



The Institute of Chartered Accountants of India

Code: FD1AC865245
Subject: 01 Accounting

Total Marks: 100
Marks Obtained: 72

GRAPH PAPER IS ON THE PENULTIMATE PAGE
Book No. 1 (containing 28 pages)

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA
FOUNDATION Examination

Group No. _____ Paper No. 1

Subject ACCOUNTING

Number of Answer Books used : Main + 1 additional sheets

Date Seal 12 JAN 2025

For use by ICAI only

865245

ICAI

Paper Code

<input type="checkbox"/>	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T	U	V	W	X	Y	Z
<input type="checkbox"/>	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T	U	V	W	X	Y	Z
<input type="checkbox"/>	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T	U	V	W	X	Y	Z

1

MCQ Booklet Serial No.

Paper No.

Level of Exam → Foundation Intermediate Final

MCQ Booklet Serial No.	Paper No.	Level of Exam	MCQ Answers
0	0	0	0
1	1	1	1
2	2	2	2
3	3	3	3
4	4	4	4
5	5	5	5
6	6	6	6
7	7	7	7
8	8	8	8
9	9	9	9
10	1	1	1
11	1	1	1
12	1	1	1
13	1	1	1
14	1	1	1
15	1	1	1
16	1	1	1
17	1	1	1
18	1	1	1
19	1	1	1
20	1	1	1
21	1	1	1
22	1	1	1
23	1	1	1
24	1	1	1
25	1	1	1
26	1	1	1
27	1	1	1
28	1	1	1
29	1	1	1
30	1	1	1



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Illustration for Filling the MCQ Booklet Serial No.

0	0	0	0	0	0	0	0	0	0
1	1	1	1	1	1	1	1	1	1
2	2	2	2	2	2	2	2	2	2
3	3	3	3	3	3	3	3	3	3
4	4	4	4	4	4	4	4	4	4
5	5	5	5	5	5	5	5	5	5
6	6	6	6	6	6	6	6	6	6
7	7	7	7	7	7	7	7	7	7
8	8	8	8	8	8	8	8	8	8
9	9	9	9	9	9	9	9	9	9

INSTRUCTIONS TO THE CANDIDATE FOR FILLING THE MCQ ANSWER FIELDS

1. Candidate must Darken the appropriate Circle.
2. Candidate must fill in the correct MCQ Booklet Serial No. as printed on your question booklet which will be taken as final for evaluation.
3. If candidate fills in this information wrongly, Institute will not take any responsibility for rectifying the mistake.
4. Candidate must Darken the complete circle.
5. If you want to change your Answer, erase the darkened circle completely and make a fresh mark.
6. Candidate must NOT make any stray marks on the OMR cover page.
7. Rough work must NOT be done on the OMR cover page.
8. Mark your answer only in the appropriate space against the number corresponding to the question.

How to mark answers

CORRECT METHOD	WRONG METHOD
(A) ● (C) ● (D) ●	(X) (✓) (○) (◐)

Q. No.	To be ticked <input checked="" type="checkbox"/> by the candidate against the Questions answered (Descriptive Type)		
1	<input checked="" type="checkbox"/>	8	<input type="checkbox"/>
2	<input checked="" type="checkbox"/>	9	<input type="checkbox"/>
3	<input checked="" type="checkbox"/>	10	<input type="checkbox"/>
4	<input checked="" type="checkbox"/>	11	<input type="checkbox"/>
5	<input type="checkbox"/>	12	<input type="checkbox"/>
6	<input checked="" type="checkbox"/>	13	<input type="checkbox"/>
7	<input type="checkbox"/>	14	<input type="checkbox"/>
Total	5	Total	



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03

1) a)

1) a) i) True

* Matching concept is based on accrual concept

1.5 R 1aStep1 As per Matching concept, if any revenue is recognised the expenses incurred to earn that revenue should be matched, relating to that year.

ii) False

* Customers of business are considered as users of accounts prepared by business.

2 R 1aStep2 The performance of customers is more (or) less dependent on the supply of goods so they are interest in knowing the business performance

iii) False

* In inflationary condition, FIFO will show the lowest value of cost of goods sold.

2 R 1aStep3 * In inflationary condition, LIFO will show the highest value of cost of goods sold.



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04

iv) True

* For preference shares redemption proceeds from fresh issue of shares & debenture issue can be utilized.

v) True

* Book keeping and accounting are different from each other.

^R Book keeping is concerned with recording phase of accounting but ² ^{1aStep5} accounting is concerned with summarised phase of accounting.

vi) True

^R Ledger is known as principal book of accounts ^{1.5} ^{1aStep6}

* In ledger journal entries are posted in respective ledger all

^R ⁹ ^{1a}

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1 b) 05



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b) Main functions of accounting:

i) Measurement

- * Accounting measures the past performance of business enterprise.
- * Based on past performance accounting depicts its current financial position

ii) Decision-making

- * Accounting provides relevant information to the accounting users.
- * It helps them to take rational decisions.

iii) Governmental regulation and taxation:

- * Accounting provides financial information to government and their agencies.
- * It helps government to regulate business & impose taxes on business entity.

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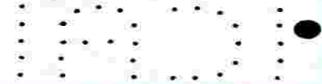
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06



iv) Forecasting

* Accounting helps to forecast the financial performance of business enterprises based on past data.

4

R

1b Step 1

R

4

1b

c) In the books of Kay & Co.,
Sales Return Book

Date	Particulars	Amt. ₹	Debit Note No.	Amount ₹
	Aar Store			
6/12/24	30 units @ ₹ 300 each	9,000		
	15 trousers @ ₹ 500 each	7,500		
	(-) Trade discounts	(1,820)		15,180
16/12/24	Modern Tailors Tulip store		<input checked="" type="checkbox"/>	
	10 dresses			
	12 shirts @ ₹ 100 each	1200		
	(-) Trade discount	(120)	<input checked="" type="checkbox"/>	1,080
	Total Sales return		<input checked="" type="checkbox"/>	16,260

3

R

1 Step 1

3

R

1c

16

R

1

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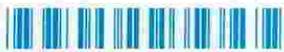


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6) a) 07



6) a) In the books of Arpit Ltd.
Journal Entries

Date	Particulars	L.F	Dr. ₹	Cr. ₹
1/6/23	Bank A/c Dr. To Equity share application A/c (Application money received)	<input checked="" type="checkbox"/>	6,00,000	6,00,000
1/7/23	Equity share application a/c Dr. To Equity share capital a/c To Equity share allotment A/c (Application money transferred and excess money used for)	<input checked="" type="checkbox"/>	6,00,000	6,00,000
1/7/23	Equity share allotment A/c Dr. To Equity share capital A/c To Securities Premium A/c (Allotment money due)	<input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/>	21,00,000	15,00,000 6,00,000
	Bank A/c Dr. To Equity share allotment A/c To Calls in advance A/c (Allotment money received along with calls in advance)	<input checked="" type="checkbox"/> <input checked="" type="checkbox"/>	23,20,000	21,00,000 2,20,000



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		08	1900	
1/11/23	Equity share first call a/c		9,00,000	
	To Equity share capital a/c	✓		9,00,000
	(Call money due)			
	Bank A/c	Dr.	8,40,000	
	Calls in advance a/c	Dr.	60,000	
	To Equity share first call a/c	✓		9,00,000
	(First call money received)			
1/1/24	Equity share final call a/c	Dr.	9,00,000	
	To Equity share capital a/c	✓		9,00,000
	(Final call money due)			
1/1/1	Bank A/c	Dr.	8,25,000	
	Calls in advance a/c	Dr.	60,000	
	Calls in arrears a/c	Dr.	15,000	
	To Equity share final call a/c	✓		9,00,000
	(Final call money received)			
	Interest on calls in arrears a/c	Dr.	250	
	To Shareholder a/c			250
	(Calls in arrears due)			
	Shareholder a/c	Dr.	250	
	To Interest on calls in arrears	✓		250
	(Calls in arrears due entry)			



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↑ DO NOT WRITE ANYTHING HERE	1/3/24	Bank A/c Dr.	✓	15,250	
		To Calls in arrears	✓		15,000
		To Shareholder a/c (Calls in arrears due received)	✓		250
↑ DO NOT WRITE ANYTHING HERE		Interest on calls in advance A/c Dr.		3600	
		To Shareholder A/c Calls in advance			3600
↑ DO NOT WRITE ANYTHING HERE		Shareholder A/c Dr.		3600	
		To Bank A/c (Calls in advance payment made)	✗		3600
↑ DO NOT WRITE ANYTHING HERE		Interest on calls in advance a/c Dr.		3600	
		To Shareholder A/c (Calls in advance, paid due entry)	✗		3600

R

10.5 6aStep1

1.5 6aStep3



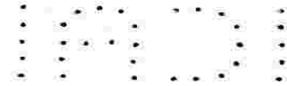
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Working Note

1) Interest on calls in arrears calculation

$$\begin{aligned} \text{Interest} &= \text{Calls in arrears} \times \text{Interest rate} \\ &\quad \times \frac{n}{12} \\ &= 15,000 \times 10\% \times \frac{2}{12} \\ &= 250 \quad \checkmark \end{aligned}$$

2) Interest on calls in advance calculation

$$\text{Interest} = \text{Calls in advance} \times \text{Interest rate} \times \frac{n}{12}$$

$$\begin{aligned} \text{First call} &= 60,000 \times 12\% \times \frac{4}{12} \\ &= 2400 \quad \checkmark \end{aligned}$$

$$\begin{aligned} \text{Second call} &= 60,000 \times 12\% \times \frac{2}{12} \\ &= 1200 \end{aligned}$$

Total interest on calls in advance = 3600

13 6a



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6) b)

11



b) Advantages of double entry system

X

0 R 6bStep1

0 R 6b

13 R 6

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Profit & loss A/c for the year ended 31/3/24

Particulars	₹	₹	Particulars	₹	₹
To Depreciation on furniture		3750	By Gross profit		7,32,000
To Rent A/c	65,000		By Interest received	28,500	
(+) O/S Rent (W.N.2)	6,000	72,000	(+) Accrued interest (W.N.4)	6,000	
To Salary	1,15,000		By Discount received	24,600	
(+) O/S Salary	12,000	1,27,000			
To Interest on loan paid	9,000				
(+) O/S Interest	3,000	12,000			
To Provision for bad debts (W.N.1)	10,500				
To Insurance premium	30,000				
(-) Drawings	18,000 12,000				
To Ad given	18,000 40,300				
To Printing	32,200				
To FB charge	57,700				
To Discount allowed	55,200				
To Bad debts	18,500				
To General Expense	36,800				
To Car expense	8,500				
To Travel Expense	21,800				
To Postage	8,100				
To Profit c/d		2,74,750			
		<u>7,91,100</u>			<u>7,91,100</u>

3.5 3aStep2



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Balance sheet as on 31/3/24

Liabilities	₹	₹	Assets	₹	₹
O/S Rent	✓	6,000	Closing stock		7,40,000
O/S Salary	✓	12,000	Furniture	25,000	
Bank loan	✓	2,00,000	(+) Furniture purchased	10,000	
O/S Interest	✓	3,000	(-) Depreciation	(3,750)	31,250
Capital A/c		8,35,000	(25,000 × 10% / 10,000 × 10% × 3/12)		
(-) Drawings	✓	(16,000)	Bank		73,500
(78,000 + 18,000)			Cash		18,500
(+) Net profit		2,74,750	Investment		50,000
			Deposit		3,00,000
			Accrued interest		6,000
			(W.N. 4)		
Creditors	✓	1,37,500	Debtors (W.N. 1)		1,99,500

4 R
3aStep3

Workings:

1) Debtors calculation:

Book Value	=	2,25,000	
(-) Sales return		(25,000)	✓
		2,10,000	
(-) Provision for bad debts		(10,500)	✓ (2,10,000 × 5%)
Balance debtors		1,99,500	



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15

2) O/S Rent calculation:
$$\text{O/S Rent} = \frac{66,000}{12} \times 1 = 6000$$

3) Interest paid calculation:
Total interest paid = 12,500

↓	
For bank loan	Other interest
9000	3500

4) Interest receivable calculation:
Total interest receivable ⇒

↓	
Investment	Deposit
⇒ $50,000 \times 9\%$	⇒ $3,00,000 \times 10\%$
⇒ 4500	⇒ 30,000
(-) Interest received	

(-) Interest	= 34,500	✓
Received	(28,500)	✓
	6,000	✓

↓
Accrued interest

2.5
11

R Step4
3a

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3 b) 16

b) In the books of X

Date	Capital balance	No of months	Product
1/4/23	2,80,000	2	5,60,000
1/6/23	3,00,000	4	
1/10/23	3,15,000	6	
31/3/24	2,90,000	—	2,90,000
Total Effective capital			39,40,000

~~Interest on capital = $\frac{\text{Effective capital} \times \text{Interest rate} \times n}{12}$~~

~~effective total capital = 39,40,000~~

Interest on capital = $\frac{\text{Effective capital} \times \text{Interest rate} \times n}{12}$

$= \frac{39,40,000 \times 12\% \times 12}{12}$



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$$\begin{aligned} \text{Interest on drawings (Y)} &= \text{Total drawings} \times \text{interest rate} \times \frac{n}{12} \\ &= (1500 \times 12) \times 10\% \times \frac{11}{12} \\ &= 1650 \end{aligned}$$

X

1.5 R
3b
12.5 R
3

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4) a) 19

4) a) Revaluation A/c

Particulars	₹	₹	Particulars	₹	₹
To Machine A/c	✓	7,500	By Land & buildings	✓	36,000
To Furniture	✓	5,000	By Stock	✓	4,400
To Provision for bad debts	✓	1,800	By Joint life policy (Bank)		9,10,000
To Partner's Capital (Profit)					
A		1,83,050			
B		88,700			
C		44,350			
		<u>2,66,100</u>			
		<u>2,80,400</u>			<u>2,80,400</u>

Balance Sheet as on 30/6/24

Liability	₹	₹	Assets	₹	₹
Trade Payable	✓	97,400	Land & buildings	✓	2,76,000
Capital A/c:			Machine	✓	1,42,500
A		4,80,550	Furniture	✓	1,00,000
B		3,13,700	Stock	✓	90,000
		<u>7,94,250</u>	Debtors		1,49,500
P&L Suspense		5,000	(-) Provision for bad debts		(1,800)
			Cash & Bank (WN 4)		10,450
					<u>1,47,700</u>
					<u>10,450</u>



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Partners' c

Particulars	₹	₳	₴
To C capital A/c (Goodwill) <input checked="" type="checkbox"/>	30,000	10,000	
To Bank (Executives A/c)		3,13,700	2,61,850
To balance c/d	4,80,550	3,13,700	
	<u>4,80,550</u>	<u>3,23,700</u>	<u>2,61,850</u>

Workings:

1) Goodwill calculation

$$\text{Average profit} = \frac{1,14,000 + 1,22,000 + 1,19,000}{4}$$

$$\text{Average profit} = \frac{\text{Total profit}}{\text{No of years}} = 1,20,000$$

$$\text{Goodwill} = \text{Average profit} \times \text{No of years of purchase} = 1,20,000 \times 2 = 2,40,000 \quad \checkmark$$

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capital A/c

Particulars		A	B	C
By balance b/d	✓	2,80,000	1,90,000	1,80,000
By Reserve	✓	67,500	45,000	22,500
By A2D capital a/c (Goodwill)	✓			40,000
By Revaluation A/c	✓	1,33,050	88,700	44,350
By P&L Suspense A/c	✓			5,000
		4,80,550 4,80,550	3,23,700	2,61,850

2.5 **R** 4aStep2



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2) Sacrificing / Gaining ratio calculation:-

Firm's goodwill = 2,40,000

$$C \text{ share of goodwill} = 2,40,000 \times \frac{1}{6} \\ = 40,000 \quad \checkmark$$

Sacrificing / Gaining ratio = New Ratio - Old ratio

$$A = \frac{5}{8} - \frac{3}{6} = \frac{5}{8} - \frac{4}{8} = \frac{1}{8} \times 2,40,000 = 30,000 \quad \checkmark$$

$\frac{5}{8} - \frac{3}{6}$
 $\frac{15}{24} - \frac{12}{24}$
 $\frac{3}{24}$

$$B = \frac{3}{8} - \frac{2}{6} = \frac{3}{8} - \frac{8}{24} = \frac{9}{24} - \frac{8}{24} = \frac{1}{24} \times 2,40,000 = 10,000 \quad \checkmark$$

$$C = 0 - \frac{1}{6} = -\frac{1}{6} \times 2,40,000$$

$$= -40,000$$

A capital Ac Dr. 90,000
B capital Ac Dr. 10,000
To C capital ac 40,000
(Goodwill adjusted via capital ac)

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3) Profit calculation upto c's death

Average profit = 1,20,000

c's share of profit = $1,20,000 \times \frac{1}{6} \times \frac{3}{12}$

~~Bank~~ c's Executor A/c To Bank = 5000 ✓

4) Cash & Bank A/c

To balance b/d	32,300	By c's executor A/c	2,61,850
To Joint Life Policy	2,40,000	By balance c/d	10,450
	<u>2,72,300</u>		<u>2,72,300</u>

✗

5) Joint Life Policy A/c

To balance b/d	90,000	By Cash	2,40,000
To Partners capital A/c			
A	75,000		
B	50,000		
C	25,000		
		<u>1,50,000</u>	
		2,40,000	<u>2,40,000</u>

4aStep4

4a

10.5



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4 b) 24

4) b)

Statement of Affairs of Sarthak
as on 31/3/22

Liabilities	₹	₹	Assets	₹	₹
Opening capital (B/F)		3,89,500	Buildings		2,00,000
Loan		1,50,000	Furniture		75,000
Creditors		58,400	Stock		1,05,000
			Debtors		68,000
			Bank		72,500
			Cash		2400
		5,97,900			5,97,900

2.5

4bStep1

Statement of Affairs of Sarthak
as on 31/3/22

Liabilities	₹	₹	Assets	₹	₹
Closing capital (B/F)		4,22,600	Buildings (W.N.1)		1,90,000
Loan		1,25,000	Furniture (W.N.2)		67,500
Creditors		79,500	Stock		1,95,000
			Debtors		94,000
			Bank		86,800
			Cash		3,800
		6,37,100			6,37,100





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Closing capital = 4,32,600

(+) Drawings = 90,000

(-) Additional capital = (40,000) ✓

(-) Opening capital = (3,89,500)

Profit for FY 23-24 = 33,100 ✗

Workings:

1) Buildings

Book value = 2,00,000

(-) Depreciation = (10,000)

1,90,000

2) Furniture

BV = 75,000

(-) Depreci = (7,500)

67,500

1 4bStep2

3.5 4t R

14 4

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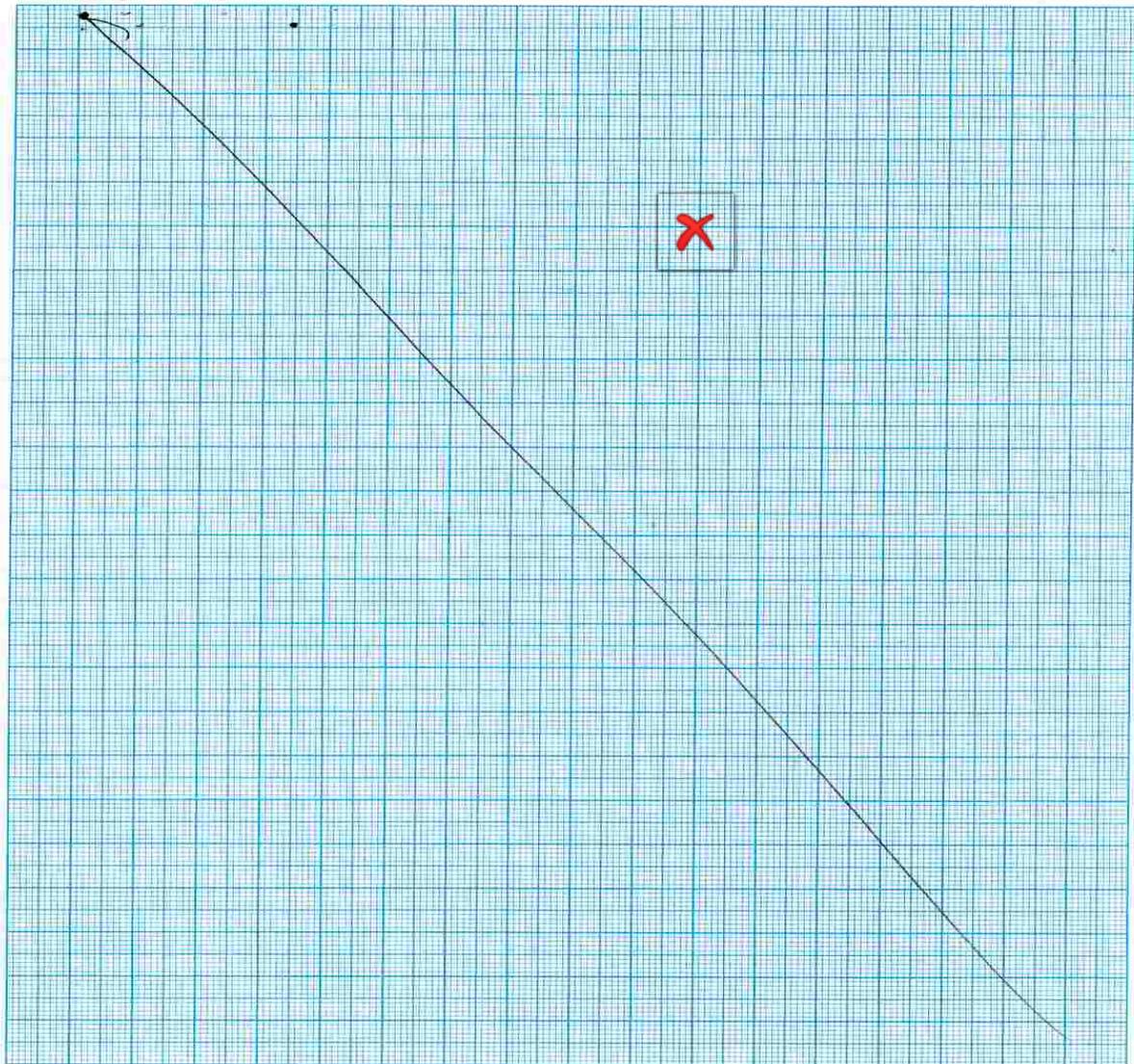
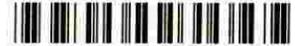


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Workings:

Book Value of machine calculation:

Year	Particulars	M ₁	M ₂	M ₃	Total depreciation
2021-22	Cost	17,09,000	9,20,000	8,50,000	
	(-) Depreciation	(2,04,000)	(55,800)		2,59,800
	WDV on 1/4/22	14,96,000	8,74,200		
2022-23	(-) Depreciation	(1,79,520)	(1,04,904)		
	WDV on 1/4/23	13,16,480	7,69,296		
2023-24	(-) Depreciation	(13,16,480 - 0)	(2,61,296)	(1,53,859)	
		5			
		(7,61,296 - 0)			
		5			
	WDV on 1/4/24	10,53,184	6,15,437		
	(-) Depreciation upto 31/10/23	(1,81,296)			
		(13,16,480 - 0)			
		5			
	on	11,84,832			
	(-) asset sold	(2,50,000)			
	(-) sale proceeds	9,34,832			
	Depreciation for		(1,53,859)	(82,000)	
	23-24				
	B/V on 31/3/24		6,15,437	7,68,000	
	Depreciation for Machine 3			8,50,000 - 30,000	
				10	
				= 82,000	

4 R 2aStep2
0.5 R 2aStep3 0.5 R 2a



The Institute of Chartered Accountants of India

Code: FD1AC865245
Subject: 01 Accounting

Total Marks: 100
Marks Obtained: 72

12 JAN 2025

1865245-01

Addl. Book No.

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA
ADDL. BOOK

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ADDITIONAL ANSWER BOOK

2) b)

2 b)

Bank Reconciliation Statement of XYZ Ltd.
as on 30/6/24

Particulars	Amount ₹
Credit balance as per cash book	24,768
Add:	
Bank charges omitted in cash book	350
Payment omitted in cash book	4590
Cheque deposited mailed out of date	5700
Cheque deposited not cleared	15,789
Less:	
Cheque issued not present	(88,678)
Wrong amount entered in cash book	(310)
Dividend collected by bank	(1980)
Wrong credit by bank	(2340)
Overcasting of cr. side of cashbook	(6789)
Debit - Credit balance as per pass book	(18,900)

16.5
R
2

10
R
2bStep1

10
R
2b



The Institute of Chartered Accountants of India

Code: FD1AC865245
Subject: 01 Accounting

Total Marks: 100
Marks Obtained: 72

The image shows a page of handwritten answers on lined paper. A large red 'X' is drawn over the text, indicating that the answer is incorrect or has been crossed out. A diagonal line is drawn across the entire page. At the top right, there is a barcode. On the right margin, there are three vertical labels: "DO NOT WRITE ANYTHING HERE".



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Code: FD1AC865245
Subject: 01 Accounting

Total Marks: 100
Marks Obtained: 72

3

1865245-02

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The Institute of Chartered Accountants of India

Code: FD1AC865245
Subject : 01 Accounting

Total Marks: 100
Marks Obtained : 72

Result Overview

Awarded Marks: **72**

Max Marks:100

NA Not Attempted

O Optional

M Marked

Q1_Compulsory (Score: 16/20)

Question No	Awarded Marks	Maximum Marks	Status
1	16	20	M
1a	9	12	M
1b	4	4	M
1c	3	4	M

Q2_Q6 (Score: 56/80)

Question No	Awarded Marks	Maximum Marks	Status
2	16.5	20	M
2a	6.5	10	M
2b	10	10	M
3	12.5	20	M
3a	11	15	M
3b	1.5	5	M
4	14	20	M
4a	10.5	15	M
4b	3.5	5	M
5	0	20	O
5a	0	10	O
5b	0	5	O
5c	0	5	O
6	13	20	M
6a	13	15	M



The Institute of Chartered Accountants of India

Code: FD2BL865245
Subject : 02 Business Laws

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Marks Obtained : 70



GRAPH PAPER IS ON THE PENULTIMATE PAGE

Book No. 1 (containing 28 pages)

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA

Foundation Examination

Group No. 1 Paper No. 2

Subject Business Laws

Number of Answer Books used : Main 3 additional sheets

Date Seal 16 JAN 2025

For use by ICAI only

Barcode 865245

Barcode



ICAI

Paper Code	<input type="checkbox"/>	A B C D E F G H I J K L M N O P Q R S T U V W X Y Z
	<input type="checkbox"/>	A B C D E F G H I J K L M N O P Q R S T U V W X Y Z
	<input type="checkbox"/>	A B C D E F G H I J K L M N O P Q R S T U V W X Y Z
	<input checked="" type="checkbox"/>	1

MCQ Booklet Serial No.	Paper No.	Level of Exam →	Foundation ① Intermediate ② Final ③
<input type="checkbox"/>	<input type="checkbox"/>		
MCQ Answers			
0 0 0 0 0 0 0	1	1 A B C D	11 A B C D
1 1 1 1 1 1 1	2	2 A B C D	12 A B C D
2 2 2 2 2 2 2	3	3 A B C D	13 A B C D
3 3 3 3 3 3 3	4	4 A B C D	14 A B C D
4 4 4 4 4 4 4	5	5 A B C D	15 A B C D
5 5 5 5 5 5 5	6	6 A B C D	16 A B C D
6 6 6 6 6 6 6	7	7 A B C D	17 A B C D
7 7 7 7 7 7 7	8	8 A B C D	18 A B C D
8 8 8 8 8 8 8	9	9 A B C D	19 A B C D
9 9 9 9 9 9 9	10	10 A B C D	20 A B C D
			21 A B C D
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			23 A B C D
			24 A B C D
			25 A B C D
			26 A B C D
			27 A B C D
			28 A B C D
			29 A B C D
			30 A B C D



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Illustration for Filling the MCQ Booklet Serial No.

0	0	0	0	0	0	0	0	0	0
1	1	1	1	1	1	1	1	1	1
2	2	2	2	2	2	2	2	2	2
3	3	3	3	3	3	3	3	3	3
4	4	4	4	4	4	4	4	4	4
5	5	5	5	5	5	5	5	5	5
6	6	6	6	6	6	6	6	6	6
7	7	7	7	7	7	7	7	7	7
8	8	8	8	8	8	8	8	8	8
9	9	9	9	9	9	9	9	9	9

INSTRUCTIONS TO THE CANDIDATE FOR FILLING THE MCQ ANSWER FIELDS

Pencil to Darken the appropriate Circle.

1. Darken the correct MCQ Booklet Serial No. as printed on your question booklet which will be taken as final for evaluation. If any candidate fills in this information wrongly, Institute will not take any responsibility for rectifying the mistake.

2. Darken the complete circle.

3. If you want to change your Answer, erase the darkened circle completely and make a fresh mark.

4. Please do NOT make any stray marks on the OMR cover page.

5. Rough work must NOT be done on the OMR cover page.

6. Mark your answer only in the appropriate space against the number corresponding to the question.

How to mark answers

CORRECT METHOD	WRONG METHOD
(A) ● (C) ● (D) ●	✗ (A) ● (C) ● (D) ●

Q. No.	To be ticked <input checked="" type="checkbox"/> by the candidate against the Questions answered (Descriptive Type)		
1	<input checked="" type="checkbox"/>	8	<input type="checkbox"/>
2	<input type="checkbox"/>	9	<input type="checkbox"/>
3	<input checked="" type="checkbox"/>	10	<input type="checkbox"/>
4	<input checked="" type="checkbox"/>	11	<input type="checkbox"/>
5	<input checked="" type="checkbox"/>	12	<input type="checkbox"/>
6	<input checked="" type="checkbox"/>	13	<input type="checkbox"/>
7	<input type="checkbox"/>	14	<input type="checkbox"/>
Total	6	Total	



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4) a) Provision:-

Joint Promisors: (Sec. 42)

i) If two (or) more persons have made a joint promise they must jointly fulfill their promise unless a contrary intention appears from contract.

ii) In case of death of any one of the joint promisors the legal representative of deceased joint promisor along with surviving joint promisors must jointly fulfill promise.

iii) The promisee in the absence of a contract to the contrary can compel any one of the joint promisors to pay whole of the contract.

iv) At such case the promisor who performed the whole of the contract can call for contribution from other joint promisors.



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04

- v) In case of default of performance of promise by any one of the two (or) more joint promisors;
- vi) The remaining joint promisors must bear the loss arising from such default in equal shares.

Analysis:

A, B & C jointly promised to pay D a sum of ₹ 6,000

Solution:

- i) Yes. D can compel any of the three parties to A, B & C to pay him ₹ 7,000 & at such case D can call from A and B ₹ 2,000 respectively.
- ii) a) If C is compelled to pay the whole of the amount to D he can recover ₹ 2,000 from A and ₹ 2,000 from B if A & B were solvents.

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05

4aStep2 3

If A is not able to pay anything the C can compel only B for ₹2000.

4a 6.5

Also B & C must bear the loss of ₹1000 each respectively due to A's insolvency.

4) b)

4) b) Rules of compensation:

As an endorser:

- * As an endorser, the endorser first need to pay the endorsee the amount due and can claim from the person liable to pay with interest at the rate of 18% p.a.
- * If endorser and person liable are at different place then payment shall be made as per current exchange rate.



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Marks Obtained: 70



06



Creating a new bill

The holder of a dishonoured instrument can draw a new bill containing the amount due along with necessary expenses and interest on the person liable to pay.

4bStep1



6

As a holder:

As a holder of a dishonoured instrument he can claim the amount due along with ~~notest~~ noting & protesting charges.

If the person liable to pay and payee are at different place then payment shall be made as per current exchange rate.

Attaching dishonoured bill

In case of drawing a new bill it must be attached with the dishonoured bill

4b



6

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07

4 C)

4 C) Functions of Judiciary system :

4cStep1 ✓ 2 Dispute resolution

- * Regulation of the interpretation of the Acts & Codes ✓
- * Promote fairness among the citizens of the land.

Hierarchy of Courts ✓

- * The Supreme Court is the apex body for judiciary in India.
- * The decisions of the Supreme Court is followed throughout India.
- * Below the Supreme court there exist High Courts for each state in India.
- * Below High Court there are numerous district courts in India.
- * Metropolitan Courts are also established in Metropolitan cities.



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Marks Obtained: 70



08



Supreme
A) High Court:

- * The Supreme Court of India was established on 26th January 1950.
- * The principal bench of Supreme Courts consist of 7 members. As of now it has increased to 34.
- * The Chief Magistrate is the highest judicial officer in India.

B) High Court:

* High Courts in India has the following powers

- * Original jurisdiction
- * Appellate jurisdiction
- * Supervisory powers

* The Supervisory powers to High Court were given as per Article 227 of Indian Constitution.



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ICAI 09

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* An individual can seek justice for violation of ~~Supreme Court~~ fundamental rights in High Court.

c) District Court:

* District Court can handle pecuniary civil cases not exceeding two crores

4cStep2 3 Court of session - can handle criminal cases

* Court of district judge - can handle civil cases

D) Metropolitan courts

4c 5 Metropolitan Courts are established in cities where population is ~~not~~ equal to (or) more than 10 lakhs.

4 17.5

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Marks Obtained: 70



6) a) 9) ¹⁰



6) a) 9) Provision :

Inchoate instrument :

* A promissory note, cheque (or) any bill of exchange written out blank/incomplete ^{certain in certain} is known as inchoate instruments.

6aiStep1



2

* A drawer (or) acceptor (or) payee endorsed a ^{promissory note} bill of exchange (or) cheque to any

* A drawer (or) acceptor (or) promisor of a negotiable instrument delivered the bill by writing in blank/incomplete

* As an endorser, a person can claim only the amount intended to be paid by signor

* As a holder ^{in due course} of such a person can claim any amount but such amount shall not exceed the stamp affixed on such instrument

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Subject: 02 Business Laws

Total Marks: 100
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11

Analysis:

Anjali purchased cosmetic products for ₹ 15,000 from Sushil last week for a credit of one month. After fortnight she made a blank promissory note signed & delivered to Sushil who further endorsed to Manish for his due. Manish filled ₹ 17,000 and on maturity he presented to Anjali for payment but she refused.

Solution:

6ai Step 2 0

Yes, Anjali is liable to honour the promissory note for ₹ 17,000 as it haven't exceeded the amount covered by the stamp affixed and Manish is a holder in due course of the bill.

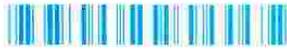
6ai 2



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Code: FD2BL865245
Subject: 02 Business Laws

Total Marks: 100
Marks Obtained: 70



6) a) ii) ¹²



6) a) ii) Provision:

Present of bill of exchange for payment (or) acceptance to agent, legal representative (or) official receiver

As per the relevant provisions of the Negotiable Instruments Act, 1881 a bill of exchange (or) any other instrument shall be present for payment (or) acceptance to

* agent of the promisor (or) acceptor (or) answer

6aiiStep1



1

* legal representative if the promisor (or) acceptor dies



* official assignee of the promisor (or) acceptor



Solution:

6aiiStep2



0

Pritya's presentation for the bill of exchange to Sanjay's assistant is valid as he is an agent to Promisor Sanjay, in Sanjay's absence.

6aii



1



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Marks Obtained: 70

13

b) Agent's authority in an emergency:

- * Generally an agent can act beyond the scope of his authority.
- * But in an emergency situation an agent can do any act to protect his principal from losses.
- * An agent in emergency acquires special powers.

Essential of a valid agency in emergency:

- * An agent should have acted in a bonafide manner to protect his principal from losses.
- * Agent should have adopted the most reasonable and practicable course of action.
- * There should have been a actual and definite commercial necessity and agent must act promptly



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Total Marks: 100
Marks Obtained: 70



14



6bStep1



4.5 Agent should have the possession of goods belonging to the principal in the emergency situation.

* Agent should not be in a position for reasonable opportunity to

6b



4.5 communicate with his principal in ordinary diligence.

c) Rights of a buyer against seller :-

i) Damages for non-delivery :

* The Buyer may sue the seller if :

- wrongfully refuses (or)
- neglects to deliver the goods to buyer

and also can claim damages.

ii) Suit for interest :

* If there is specific agreement regarding interest then the buyer can claim interest at that rate.

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15

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* In the absence of such agreement the buyer can claim interest at a suitable rate on price of the goods by notifying buyer.

* The court may also award interest at a suitable rate on a suit by the buyer against the seller from the due date of delivery.

iii) Repudiation of contract before due date:

* If seller repudiates the contract before the due date the buyer can:

- * rescind the contract and claim damages (or)
- * wait until the due date of performance by keeping the contract as still operative.

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16



iv) Suit for specific performance:

* The buyer can appeal to the court for specific performance

6cStep1



5.5

* The court can order the suit for specific performance of contract by the seller if:

- a) the contract is ^{specific} future or ascertained
- b) goods the goods must be unique in nature
- c) subject to the provisions of Specific Relief Act, 1963

v) Suit for breach of warranty:

* If the seller commits breach of warranty (or)

* Buyer treats breach of condition as breach of warranty the he can

* set up against the seller diminution of price.

6



13



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Subject: 02 Business Laws

Total Marks: 100
Marks Obtained: 70

ICAI 17

* claim damages for breach

6c ✓ 5.5 ✓

5) a) i)

5) a) i) Provision :-

Reservation of right of disposal :-

* Delivery to carrier

5aiStep1 ✗ 0 the seller delivers to the carrier without reserving the right of disposal he is deemed to have unconditionally appropriated the goods

5aiStep2 ✗ 0

5ai ✗ 0



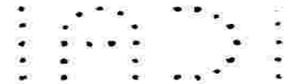
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Total Marks: 100
Marks Obtained: 70



18



ii) Provision:

Condition as to merchantability:

5aiiStep1



Goods are said to be in a merchantable quality when:

- * Goods are as that of description
- * Seller is the ordinary dealer of such goods
- * Goods are in a usable / tradable quality.

Caveat emptor:

- * When the goods are sold in an open market it's the buyer's duty to make proper choice of goods.

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19

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* If buyer make an improper selection of goods (or) goods are unfit to his purpose. he can't make the seller liable.

* Caveat emptor means let the buyer beware.

5aiiStep2 0 Solution:

5aii 2 No. Adarsh cannot revoke the contract as he purchased the car without conducting a detailed inspection so rule of caveat emptor will work.

b) a) Partner by holding out:

* A partner by holding out is also called as a partner by estoppel.

* When a person represented himself as a partner (or)

* knowingly permits others to represent him as a partner.

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5biStep1



2

* He is not allowed to deny the partnership the creditors whom on the faith that he's a partner gave a loan/ credit to firm.

2) Nominal partner:

* Nominal partner only lends his name.

5biStep2



2

* He is not involved in the conduct of partnership

* He is not entitled to profits of the partnership

5bi



4

He is liable for firm's acts towards third party

5biStep1



0

3) DISSOLUTION WITHOUT COURT ORDER:

a) Dissolution by agreement:

A partnership firm may be dissolved by:

- mutual agreement (or)
- by a contract already entered



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Code: FD2BL865245
Subject : 02 Business Laws

Total Marks: 100
Marks Obtained : 70

21

into by partners.

b) Compulsory dissolution:

* Unlawful business

* If the firm carries only single adventure (or) undertaking which becomes unlawful (or) illegal it results in dissolution of firm

* If the firm carries on more than one adventure and any one of them being illegal may not result in firm's dissolution.

* Insolvency:

* If all the partners of a partners except one (or)

* all partners became insolvent it results in firm's dissolution.

5biiStep2 ✓ 1.5

5bii ✓ 1.5



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Total Marks: 100
Marks Obtained: 70



22



c) i) Undue influence :

A contract is said to be induced by undue influence when

* a relation subsisting between the parties to a contract

5cStep1



2

* one party is in a position to dominate the will of the another and

* takes unfair advantage of that relation.

ii) Cases where a party is in a position to dominate the will

* Real and apparent authority :

When a person has real and apparent or other can make contract by undue influence

[Eg. Father - Son
Teacher - student]

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23

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* Mental distress:

Where a party to a contract has been permanently affected by mental distress due to bodily (or) mental problems. [Patient - Doctor]

* Fiduciary relationship:

When there exists fiduciary relationship between parties one can make contract by undue influence.

[Mom - Son
Brother - Sister]

5cStep2 ✓ 3

Fiduciary relationship creates trust and confidence among parties ✓

5c ✓ 5

5 ✓ 12.5

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Subject: 02 Business Laws

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24

~~s) a)~~

Provision

~~Liability of firm for wrongful acts of a partner.~~

* In partnership there exists mutual agency.

* Acts of one partner will bind all other partners in a firm.

* ~~s) a)~~

Provision:

Misapplication by partners:

i) When a partner has received any property (or) money ~~of~~ ^{on} behalf of the firm by ^{implied authority} and misapplied it

ii) When a property (or) money has been received by the firm and while it is in the custody of the partner



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25



iii) In the above 2 case firm has to indemnify or settle the liability towards third party.

Analysis

P, Q & R formed PQR Associates, a construction firm. P buys cement from D on firm's behalf. P used the cement for his personal purpose.

The supplier D is answer of the private use of cement by P, so he claims price from firm. But firm refuses to pay the price of cement as they never received cement from P.

3aStep1
0
3aStep2
0
Situation:

No. The firm has to make payment to P as the partner P has misapplied the cement (property) received on firm's behalf.

In such case the answer remains the same. The firm must settle the liability towards P.

3a
0



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26

b) i) Provision:

As per the relevant Provisions of The Companies Act, 2013 an institution is said to be Public Financial Institution (PFI) if:

i) It is created by State Act (or) Central Act (or) any other act (or) previous company law

ii) At least 51% of the paidup share capital of such institution is held by:

- a) Central Government (or)
- b) State Government (or)
- c) Partly by Central Government and Partly by State Government (or)
- d) Partly by one (or) more state government

Some of the Public Financial Institutions are:

* Life Insurance Corporation of India

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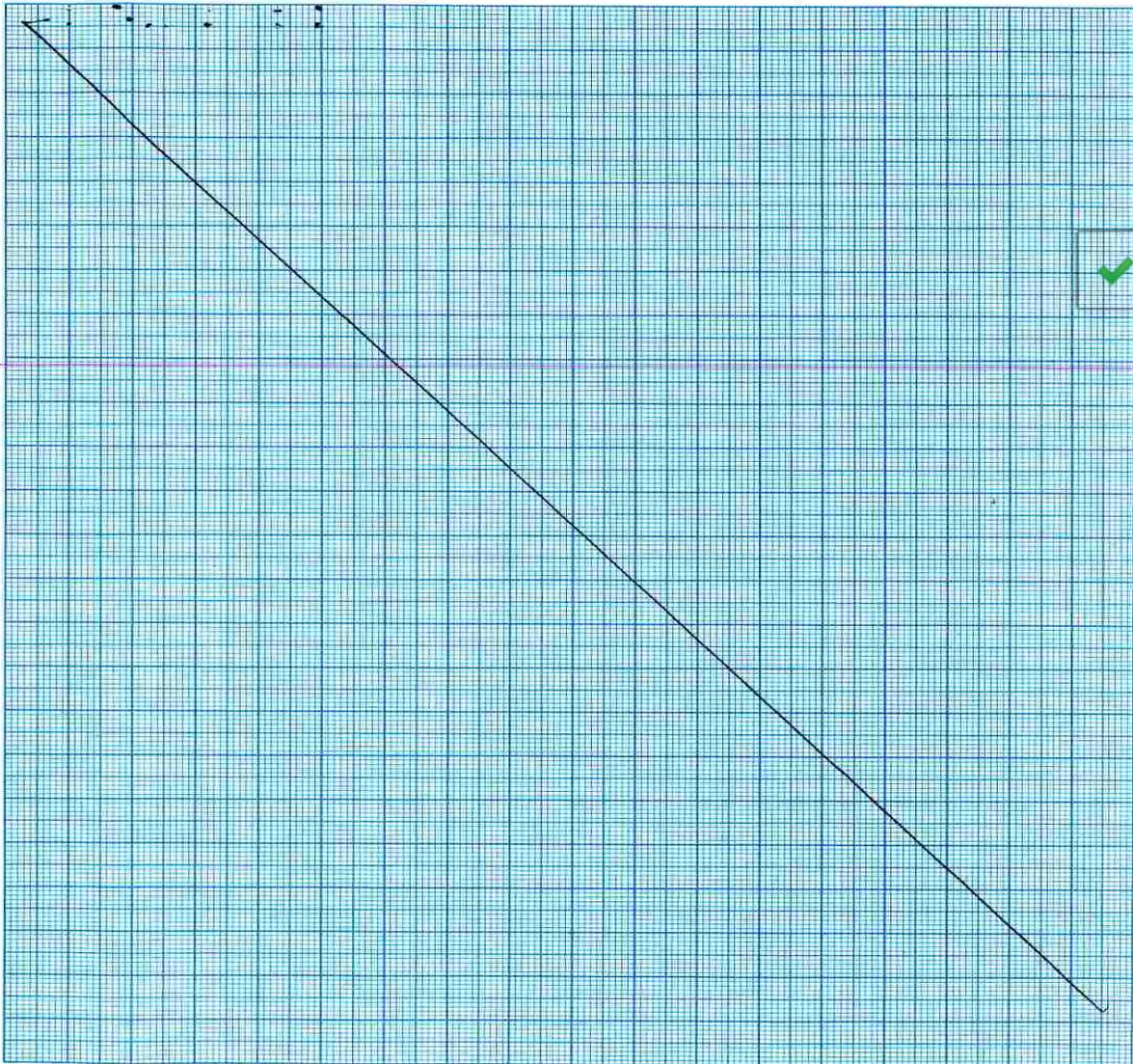


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27





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28

3biStep1



3

* any other institution which the Central Government may specify in this behalf. by notification

* Unit Trusts of India

3biStep2



1

Analysis:

Part up share - capital of Rural Development Fin. Corp. Ltd.

Central Government	26%
Maharashtra	18%
Tamil Nadu	24%
Public	32%

Solution:

Yes. Rural Development Finance Corporation Ltd. shall be considered as Public Financial Institution since total paid up share capital of this institution is held by Government as follows:

Central Government	26%
Maharashtra	18%
Tamil Nadu	24%

3bi



4

68%



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ADDITIONAL ANSWER BOOK

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ii) No. It's not mandatory for a company to have a common seal.

3bii Step 1 ✓ 1 ✓

In the absence of common seal a company's authentication shall be ^{made} by

3bii ✓ 1 ✓

i) one director (or) ~~one director~~
ii) a company secretary where the company secretary may be appointed

c) Agreements opposed to public policy:

a) Agreement relating to Trafficking of Public offices and titles.

* Trafficking relating to public offices and titles is opposed to public policy as it violates the appointment of a best qualified person.

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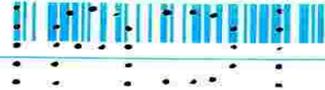


The Institute of Chartered Accountants of India

Code: FD2BL865245
Subject: 02 Business Laws

Total Marks: 100
Marks Obtained: 70

2



Examples:

An agreement to induce a government employee to retire from his post in order to secure appointment of another person in that place.

b) Stifling prosecution:

An agreement to restrain legal proceedings from running in their normal course using force

In case of compoundable offence stifling prosecution is valid

In case of non-compoundable offence it is void

c) Trading with enemy:

* An agreement to trade with a country owing allegiance to a country at war with India without Indian Government's consent is opposed to public policy

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Total Marks: 100
Marks Obtained: 70

3

2865245-02

d) Maintenance: & champerty

In case of maintenance of a suit in which a person has no interest.

In case of a person assisting in litigation for an exchange of proceeds of the suit

e) Interest against obligation

An agreement to provide consideration to enable a person to render his obligation is opposed to public policy.

f) Interference with the course of justice:

When a person induces a judicial officer to act partially (or) wholly corrupt is against the public interest

3c Step 1 ✓ 6 ✓ 3 ✓ 11

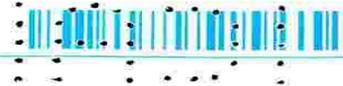


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Marks Obtained: 70

1) a)



1) a) i) Agreement in restraint of marriage

An agreement in restraint of marriage of a person other than a minor is void.

1aStep1



1

Marriage bureau only provides information for a consideration so such agreement is valid.

Hence payment of ₹ 10,000 to Marriage bureau for providing information is valid.

ii) Impossibility agreement of performance:

An agreement may be impossible in itself.

1aStep2



1

Impossibility of performance may be (or) may not be known to the parties at the time when they made contract.

Bharat agrees to sell his white bull but the ~~horse~~ ~~white~~ bull was dead at the time when agreement was made. So it becomes impossible of performance.
Void agreement.

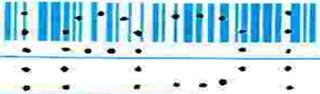


The Institute of Chartered Accountants of India

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Total Marks: 100
Marks Obtained: 70

2



b) i) Provision

As per Section 8 of The Companies Act, 2013 :

i) company formed to promote education, sports, commerce, law etc... ✓

ii) shall intend to apply its profits in the business ✓

1biStep1 ✓ 1 iii) Prohibits the payment of dividend to members ✓

A partnership firm can be a member in a Section 8 company.

Analysis ✓

Harmony foundation a section 8 company focused on promoting of education & rural healthcare services. For the FY 23-24 the company earned a substantial profit and transferred to its member

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Subject: 02 Business Laws

Total Marks: 100
Marks Obtained: 70

3

2865245-04

M/S LMP Associates. One of members
1biStep2 ✓ 2 made complaint regarding transfer of profit.

Solution:

1bi ✓ 3 A partnership firm can be a member in section 8 ✓ company.
It cannot transfer its profit to its members. ✓

ii) Provision

Change of entrenchment provision:

1biStep1 ✓ 2 A company can make any ✓ entrenchment provision (or) amend the provision after its formation. In such case if it amends after formation ✓

For a private company - 100% ✓ approved
For a public company - minimum 7 director ✓

✗



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4

1biiStep2 ✓ **1** Solution:

Since Justice Pvt. Ltd is a private company it requires 100% approval of all shareholders

1bii ✓ **3** it is a public company minimum 7 directors

c) Rights of a minor:

- * A minor has the right in his share of profits & property of firm
- * A minor can sue the partnership firm for settlement of accounts after severing his connection with firm
- 1cStep1** ✓ **2** * A minor on attaining majority need to elect to (or) not to become a partner within 6 months on attaining majority.
- * If he elects to become a partner he'll be liable from the date when he admitted to the benefits of partner. If he elected not to become a partner he shall give a public notice to that effect



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Total Marks: 100
Marks Obtained: 70

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA
ADDL. BOOK

16J 2865245-05

ADDL. BOOK No. 3

DO NOT WRITE ROLL NUMBER ANYWHERE IN THIS ADDITIONAL ANSWER BOOK

Liabilities before attaining majority

- * Minor's liability is limited to the extent of his share and property in firm.
- * A ~~ma~~ minor can't be declared as insolvent as he's incapable of contracting debts.
- Dues are payable only from private property.
- * If the firm is declared insolvent his share is vested with official receiver (or) liquidator of firm.

1cStep2 3

1c 5

1 16



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Subject : 02 Business Laws

Total Marks: 100
Marks Obtained : 70

3

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The Institute of Chartered Accountants of India

Code: FD2BL865245
Subject : 02 Business Laws

Total Marks: 100
Marks Obtained : 70

Result Overview

Awarded Marks: 70

Max Marks:100

Not Attempted

Optional

Marked

Q1_Compulsory (Score: 16/20)

Question No	Awarded Marks	Maximum Marks	Status
1	16	20	
1a	5	7	
1bi	3	4	
1bii	3	3	
1c	5	6	

Q2_Q6 (Score: 54/80)

Question No	Awarded Marks	Maximum Marks	Status
2	0	20	
2ai	0	4	
2aii	0	3	
2b	0	7	
2c	0	6	
3	11	20	
3a	0	7	
3bi	4	5	
3bii	1	2	
3c	6	6	
4	17.5	20	
4a	6.5	7	
4b	6	7	
4c	5	6	

5	12.5	20	M
5ai	0	4	M
5aii	2	3	M
5bi	4	4	M
5bii	1.5	3	M
5c	5	6	M
6	13	20	M
6ai	2	4	M
6aii	1	3	M
6b	4.5	6	M
6c	5.5	7	M

Answer Sheet No.
6602719

OMR ANSWER SHEET - PAPER - 3
FOUNDATION - EXAM

Use Black Ball point pen to write in the Boxes

ROLL NUMBER

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QUESTION BOOKLET CODE

RDM

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MEDIUM

ENGLISH

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HINDI

QUESTION PAPER BOOKLET NO.

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		ANSWERS			
1	(A) (B) (C) (D)	51	(A) (B) (C) (D)		
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INSTRUCTIONS FOR CANDIDATE

1. Use Only H.B Pencil to Darken the appropriate Circle.
2. Write and darken correct Question Booklet No. as printed on your question booklet which will be taken as final for evaluation. In case any candidate fills in this information wrongly, Institute will not take any responsibility for rectifying the mistake.
3. Please darken the complete circle.
4. If you want to change your Answer, erase the already darkened circle completely and make a fresh mark.
5. Please do NOT make any stray marks on the answer sheet.
6. Rough work must NOT be done on the answer sheet.
7. Mark your answer only in the appropriate space against the number corresponding to the question.

USE H.B PENCIL ONLY.

How to mark answers:

CORRECT METHOD



WRONG METHOD



SPACE FOR ICAI STAMP



Signature of Candidate (with Pen)

G. U. Adhi

Signature of Invigilator (with Pen)

Shakshi Sree S
18/01/2025

MARKS OBTAINED (IN OMR) : 77

Answer Sheet No.

6802719

OMR ANSWER SHEET - PAPER - 4
FOUNDATION - EXAM

Use Black Ball point pen to write in the Boxes

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QUESTION BOOKLET CODE

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Z	Z	Z

MEDIUM

ENGLISH

ENGLISH
HINDI

QUESTION PAPER BOOKLET NO.

3861979

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ANSWERS

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50	(A)	(B)	(C)	(D)	100	(A)	(B)	(C)	(D)

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CORRECT METHOD



WRONG METHOD



SPACE FOR ICAI STAMP



FOUNDATION EXAM
20th JANUARY, 2025

Signature of Candidate
(with Pen)

G. U. Adhi

Signature of Invigilator
(with Pen)

[Signature]