B is not entitled for few rights and privileges as Mr. A (transferor) is entitled therefor. Discuss in brief the points for which Mr. B is not entitled during continuance of partnership?

5. (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)

(a) 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

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

6. (i)

(a) "No consideration, no contract" Comment.

(b) Explain the meaning of 'Contingent Contracts' and state the rules relating to such contracts.

(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

(iii) 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

Section – B

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)

(b) Read the passage :

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

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 arid types of disabled children. The objective is to place the disabled children in ordinary © The Institute of Chartered Accountants of India 18 FOUNDATION EXAMINATION: MAY, 2019 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.

Question 9.

(a) (i) Discuss the term "Virtual Communication" in communication. (2 Marks)

OR

(ii) What do you mean by an "Attitude Barrier"? (2 Marks)

(b)

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

(1) Related (2) Important (3) Pertinent (4) Common (1 Mark)

(ii) Choose the word which best. expresses the meaning of the given word: Unabashed

(1) Not fast (2) Not Finding (3) Not Embarrassed (4) Not Angry (1 Mark)

(iii) Change the following sentence to indirect speech: He said, "Will you all come for the meeting?" (1 Mark)

(c) Draft Newspaper Report on "Flood. situation grim in southern, western states" to be published in a National newspaper. (5 Marks)

Question 10.

(a) Explain how listening for Understanding helps in communication. (2Marks)

(b) (i) Change the sentence from Active to Passive Voice. Question –

The crew cleaned the entire stretch of highway. (1 Marks)

(ii) Change the sentence from Passive to Active Voice. Question –

The house was remodelled by the homeowners to help it sell. (1 Marks)

(iii) Change the following sentence to indirect speech. Question –

Socrates said, "Virtue is its own reward." (1 Marks)

(c) Write an article of about 250 words on the topic, "**The Pros and cons of online education in India**".

Question 11.

(a) What do you mean by diagonal communication? (2 Marks)

(b) Select the correct meaning of Idioms/Phrases given below:

(i) Pen and Ink

(1) Modern day technology

(2) Extensively

(3) Wastage

(4) In writing (1 Marks)

(ii) A snake in the grass

- (1) Unforeseen happening
- (2) Secret or hidden enemy
- (3) Unreliable person
- (4) Unrecognizable danger (1 Marks)

(iii) Change the sentence into Active Voice - **Twenty runs were scored by him.** (1 Marks)

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

Applaud

- (1) Flatter
- (2) Praise
- (3) Pray
- (4) Request (1 Marks)

(c) Mr. ABC is an IT manager in Quick Software Solutions Private Limited. Write a mail on behalf of Mr. ABC to Mr. MNJ, dealer of HP Laptops seeking quotation for 100 new laptops of model HP - 610. The laptops are required for new branch of Quick Software Solutions Private Limited. (4 marks)