

BUSINESS LAWS – PYQs

Chapter 1: Indian Regulatory Framework

June 2024

Question 4(c) - Describe in brief about the following Regulatory bodies of the Government of India: (i) Securities and Exchange Board of India (ii) Reserve Bank of India (iii) Insolvency and Bankruptcy Board of India (6 Marks)

September 2024

Question 4(c) - Define Law and explain various sources of Law according to the Indian Regulatory Framework. (6 Marks)

January 2025

Question 4(c) - Ashok and Vimal are pursuing chartered accountancy course and discussing about the structure of the

Indian judicial system. Explain the functions of judiciary system of India and the hierarchy of courts and briefly

explain their functioning under the Indian Regulatory Framework. (6 Marks)

May 2025

Question 4(c) - Explain in brief the important functions played by the Ministry of Finance, the Ministry of Corporate

Affairs and the Ministry of Law and Justice in enforcing the law in India. (6 Marks)

September 2025

Question 4(c) - Define Law and explain various sources of Law. (6 Marks)

Chapter 2: The Indian Contract Act, 1872

June 2024

Question 1(a) - R owns an electronics store. P visited the store to buy a water purifier priced at ₹54,000/-. He specifically requested R for a purifier with a copper filter. As P wanted to buy the purifier on credit, with the intention of paying in 9 equal monthly instalments, R demands a guarantor for the transaction. S (a friend of P) came forward and gave the guarantee for payment of water purifier. R sold P, a water purifier of a specific brand. P made payment for 4 monthly instalments and after that became insolvent. Explain with reference to the Indian Contract Act, 1872, the liability of S as a guarantor to pay the balance price of water purifier to R. What will be your answer, if R sold the water purifier misrepresenting it as having a copper filter, while it actually has a normal filter? Neither P nor S was aware of this fact and upon discovering the truth, P refused to pay the price. In response to P's refusal, R filed the suit against S, the guarantor. Explain with reference to the Indian Contract Act 1872, whether S is liable to pay the balance price of water purifier to R? (7 Marks)

Question 3(c) - Explain in brief with reference to the provisions of the Indian Contract Act, 1872, what are the rights

enjoyed by Surety against the Creditor, the Principal Debtor and Co-Sureties? (6 Marks)

Question 4(a)

(i) - Mr. J entered into an agreement with Mr. S to purchase his house for ₹20 lakh, within three months. He also paid

₹50,000/- as token money. In the meanwhile, in an anti-encroachment drive of the local administration, Mr. S's house was demolished. When Mr. J was informed about the incident he asked for the refund of token money. Referring to the

relevant provisions of the Indian Contract Act, 1872 state whether Mr. J is entitled to the refund of the amount paid. (4

Marks)

(ii) - Rama directs Shyam to sell laptops for him and agrees to give Shyam eleven percent (11%) commission on the sale

price fixed by Rama for each laptop. As Government of India put restrictions on import of Laptops, Rama thought that the prices of laptops might go up in near future and he revokes Shyam's authority for any further sale. Shyam, before

receiving the letter at his end sold 5 laptops at the price fixed by Rama. Shyam asked for 11% commission on the sale of

5 Laptops for ₹1 lakh each. Explain under the provisions of the Indian Contract Act, 1872: (1) Whether sale of laptops

after revoking Shyam's authority is binding on Rama? (2) Whether Shyam will be able to recover his commission from

Rama, if yes, what will be the amount of such commission? (3 Marks) @CAFoundationStudyBot

Question 5(c) - Where a party to a contract refuses altogether to perform, or is disabled from performing his part of it, the

other party has a right to rescind it. Discuss this statement and the effects of such refusal under the provisions of The

Indian Contract Act, 1872. (6 Marks)

September 2024

Question 1(a)(i) - Mr. L let out his residential house to Mr. M for ₹50,000 p.m. for a period of one year. According to the

Rent agreement, electricity bill will be paid by Mr. L. But Mr. L could not pay electricity dues up to 5 months, due to his financial hardships. The Electricity Board sent the notice of disconnection, if it is not paid within a week's time. To avoid

all this, Mr. M paid the electricity bill of ₹50,000 with penalty. Later on, L refused to reimburse ₹50,000 and argued that

he has paid bill voluntarily because of his own interest. Decide with reference to provisions of the Indian Contract Act,

1872 whether Mr. M is entitled to be reimbursed by Mr. L? (3 Marks)

Question 1(a)(ii) - Mr. A offered to sell 25 chairs to Mr. B @ ₹1,500 per chair on 12.02.2024. A promised B that he

would keep the offer open till 15.02.2024. However, on 13.02.2024, he sold those chairs to Mr. C @ ₹1,700 per chair

without the knowledge of B. Mr. B communicated the acceptance of the above offer on 14.02.2024.

Advise, with

reference to provisions of the Indian Contract Act, 1872 whether Mr. B can claim damages from Mr. A?

(2 Marks)

Question 1(a) (iii) - Mr. A was running an orphanage. His friend Mr. S, a philanthropist agreed to donate ₹2 lakh for

treatment of a child, who was suffering from cancer. On emergency, Mr. A incurred ₹1.5 lakh on treatment of child. Now,

Mr. S refused to pay. Whether Mr. A can claim ₹1.5 lakh from Mr. S with reference to provisions of the Indian Contract

Act, 1872? (2 Marks)

Question 3(c) - Referring to the provisions of the Indian Contract Act, 1872, answer the following: (6 Marks)

(i) Rights of Bailor against any wrong doer (Third Party)

(ii) Duties of the Pawnee

Question 4(a)(i) - Raghav found gold and diamond studded wristwatch value approximately ₹1,00,000/- on the roadside.

He picked it up and then advertised in the newspaper that the true owner thereof can take the watch after showing proper

evidence. After waiting for a certain period of time, when the true owner did not turn up, he gifted that wristwatch to his

son Mahesh. A few days later, Madhav, the true owner of watch, somehow noticed his watch on wrist of Mahesh. He

approached him to collect the same, but Mahesh refused. In the evening, Raghav called Madhav and told him that he

incurred ₹20,000 to find the true owner if he fails to reimburse him the lawful expenses incurred on finding out the true

owner, he will sue him for recovery thereof or retain the possession of the watch with him till recovery. Even he can sell

the watch for recovery of expenses. (4 Marks) @CAFoundationStudyBot

Advise whether the following actions of Raghav were lawful according to provisions of The Indian Contract Act, 1872:

(A) Gifting the wristwatch to his son.

(B) Warning Madhav to sue for recovery of lawful expenses incurred in finding true owner.

(C) Retaining the possession of wristwatch till recovery of lawful expenses.

(D) Selling of wristwatch for recovery of expenses.

Question 4(a)(ii) - Woollen Garments Limited entered into a contract with a group of women in July,

Question 5(c) - In accordance with the provisions of the Indian Contract Act, 1872, answer the following:

(i) Rights of Bailor against any wrong doer (Third Party)

(ii) Duties of the Pawnee (6 Marks)

Question 6(b)(i) - "Agent cannot personally enforce, nor be personally bound by, contracts on behalf of the principal"

however there are some exceptions to this general rule, explain. (4 Marks)

Question 6(b)(ii) - State the rights of Indemnity -holder when sued. (2 Marks)

OR

Explain any four differences between Contract of Indemnity and Contract of Guarantee. (4 Marks)

Whether the threat to commit suicide is coercion? (2 Marks)

January 2025

Question 1(a) - Examine the validity of the following agreements under the provisions of the Indian Contract Act, 1872

and justify your answer: (7 Marks)

(i) Mrs. Priya pays a sum of ₹10,000 to a marriage bureau to provide information about the prospective grooms for her daughter's marriage.

(ii) Bharat agrees with John to sell his white bull. Unknown to both the parties, the bull was dead at the time of agreement.

(iii) Rishabh sells the goodwill of his shop to Omkar for ₹10,00,000 and promises not to carry on such similar business within the local limits so long as Omkar carries on like business.

(iv) A property worth ₹2,00,000 was agreed to be sold for just ₹25,000 by a person of unsound mind.

Question 3(c) - What are the agreements which are held to be opposed to public policy under the Indian Contract Act,

1872. Explain any 6 such agreements. (6 Marks) @CAFoundationStudyBot

Question 4(a) - A, B and C jointly promised to pay D a sum of ₹6,000. Examine, considering the provisions of the Indian

Contract Act, 1872 – (7 Marks)

(i) Can D compel any of three parties A, B and C to pay him ₹6,000?

(ii) C is compelled to pay the whole of the amount to D.

Can he recover anything from A and B, when –

(1) Both A and B were solvents.

(2) A is not in a position to pay anything.

Question 5(c) - Explain with reference to the Indian Contract Act, 1872:

(i) When a contract is said to be induced by "undue influence".

(ii) When a party is deemed to be in a position to dominate the will of another. (6 Marks)

Question 6(b) - What are the conditions to be satisfied for an "Agent's authority in an emergency" under the provisions of

The Indian Contract Act, 1872? (6 Marks)

OR

Both a sub-agent and a substituted agent are appointed by the agent, however, there are some points of distinction

between the two. Elaborate any 6 points. (6 Marks)

May 2025

Question 1(a) - ABC Infrastructure Ltd. was running business successfully from several years. P was the purchase manager of company. He authorized his agent Q to buy Raw Material on his behalf for construction of Roads in Delhi. He instructed Q to buy only Mazboot Brand of Cement @ ₹2,000 – 2,500 per ton to maintain quality of Roads in Delhi.

However, Q bought 1,000 tons of Mazboot Brand of cement from Mr. R a very well-known vendor of ABC Infrastructure Ltd. @ ₹3,500/- per ton. Mr. Q has not disclosed the fact to R that he was buying cement for ABC Infrastructure Ltd.

When P discovered this aspect, he refused to pay Mr. R and rejects the cement bought by Q on the ground that Q has

exceeded the authority. Mr. R suffered a huge loss on account of this transaction. (7 Marks)

Give your opinion in accordance with provisions from the Indian Contract Act, 1872:

(i) Whether P was bound to pay Mr. R for cement purchased by his agent Mr. Q?

(ii) On the other hand, Q being agent refused to accept any liability to compensate R. In this situation, Whether Mr. R can file a suit against Q?

Question 3(c) - According to provisions of the Indian Contract Act, 1872, define the following terms with reference to

contract of guarantee: (6 Marks)

(i) Nature and extent of Surety's Liability

(ii) Discharge of a Contract of Surety by Invalidation of the Contract of Guarantee.

Question 4(a) - X was running a business of Car on lease. One fine day, Y came to hire a car for 10 days for his business

tour from Delhi to Amritsar. X offered him a Honda city for ₹50,000/- for 10 days on a condition that petrol and toll

expenses will be borne by him. During the journey, engine of car was choked. Y has to spend ₹10,000/- for repair of

engine. When he was coming back from Amritsar, brakes of car were not working and a major accident of Y happened

due to this. Y was admitted to hospital and paid a bill of ₹50,000 on recovery. Y asked X to compensate him charges for

car repair and hospital expenses amounting ₹60,000/-. X denied for compensation by saying that he was not aware about

the engine and brakes fault. Y filed a suit against X for recovery of damages. (7 Marks)

Give your opinion with reference to provisions of the Indian Contract Act, 1872:

(i) Whether Y can withhold the amount of hire charges ₹50,000/- on account of non-payment of damages?

(ii) Whether Mr. X was liable to pay Damage as he was not aware of the fact of faults in car?

Question 5(c)(i) - Give your opinion with reference to provisions of the Indian Contract Act, 1872: (4 Marks)

1. Whether Joint promisor and promisee voluntarily discharge their obligation even after death?

2. In case they won't be able to discharge their obligation, whether any of the joint promisor may be compelled?

3. What would be the situation in case of default by any one of them?

Question 5(c)(ii) - What are the effects of Coercion? "Whether threat to commit suicide is coercion?"

Elaborate with

reference to provisions of the Indian Contract Act, 1872. (2 Marks) @CAFoundationStudyBot

Question 6(b) - With reference to provisions of the Indian Contract Act, 1872 define the following terms:

- (i) Quasi -contracts and its salient features
- (ii) Responsibility of finder of goods (6 Marks)

OR

Explain the following terms with reference to the Indian Contract Act, 1872:

- (i) Pledge by mercantile agent
- (ii) Pledge by person in possession under voidable contract (6 Marks) @CAFoundationStudyBot

September 2025

Question 1(a)(i) - Mr. VG and Mr. PG were trading in unlisted shares for the last seven years. They used to borrow funds from each other whenever required for any trade. Within a week's time, they used to refund the money to each other as per circumstances of the case. They were following this practice for the last five years. On 25th January 2025, Mr. PG wants to buy 20,000 shares of an unlisted company @ ₹500/- each. But due to insufficiency of funds, he asked Mr. VG for ₹40 lakhs. Mr. VG transferred ₹40 lakhs to Mr. PG. After about three months, Mr. VG reminded that Mr. PG had not refunded ₹40 lakhs to him till then. He asked him to pay back his money. Mr. PG told him that he was trying very hard to sell the shares at a reasonable price of 10% more than the price at which he bought these shares but was unable to do so due to market conditions. He asked Mr. VG to sell his shares on his behalf and authorised him to appropriate the amount of loan of ₹40 lakhs with interest out of the sale proceeds. Mr. VG agreed to do so. After about 15 days, when market started recovering Mr. PG denied and revoked the authorization by saying that he would sell his shares himself. With reference to provisions of the Indian Contract Act, 1872, whether the revocation of said agency by Mr. PG was lawful? (3 Marks)

Question 1(a)(ii) - M/s GS Famous General Store in NK Market Delhi got a purchase order of 5 kg. Mamra Badam @ ₹3,400/- per kg. from Mr. PK to deliver at his residence in Rohini. When the delivery boy of M/s GS Famous General Store reached at Mr. PK's residence, he found the door locked. When the delivery boy called him on mobile telephone, he told him to hand over the goods to his neighbour Mr. Shah. Mrs. Shah was unaware of the fact that the Mamra Badam were not belonging to them, mixed the Mamra Badam with California Almond. When Mr. Shah told her that the Mamra Badam were belonging to Mr. PK, she again packed the 5 kg. Mamra Badam and delivered it to Mr. PK. This fact came to light when Mr. PK returned the packet to M/s GS Famous General Store by saying that it is not up to the quality and he refused to accept the packet. In above circumstances, what is the remedy available to Mr. PK according to provisions of the Indian Contract Act, 1872? (4 Marks)

Question 3(c) - A, B, and C act as co-sureties for a loan of ₹4,00,000/- taken by R from XYZ Bank. There are three bonds specifying different liability limits for each surety such as A's liability is limited to ₹1,00,000/-, B's liability is limited to ₹2,00,000/- and C's liability is limited to ₹4,00,000/-. Due to financial difficulties, R defaults on the loan, and the bank seeks to recover the amount from the sureties. (6 Marks)

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

- (i) Analyse and determine the amount each co-surety (A, B, and C) is liable to pay, and
- (ii) What will be your answer if the loan amount is ₹6,00,000/- instead of ₹4,00,000/-?

Question 4(a)(i) - Mr. X visited a Cosmo Mega Mall at Nagpur, which has a variety of items for day-to-day use. The

Question 5(c)(i) - State with reference to the provisions of the Indian Contract Act, 1872 whether the following are True or False with justification. (6 Marks)

(i) The pledge of documents of title to goods by a mercantile agent with the consent of an owner is invalid pledge.

(ii) A appoints B as his agent to sell A's land. Subsequently, under the authority of A, B appoints C as his agent. Later on,

A revokes the authority of B, but not that of C. Consequently, the authority of C cannot be terminated.

(iii) The contract of life insurance is not fully covered under the contract of indemnity.

Question 6(b) - Consent is said to be free when it is not caused by 'Fraud'.

According to provisions of the Indian Contract Act, 1872, answer each of the following: (6 Marks)

(i) What do you mean by 'Fraud'?

(ii) What would be effect of fraud upon validity of a contract and state the instances in which a contract is not voidable?

OR

What is the meaning of the term Quantum Meruit? Explain any four cases in which a claim for quantum meruit can arise.

(6 Marks)

Chapter 3: The Sale of Goods Act, 1930

June 2024

Question 2(a) - Sony, a friend of Priya wanted to buy her two -wheeler. Priya agreed to sell her two -wheeler to Sony and

it was decided that price of her two -wheeler will be fixed by Priya's father, who is an auto dealer. Priya immediately

handed over the keys to Sony. However, Priya's father refused to fix the price as he did not want Priya to sell her vehicle.

Priya expressed her inability to sell the two -wheeler to Sony and asked for return, but Sony refused to return the same.

Explain -

(i) Can Priya take -back the vehicle from Sony?

(ii) Will your answer be different, if Priya had not handed over the vehicle to Sony? (7 Marks)

Question 5(a) - PTC Hotels in Bombay decided to sell their furniture by auction sale. For this purpose, they appointed

RN & Associates as auctioneer. They invited top ten renowned Architects in Bombay for bidding. A right to bid was not

notified by them. Furniture was put up in lots for sale. It was decided that for every lot of furniture there will be a reserve

price. On 25th Feb 2024, Auction sale was started at 10.am in the lawn of PTC Hotels Bombay. For a special lot of

furniture three parties came for bidding Mr. Neel, Mr. Raj and Mr. Dev on behalf of their respective companies. Bidding

was as follows: Mr. Neel ₹5.70 lakh, Mr. Raj ₹4.85 lakh, Mr. Dev ₹6.10 lakh. The sale was completed in favour of Mr.

Neel by RN & Associates by fall of hammer. Mr. Dev's Bid was rejected on ground that Right to bid was reserved and

company of Mr. Dev was not invited to bid. For another bid of Italian Furniture was made by two parties as follows: Mr.

Dheer ₹15 lakh, Mr. Madhu (on behalf of R N & Associates) ₹15.20 lakh. Sale was completed in favour of Mr. Dheer

instead of Mr. Madhu. Mr. Dev and Mr. Madhu argued that auction sale was not lawful. Give your opinion with reference

to provisions of the Sale of Goods Act, 1930 whether Auction Sale will be considered lawful or not? (7 Marks)

Question 6(c) - J, a wholesaler of premium Basmati rice delivered on approval 100 bags of rice of 10 kg each to a local

retailer, on sale or returnable basis within a month of delivery. The next day the retailer sold 5 bags of rice to a regular

customer K. A week later K informed the retailer that the quality of rice was not as per the price. The retailer now wants

to return all the rice bags to J, including the 4 bags not used by K. Can the retailer do so? Also briefly describe the

provisions underlying in this context of the Sale of Goods Act, 1930. (7 Marks)

@CAFoundationStudyBot

September 2024

Question 2(a)(i) - M/s RK Traders (Buyer) made a contract with M/s CK Traders (Seller) for purchase of 2000 kg of

basmati rice specifically grown in Chhattisgarh State should be packed in pink colour bags of 25 kg each to identify the

place of origin by specifying the mode of packing of basmati rice. The seller agreed for specific packing of rice grown in

Chhattisgarh State. However, by misunderstanding, staff of seller packed the quantity of 1800 kg of basmati rice grown in

the State of Maharashtra in white colour bags of 30 kg each and the remaining quantity of 200 kg, grown in Chhattisgarh

State, in pink colour bags of 25 kg each. Referring to the provisions of the Sale of Goods Act, 1930 analyse, whether the

buyer has the right to reject the entire quantity of basmati rice supplied by the seller. On the other hand what is the

remedy available to buyer if he has to accept the entire quantity to fulfil his other contracts with other parties? (4 Marks)

Question 2(a)(ii) - Kartik agreed to sell his laptop to Vasant for a price to be fixed by Kusum a hardware engineer.

However, before the delivery of the laptop, Kartik changed his mind and did not share any particulars and configuration

of the laptop with Kusum, which made her unable to do the valuation. Kusum refused to do valuation. Vasant needed

laptop for his project, so he promised Kartik that, if the laptop is delivered to him, he would pay a reasonable price for it

However, Kartik decided not to sell his laptop to Vasant. Now, Vasant wants to know from you, being a legal expert,

whether Kartik is bound by his promise as he agreed earlier to deliver his laptop to him at a reasonable price. If he does

not agree to deliver what is the other remedy available to Vasant? Advise, referring to the provisions of the Sale of Goods

Act, 1930. (3 Marks)

Question 5(a)(i) - Ashok, a trader, delivered a camera to Mangesh on 'sale or return' basis. Mangesh delivers the camera

to Rahul on the terms of 'sale for cash only or return'. Afterward, Rahul delivered it to Vishal on a 'sale or return' basis

without paying cash to Mangesh. The camera, which was in the possession of Vishal was lost by theft though he

exercised due care for its safety. Referring to the provisions of the Sale of Goods Act, 1930, analyse the situation and

advise, whether Mangesh, Rahul or Vishal are, jointly or severally, liable to pay the price of the camera to Ashok. (4

Marks)

Question 5(a)(ii) - Ansari of Jaipur sold 100 smart TV set @ ₹50,000/- per set to Baburam of Delhi. He delivered the TV

sets to Chetan, a transport carrier for transmission to Baburam. Baburam further sold these 100 TV sets to Shayamlal @

₹60,000/- per set. On reaching the goods at the destination, Baburam demanded the delivery but Chetan, wrongly,

refused to deliver the goods to Baburam. That is why; he failed to deliver TV sets to Shayamlal and suffered a huge loss

on account of non-delivery. Ansari came to know about this. He directed Chetan to stop the delivery to Baburam and re -

January 2025

Question 2(a)(i) - MNO Limited, a supplier of electronic components, entered into a contract on August 1, 2023, with

PQR Enterprises for the sale of 1000 units of microchips. The contract specifically identified the microchips by serial

numbers and confirmed that they were in a deliverable state, stored in MNO Limited's warehouse. The contract stipulated

that the goods would be delivered on September 1, 2023. On August 10, 2023, a flood occurred, damaged the warehouse

and destroyed the entire stock of microchips, including the 1000 units intended for PQR Enterprises.

Examine, with

reference to the provisions of the Sale of Goods Act, 1930 who shall suffer the loss? What will be your answer if the

microchips are not specifically identified and marked for PQR Enterprises at the time of the contract? (4 Marks)

Question 2(a)(ii) - A purchases a motorcycle from B and uses it for some time. It turns out that the motorcycle sold by B

to A was a stolen one and had to be returned to a rightful owner. A brings action against B for the return of the price. Will

he succeed? Examine this with reference to the provisions of the Sale of Goods Act, 1930. (3 Marks)

Question 5(a)(i) - The Institute of Science, Pune (the buyer), placed an order for various chemicals worth ₹1,50,000 from

a supplier in Delhi (the seller). The buyer made full advance payment, and the seller dispatched the consignment via a

courier of his own choice, without reserving any right of disposal over the goods. The consignment was lost in transit, and

now the buyer seeks a refund of the purchase price. With reference to the provisions of the Sale of Goods Act, 1930,

assess the validity of the buyer's claim for a refund. (4 Marks)

Question 5(a)(ii) - Adarsh visited an authorized car showroom and purchased a car of his choice without conducting a

detailed inspection. After making the payment and taking delivery of the car, he discovered a defect in the engine that

could not have been detected even with a reasonable inspection. With reference to the provisions of the Sale of Goods

Act, 1930, advise, whether Adarsh can invoke the implied condition of merchantability and repudiate the contract due to

the defect in the car. (3 Marks)

Question 6(c) - What are the rights of a buyer, when seller commits a breach of contract under the provisions of the Sale

of Goods Act, 1930? (7 Marks) @CAFoundationStudyBot

May 2025

Question 2(a) - S purchased a dress from a reputed showroom and made the payment in cash. The dress she purchased require some alteration. The shopkeeper assured S that it would take just one day to get the dress altered. It was agreed that once the dress was altered the shopkeeper would inform S through phone and she would collect the dress. Next day, by evening the dress was altered and kept ready to be delivered to S. The shopkeeper however forgot to inform S that the dress was ready. In the meantime, a short circuit occurred near the delivery counter of the shop and some packets ready for delivery caught fire. After waiting for 10 days, when, S went to collect her dress she was informed that she came late and her dress was burnt in fire. S, then asked for refund of money what she paid. The shopkeeper refused, by saying that the dress was kept ready the very next day of purchase and the loss due to fire occurred after a week. He refused to bear the liability by saying that if S had collected the dress on time, it would not have been burnt. S insisted that she was waiting for a call from the shop and thus, entitled to claim the refund of cost of dress. Examine, with reference to the provisions of the Sale of Goods Act, 1930, whether shopkeeper will be liable to refund the cost of dress to S? (7 Marks)

Question 5(a)(i) - P sold certain antique items to Q for ₹3,00,000/- on 13.12.2024. As per the terms of agreement 75% of the amount was to be paid within a week and the balance 25% was to be paid till 31.12.2024. Q appointed his agent R to take delivery of the goods after payment of first installment. Q transferred a sum of ₹2,80,000/- in the account of P through NEFT on 18.12.2024 which was credited in P's account on the same date. R failed to take delivery of antique items due to medical emergency. By the meantime, Q failed to make payment of the second installment till 31.12.2024. On 10.01.2025, Q's agent came to take the delivery of goods. But, P refused to deliver the goods and exercised his right of lien over the goods. According to provisions of the Sale of Goods Act, 1930, give your opinion whether P was justified in exercising right of lien as only ₹20,000/- was left to be paid? (4 Marks)

Question 5(a)(ii) - An auction takes place in Delhi for antique items. It is notified to the bidders that the sale will be completed, only when the hammer of the auctioneer hits the table and he announces "you are the highest bidder". During the auction, L bids for an antique sculpture, worth ₹8 lakhs. The hammer falls, but announcement cannot be made as the auction suddenly stops before the auctioneer can utter any words. It is notified to everyone that there has been an unexpected rise in the market price for that particular sculpture, and therefore, it will not be sold on that particular day. L contends that the auctioneer is bound to sell the sculpture to him at the price he bid because once he bid at the highest price in the auction and the hammer fell, the auction sale was completed and therefore, the auctioneer is under a contractual obligation to sell the sculpture. The auctioneer disagrees. Discuss the validity of L's claim in

September 2025

Question 2(a)(i) - X offered to sell Y a machine for ₹5,00,000/-. Y refused to buy it unless the machine is made into a running condition. X agreed to do the same but while the machine was being repaired, it was destroyed without the fault of any person. With reference to the relevant provisions of the Sale of Goods Act, 1930 examine whether X can recover the price from Y? (4 Marks)

Question 2(a)(ii) - For the purpose of making uniforms for the employees, VK bought dark blue coloured cloth from PK.

But did not disclose to the PK the purpose of the 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 and boots. Advise VK whether he is entitled to have any remedy, as per the provisions of the Sale of Goods Act, 1930. (3 Marks)

Question 5(a)(i) - Ms. S visits an electronic store and asks for a laptop suitable for high-end graphic design work. The salesman recommends a specific model, assuring her that it will meet her needs. Relying on this advice, Ms. S purchases the laptop. However, after using it, she realises that the laptop lacks the necessary processing power and graphics capability for her work. Can Ms. S take legal action against the seller under the Sale of Goods Act, 1930? Justify your answer. (3 Marks)

Question 5(a)(ii) - Mr. S was going through severe financial hardships. His wife suggested to take a gold loan. On 15th January 2025, he pledged his wife's jewellery worth ₹30 lakhs with one of his friend Mr. R and took a loan of ₹25 lakhs.

On 17th January 2025, he sold total jewellery for ₹28 lakhs to M/s RL Jewellers Pitampura. The jeweller purchased it in good faith without knowing the fact that the jewellery was already pledged. After all this, Mr. S declared himself insolvent. When Mr. R came to know about this, he filed a suit against M/s RL Jewellers. But M/s RL Jewellers contended that they were unaware about pledge. With reference to provisions of the Sale of Goods Act, 1930 what is the remedial action available to Mr. R? (4 Marks)

Question 6(c) - Contract of sale resembles with contracts of hire-purchase. However, sale is distinguished from hire-purchase. Explain hire-purchase agreement and state any five points of distinction between Sale and Hire-purchase. (7 Marks)

Chapter 4: The Indian Partnership Act, 1932
June 2024

Question 1(c) - The Indian Partnership Act does not make the registration of firms compulsory, yet the consequences or disabilities of non-registration have a persuasive pressure for their registration. Still, there are some cases where non-registration of firm does not affect certain rights. Explain with reference to the provisions of the Indian Partnership Act, 1932. (6 Marks)

Question 3(a)(i) - P, Q and R formed a partnership agreement to operate motor buses along specific routes for a duration

of 12 years. After operating the business for four years, it was observed that the business incurred losses each year.

Despite this, P is determined to continue the business for the remaining period. Examine with reference to the Indian

Partnership Act, 1932, can P insist to continue the business? If so, what options are available to Q and R who are reluctant

to continue operating the business? (4 Marks)

Question 3(a)(ii) - A and B operate a textile merchant business in partnership. Mr. A finances the business and is a

sleeping partner. In the regular course of business, B acquires certain fabric goods belonging to C. However, B is aware

that these goods are stolen property. Despite this knowledge, B proceeds to purchase and sell some of these stolen goods.

Moreover, B records proceeds from these sales in the firm's books. Now, A wants to avoid the liability towards C, on the

grounds of misconduct by B. In the light of the provisions of the Indian Partnership Act, 1932 discuss the liability of A

and B towards C. (3 Marks)

Question 5(b) - "Dissolution of partnership doesn't mean dissolution of firm". Do you agree with this statement? State

any three situations where court can dissolve the partnership firm. (7 Marks) @CAFoundationStudyBot

September 2024

Question 1(c)(i) - "If a partner is otherwise expelled; the expulsion is null and void." Discuss. (4 Marks)

Question 1(c)(ii) - "The partner who is expelled will cease to be liable to the third party for the act of the firm done after

expulsion." Analyse. (2 Marks)

Question 3(a)(i) - Ram and Shyam are partners in a partnership firm styled as RS & Co. (the firm).

Gopal, a renowned

businessman, is their common friend. Ram introduced Gopal to Sundar, a supplier to the firm, as his newly joined partner.

Gopal knowing that he is not a partner preferred to keep quiet on such an introduction. This information about Gopal,

being a partner of the firm, was shared by Sundar with another businessman Madhav. Next day,

Sundar supplied the raw

material on credit and Madhav lent ₹5 lakhs to the firm for a short period on the understanding that

Gopal is a partner of

the firm. On due dates, the firm failed to discharge its liability towards both. Advise Gopal, whether he is liable to Sundar

and Madhav for the aforesaid liability of the firm. (3 Marks)

Question 3(a)(ii) - On admission as a new partner, Amar agreed to be liable for the existing debts

(referred to as the old

debts) of the firm by an agreement signed by the all partners including Amar. Examine, whether Amar

will be liable in a

suit filed by the creditor against the firm and all existing partners for recovery of the old debt of the firm.

(2 Marks)

Question 3(a)(iii) - Suman, having 10% share in the property of ₹200 lakh of a firm retires from the firm

on 31st March,

2023. The firm continues with the business thereafter without final settlement of accounts between the existing and retired

partners and earned profits of ₹10 lakh during the financial year ending 31st March, 2024. Suman, in her own interest and

in the absence of any provision in the partnership firm on this point, claimed ₹3 lakh from the firm toward the use of her

share in the property and profit of the firm which was rejected by the partners. There is no contract between the partners

contrary to the provisions of the Act in this regard. Examine the validity of the amount claimed by Suman under the

provisions of the Indian Partnership Act, 1932. (2 Marks)

Question 5(b) - State the circumstances, in which a Court may, at the suit of the partner, dissolve a partnership firm under

the provisions of the Indian Partnership Act, 1932. (7 Marks)

January 2025

Question 1(c) - A minor admitted to the benefits of a partnership firm is entitled to certain rights and may also have

liabilities to third parties for the acts of the firm. Discuss the rights and liabilities (before attaining majority only) of the

minor under the Indian Partnership Act, 1932. (6 Marks) @CAFoundationStudyBot

Question 3(a) - P, Q and R, are partners in a construction firm, PQR Associates. P buys cement on behalf of the firm

from D. The cement is used in the ordinary course of the firm's business. P uses the cement for his personal purposes. The

supplier D, who is unaware of the private use of cement by P, claims the price from the firm. The firm refuses to pay for

the price, on the ground that the cement was never received by it. Referring to the provisions of the Indian Partnership

Act, 1932, answer the followings:

(i) Whether the Firm's contention is tenable?

(ii) What would be your answer if a part of the cement so purchased by P was delivered to the firm by him, and the rest of

the cement was used by him for his private use, about which neither the firm nor the supplier were aware? (7 Marks)

Question 5(b)(i) - Explain the following terms under the Indian Partnership Act, 1932: (4 Marks)

(1) Partner by holding out

(2) Nominal Partner

Question 5(b)(ii) - "Dissolution of a partnership firm may occur by mutual agreement with the consent of the majority of

partners, while compulsory dissolution requires an order from the court." Discuss this statement with reference to the

relevant provisions of the Indian Partnership Act, 1932. (3 Marks)

May 2025

Question 1(c) - In accordance with provisions of the Indian Partnership Act, 1932, explain the following:

(i) The rights of an outgoing partner to carry on competing business.

(ii) The rights of a partner to be indemnified by the firm and the liability of a partner to indemnify the firm. (6 Marks)

Question 3(a) - M/s M&M; Associates was registered in 1985 by its three partners namely Mr. X, Mr. Y and Mr. Z as the

partnership at will. On 5th January 2022, Mr. X, being a very senior partner of age 75 years decided to retire and transfer

his shares in the firm to his grandson Mr. S, who was 17 years old at the time of the transfer. Mr. Y and Mr. Z were not

interested but when they came to know that Mr. S is a minor, they agreed to admit Mr. S as partner. On 5th October, 2023

at the time of inspection of books and accounts, Mr. S noticed that the books of accounts were displaying only a small

amount as profit despite a huge turnover. When, he asked other partners about this fact, then Mr. Y told him that one of

the major clients, Mr. T refused to pay huge amount of fees. Mr. S decided to sue Mr. T for recovery of fees and sent a

notice for the same. Mr. T argued that Mr. S cannot sue him because he has not given notice of remaining a partner on

attaining majority. With reference to provisions of the Indian Partnership Act, 1932 decide:

(i) Whether Mr. X can retire and introduce Mr. S (minor) as a partner?

(ii) Whether Mr. S has right to inspect books of accounts?

(iii) Whether Mr. S has authority to sue Mr. T, on non-payment of fees? (7 Marks)

Question 5(b) - "The partner indeed virtually embraces the character of both a principal and an agent. The implied

authority of a partner to bind the firm by all acts done by him in all matters connected with business is done in the usual

way, not beyond the nature and scope of Partnership." Explain with reference to provisions of the Indian Partnership Act,

1932. (7 Marks)

September 2025

Question 1(c) - A, B and C are partners in an unregistered partnership firm named M/s ABC & Associates. Is the suit

maintainable in the following cases as per the provisions of the Indian Partnership Act, 1932? Give justification also.

(i) A filed a suit against B who had stolen the goods of the firm.

(ii) A filed a suit against M/s ABC & Associates for claiming shares of the assets on its dissolution.

(iii) M filed a suit against the firm M/s ABC & Associates for the recovery of ₹10,000/- dues from the firm. M also owed

₹4,000/- to the firm. The firm claimed a set off of ₹4,000/-. (6 Marks)

Question 3(a) - M/s M&M; Associates was registered in 1985 by its three partners namely Mr. X, Mr. Y and Mr. Z as the

partnership at will. On 5th January 2022, Mr. X, being a very senior partner of age 75 years decided to retire and transfer

his shares in the firm to his grandson Mr. S, who was 17 years old at the time of the transfer. Mr. Y and Mr. Z were not

interested but when they came to know that Mr. S is a minor, they agreed to admit Mr. S as partner. On 5th October, 2023

at the time of inspection of books and accounts, Mr. S noticed that the books of accounts were displaying only a small

amount as profit despite a huge turnover. When, he asked other partners about this fact, then Mr. Y told him that one of

the major clients, Mr. T refused to pay huge amount of fees. Mr. S decided to sue Mr. T for recovery of fees and sent a

notice for the same. Mr. T argued that Mr. S cannot sue him because he has not given notice of remaining a partner on

attaining majority. With reference to provisions of the Indian Partnership Act, 1932 decide:

(i) Whether Mr. X can retire and introduce Mr. S (minor) as a partner?

(ii) Whether Mr. S has right to inspect books of accounts?

(iii) Whether Mr. S has authority to sue Mr. T, on non-payment of fees? (7 Marks)

Question 5(b)(i) - M/s SR Enterprises is a well-known trading firm. Mr. AM, a former partner of the firm, had retired in

2022 but never made any public announcement about his retirement. In 2024, Mr. R, a supplier, entered into a business

transaction with M/s SR Enterprises believing that Mr. AM was still a partner in the firm. He relied on Mr. AM's past

association with the firm and extended a credit line to the firm. When M/s SR Enterprises defaulted on payment, Mr. R,

demanding that Mr. AM also be held liable for the dues. Mr. AM refused, stating that he was no longer a partner in the

firm and had no involvement in the firm's affairs for long time. Examine with reference to the provisions of the Indian

Partnership Act, 1932 whether Mr. AM can be held liable for the firm's above debt. (3 Marks)

@CAFoundationStudyBot

Question 5(b)(ii) - M/s LMP & Associates, a partnership firm engaged in carpet manufacturing and exporting, was

initially managed by senior partners L, M, and P. On 25th August, 2022, the firm admitted Mr. G, an expert in carpet

manufacturing, as a partner. However, on 10th January, 2024, Mr. G was accused of unauthorized activities and

subsequently expelled from the partnership with the unanimous approval of the remaining partners.

With reference to the

provisions of the Indian Partnership Act, 1932, answer each of the following:

Chapter 5: The Limited Liability Partnership Act, 2008

June 2024

Question 2(c) - A LLP is a new form of legal business entity with limited liability. It's an alternative corporate business vehicle that only gives the benefits of limited liability at low compliance cost but allows its partners the flexibility of organizing their internal structure as a traditional partnership. Keeping in view of above, define the following characteristics of LLP. (i) Body Corporate (ii) Mutual Agency (iii) Foreign LLPs (iv) Artificial legal person (6 Marks)

September 2024

Question 2(c)(i) - Under what circumstances a Limited Liability Partnership is compulsorily required to change its name?

Also, explain the compliance requirement following the change of name and the consequences, if any, in case of default therein. (4 Marks)

Question 2(c)(ii) - What do you mean by a Small Limited Liability Partnership? (2 Marks)

January 2025

Question 2(c) - Dyana and Bharti, newly qualified chartered accountants, wish to form a Limited Liability Partnership

(LLP) to provide their professional services. They seek information about the provisions of the Limited Liability

Partnership Act, 2008, specifically regarding the incorporation document. Additionally, they want to know whether the

statement filed along with the incorporation document serves as sufficient evidence that all legal requirements for the

incorporation of the LLP have been fulfilled. Explain these aspects to them. (6 Marks)

May 2025

Question 2(c)(i) - Limited Liability Partnership (LLP) gives the benefits of Limited Liability of a company on one hand

and the flexibility of Partnership on the other. Discuss according to provisions of the Limited Liability Partnership Act,

2008. (3 Marks)

Question 2(c) (ii) - Raju and his friend Anil have approached you to help them to form a LLP. The object of the proposed

LLP is to run a charitable school which provides free education to the poor children. What would be your suggestion in

accordance of provisions of the Limited Liability Partnership Act, 2008? (3 Marks)

September 2025

Question 2(c) - Five close friends decided to form a Limited Liability Partnership firm 'EDUDED LLP' for educating

poor children as non-profit organization. They were Mr. A (Non-resident), Mr. B (Non-Resident), Ms. C (resident), Ms.

D (resident) and Ms. E (resident). It was decided that Mr. A and Mr. B will be appointed as designated partners. With

reference to provisions of the Limited Liability Partnership Act, 2008, answer each of the following: (i) Whether

EDUDED LLP can be formed for above purpose? (ii) Whether Mr. A and Mr. B can be appointed as designated partners

in EDUDED LLP? (6 Marks) @CAFoundationStudyBot

Chapter 6: The Companies Act, 2013

June 2024

Question 1(b) - A company, ABC limited as on 31.03.2023 had a paid -up capital of ₹1 lakh (10,000 equity shares of ₹10

each). In June 2023, ABC limited had issued additional 10,000 equity shares of ₹10 each which was fully subscribed. Out

of 10,000 shares, 5,000 of these shares were issued to XYZ private limited company. XYZ is a holding company of PQR

private limited by having control over the composition of its board of directors. Now, PQR private limited claims the

status of being a subsidiary of ABC limited as being a subsidiary of its subsidiary i.e. XYZ private limited. Examine the

validity of the claim of PQR private limited. State the relationship if any, between ABC limited & XYZ private limited as

per the provisions of the Companies Act, 2013. (7 Marks)

Question 2(b) - Ram wants to incorporate a company in which he will be the only member. According to provisions of

the Companies Act, 2013, what type of company can be incorporated? What are the salient features of this type of

company? (7 Marks)

Question 3(b)(i) - XYZ is a company incorporated under the Companies Act, 2013. The paid up share capital of the

company is held by others as on 31.03.2024 in as under:

(1) Government of India - 20%

(2) Life Insurance Corporation of India (Public Institution) - 8%

(3) Government of Tamil Nadu - 10%

(4) Government of Rajasthan - 10%

(5) ABC Limited (owned by Government Company) - 15%.

As per above shareholding, state whether XYZ limited be called a government company under the provisions of the

Companies Act, 2013. (4 Marks)

Question 3(b)(ii) - M and N holding 70% and 30% of the shares in the company. Both died in an accident. Answer with

reference to the provisions of the Companies Act, 2013, what will be the legal effect on the company as both the members

have died? (3 Marks) @CAFoundationStudyBot

September 2024

Question 1(b)(i) - Kamal, a Chartered Accountant started his e-commerce business by incorporating a One Person

Company (the OPC) on 1st October, 2023. He, being a sole member of the OPC named his brother Sudhakar, with his

consent, as his nominee in the Memorandum of Association of the OPC. Now, Kamal intends to replace Sudhakar and to

nominate any one of the following short-listed friends as a nominee with effect from 1st January, 2024.

(1) Robert, an Indian citizen, and a resident in India shifted his residence to the U SA on 31st May, 2022 and has not

returned to India till 1st January, 2024.

(2) Dinkar, an Indian citizen, and non-resident in India came for employment in India on 1st April, 2023 and have been

continuously staying in India since then.

Referring to the provisions of the Companies Act, 2013, advise Kamal regarding eligibility of his short-listed friends to be

appointed nominee and the procedure to be followed for changing the name of the nominee as per the provisions of the

Companies Act, 2013. (4 Marks)

Question 1(b)(ii) - XYZ Ltd. was incorporated to hold the patent for a new product. The company is expecting to start its

commercial production within the next two years. In the meanwhile, for timely installation, the company has placed the

purchase order for plant and machinery with a down payment of ₹1 crore. Referring to the provisions of the Companies

Act, 2013 examine, whether the company can go for acquiring the status of a dormant company? (3 Marks)

Question 2(b)(i) - "Corporate veil sometimes fails to protect the members of the company from the liability connected to

the company's actions." Explain any three instances. (5 Marks)

Question 2(b)(ii) - What is the effect of Memorandum and Articles when registered? (2 Marks)

Question 3(b)(i) - JV Limited borrowed a secured loan of ₹5 crore from Star Bank Limited (the bank) to meet its

working capital requirement. However, the borrowing powers of the company, under its Memorandum of Association,

were restricted to ₹1 crore. The bank released the loan amount in two instalments of ₹1 crore and ₹4 crore. On the due

date for repayment of the loan, the company refused to accept the liability of ₹5 crore on the ground that the borrowing

was ultra vires the company. The company's books of account show that the company has utilised the loan amount of ₹3

crore for repayment of its lawful debts. The utilisation of the remaining ₹2 crore cannot be traced.

Referring to the

doctrine of ultra-vires under the Companies Act, 2013, examine the validity of the decision of the company denying the

repayment of the loan and explore the remedy, if any, available to the bank for recovery of the loan. (4 Marks)

Question 3(b)(ii) - After incorporation of Goodwill Private Limited (the company) on 15th May, 2024 the share

certificates were issued to Amit, Sumit and Sumati being subscribers to the Memorandum of Association of the company

without affixing the common seal thereon and under the signature of Amit and Sumit, the directors of the company. The

January 2025

Question 1(b)(i) - "Harmony Foundation" is a newly incorporated company focused on promoting education and healthcare services in rural areas. The company is registered as a section 8 company with a clear plan to reinvest all profits into its activities, and a license has been accorded by the Central Government. For the financial year ending on 31st March, 2024, the company earned a substantial profit and transferred some amount to M/s LMP Associates (a Partnership firm and one of the members of the Harmony Foundation). Subsequently, on the complaint of one of the members, the Central Government, after giving an opportunity of being heard, directed the company to be wound up on the ground that a partnership firm cannot be a member of the section 8 company and it cannot transfer any part of profit to the firm. Explain, in the light of the provisions of the Companies Act, 2013, whether the ground taken for winding up is sufficient. (4 Marks)

Question 1(b)(ii) - Justice Private Limited has 9 directors on its Board of Directors. The company's Articles of Association currently state that the quorum for board meetings shall be 1/3rd of the total strength or 2 directors, whichever is higher. The company now intends to amend this article to specify that the quorum for board meetings shall be 1/3rd of the total strength or 4 directors, whichever is higher. Advise the company on the procedure for including this amendment provision in its Articles, in accordance with the provisions of the Companies Act, 2013. Would your advice

differ if the company were a public company? (3 Marks)

Question 2(b) - Write in brief the content and model of the Articles of Association (AOA), according to which the director and other officers are required to perform their functions as regards the management of the company, its accounts and audit. (7 Marks)

Question 3(b)(i) - The extract of the major shareholders holding paid-up share capital in Rural Development Fin. Corp.

Ltd., are as follows:

Central Government 26%

State of Maharashtra 18%

State of Tamilnadu 24%

Public 32%

Whether the company would be considered as a Public Financial Institution (PFI) under the provisions of the Companies

Act, 2013? Explain in brief about various institutions regarded as 'Public Financial Institutions' under the Companies Act, 2013. (5 Marks)

Question 3(b)(ii) - Whether it is mandatory to have common seal for the company? If not, then what are the other options available as per the Companies Act, 2013? (2 Marks)

May 2025

Question 1(b)(i) - State with reasons whether the following companies can be treated as Small Companies with reference

to the provisions of the Companies Act, 2013: (4 Marks)

1. STS Pvt. Ltd., having a turnover of ₹10 crores and the paid-up capital of ₹1 crore (1,00,000 equity shares of ₹100

each). Out of these 60,000 equity shares are held by UV Infratech Pvt. Ltd.

2. ZX Ltd., having a paid-up capital of ₹3 crores and turnover of ₹35 crores.

Question 1(b)(ii) - The paid-up equity share capital of ACD Ltd. is ₹80 crores & preference share capital of ₹20 crores. B

Ltd. holds equity shares in ACD Ltd. worth ₹15 crores and preference shares worth ₹10 crores.

Can B Ltd. be considered as an Associate Company of ACD Ltd.? (3 Marks)

Question 2(b) - Doctrine of indoor management allows all those who deal with the company to assume that the officers

of the company have observed the provisions of the articles. In light of the above statement, explain the doctrine of indoor

management and its exceptions, if any, according to provisions of the Companies Act, 2013. (7 Marks)

@CAFoundationStudyBot

Question 3(b)(i) - The Object clause of Memorandum of Association of ABC Pvt. Ltd. authorized the company to carry

on the business of trading in property in Gurgaon. Since the company was not doing well, the Directors of the company in

a recent board meeting planned to diversify the business and enter into Construction business. For this purpose, they

borrowed a sum of ₹5 crores from Magnum Finance Ltd. But the members of the company did not approve the decision

of the board hence, company refused to repay the loan. According to provisions of the Companies Act, 2013 what is the

recourse available to Magnum Finance Ltd. for recovery of the loan? (4 Marks)

Question 3(b)(ii) - SNM Ltd. was registered in 2021 with a share capital of ₹50 Lakh divided into 5 lakhs equity share of

₹10 each under Section 8 of the Companies Act, 2013 for promotion of art in Jaipur. Company earned huge profits during

the financial year ending on 31st March 2025 due to boom in the market. On 10th May 2025, 75% members of the

company demanded to distribute 10% dividend to the equity shareholders. For this purpose, they passed special resolution

in EGM. With reference to provisions of the Companies Act, 2013 decide whether SNM Ltd. can declare dividend @

10% to equity shareholders for the year ending 31st March 2025. (3 Marks)

September 2025

Question 1(b) - Do you agree that a company is an artificial person? Elucidate. Also explain how the authorization by

M/s Beeta Limited, a company incorporated under the Companies Act, 2013 can be made in case it does not have a common seal. (5 + 2 = 7 Marks)

Question 2(b) - Explain the Memorandum of Association (MOA) and Articles of Association (AOA) of a company. Also

explain any three differences between MOA and AOA. (7 Marks)

Question 3(b) - Mr. RM was engaged in the trading of handloom items with his wife. One of their friends suggested that

they should form a private limited company. By corporatizing their business, they could gain better recognition and even

explore export opportunities. They established M/s RM Private Limited with both as the sole members. They got the work

orders on job basis from local artisans, sold their products in the Indian market, and exported them as well. The company

also secured a line of credit from the bank amounting to ₹30 lakhs. Tragically, Mr. RM met with an accident and passed

away. Now Mrs. RM was the only member in the private limited company. A family friend suggested including her

brother as a member, but she declined. Instead, she decided to convert the private limited company into a One Person

Company (OPC) and nominate her brother, Mr. AK, who is currently employed in London, UK. (7 Marks)

Examine with reference to the Companies Act, 2013:

(i) Whether Mrs. RM's decision to convert the private limited company into a One Person Company (OPC) is legally

valid; and

(ii) When Mrs. RM's decision to nominate her brother Mr. AK, as a nominee, is not legally valid?

Chapter 7: The Negotiable Instruments Act, 1881

June 2024

Question 4(b) - A promissory note, payable at a certain period after sight, must be presented to the maker thereof for

payment. Under which scenarios presentment for payment is not necessary and the instrument is dishonoured at the due

date for presentment according to the provisions of the Negotiable Instrument Act, 1881? (7 Marks)

Question 6(a) - Mr. Y issued a cheque for ₹10,000 to Mr. Z which was dishonoured by the Bank because Y did not have

enough funds in his account and has no authority to overdraw. Examine as per the provisions of the Negotiable

Instruments Act, 1881 whether -

(i) Mr. Y is liable for dishonour of cheque, if yes, what are the consequences for such an offence?

(ii) What would be your answer if Y issued a cheque as a donation to Mr. Z? (7 Marks)

September 2024

Question 4(b)(i) - With reference to provisions of the Negotiable Instruments Act, 1881, tell the instances where a person

shall be deemed to have committed an offence for dishonour of cheque and what are the conditions to be complied with

for not constituting such an offence? (4 Marks)

Question 4(b)(ii) -

(A) All cheques are bills while all bills are not cheques. Explain the additional features of a cheque which differentiate a

cheque from bill as per the Negotiable Instruments Act, 1881.

(B) Ambiguous instrument (3 Marks)

Question 6(a)(i) - Aman drew the bill of exchange (the bill) on Baban, who accepted it, payable to Magan or order.

Magan indorsed the bill to Gagan. Gagan indorsed the bill to Akash to be delivered to him on the next day. However, on

the death of Gagan on the same day, his only son Ankit delivered the bill to Akash on the next day as intended by his

deceased father. On presenting the bill on the due date, Baban refused to pay. Explaining the importance of delivery in

negotiation, decide, whether Akash can enforce the payment of the bill against Baban or the previous parties. (4 Marks)

Question 6(a)(ii) - Reliable Limited, an Indian company, is a global leader in Petrochemical products. For payment of the

sale price of machinery imported from Alex Manufacturing Limited, a USA based company (the exporter), the Indian

company drew a bill of exchange on Manish, a resident of Mumbai (India) who accepted the bill at Mumbai payable to

the exporter in Los Angeles, USA. Decide, whether the bill of exchange is an inland instrument or a foreign instrument.

Assume that the bill of exchange was signed by the authorised person for the drawer company. (3 Marks)

@CAFoundationStudyBot

January 2025

Question 4(b) - What are the rules governing the compensation payable in the event of dishonour of a negotiable

instrument under the provisions of the Negotiable Instruments Act, 1881? (7 Marks)

Question 6(a)(i) - Anjali purchased various cosmetic products worth ₹15,000 during the last week from Sushil, a

shopkeeper, on credit of one month. After a fortnight, she makes out a blank promissory note, signed it and delivered to

Sushil who further endorsed it to Manish for the payment of his dues. Manish, who is holder in due course, filled up the

due amount of ₹17,000 from Sushil and on maturity presented it to Anjali for payment but she refused to pay because the

amount filled up is more than the agreed amount of ₹15,000. It is to be noted that the amount of ₹17,000 is covered by the

stamp affixed on it. Referring to the provisions of the Negotiable Instruments Act, 1881 decide, whether Anjali is liable to

honour the promissory note to Manish for ₹17,000? (4 Marks)

Question 6(a)(ii) - Priya, a small business owner, receives a bill of exchange from her customer, Sanjay, which is due for

payment on October 15th. On October 12th, Priya presents the bill of exchange for payment at Sanjay's office during

regular business hours, but Sanjay is not present. Priya leaves the bill with Sanjay's assistant, requesting to be presented to

Sanjay for payment when he returns. However, Sanjay's assistant forgot to give the bill, and Sanjay does not make the

payment by the due date, and the bill is dishonoured. Based on the provisions of the Negotiable Instruments Act, 1881,

examine whether Priya's presentation of the bill of exchange to Sanjay's assistant is valid under law. (3 Marks)

May 2025

Question 4(b)(i) - "Delivery of an instrument is essential whether instrument is payable to bearer or order for effecting

the negotiation." Discuss this statement with reference to provisions of the Negotiable Instruments Act, 1881. (3 Marks)

Question 4(b)(ii) - Differentiate between a promissory note and bill of exchange. (4 Marks)

Question 6(a) - Ram purchased a second-hand car from his friend Rohan for ₹5 lakhs on 10th November, 2022. He paid

₹4 lakh immediately and promised to pay ₹1 lakh within a year. But, he could not pay the remaining amount till

December -2023. On 5th January, 2024 Ram received an invitation for Rohan's wedding which he could not attend but

sent a cheque of ₹51,000 as gift by post. When Rohan deposited the cheque, it was returned unpaid due to insufficient

balance in the account of Ram. Rohan considered it as an offence under Section 138 of the Negotiable Instruments Act,

1881. Advise

(i) Whether Ram would be held liable for dishonour of cheque?

(ii) Whether Rohan was justified in considering this as an offence under Section 138 of the Negotiable Instruments Act,

1881. (7 Marks) @CAFoundationStudyBot

September 2025 @CAFoundationStudyBot

Question 4(b) - "Negotiable Instruments is an instrument which is freely transferable from one person to another by mere

delivery or by endorsement and delivery." Classify the different types of Negotiable instruments according to manner in

which it is made as per the provisions of the Negotiable Instrument Act, 1881. (7 Marks)

Question 6(a)(i) - Mr. K draws a bill of exchange payable 60 days after sight to Mr. J. Mr. J holds the bill for 30 days

before presenting it to Mr. N, the drawee, for acceptance. Mr. N accepts the bill upon presentation.

Decide as per the

provisions of the Negotiable Instruments Act, 1881, when does the maturity period of the bill commence? (3 Marks)

Question 6(a)(ii) - A promissory note is made payable at a specific place on a fixed date. The holder, Mr. Mohan presents

the note for payment two days after the due date because of unforeseen circumstances. Decide each of the following as

per the provisions of the Negotiable Instruments Act, 1881:

(A) Does the delay in presentation affect Mr. Mohan's right to recover the amount? (2 Marks)

(B) Under what circumstances can a delay in presentation be excused according to the Act. (2 Marks)