



J.K. SHAH[®]

TEST SERIES

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SUBJECT-

Test Code – AJM 1072

BRANCH - () (Date :)

Head Office : Shraddha, 3rd Floor, Near Chinai College, Andheri (E), Mumbai – 69.

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ANSWER 1(A)

The House of Lords in Salmon 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 MARKS)

ANSWER 1(b)

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)

(5 MARKS)

ANSWER 1(c)

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.

Example : A LLP by the name SMY LLP has three partners namely 1. SI Limited, 2. MIS Limited, 3. YI Private Limited. This will not be considered for registration because the requirement for LLP is to have 2 individual members as partners apart from the body corporates. Accordingly, the said SMY LLP must consist of at least five partners, namely the three body corporates and 2 individual members to constitute the LLP and the two individuals need to be treated 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.

Example : There is an LLP by the name Indian Helicopters LLP having 5 partners namely Mr. A (Nonresident), Mr. B (Non Resident) Ms. C (resident), Ms. D (resident) and Ms. E (resident). In this case, at least 2 should be named as Designated Partner out of which 1 should be resident. Hence, if Mr. A and Mr. B are designated then it will not serve the purpose. One of the designated partners should be there out of Ms. C, Ms. D and Ms. E.

(5 MARKS)

ANSWER – 2 (A)

A contract of sale is a contract for sale by sample where there is a term in the contract, express or implied, to that effect. In the case of a contract for sale by sample there is an implied condition-

- That the bulk shall correspond with the sample in quality.
- That they shall have a reasonable opportunity of comparing the bulk with the sample.
- That the goods shall be free from any defect, rendering them un-merchantable, which would not be apparent on reasonable examination of the goods.

In a contract for sale of brand by sample, Bhusan is entitled to return the tea and claim refund of money as there is breach of condition.

(5 MARKS)

ANSWER 2 (b)

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 Rs 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, H R.

(5 MARKS)

ANSWER – 2(C)

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.

1. There must be at least two parties
2. The subject matter of the contract must necessarily be goods
3. A price in money (not in kind) should be paid or promised.
4. A transfer of property in goods from seller to the buyer must take place.
5. A contract of sale must be absolute or conditional (section 4(2)).
6. All other essential elements of a valid contract must be present in the contract of sale.

(4 MARKS)

ANSWER – 3(A)

Circumstances in which LLP may be wound up by Tribunal (Section 64 of the LLP Act, 2008):

A LLP may be wound up by the Tribunal:

1. if the LLP decides that LLP be wound up by the Tribunal ;
2. if, for a period of more than six months, the number of partners of the LLP is reduced below two;
3. if the LLP is unable to pay its debts;
4. if the LLP has acted against the interests of the sovereignty and integrity of India, the security of the State or public order;

5. if the LLP has made a default in filing with the Registrar the Statement of Account and Solvency or annual return for any five consecutive financial years; or
6. if the Tribunal is of the opinion that it is just and equitable that the LLP be wound up.

(5 MARKS)

ANSWER – 3(B)

Cover Letter

To
Manager(HR)
ABC TV
FGH Media Pvt Ltd
Mandi House
New Delhi.

Date: Nov 13, 2018

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 medis 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)

(5 MARKS)

ANSWER – 4(A)

INSPIRING LEADERSHIP

Mr. Soni faces a challenging task of turning around a loss making a car manufacturing company which he recently joined as Managing Director. In the previous company, Mr. Soni had proved to be a proficient manager and his inspiring leadership had led to increased morale and productivity of the employees. He continued his policy of participative management and equal concern for production and people in the new company. To improve the bottom line of the company he

affected major changes like decentralization, empowerment of junior managers and increase spending on staff welfare. Majority of employees were willing to try these changes.

(5 MARKS)

ANSWER – 4(B)

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.

(5 MARKS)