



# The Institute of Chartered Accountants of India

Code: FD2BL238607  
Subject : 02 Business Laws

Total Marks: 100  
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

ICAI SEAL

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

MCQ Booklet Serial No.	Paper No.	Level of Exam
	<u>2</u>	<u>foundation</u>
		Foundation <input checked="" type="radio"/> Intermediate <u>2</u> Final <u>3</u>
		MCQ Answers
0 0 0 0 0 0 0	1	A B C D 11 A B C D 21 A B C D
1 1 1 1 1 1 1	2	A B C D 12 A B C D 22 A B C D
2 2 2 2 2 2 2	3	A B C D 13 A B C D 23 A B C D
3 3 3 3 3 3 3	4	A B C D 14 A B C D 24 A B C D
4 4 4 4 4 4 4	5	A B C D 15 A B C D 25 A B C D
5 5 5 5 5 5 5	6	A B C D 16 A B C D 26 A B C D
6 6 6 6 6 6 6	7	A B C D 17 A B C D 27 A B C D
7 7 7 7 7 7 7	8	A B C D 18 A B C D 28 A B C D
8 8 8 8 8 8 8	9	A B C D 19 A B C D 29 A B C D
9 9 9 9 9 9 9	10	A B C D 20 A B C D 30 A B C D



# The Institute of Chartered Accountants of India

**Code:** FD2BL238607  
**Subject :** 02 Business Laws

**Total Marks:** 100  
**Marks Obtained :** 81.5

**INSTRUCTIONS TO THE CANDIDATE FOR FILLING THE MCQ ANSWER FIELDS**

**A. Pencil to Darken the appropriate Circle.**

1. Darken the correct MCQ Booklet Serial No. as printed on your question booklet which will be taken as final for evaluation. If any candidate fills in this information wrongly, Institute will not take any responsibility for rectifying the mistake.

2. Please darken the complete circle.

3. If you want to change your Answer, erase the darkened circle completely and make a fresh mark.

4. Please do NOT make any stray marks on the OMR cover page.

5. Rough work must NOT be done on the OMR cover page.

6. Mark your answer only in the appropriate space against the number corresponding to the question.

**How to mark answers**

**CORRECT METHOD**      **WRONG METHOD**

(A) ● (C) (D)      ✗ ☹ ☹ ☹

Q. No.	To be ticked <input checked="" type="checkbox"/> by the candidate against the Questions answered ( Descriptive Type )	
1	<input type="checkbox"/>	8 <input type="checkbox"/>
2	<input type="checkbox"/>	9 <input type="checkbox"/>
3	<input type="checkbox"/>	10 <input type="checkbox"/>
4	<input type="checkbox"/>	11 <input type="checkbox"/>
5	<input type="checkbox"/>	12 <input type="checkbox"/>
6	<input type="checkbox"/>	13 <input type="checkbox"/>
7	<input type="checkbox"/>	14 <input type="checkbox"/>
<b>Total</b>		<b>Total</b>



# The Institute of Chartered Accountants of India

Code: FD2BL238607  
Subject: 02 Business Laws

Total Marks: 100  
Marks Obtained: 81.5

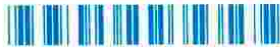
R 17.5 4	03	Question 4
Q 4 a	R 6 4a	(a)
DO NOT WRITE ANYTHING HERE	Provisions: As per the provisions of the Indian Contract Act, 1872.	
DO NOT WRITE ANYTHING HERE	<input checked="" type="checkbox"/> Bailment is the <u>delivery of goods</u> for some specific purposes, upon contract that goods shall be <u>returned on accomplishment of purpose</u> or disposed off according to direction of bailor.	
DO NOT WRITE ANYTHING HERE	It is the duty of bailor to disclose faults.	
DO NOT WRITE ANYTHING HERE	<input checked="" type="checkbox"/> → In case of <u>gratuitously bailment</u> , he is liable to pay damages to bailee for damage caused to him by the <u>faults of which he was aware and failed to disclose them</u> .	
DO NOT WRITE ANYTHING HERE	<input checked="" type="checkbox"/> → In case of <u>non-gratuitous bailment</u> , he is liable to pay damages to bailee for loss & damage suffered by him due to <u>faults of which he was aware or not aware</u> .	
DO NOT WRITE ANYTHING HERE	In <u>non-gratuitous bailment</u> , it does not matter whether bailor was <u>bare aware of faults or not</u> , he must pay damages for all faults.	



# The Institute of Chartered Accountants of India

Code: FD2BL238607  
Subject: 02 Business Laws

Total Marks: 100  
Marks Obtained: 81.5



04



Analysis.

X bailed Y Honda city for ₹20000, during journey engine choked and brakes failed, because of these faults, Y had to incur expenses of ₹60000. X denied to compensate Y.

**3** **4aStep1**  
Conclusion:-

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

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

**1.5** **4aStep3**  
In non-gratuitous bailment, bailor is bound to pay compensation for faults in goods bailed.

DO NOT WRITE ANYTHING HERE

DO NOT WRITE ANYTHING HERE

DO NOT WRITE ANYTHING HERE



# The Institute of Chartered Accountants of India

Code: FD2BL238607  
Subject: 02 Business Laws

Total Marks: 100  
Marks Obtained: 81.5

05

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 negotiation.

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

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

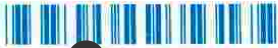
Order instruments are negotiated by delivery & endorsement where bearer instruments are negotiated by mere delivery.



# The Institute of Chartered Accountants of India

Code: FD2BL238607  
 Subject : 02 Business Laws

Total Marks: 100  
 Marks Obtained : 81.5



06



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 <sup>promising</sup> <del>pay to</del> 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 <del>unconditional</del> 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 <input checked="" type="checkbox"/>	It contains order to pay money.

DO NOT WRITE ANYTHING HERE



# The Institute of Chartered Accountants of India

Code: FD2BL238607  
Subject : 02 Business Laws

Total Marks: 100  
Marks Obtained : 81.5

ICAI

07



↑ DO NOT WRITE ANYTHING HERE

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.

↑ DO NOT WRITE ANYTHING HERE

Parties It contains two parties  
a. Maker / drawer  
b. Payee.



It contains three parties  
a Drawer  
b Drawee  
c Payee.

↑ DO NOT WRITE ANYTHING HERE

Payable to bearer It cannot be made payable to bearer



4biStep1



It can be made payable to bearer, but not payable to bearer on demand.



# The Institute of Chartered Accountants of India

Code: FD2BL238607  
Subject: 02 Business Laws

Total Marks: 100  
Marks Obtained: 81.5



08



5.5  
4c

Question 4  
(c)

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 controls 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



DO NOT WRITE ANYTHING HERE

DO NOT WRITE ANYTHING HERE

DO NOT WRITE ANYTHING HERE



# The Institute of Chartered Accountants of India

Code: FD2BL238607  
Subject: 02 Business Laws

Total Marks: 100  
Marks Obtained: 81.5

ICAI

09



→ Regulation of Indian Enterprises in Service & Industry sector

→ It is run by Civil Servants of ICS cadre which are elected by Civil Service Examination conducted by Union Public Service Commission.

5.5

4cStep1

3. Functions of Ministry of Law & Justice.

It provides functions of dealing with

- Legal affairs through legislative department
- legislative activities through department of legal affairs.
- Administering justice in India through department of Justice.

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





# The Institute of Chartered Accountants of India

Code: FD2BL238607  
Subject: 02 Business Laws

Total Marks: 100  
Marks Obtained: 81.5

ICAI

11

↑ DO NOT WRITE ANYTHING HERE

admission of beneficiary.

**R** Analysis:

**2** **3aStep1** ABC Co is partnership firm, firm incurred debt of ₹ 50 lakhs.

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

**2** **3aStep2** 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, before existing debts, he will be held liable.

ii) Yes, our answer would remain due to ✓ 2 reasons. same on the ground that

✗ As he is minor, he cannot be held personally liable, and never for already existing debts before his becoming beneficiary.

↑ DO NOT WRITE ANYTHING HERE



# The Institute of Chartered Accountants of India

Code: FD2BL238607  
Subject : 02 Business Laws

Total Marks: 100  
Marks Obtained : 81.5



12



**1** **3aStep3**

iii No D would be not be liable to pay debt even after 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.



DO NOT WRITE ANYTHING HERE

DO NOT WRITE ANYTHING HERE

DO NOT WRITE ANYTHING HERE



# The Institute of Chartered Accountants of India

Code: FD2BL238607  
Subject: 02 Business Laws

Total Marks: 100  
Marks Obtained: 81.5

13

R

1 3bi

3 Question 3  
b. i (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 complied 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 vires, if company enters

Analysis.

Directors of ABC Pvt Ltd took loan of ₹ crores from telagnum finance ltd. Directors Members did not approve decision & therefore company refuse to repay



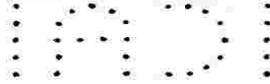
# The Institute of Chartered Accountants of India

Code: FD2BL238607  
Subject : 02 Business Laws

Total Marks: 100  
Marks Obtained : 81.5



14



**1** **3biStep1**  
Conclusion.

Magnum finance ltd can recover loan if members company is <sup>not</sup> paying loan because directors members did not approve.,  
~~X~~ because it is not the duty of outsider to check whether company has taken compiled <sup>with</sup> all their internal procedures.

**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  
Subject : 02 Business Laws

Total Marks: 100  
Marks Obtained : 81.5

15

**2.5** **R** **3bii**

b ii Question 3.  
b ii

Provisions:  
As per the provisions of ~~Section~~ <sup>The</sup> 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.

**1.5** **R** **3biiStep1**  
Conclusion.

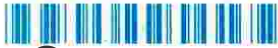
**1** **R** **3biiStep2**  
No, SNM Ltd cannot declare dividend as it is registered under Section 8 of Companies Act 2013 & Section 8 <sup>Companies</sup> are prohibited to declare dividend.



# The Institute of Chartered Accountants of India

Code: FD2BL238607  
Subject: 02 Business Laws

Total Marks: 100  
Marks Obtained: 81.5



16



Q 3. 6 R  
c.i 3c

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.

3 R  
3cStep1

DO NOT WRITE ANYTHING HERE

DO NOT WRITE ANYTHING HERE

DO NOT WRITE ANYTHING HERE



# The Institute of Chartered Accountants of India

Code: FD2BL238607  
Subject: 02 Business Laws

Total Marks: 100  
Marks Obtained: 81.5

17

Q2. (c) ii

As per provisions of <sup>The</sup> Indian Contract Act, 1872.

Discharge of surety by invalidation of Contract of Guarantee.

i.  Guarantee 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.

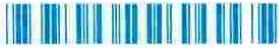
iii.  Joint Guarantee on condition to join other persons as co-surety  
Guarantee given by g. surety is not valid,



# The Institute of Chartered Accountants of India

Code: FD2BL238607  
Subject : 02 Business Laws

Total Marks: 100  
Marks Obtained : 81.5



18

1801

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



DO NOT WRITE ANYTHING HERE

DO NOT WRITE ANYTHING HERE

DO NOT WRITE ANYTHING HERE



# The Institute of Chartered Accountants of India

**Code:** FD2BL238607  
**Subject :** 02 Business Laws

**Total Marks:** 100  
**Marks Obtained :** 81.5

R  
16.5  
6  
R  
6  
6a

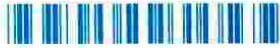




# The Institute of Chartered Accountants of India

Code: FD2BL238607  
Subject: 02 Business Laws

Total Marks: 100  
Marks Obtained: 81.5



20

IACI

But, following conditions shall be fulfilled,

- Cheque has been presented with in its validity
- Payee has given notice of return of cheque in writing to drawer with 30 days of receipt of information.
- But Drawer fails to pay within 15 days of receipt of said notice.

However, this section shall not apply to 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:

- No ~~He~~ he will <sup>not</sup> be held liable for dishonour of cheque but he is not <sup>entitled</sup> ~~liable~~ to be punished as cheque was for gift.

DO NOT WRITE ANYTHING HERE



DO NOT WRITE ANYTHING HERE



DO NOT WRITE ANYTHING HERE

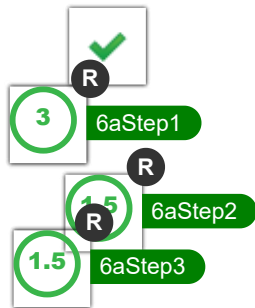




# The Institute of Chartered Accountants of India

**Code:** FD2BL238607  
**Subject :** 02 Business Laws

**Total Marks:** 100  
**Marks Obtained :** 81.5





# The Institute of Chartered Accountants of India

**Code:** FD2BL238607  
**Subject :** 02 Business Laws

**Total Marks:** 100  
**Marks Obtained :** 81.5

**5.5** <sup>R</sup> 6b



**2.5** <sup>R</sup> 6bStep1





# The Institute of Chartered Accountants of India

**Code:** FD2BL238607  
**Subject :** 02 Business Laws

**Total Marks:** 100  
**Marks Obtained :** 81.5

**3** **R** **6bStep2**

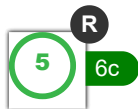




# The Institute of Chartered Accountants of India

**Code:** FD2BL238607  
**Subject :** 02 Business Laws

**Total Marks:** 100  
**Marks Obtained :** 81.5





# The Institute of Chartered Accountants of India

**Code:** FD2BL238607  
**Subject :** 02 Business Laws

**Total Marks:** 100  
**Marks Obtained :** 81.5

**3** <sup>R</sup> 6cStep2





# The Institute of Chartered Accountants of India

**Code:** FD2BL238607  
**Subject :** 02 Business Laws

**Total Marks:** 100  
**Marks Obtained :** 81.5





# The Institute of Chartered Accountants of India

**Code:** FD2BL238607  
**Subject :** 02 Business Laws

**Total Marks:** 100  
**Marks Obtained :** 81.5





# The Institute of Chartered Accountants of India

**Code:** FD2BL238607  
**Subject :** 02 Business Laws

**Total Marks:** 100  
**Marks Obtained :** 81.5

**16** **R**  
**1**  
**6.5** **R**  
**1a**





# The Institute of Chartered Accountants of India

**Code:** FD2BL238607  
**Subject :** 02 Business Laws

**Total Marks:** 100  
**Marks Obtained :** 81.5





# The Institute of Chartered Accountants of India

**Code:** FD2BL238607  
**Subject :** 02 Business Laws

**Total Marks:** 100  
**Marks Obtained :** 81.5





# The Institute of Chartered Accountants of India

**Code:** FD2BL238607  
**Subject :** 02 Business Laws

**Total Marks:** 100  
**Marks Obtained :** 81.5

**R**  
1 1bi



**R**  
1 1biStep1



**R**  
0 1biStep2



# The Institute of Chartered Accountants of India

**Code:** FD2BL238607  
**Subject :** 02 Business Laws

**Total Marks:** 100  
**Marks Obtained :** 81.5





# The Institute of Chartered Accountants of India

**Code:** FD2BL238607  
**Subject :** 02 Business Laws

**Total Marks:** 100  
**Marks Obtained :** 81.5

**3** **R** **1bii**

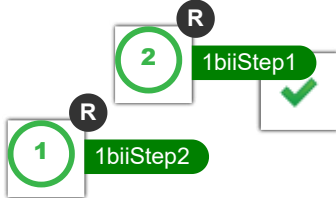




# The Institute of Chartered Accountants of India

**Code:** FD2BL238607  
**Subject :** 02 Business Laws

**Total Marks:** 100  
**Marks Obtained :** 81.5

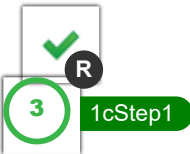




# The Institute of Chartered Accountants of India

**Code:** FD2BL238607  
**Subject :** 02 Business Laws

**Total Marks:** 100  
**Marks Obtained :** 81.5





# The Institute of Chartered Accountants of India

**Code:** FD2BL238607  
**Subject :** 02 Business Laws

**Total Marks:** 100  
**Marks Obtained :** 81.5

**2.5** **R** **1cStep2**

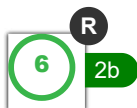




# The Institute of Chartered Accountants of India

**Code:** FD2BL238607  
**Subject :** 02 Business Laws

**Total Marks:** 100  
**Marks Obtained :** 81.5





# 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  
**Subject :** 02 Business Laws

**Total Marks:** 100  
**Marks Obtained :** 81.5

**R**  
2.5  
2ci



**R**  
2.5  
2ciStep1





# The Institute of Chartered Accountants of India

**Code:** FD2BL238607  
**Subject :** 02 Business Laws

**Total Marks:** 100  
**Marks Obtained :** 81.5





# The Institute of Chartered Accountants of India

**Code:** FD2BL238607  
**Subject :** 02 Business Laws

**Total Marks:** 100  
**Marks Obtained :** 81.5





# The Institute of Chartered Accountants of India

**Code:** FD2BL238607  
**Subject :** 02 Business Laws

**Total Marks:** 100  
**Marks Obtained :** 81.5





# The Institute of Chartered Accountants of India

**Code:** FD2BL238607  
**Subject :** 02 Business Laws

**Total Marks:** 100  
**Marks Obtained :** 81.5





# The Institute of Chartered Accountants of India

**Code:** FD2BL238607  
**Subject :** 02 Business Laws

**Total Marks:** 100  
**Marks Obtained :** 81.5

