

**Mock Test Paper - Series I: April, 2026**

**Date of Paper: 16<sup>th</sup> April, 2026**

**Time of Paper: 2 P.M. to 5 P.M.**

**FOUNDATION COURSE**

**PAPER 2: BUSINESS LAWS**

*Question No. 1 is compulsory.*

*Attempt any **four** questions from the remaining **five** questions.*

**(Time allowed: 3 Hours)**

**(100 Marks)**

1. (a) (i) Mr. Gaurav and Mr. Vikas entered into a contract on 1<sup>st</sup> July, 2025, according to which Mr. Gaurav had to supply 100 tons of sugar to Mr. Vikas at a certain price strictly within a period of 10 days of the contract. Mr. Vikas also paid an amount of ₹ 70,000 towards advance as per the terms of the above contract. The mode of transportation available between their places is roadway only. Severe flood came on 2<sup>nd</sup> July, 2025 and the only road connecting their places was damaged and could not be repaired within fifteen days. Mr. Gaurav offered to supply sugar on 20<sup>th</sup> July, 2025 for which Mr. Vikas did not agree. On 1<sup>st</sup> August, 2025, Mr. Gaurav claimed compensation of ₹ 20,000 from Mr. Vikas for refusing to accept the supply of sugar, which was not there within the purview of the contract. On the other hand, Mr. Vikas claimed for refund of ₹ 70,000, which he had paid as advance in terms of the contract. Analyse the above situation in terms of the provisions of the Indian Contract Act, 1872 and decide on Mr. Vikas contention. **(4 Marks)**
- (ii) R gives his umbrella to M during raining season to be used for two days during Examinations. M keeps the umbrella for a week. While going to R's house to return the umbrella, M accidentally slips and the umbrella is badly damaged. Who bear the loss and why under the provisions of the Indian Contract Act, 1872? **(3 Marks)**
- (b) Prasad incorporated an OPC to run his new start-up in May, 2021. OPC borrowed ₹ 50 Lakhs to meet its long term fund requirements and ₹ 25 lakh to meet its working capital requirements on the basis of his project from a non-banking finance company (NBFC) in Oct, 2021. But due to some running hardships and new govt. policies OPC was failed to pay its debts to NBFC. Assets of the

company were insufficient to pay the outstanding debts. According to the provisions of the Companies Act, 2013, Decide whether Prasad would be liable to pay the outstanding debts of NBFC in the following circumstances: -

- (i) If the NBFC proceeded against the personal assets of Prasad only on the ground that he is the only shareholder and hence liable for its debts.
  - (ii) If the NBFC proves that the One Person Company was formed for fraud and cheating. **(7 Marks)**
- (c) Explain with reference to provisions of the Indian Partnership Act, 1932:
- (i) Whether a partner can be introduced without consent of other partners? If yes, describe the procedure. If no, in what manner can a partner transfer his share in partnership? **(2 Marks)**
  - (ii) Describe the rights of transferee: -
    - (1) During the continuance of partnership.
    - (2) On the dissolution of the firm. **(4 Marks)**
2. (a) (i) Rachit arranges an auction to sale an antic wall clock. Deepa, being one of the bidders, gives the highest bid. For announcing the completion of sale, the auctioneer falls the hammer on table but suddenly hammer brakes and damages the watch. Deepa wants to avoid the contract. Can she do so under the provisions of the Sale of Goods Act, 1930? **(4 Marks)**
- (ii) X contracted to sell his car to Y. They did not discuss the price of the car at all. X later refused to sell his car to Y on the ground that the agreement was void being uncertain about price. Can Y demand the car under the Sale of Goods Act, 1930? **(3 Marks)**
- (b) (i) Explain listed company and unlisted company as per the provisions of the Companies Act, 2013. **(2 Marks)**
- (ii) Explain the classification of the companies on the basis of control as per the Companies Act, 2013. **(5 Marks)**
- (c) (i) Who are the individuals which shall not be capable of becoming a partner of a Limited Liability Partnership? **(3 Marks)**
- (ii) What are the effects of registration of Limited Liability Partnership? **(3 Marks)**

3. (a) State giving reasons whether the following are partnerships as per the provisions under the Indian Partnership Act, 1932.
- (i) X, Y, and Z agree to divide the profits equally, but the loss, if any, is to be borne by X alone. Is it case of partnership? **(3 Marks)**
  - (ii) X, a publisher, agrees to publish a book at his own expense written by Y and to pay Y, half of the net profit. Does this create a relationship of partnership between X and Y? Is liable to a paper dealer for paper supplied to X to print Y's book? **(2 Marks)**
  - (iii) A and B purchase a tea shop and incur additional expenses for purchasing utensils etc. each contributing half of the total expense. The shop is leased out on daily rent which is divided between both. Does this arrangement constitute a partnership between A and B? **(2 Marks)**
- (b) (i) MTK Private Limited is a company registered under the Companies Act, 2013 on 5<sup>th</sup> January 2022. The company did not start its business till 31<sup>st</sup> July 2024. Identify under which category MTK Private Limited company is classified. Explain the definition of the category of the company in detail. **(2 Marks)**
- (ii) The paid-up capital and turnover of Aaradhya Cosmetics Private Ltd. (ACPL) for FY 2024-25 is ₹ 4 crores and ₹ 45 crores respectively. Directors of ACPL decided not to follow some provisions as it is a small company according to section 2(85) of the Companies Act, 2013. Company secretary of Pooja Fashions Private Limited (PFPL) contended that ACPL is not a small company as ACPL is a holding company of (PFPL). Decide whether ACPL Cosmetics Ltd. can avail status of small company according to provisions of the Companies Act, 2013. **(3 Marks)**
  - (iii) The paid-up share capital of Abhinav Natural Gases Ltd. (ANGL) is ₹ 140 crores. The holdings of Central Government and Maharashtra Government are ₹ 40.10 crores and ₹ 30.20 crores respectively. In one tender relating to natural gas, directors of ANGL quoted it as Government Company. Decide According to provisions of the Companies Act, 2013 whether ANGL can be tagged as Government Company? **(2 Marks)**
- (c) "An anticipatory breach of contract is a breach of contract occurring before the time fixed for performance has arrived". Also, discuss the effect of anticipatory breach of contracts under the Indian Contract Act, 1872. **(6 Marks)**

4. (a) (i) Bhuvika borrowed ₹ 4,75,000/- from her relative Madan on 5<sup>th</sup> April 2020 on interest @ 1% per month for 5 year for running her Cosmetics store. She was paying continuously instalment and interest every month. But due to sudden introduction of nature care products her products became obsolete. As a result, she was unable to pay monthly instalment and interest from May 2021 onwards. The debt got time barred by limitation Act. However, on account of continuous persuasions of her relatives, Bhuvika promised in writing to pay the outstanding amount shortly within a few months. Whether Madan can legally recover the debts from Bhuvika when the loan has already been time barred? Explain with reference to provisions of the Indian Contract Act, 1872. **(2 Marks)**
- (ii) Chhaya and Abeer are very good friends. On Chhaya's birthday Abeer gifted an I-Phone worth ₹ 1.35 lakh. Whether this gift is valid as per provisions of the Indian Contract Act, 1872? **(2 Marks)**
- (iii) Amol promised to give a gold ring worth ₹ 1 lakh to her friend Chakori on her birthday. Whether the promise made by Amol is enforceable in law as per the provisions of the Indian Contract Act, 1872?
- What would be your answer if the relation between Amol and Chakori is of Husband & Wife? **(3 Marks)**
- (b) What is a Bill of Exchange? Also, explain its essential characteristics under the Negotiable Instruments Act, 1881. **(7 Marks)**
- (c) What is the significance of the Supreme Court and High Court in the Indian judiciary? **(6 Marks)**
5. (a) Mr. G sold some goods to Mr. H for a certain price by issue of an invoice, but payment in respect of the same was not received on that day. The goods were packed and lying in the godown of Mr. G. The goods were inspected by H's agent and were found to be in order. Later on, the dues of the goods were settled in cash. Just after receiving cash, Mr. G asked Mr. H that goods should be taken away from his godown to enable him to store other goods purchased by him. After one day, since Mr. H did not take delivery of the goods, Mr. G kept the goods out of the godown in an open space. Due to rain, some goods were damaged.
- Referring to the provisions of the Sale of Goods Act, 1930, analyse the above situation and decide who will be held responsible for the above damage. Will your answer be different if the dues were not settled in cash and are still pending? **(7 Marks)**

- (b) Can a partner be expelled? If so, how? Which factors should be kept in mind prior to expelling a partner from the firm by the other partners according to the provision of the Indian Partnership Act, 1932? **(7 Marks)**
- (c) Define contract of indemnity and contract of guarantee and state the conditions when guarantee is considered invalid? **(6 Marks)**
- 6. (a) Alok bought some goods from Manish on credit. Later, he issued a cheque for the dues from his bank account and asked Manish to encash the cheque within two days. On the day Alok issued the cheque, there was a sufficient balance to pay Manish's dues. Manish presented the cheque after one month, which was returned due to insufficient funds. Manish made a demand for the payment, but Alok failed to pay. Manish send him notice to pay the outstanding debts. Alok ignored the notice. Manish filed a case for dishonour of the cheque. Alok defended himself on the grounds that Manish failed to encash the cheque within two days as specified by him and that he had no reason to believe at the time of issuance of the cheque that it might be dishonoured. Analyse-
  - (i) Whether Alok's defences are valid under the provisions of the Negotiable Instruments Act, 1881.
  - (ii) Whether Manish can file a suit against Alok for dishonour of cheque and within how many days he can file the complaint after dishonour under the provisions of the Negotiable Instruments Act, 1881? **(7 Marks)**
- (b) Define Misrepresentation and Fraud. Explain the difference between Fraud and Misrepresentation as per the Indian Contract Act, 1872. **(6 Marks)**
- (c) (i) What do you mean by suit for specific performance? State any two conditions when court allows this remedy according to provisions of the Sale of Goods Act, 1930? **(3 Marks)**
- (ii) What do you mean by right of resale? State any three conditions when the right of resale goods given to an unpaid sellers under the Sale of Goods Act, 1930. **(4 Marks)**