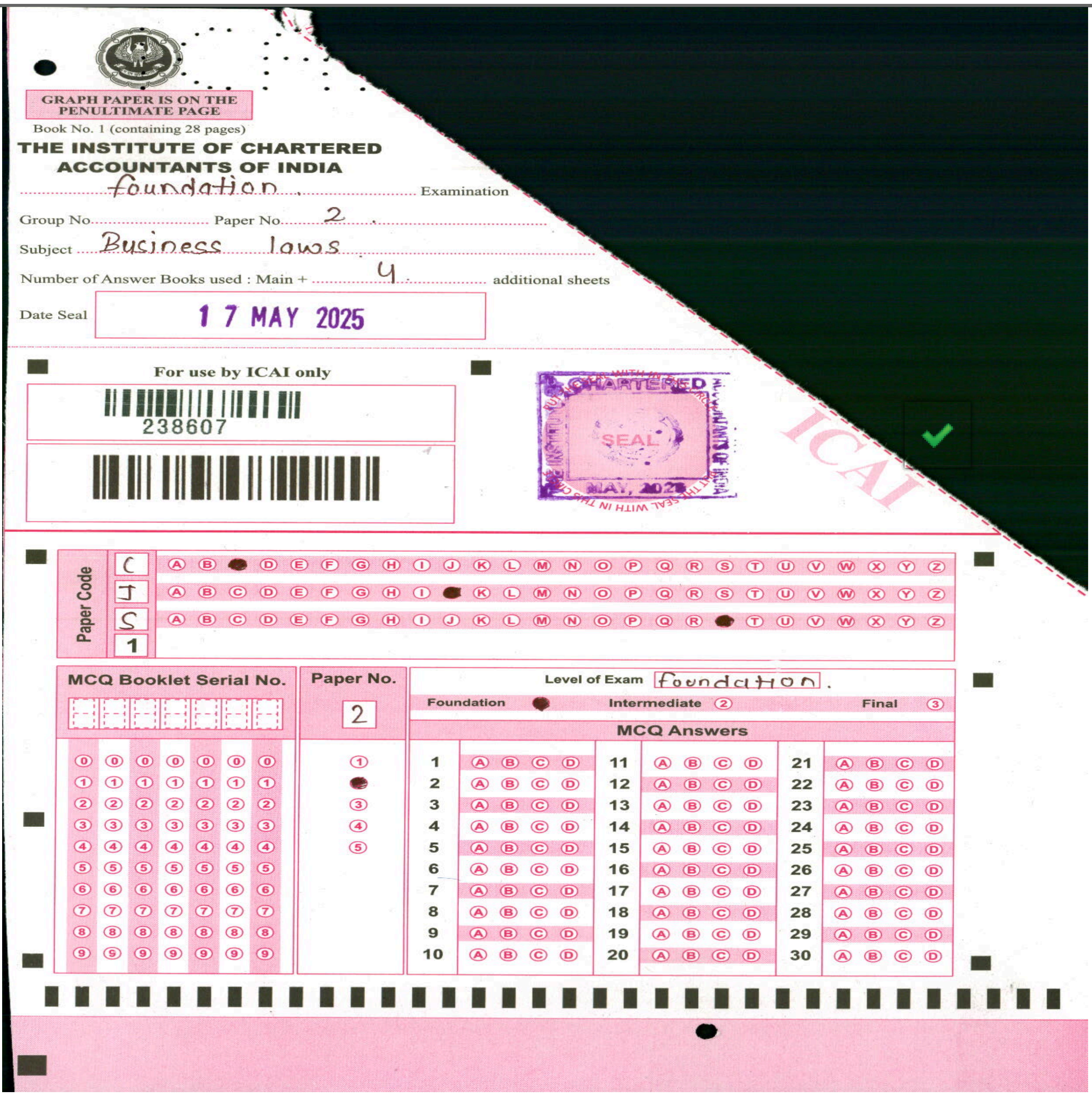
The Institute of Chartered Accountants of India

Code: FD2BL238607 **Total Marks:** 100
Subject : 02 Business Laws **Marks Obtained :** 81.5



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. 2.

Subject Business laws.

Number of Answer Books used : Main + 4 additional sheets

Date Seal 17 MAY 2025

For use by ICAI only

238607

MAY, 2025

✓

Paper Code

C ⒶⒷ●ⒹⒺⒻⒼⒽⒾⒿⓀⓁⓂⓃⓄⓅⓆⓇⓈⓉⓊⓋⓌⓍⓎⓏ
J ⒶⒷⒸⒹⒺⒻⒼⒽⒾ●ⓀⓁⓂⓃⓄⓅⓆⓇⓈⓉⓊⓋⓌⓍⓎⓏ
S ⒶⒷⒸⒹⒺⒻⒼⒽⒾⒿⓀⓁⓂⓃⓄⓅⓆⓇ●ⓉⓊⓋⓌⓍⓎⓏ
1

MCQ Booklet Serial No.

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

Paper No. 2

①
●
③
④
⑤

Level of Exam foundation.

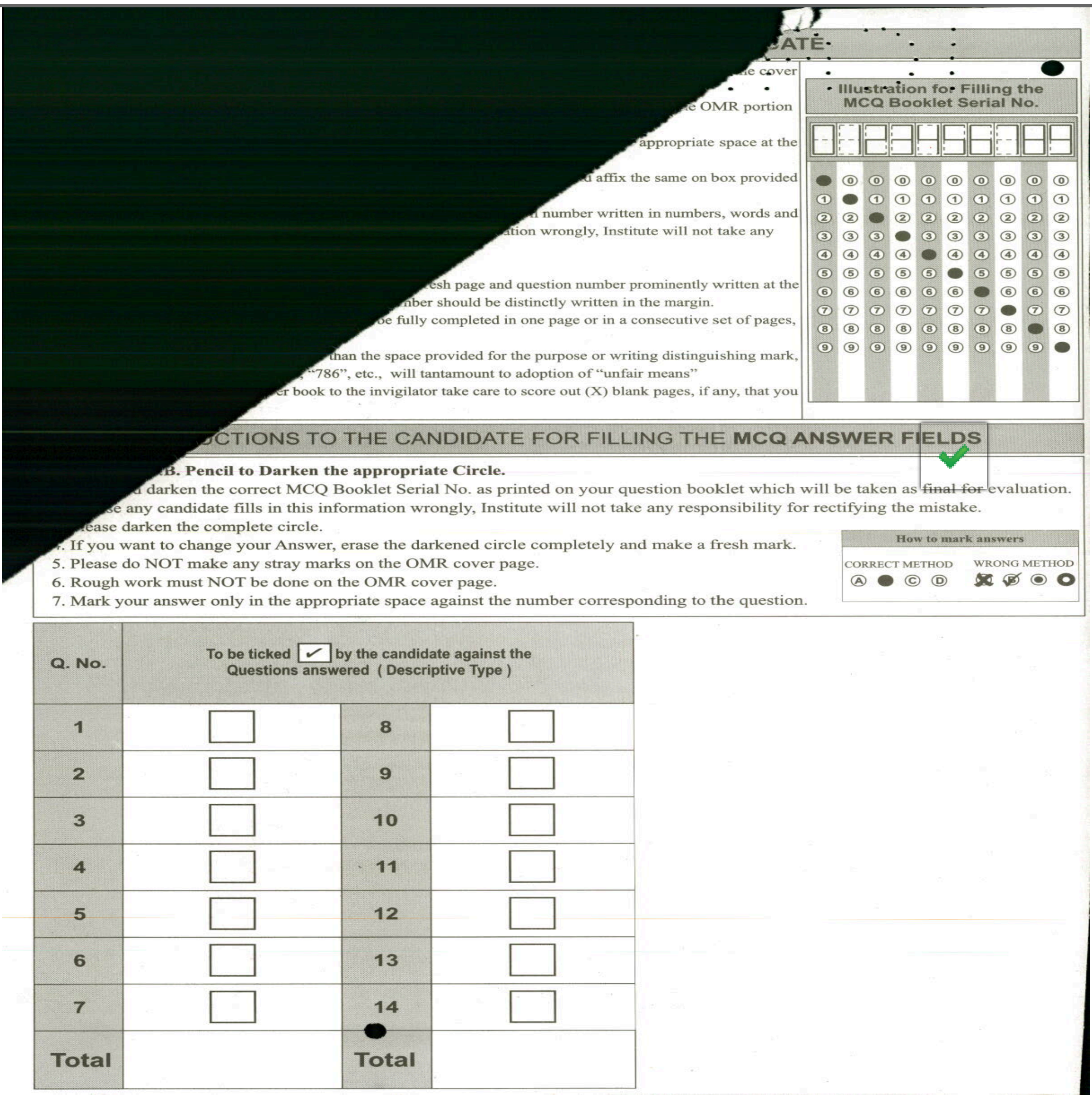
Foundation ● Intermediate ② Final ③

MCQ Answers

1	ⒶⒷⒸⒹ	11	ⒶⒷⒸⒹ	21	ⒶⒷⒸⒹ
2	ⒶⒷⒸⒹ	12	ⒶⒷⒸⒹ	22	ⒶⒷⒸⒹ
3	ⒶⒷⒸⒹ	13	ⒶⒷⒸⒹ	23	ⒶⒷⒸⒹ
4	ⒶⒷⒸⒹ	14	ⒶⒷⒸⒹ	24	ⒶⒷⒸⒹ
5	ⒶⒷⒸⒹ	15	ⒶⒷⒸⒹ	25	ⒶⒷⒸⒹ
6	ⒶⒷⒸⒹ	16	ⒶⒷⒸⒹ	26	ⒶⒷⒸⒹ
7	ⒶⒷⒸⒹ	17	ⒶⒷⒸⒹ	27	ⒶⒷⒸⒹ
8	ⒶⒷⒸⒹ	18	ⒶⒷⒸⒹ	28	ⒶⒷⒸⒹ
9	ⒶⒷⒸⒹ	19	ⒶⒷⒸⒹ	29	ⒶⒷⒸⒹ
10	ⒶⒷⒸⒹ	20	ⒶⒷⒸⒹ	30	ⒶⒷⒸⒹ

The Institute of Chartered Accountants of India

Code:	**FD2BL238607**	**Total Marks:**	**100**
Subject :	**02 Business Laws**	**Marks Obtained** :	**81.5**



[redacted]

ATE

e cover

e OMR portion

appropriate space at the

affix the same on box provided

number written in numbers, words and
tion wrongly, Institute will not take any

esh page and question number prominently written at the
nber should be distinctly written in the margin.
be fully completed in one page or in a consecutive set of pages,

than the space provided for the purpose or writing distinguishing mark,
, "786", etc., will tantamount to adoption of "unfair means"
er book to the invigilator take care to score out (X) blank pages, if any, that you

Illustration for Filling the MCQ Booklet Serial No.

CTIONS TO THE CANDIDATE FOR FILLING THE **MCQ ANSWER FIELDS** ✓

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

How to mark answers

CORRECT METHOD Ⓐ ● Ⓒ Ⓓ

WRONG METHOD

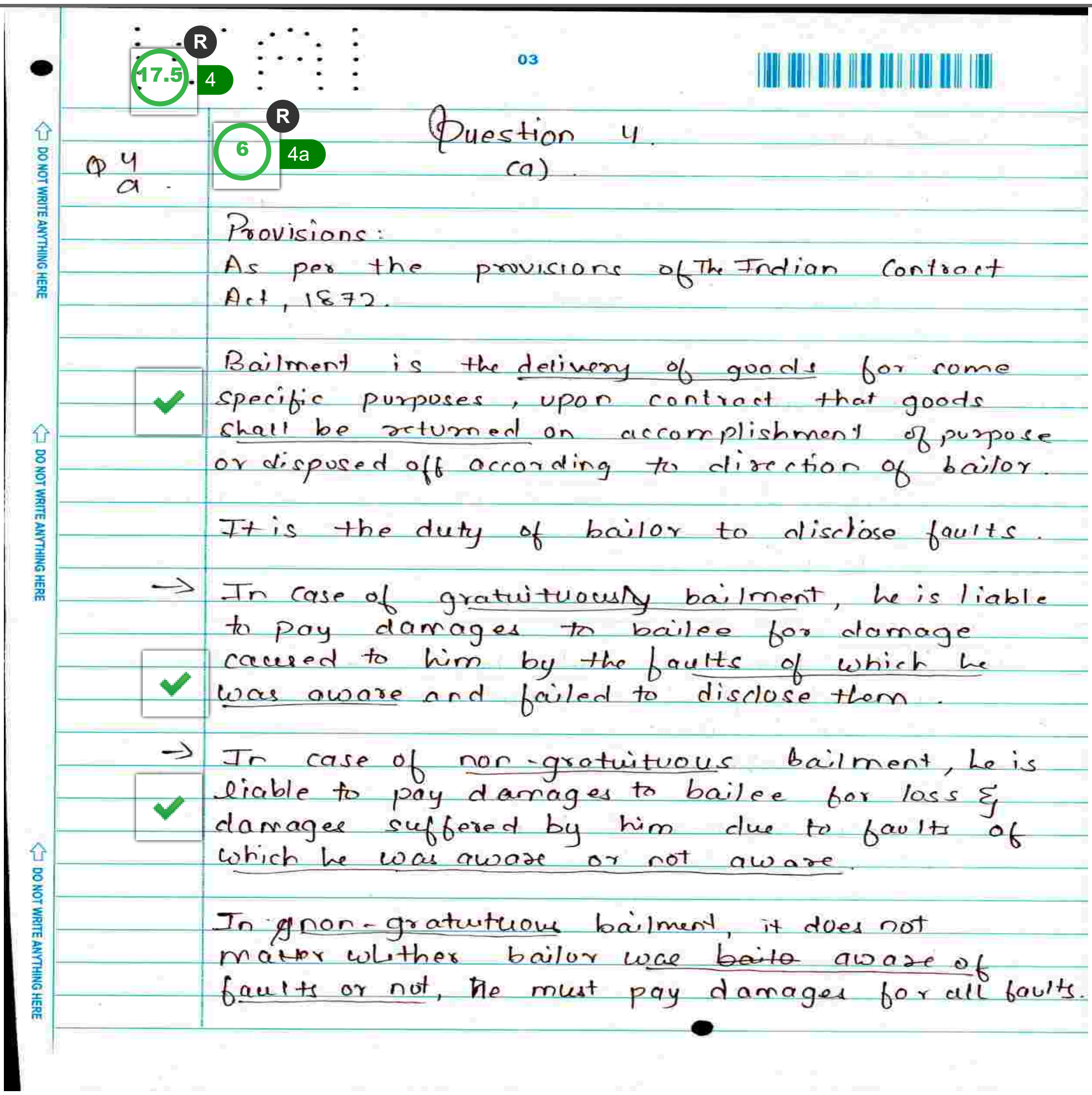
Q. No.	To be ticked ☑ by the candidate against the Questions answered (Descriptive Type)		
1	☐	8	☐
2	☐	9	☐
3	☐	10	☐
4	☐	11	☐
5	☐	12	☐
6	☐	13	☐
7	☐	14	☐
Total		Total	

Page 02

The Institute of Chartered Accountants of India

Code: FD2BL238607 **Total Marks:** 100

Subject : 02 Business Laws **Marks Obtained :** 81.5



03

R 17.5 4

R 6 4a

Q 4 a.

Question 4. (a).

Provisions:

As per the provisions of The Indian Contract Act, 1872.

✓ Bailment is the delivery of goods for some specific purposes, upon contract that goods shall be returned on accomplishment of purpose or disposed off according to direction of bailor.

It is the duty of bailor to disclose faults.

→ In case of gratuitously bailment, he is liable to pay damages to bailee for damage caused to him by the faults of which he was aware and failed to disclose them. ✓

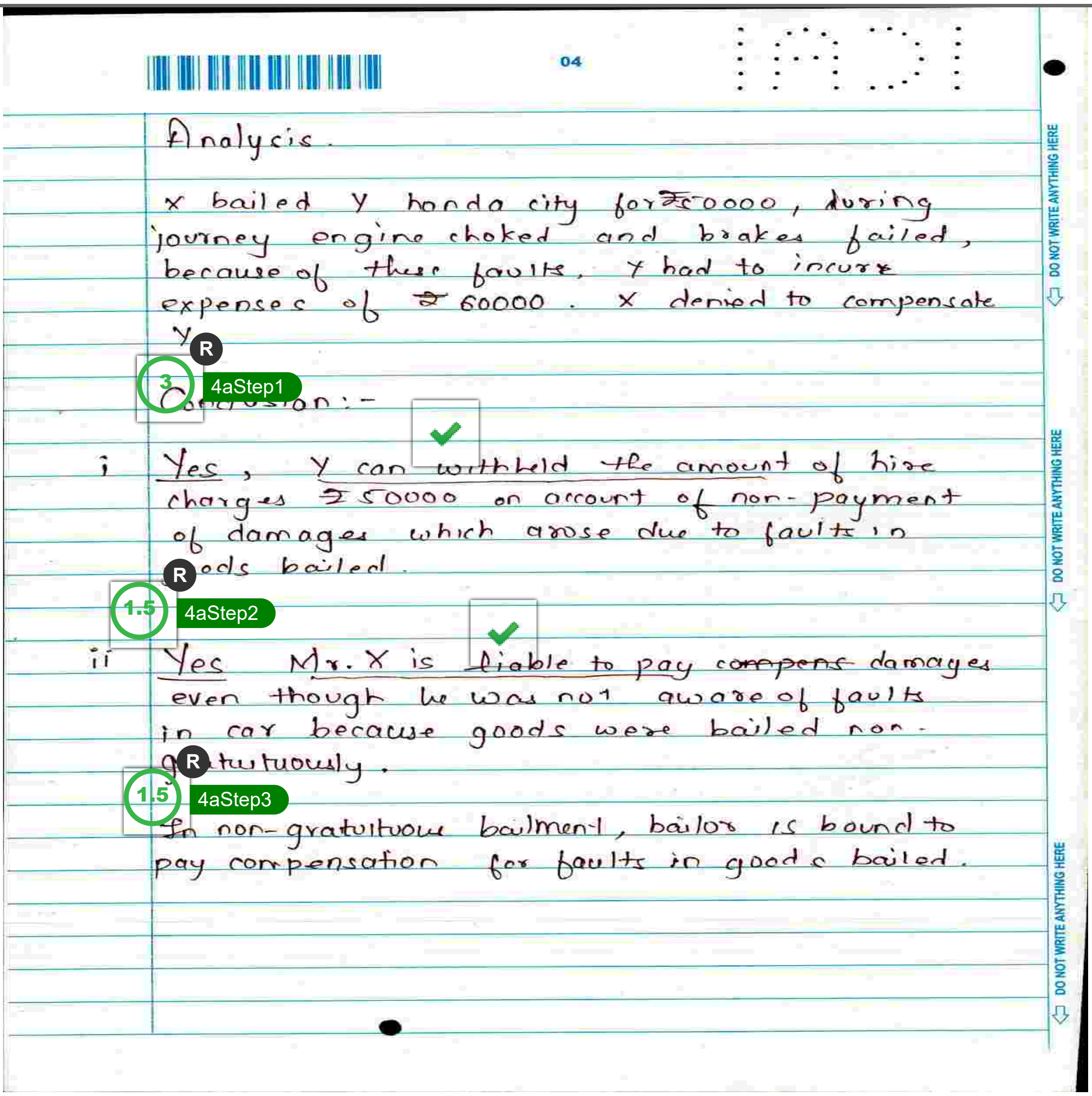
→ In case of non-gratuitous bailment, he is liable to pay damages to bailee for loss & damages suffered by him due to faults of which he was aware or not aware. ✓

In ~~g~~non-gratuitous bailment, it does not matter whether bailor was ~~baito~~ aware of faults or not, he must pay damages for all faults.

Page 03

The Institute of Chartered Accountants of India

Code: FD2BL238607 **Total Marks:** 100
Subject : 02 Business Laws **Marks Obtained :** 81.5



04

Analysis.

x bailed Y honda city for ₹ 50000, during journey engine choked and brakes failed, because of these faults, Y had to incurr expenses of ₹ 60000. X denied to compensate Y.

R 3 4aStep1

Conclusion:-

✓

i Yes, Y can withheld the amount of hire charges ₹ 50000 on account of non-payment of damages which arose due to faults in goods bailed.

R 1.5 4aStep2

✓

ii Yes Mr. X is liable to pay ~~compens~~ damages even though he was not aware of faults in car because goods were bailed non-gratutuously.

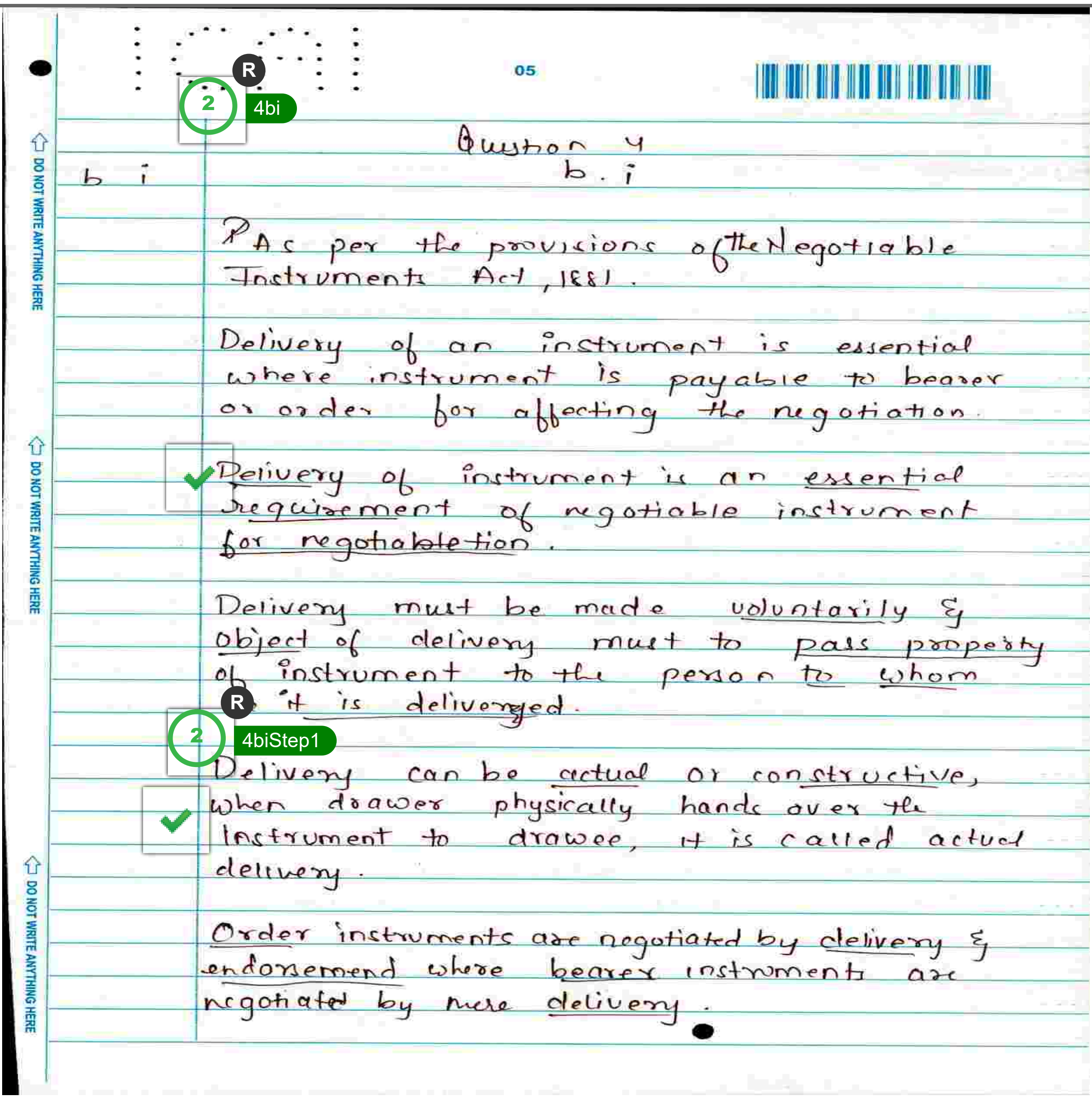
R 1.5 4aStep3

In non-gratuitous bailment, bailor is bound to pay compensation for faults in goods bailed.

Page 04

Code: FD2BL238607 **Total Marks:** 100

Subject : 02 Business Laws **Marks Obtained :** 81.5



05

R

2 4bi

DO NOT WRITE ANYTHING HERE

b i

Question 4
b. i

As per the provisions of the Negotiable Instruments Act, 1881.

Delivery of an instrument is essential where instrument is payable to bearer or order for affecting the negotiation.

✓ Delivery of instrument is an essential requirement of negotiable instrument for negotiabletion.

DO NOT WRITE ANYTHING HERE

Delivery must be made voluntarily & object of delivery must to pass property of instrument to the person to whom it is delivered.

R

2 4biStep1

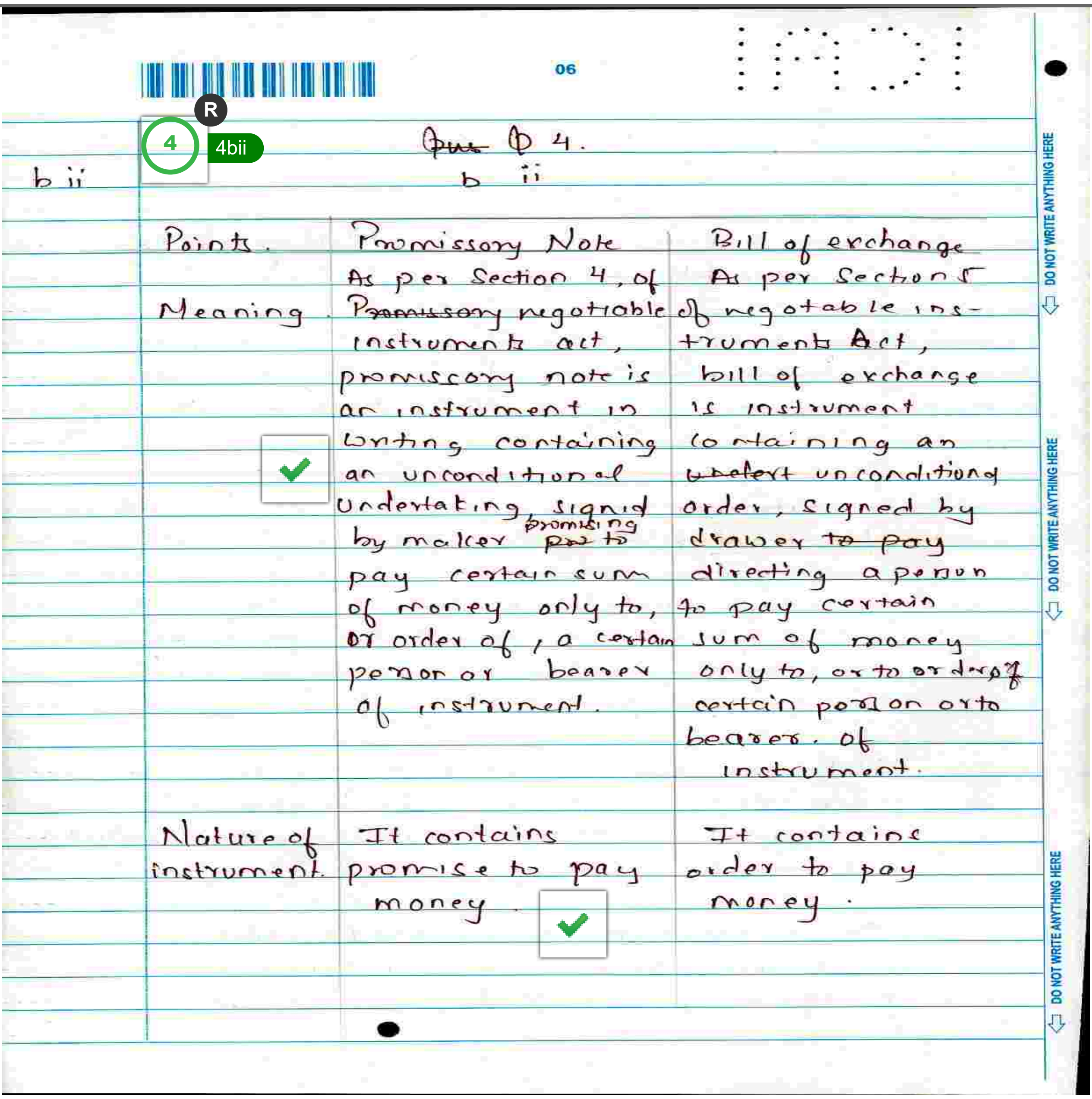
Delivery can be actual or constructive, ✓ when drawer physically hands over the instrument to drawee, it is called actual delivery.

DO NOT WRITE ANYTHING HERE

Order instruments are negotiated by delivery & endorsement where bearer instruments are negotiated by mere delivery.

The Institute of Chartered Accountants of India

Code:	**FD2BL238607**	**Total Marks:**	**100**
Subject :	**02 Business Laws**	**Marks Obtained :**	**81.5**



06

R

4

4bii

b ii

~~Que~~ Q 4.

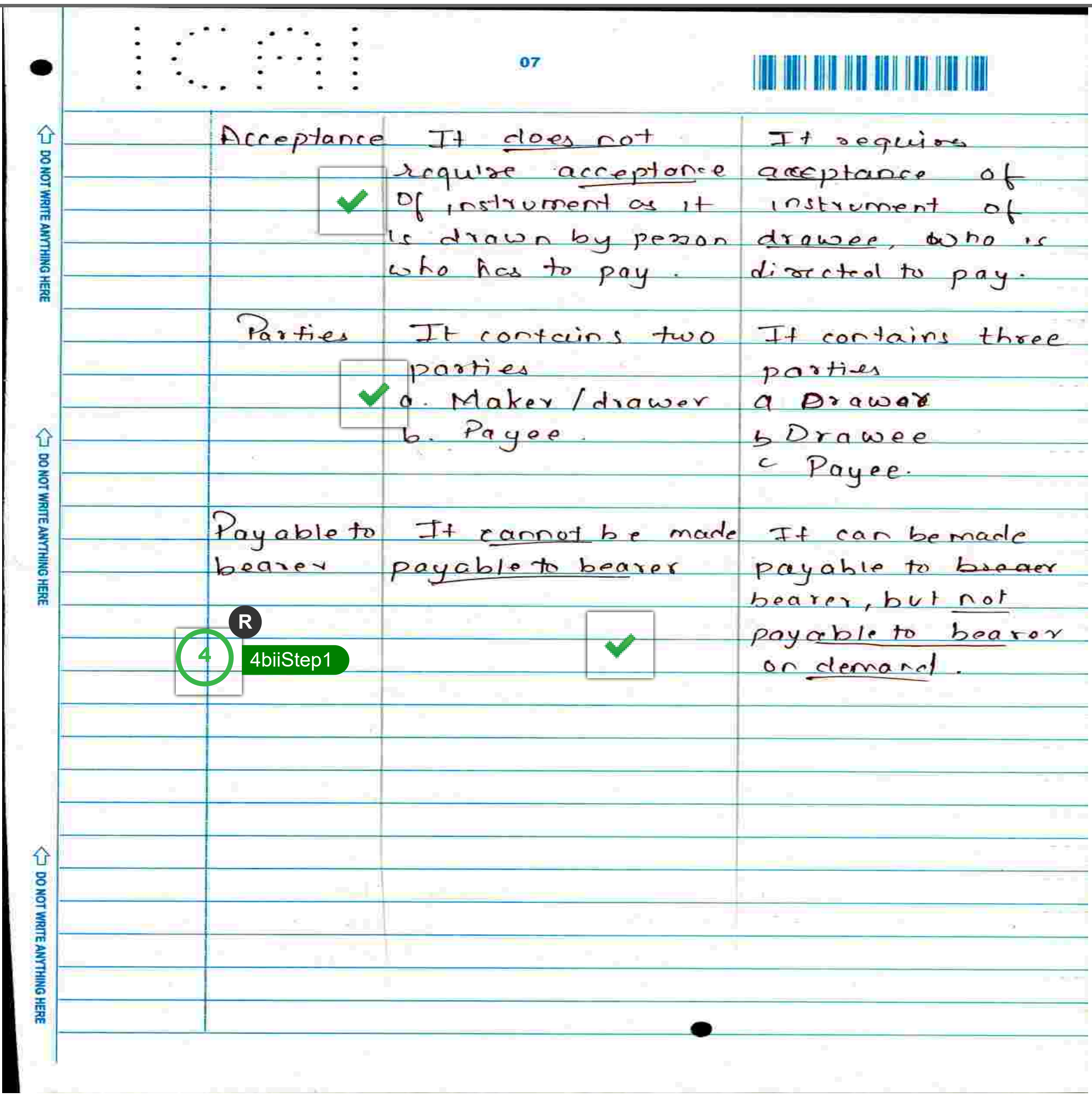
b ii

Points.	Promissory Note	Bill of exchange
Meaning.	As per Section 4, of ~~Promissory~~ negotiable instruments act, promissory note is an instrument in writing containing an unconditional undertaking, signed by maker ~~pay to~~ promising to pay certain sum of money only to, or order of, a certain person or bearer of instrument.	As per Section 5 of negotiable instruments Act, bill of exchange is instrument containing an ~~unelert~~ unconditional order, signed by drawer ~~to pay~~ directing a person to pay certain sum of money only to, or to order of certain person or to bearer. of instrument.
Nature of instrument.	It contains promise to pay money.	It contains order to pay money.

Page 06

The Institute of Chartered Accountants of India

Code: FD2BL238607 **Total Marks:** 100
Subject : 02 Business Laws **Marks Obtained :** 81.5



ICAI

07

Acceptance	✓ It does not require acceptance of instrument as it is drawn by person who has to pay.	It requires acceptance of instrument of drawee, who is directed to pay.
Parties	✓ It contains two parties a. Maker / drawer b. Payee.	It contains three parties a Drawer b Drawee c Payee.
Payable to bearer	It cannot be made payable to bearer	✓ It can be made payable to bearer, but not payable to bearer on demand.

R

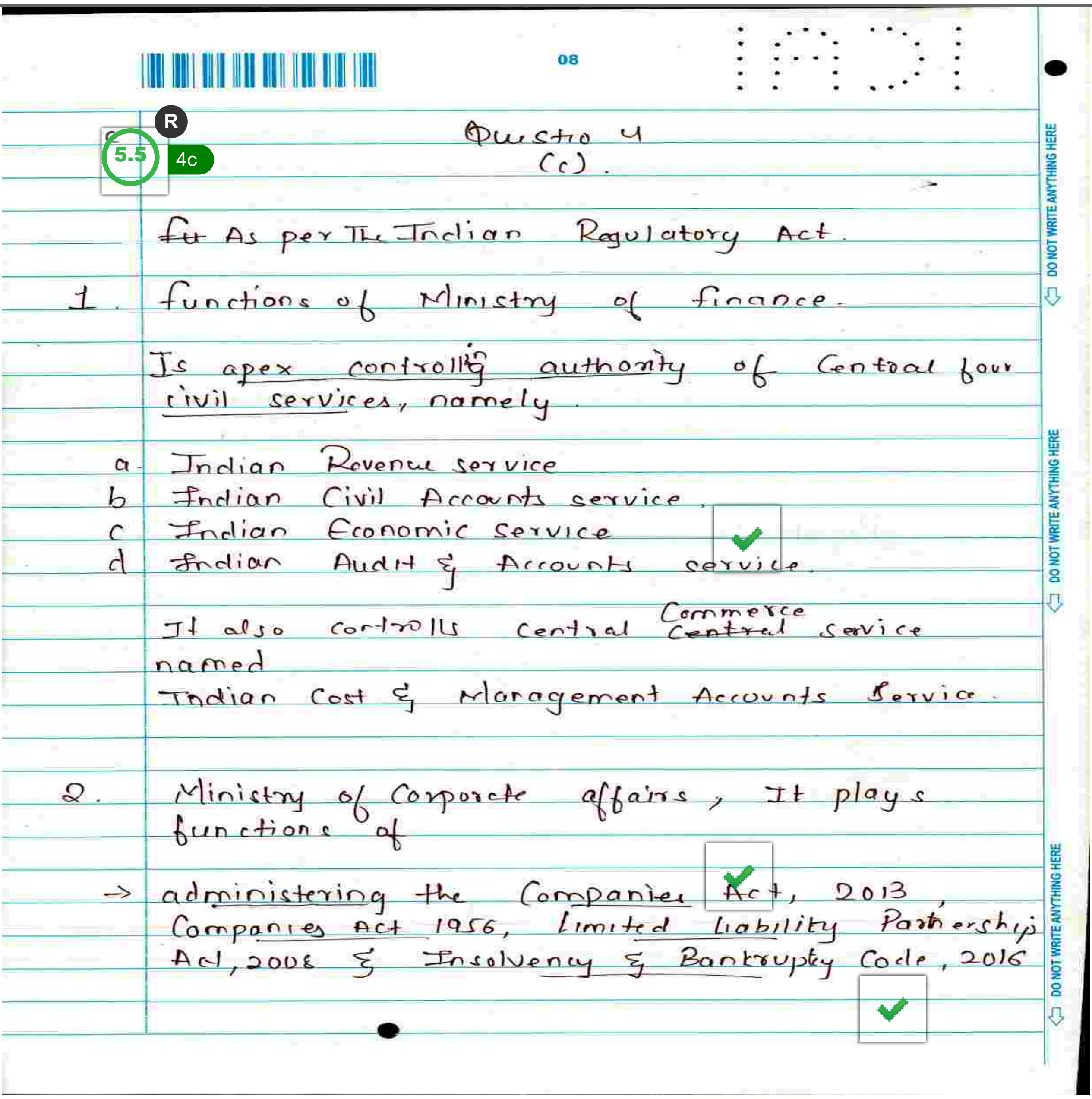
4

4biiStep1

Page 07

The Institute of Chartered Accountants of India

Code: FD2BL238607 **Total Marks:** 100
Subject : 02 Business Laws **Marks Obtained :** 81.5



R

5.5 4c

Questio 4
(c).

~~fu~~ As per The Indian Regulatory Act.

1. functions of Ministry of finance.

Is apex controlling authority of Central four civil services, namely.

a. Indian Revenue service
b. Indian Civil Accounts service.
c. Indian Economic Service
d. Indian Audit & Accounts service.

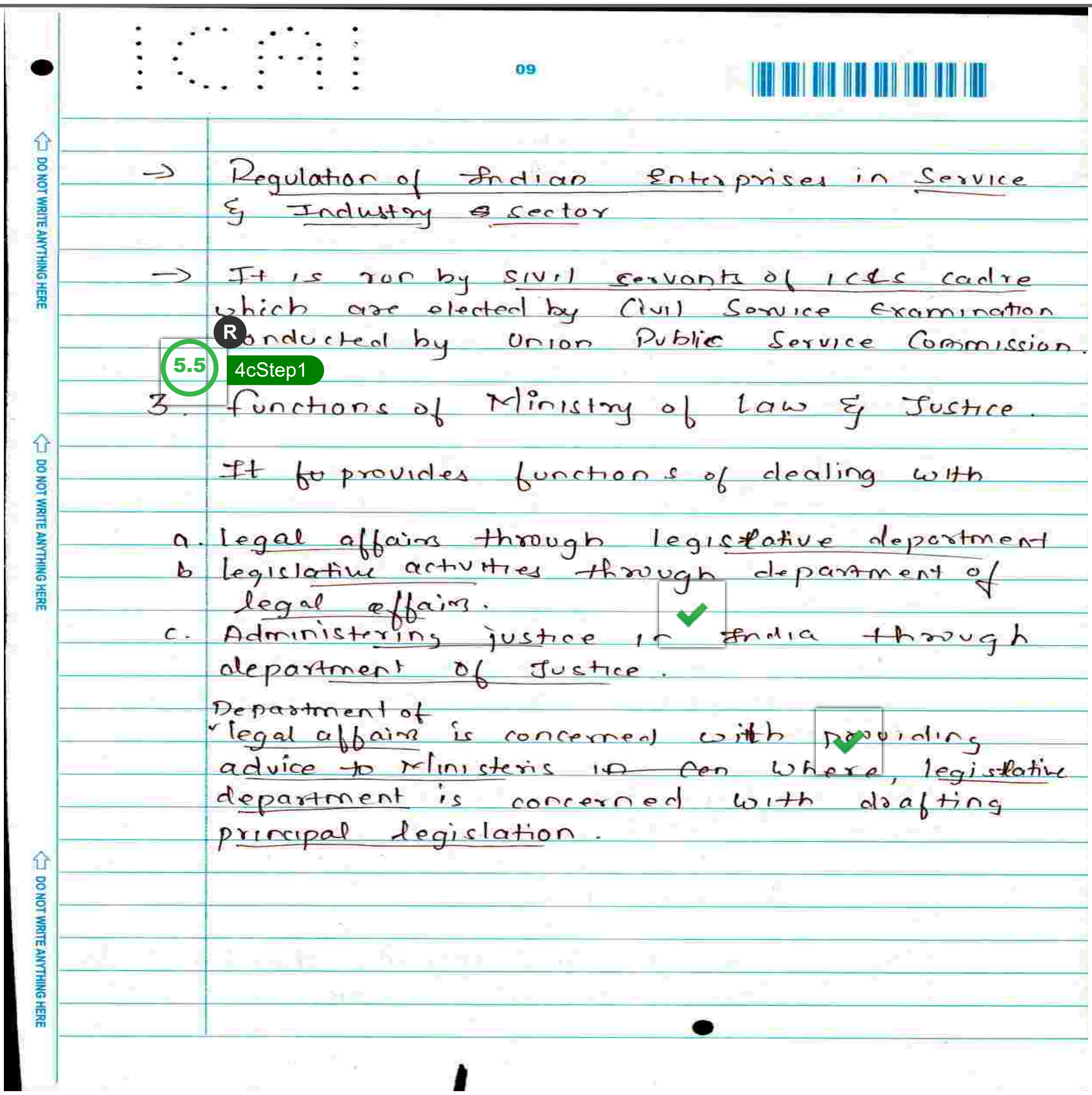
It also controlls central Commerce ~~Central~~ service named
Indian Cost & Management Accounts Service.

2. Ministry of Corporate affairs, It plays functions of

→ administering the Companies Act, 2013, Companies Act 1956, Limited liability Partnership Act, 2008 & Insolvency & Bankruptcy Code, 2016

The Institute of Chartered Accountants of India

Code:	**FD2BL238607**	**Total Marks:**	**100**
Subject :	**02 Business Laws**	**Marks Obtained :**	**81.5**



ICAI 09

→ Regulation of Indian Enterprises in Service & Industry sector

→ It is run by civil servants of IC&S cadre which are elected by Civil Service Examination conducted by Union Public Service Commission.

R

5.5 4cStep1

3. Functions of Ministry of Law & Justice.

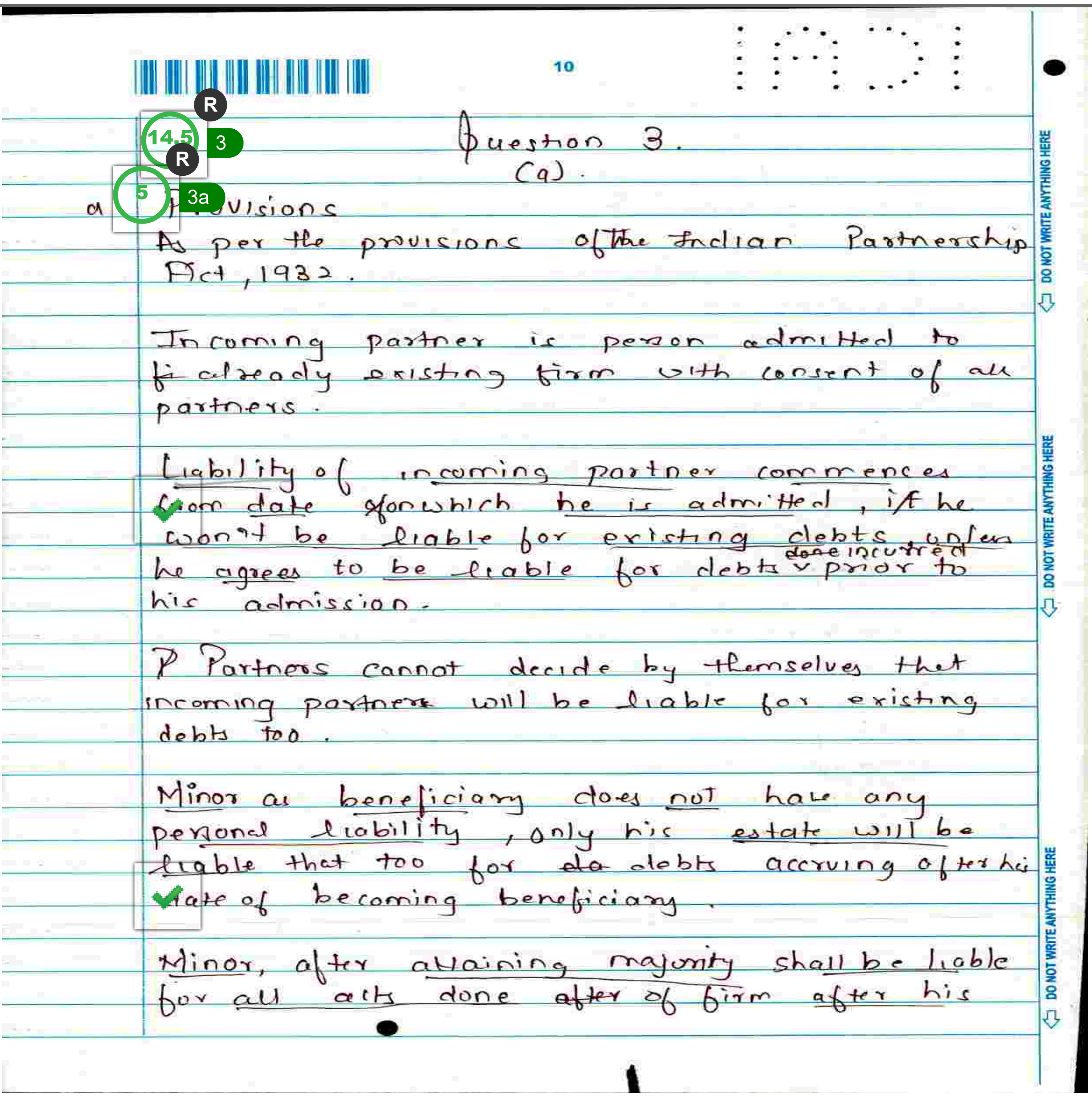
It fo provides functions of dealing with

a. legal affairs through legislative department
b. legislative activities through department of legal affairs.
c. Administering justice in India through department of Justice.

Department of legal affairs is concerned with providing advice to Ministeris in gen where, legislative department is concerned with drafting principal legislation.

The Institute of Chartered Accountants of India

Code: FD2BL238607 **Total Marks:** 100
Subject : 02 Business Laws **Marks Obtained :** 81.5



10

R 14.5 3

R 5 3a

Question 3.
(a).

a Provisions

As per the provisions of the Indian Partnership Act, 1932.

Incoming partner is person admitted to ~~fi~~ already existing firm with consent of all partners.

✓ Liability of incoming partner commences from date ~~of~~ on which he is admitted, i.e. he won't be liable for existing debts, unless he agrees to be liable for debts ~~done~~ incurred prior to his admission.

~~P~~ Partners cannot decide by themselves that incoming partner will be liable for existing debts too.

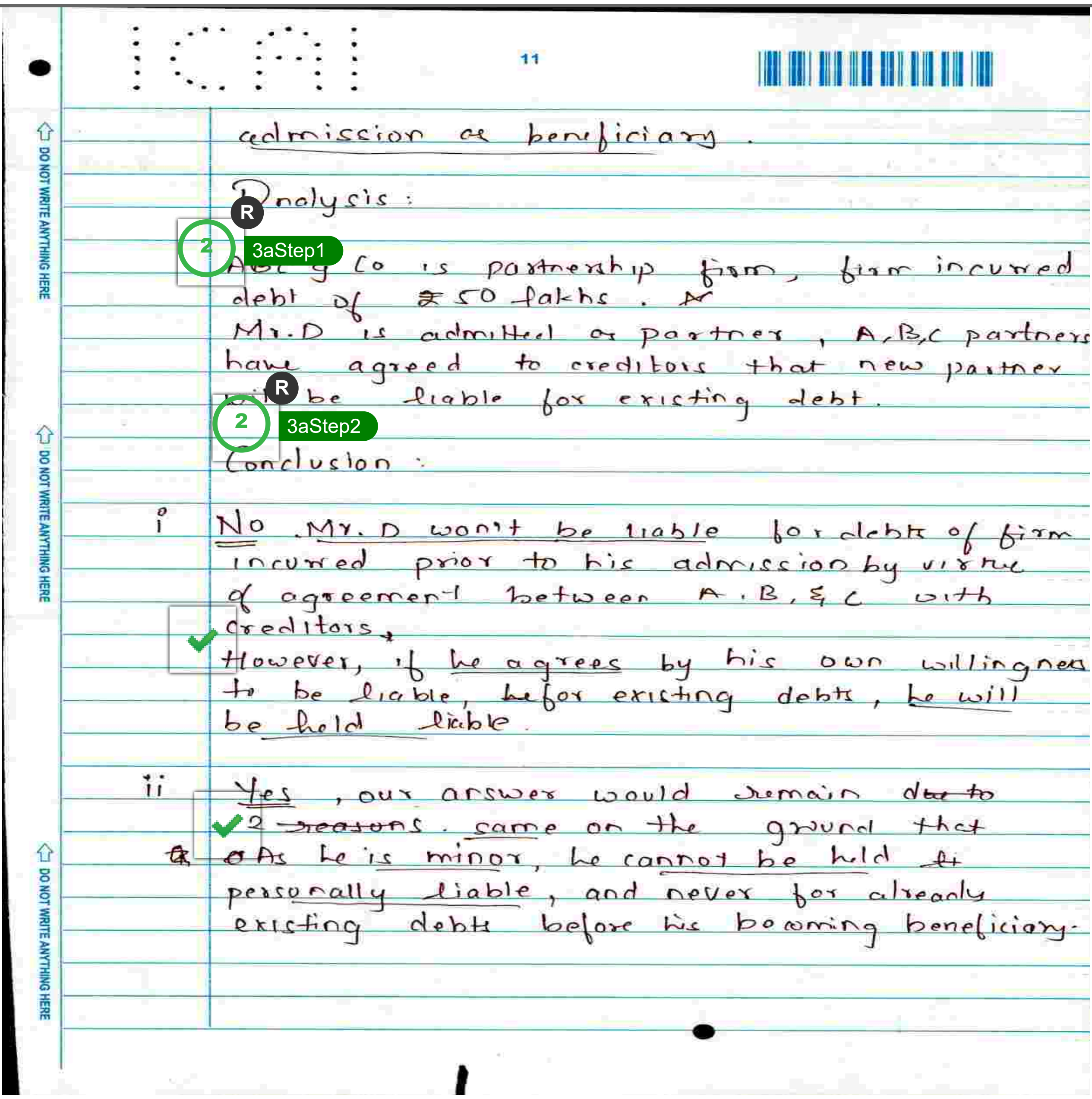
✓ Minor as beneficiary does not have any personal liability, only his estate will be liable that too for ~~de~~ debts accruing after his date of becoming beneficiary.

Minor, after attaining majority shall be liable for all acts done ~~after~~ of firm after his

Page 10

The Institute of Chartered Accountants of India

Code:	**FD2BL238607**	**Total Marks:**	**100**
Subject :	**02 Business Laws**	**Marks Obtained :**	**81.5**



admission as beneficiary.

Analysis :

ABC & Co is partnership firm, firm incurred debt of ₹ 50 lakhs. ~~Mr~~

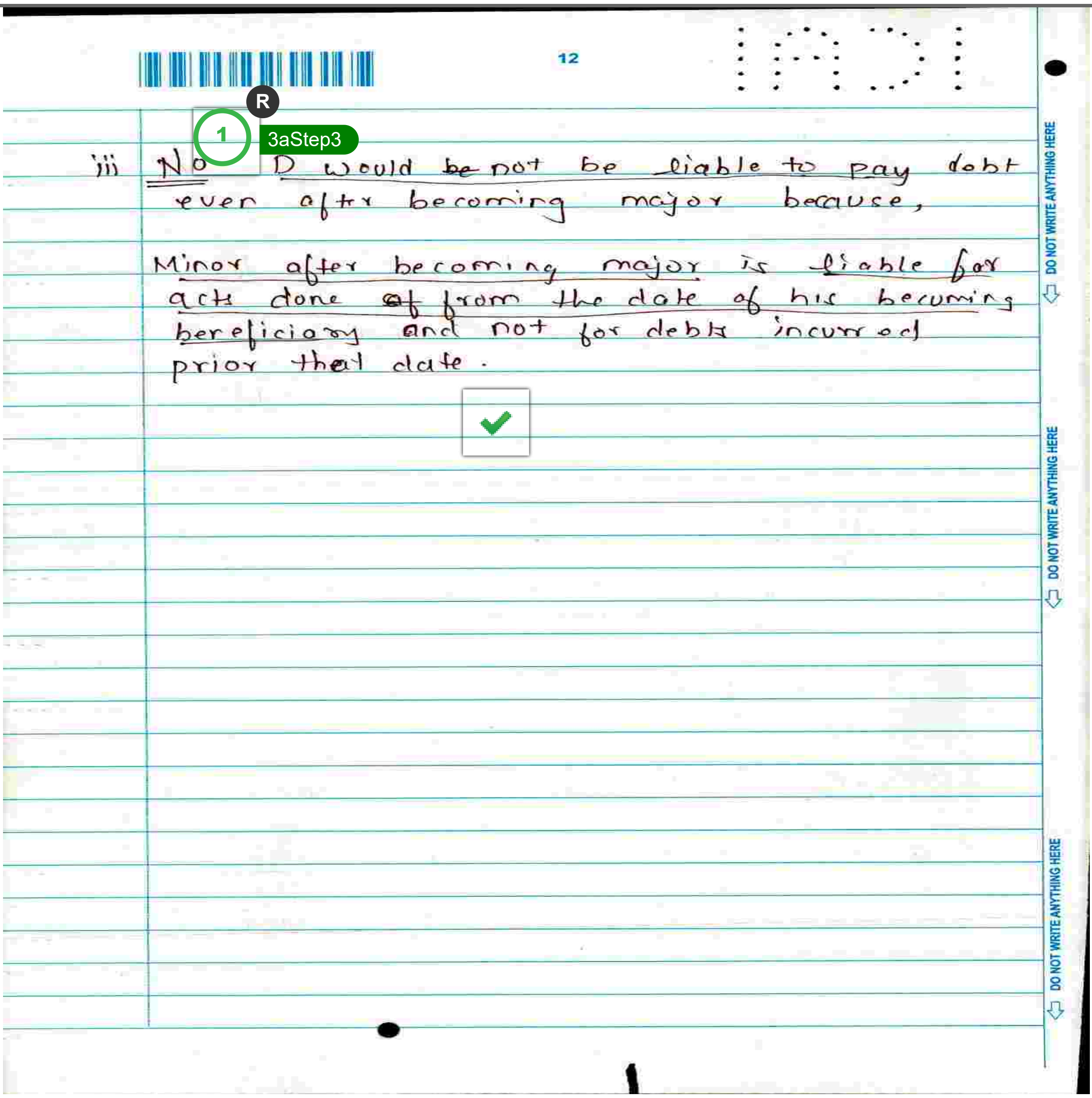
Mr. D is admitted as partner, A, B, C partners have agreed to creditors that new partner will be liable for existing debt.

Conclusion :

i No Mr. D won't be liable for debts of firm incurred prior to his admission by virtue of agreement between A, B, & C with creditors.

However, if he agrees by his own willingness to be liable, he for existing debts, he will be held liable.

ii Yes, our answer would remain ~~due to~~ 2 ~~reasons~~. same on the ground that ~~o~~ As he is minor, he cannot be held ~~li~~ personally liable, and never for already existing debts before his becoming beneficiary.

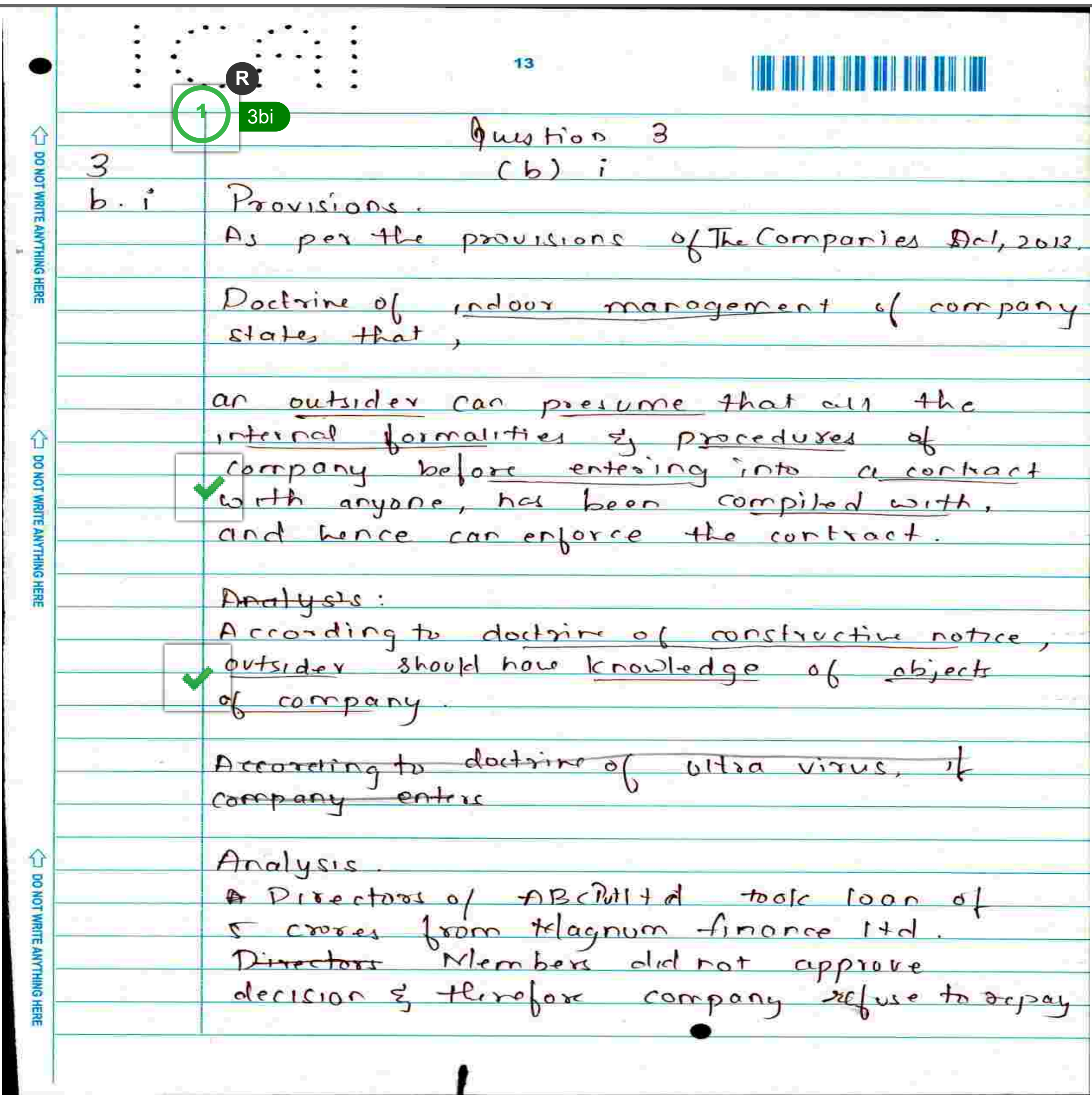


iii No D would ~~be~~ not be liable to pay debt even aftr becoming major because,

Minor after becoming major is liable for acts done ~~of~~ from the date of his becoming beneficiary and not for debts incurred prior that date.

The Institute of Chartered Accountants of India

Code:	FD2BL238607	**Total Marks:**	100
Subject :	02 Business Laws	**Marks Obtained :**	81.5


13

R

1 3bi

Question 3
(b) i

3 b. i

Provisions.

As per the provisions of The Companies Act, 2013.

Doctrine of indoor management of company states that,

an outsider can presume that all the internal formalities & procedures of company before entering into a contract with anyone, has been compiled with, and hence can enforce the contract.

~~Analysis~~:

According to doctrine of constructive notice, outsider should have knowledge of objects of company.

~~According to doctrine of ultra virus, if company enters~~

Analysis.

~~A~~ Directors of ABC Pvt Ltd took loan of 5 crores from Magnum finance ltd.
~~Directors~~ Members did not approve decision & therefore company refuse to repay

The Institute of Chartered Accountants of India

Code: FD2BL238607 **Total Marks:** 100
Subject : 02 Business Laws **Marks Obtained :** 81.5

R
1 3biStep1

Conclusion.

Magnum finance ltd can recover loan if ~~members~~ company is not paying loan because ~~directo~~ R members did not approve., Because it is not the duty of outsider to check whether company has taken compiled with all their internal procedures.

R
0 3biStep2

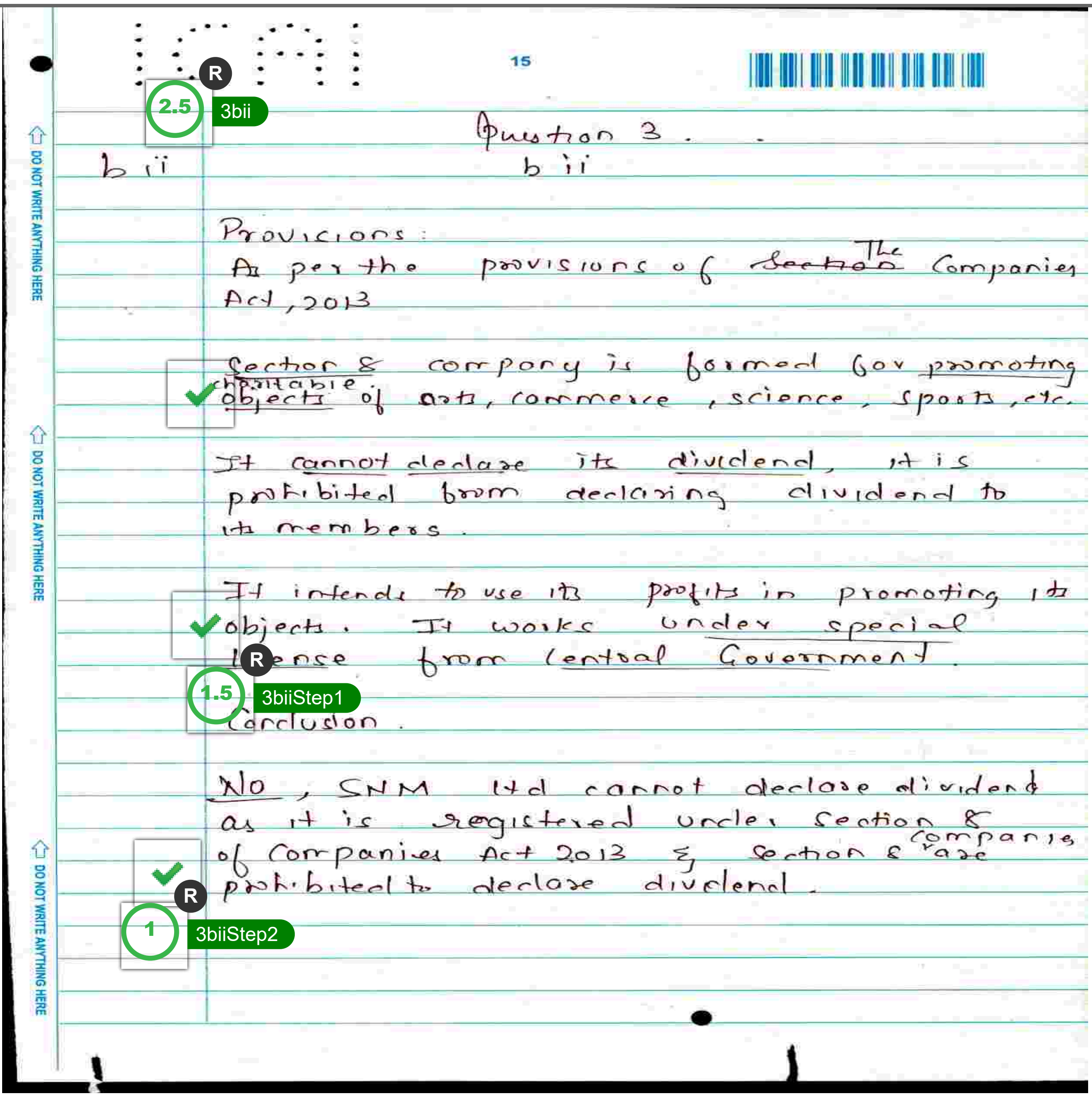
DO NOT WRITE ANYTHING HERE

DO NOT WRITE ANYTHING HERE

DO NOT WRITE ANYTHING HERE

The Institute of Chartered Accountants of India

Code:	**FD2BL238607**	**Total Marks:**	**100**
Subject :	**02 Business Laws**	**Marks Obtained :**	**81.5**



b ii

Question 3.
b ii

Provicions:
As per the provisions of ~~Section~~ The Companies Act, 2013

Section 8 company is formed for promoting charitable objects of arts, commerce, science, sports, etc.

It cannot declare its dividend, it is prohibited from declaring dividend to its members.

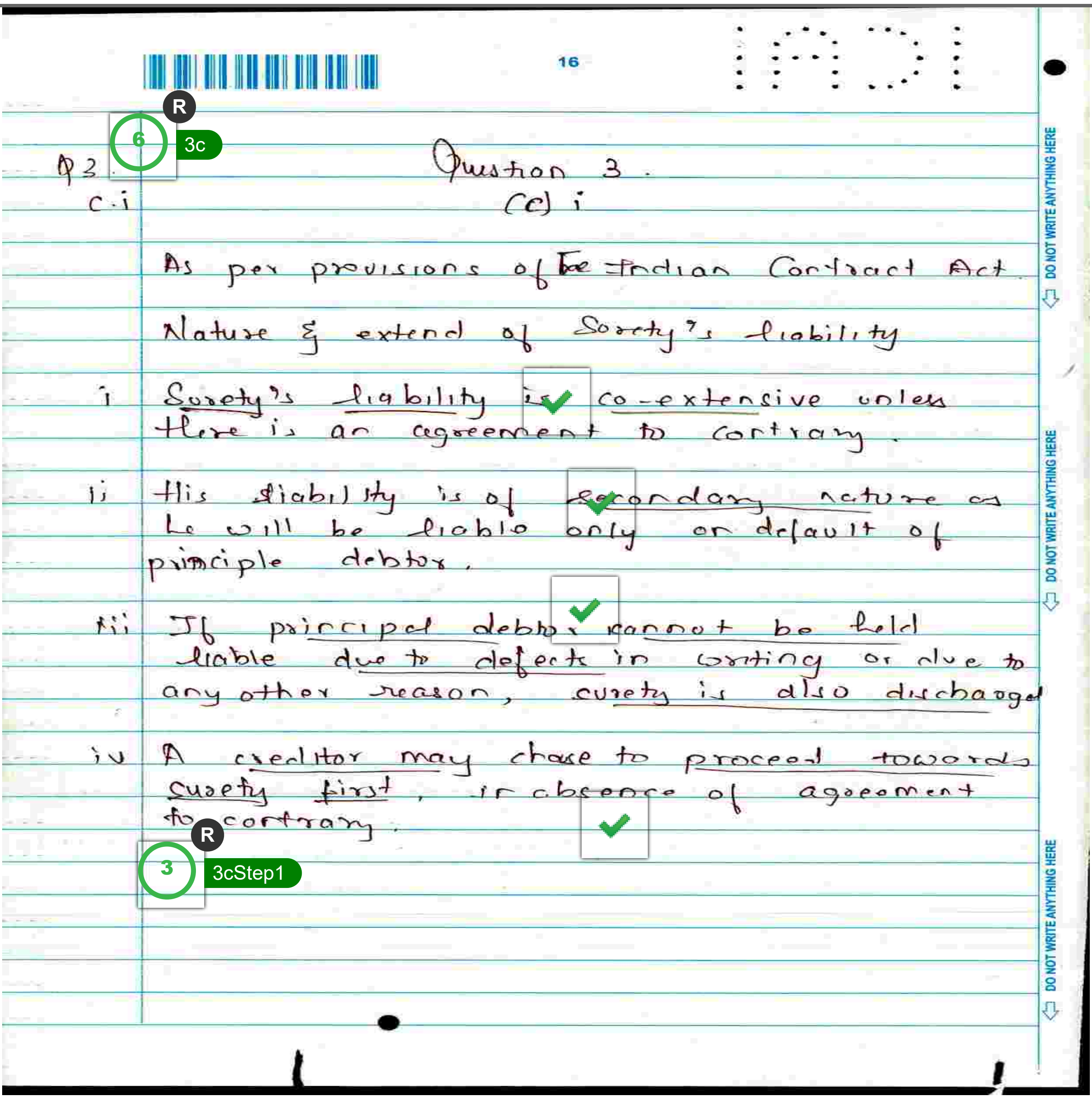
It intends to use its profits in promoting its objects. It works under special license from Central Government.

Conclusion.

No, SNM Ltd cannot declare dividend as it is registered under section 8 of Companies Act 2013 & section 8 companies are prohibited to declare dividend.

The Institute of Chartered Accountants of India

Code:	**FD2BL238607**	**Total Marks:**	**100**
Subject :	**02 Business Laws**	**Marks Obtained :**	**81.5**


16

R 6 3c

Q 3 c.i

Question 3. (c) i

As per provisions of the Indian Contract Act

Nature & extend of Surety's liability

i Surety's liability is co-extensive unless there is an agreement to contrary.

ii His liability is of secondary nature as he will be liable only on default of principle debtor.

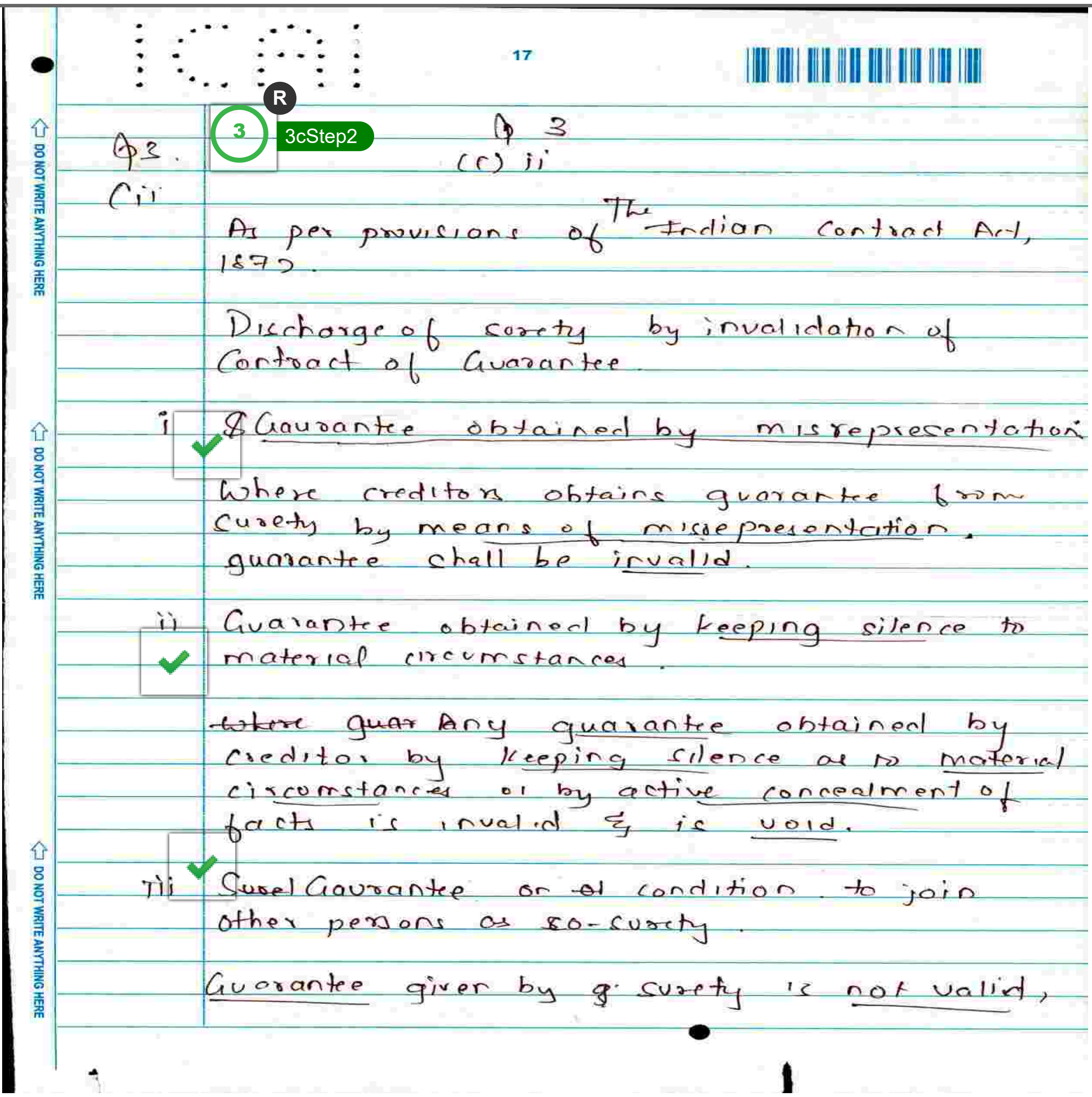
iii If principal debtor cannot be held liable due to defects in writing or due to any other reason, surety is also discharged

iv A creditor may chose to proceed towards surety first, in absence of agreement to contrary.

R 3 3cStep1

The Institute of Chartered Accountants of India

Code: FD2BL238607 **Total Marks:** 100
Subject : 02 Business Laws **Marks Obtained :** 81.5



17

R

3 3cStep2

Q3. (c) ii

Q 3
(c) ii

As per provisions of The Indian Contract Act, 1872.

Discharge of surety by invalidation of Contract of Guarantee.

i ~~&~~ Gaurantee obtained by misrepresentation

Where creditor obtains guarantee from surety by means of misrepresentation, guarantee shall be invalid.

ii Guarantee obtained by keeping silence to material circumstances.

~~where guar~~ Any guarantee obtained by creditor by keeping silence as to material circumstances or by active concealment of facts is invalid & is void.

iii Surel Gaurantee or ~~of~~ condition to join other persons as co-surety.

Guarantee given by a surety is not valid,

Page 17

if he has given guarantee on condition that other persons may also join him as co-sureties & such other persons does not join as co-sureties.

✓

Code:	**FD2BL238607**	**Total Marks:**	**100**
Subject :	**02 Business Laws**	**Marks Obtained :**	**81.5**

R

16.5 6

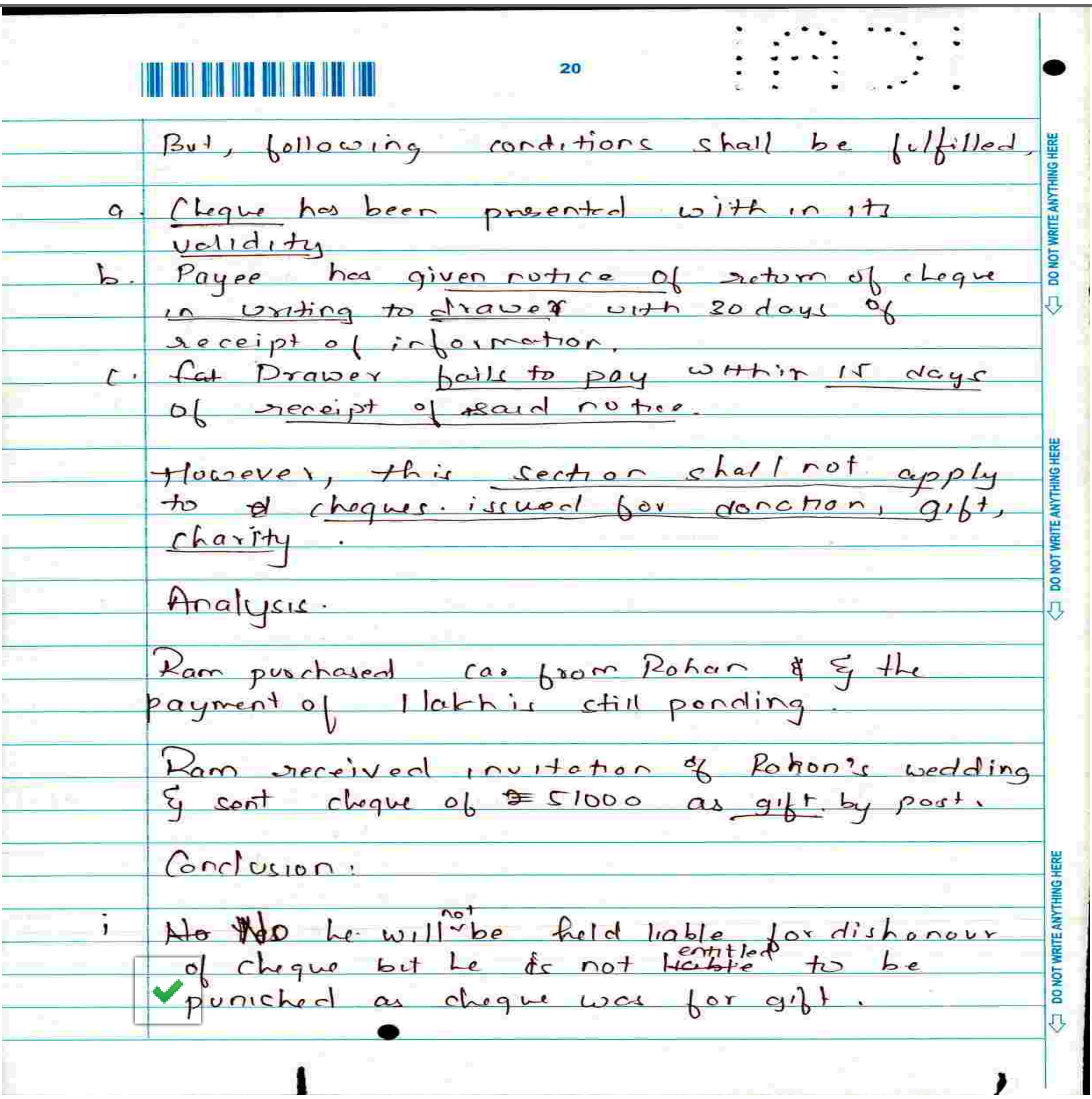
R

6 6a

✓

The Institute of Chartered Accountants of India

Code: FD2BL238607 **Total Marks:** 100
Subject : 02 Business Laws **Marks Obtained :** 81.5



But, following conditions shall be fulfilled,

a. Cheque has been presented with in its validity

b. Payee has given notice of return of cheque in writing to drawer with 30 days of receipt of information.

c. ~~fat~~ Drawer fails to pay within 15 days of receipt of said notice.

However, this section shall not apply to ~~d~~ cheques issued for donation, gift, charity.

Analysis.

Ram purchased car from Rohan ~~&~~ & the payment of 1 lakh is still pending.

Ram received invitation of Rohan's wedding & sent cheque of ₹ 51000 as gift by post.

Conclusion:

i ~~No~~ ~~No~~ he will not be held liable for dishonour of cheque but he is not ~~liable~~ entitled to be punished as cheque was for gift.

✓

The Institute of Chartered Accountants of India

Code:	**FD2BL238607**	**Total Marks:**	**100**
Subject :	**02 Business Laws**	**Marks Obtained** :	**81.5**

✓

R

3 6aStep1

R

1.5 6aStep2

R

1.5 6aStep3

The Institute of Chartered Accountants of India

Code:	**FD2BL238607**	**Total Marks:**	**100**
Subject :	**02 Business Laws**	**Marks Obtained :**	**81.5**

R 5.5 6b

✓

✓

R 2.5 6bStep1

✓

✓

Code:	**FD2BL238607**	**Total Marks:**	**100**
Subject :	**02 Business Laws**	**Marks Obtained** :	**81.5**

R

③ 6bStep2

✓

✓

✓

✓

The Institute of Chartered Accountants of India

Code:	**FD2BL238607**	**Total Marks:**	**100**
Subject :	**02 Business Laws**	**Marks Obtained** :	**81.5**

R ⑤ 6c

✓

✓

R ② 6cStep1

Code: FD2BL238607

Subject : 02 Business Laws

Total Marks: 100

Marks Obtained : 81.5

R

3 6cStep2

✓

✓

✓

✓

✓

The Institute of Chartered Accountants of India

Code:	**FD2BL238607**	**Total Marks:**	**100**
Subject :	**02 Business Laws**	**Marks Obtained** :	**81.5**

✗

The Institute of Chartered Accountants of India

Code: FD2BL238607 **Total Marks:** 100
Subject : 02 Business Laws **Marks Obtained** : 81.5

R
16 1
R
6.5 1a

✓

✓

✓

The Institute of Chartered Accountants of India

Code:	**FD2BL238607**	**Total Marks:**	**100**
Subject :	**02 Business Laws**	**Marks Obtained** :	**81.5**

R
③ 1aStep1

✓

R
② 1aStep2

Code:	**FD2BL238607**	**Total Marks:**	**100**
Subject :	**02 Business Laws**	**Marks Obtained** :	**81.5**

R

1.5 1aStep3

The Institute of Chartered Accountants of India

Code:	**FD2BL238607**	**Total Marks:**	**100**
Subject :	**02 Business Laws**	**Marks Obtained :**	**81.5**

R ① 1bi

✓

R ① 1biStep1 ✓

✗ R ⓪ 1biStep2

The Institute of Chartered Accountants of India

Code:	**FD2BL238607**	**Total Marks:**	**100**
Subject :	**02 Business Laws**	**Marks Obtained** :	**81.5**

✗

R

0 1biStep3

The Institute of Chartered Accountants of India

Code:	**FD2BL238607**	**Total Marks:**	**100**
Subject :	**02 Business Laws**	**Marks Obtained** :	**81.5**

R

3 1bii

✓

✓

The Institute of Chartered Accountants of India

Code:	**FD2BL238607**	**Total Marks:**	**100**
Subject :	**02 Business Laws**	**Marks Obtained** :	**81.5**

✓

R

②

1biiStep1

✓

R

①

1biiStep2

The Institute of Chartered Accountants of India

Code:	**FD2BL238607**	**Total Marks:**	**100**
Subject :	**02 Business Laws**	**Marks Obtained** :	**81.5**

R
5.5 1c

✓

✓

✓
R
3 1cStep1

Code:	**FD2BL238607**	**Total Marks:**	**100**
Subject :	**02 Business Laws**	**Marks Obtained :**	**81.5**

R

2.5 1cStep2

✓

✓

R
17 2

R
6 2b

✓

✓

The Institute of Chartered Accountants of India

Code: FD2BL238607
Subject : 02 Business Laws
Total Marks: 100
Marks Obtained : 81.5

✓

R
1.5 2bStep1
✓

✓

R
4.5 2bStep2

The Institute of Chartered Accountants of India

Code:	**FD2BL238607**	**Total Marks:**	**100**
Subject :	**02 Business Laws**	**Marks Obtained** :	**81.5**

R

2.5 2ci

✓

R

2.5 2ciStep1

✓

Code:	**FD2BL238607**	**Total Marks:**	**100**
Subject :	**02 Business Laws**	**Marks Obtained** :	**81.5**

R

2.5 2cii

✓

✓

✓

R

2.5 2ciiStep1

The Institute of Chartered Accountants of India

Code:	**FD2BL238607**	**Total Marks:**	**100**
Subject :	**02 Business Laws**	**Marks Obtained :**	**81.5**

R

6 2a

✓

✓

The Institute of Chartered Accountants of India

Code:	**FD2BL238607**	**Total Marks:**	**100**
Subject :	**02 Business Laws**	**Marks Obtained** :	**81.5**

R
④ 2aStep1

✓

R
② 2aStep2

✗

Code:	**FD2BL238607**	**Total Marks:**	**100**
Subject :	**02 Business Laws**	**Marks Obtained** :	**81.5**

✗