



SIGNATURE

INSTITUTE OF COMMERCE AND MANAGEMENT

CA FOUNDATION EXAM NO -4

Mark :26

Time :50 minutes

1-

[Jan. 2021] Prepare a Bank Reconciliation Statement from the following particulars as on 31st December, 2020 :

Particulars	₹
Bank Balance as per Cash Book (Debit)	1,98,000
Bank Charges debited by the bank not recorded in Cash Book	34,000
Received from debtors vide RTGS on 31st December, 2020 not recorded in Cash Book	1,00,000
Cheque issued but not presented for payment	45,000
Cheque deposited but not cleared	25,000
Cheque received and deposited but dishonoured. Entry for dishonour not made in the Cash Book	5,000
Instruction for payment given to the bank on 31st December, 2020 but the same effected by the Bank on 01st January, 2021	4,000

(5mark)

2-

[May 2019 – Issue of Debentures] On 1st January 2018 Ankit Ltd. issued 10% debentures of the face value of ₹ 20,00,000 at 10% discount. Debenture interest after deducting tax at source @10% was payable on 30th June and 31st December every year. All the debentures were to be redeemed after the expiry of five year period at 5% premium. Pass necessary journal entries for the accounting year 2018 (4mark)



3-

[Nov. 2020 – Issue of Debentures] Y Company Limited issue 10,000 12% Debentures of the nominal value of ₹ 60,00,000 as follows :

- a) To a vendor for purchase of fixed assets worth ₹ 13,00,000 - ₹ 15,00,000 nominal value.
- b) To sundry persons for cash at 90% of nominal value of ₹ 30,00,000.
- c) To the banker as collateral security for a loan of ₹ 14,00,000 - ₹ 15,00,000 nominal value,

You are required to pass necessary Journal Entries (4mark)

4-

Vikas, a businessman from Delhi, entered into an agreement with Reddy, a trader from Hyderabad, to smuggle a large consignment of gold into India in violation of customs laws. As per the terms, Reddy would arrange the smuggling operation, while Vikas promised to provide financial support and safe storage facilities. Both agreed to share the profits equally. The agreement also stated that Reddy would invest a portion of his profit in Vikas's legitimate textile business, which was a lawful activity.

After the first successful operation, a dispute arose between the parties. Vikas received the smuggled gold but refused to share the profits, arguing that the agreement was unlawful. Reddy filed a suit for enforcement, claiming that at least the lawful portion of the agreement relating to the textile business should be upheld. Decide whether the agreement is enforceable under the Indian Contract Act, 1872?

(RTP, Jan 2026) 5mark



5-

- Mr. Lal, a well-known builder, entered into a contract with Mr. Kumar, a property developer, to construct a large shopping mall in Jaipur for a total consideration of ` 10 crores, to be completed within 18 months. After the work began, both parties mutually decided to alter the nature of their agreement. By mutual consent, a new contract was substituted, under which Mr. Lal would instead construct a five-star luxury hotel on the same land for an increased price of `12 crores. This new agreement expressly cancelled the earlier mall contract.

However, six months after the new agreement was executed, the State Government, under its Urban Development Policy, passed a law prohibiting the construction of hotels in that particular commercial zone, though the construction of shopping malls was still permitted. Due to this prohibition, Mr. Lal stopped the construction work and informed Mr. Kumar that the contract had become impossible to perform. Mr. Kumar, however, filed a suit against Mr. Lal for breach of the new contract, demanding damages on the ground that Mr. Lal had failed to perform his obligation.

Decide, under the provisions of the Indian Contract Act, 1872, whether Mr. Lal is liable for breach of contract or whether the contract has become void due to impossibility.

(RTP, Jan2026) 5mark

6-

In case of breach of contract, the court may award compensation or damages. Explain the circumstances when court may award ordinary damages, special damages and liquidated damages under the provisions of The Indian Contract Act, 1872.

(5)c)i3m,MDTP7,10, 5)c)i3m,MTP1,Jan2025, 3)c)i3m,Sept2024). (3mark)