BHAGYA ACHIEVERS TEST SERIES

CA Foundation — Business Laws

Exam Analysis Sept 2026

Question	Part	Chapter	Topic Tested	Marks	Difficulty
Q1	(a)	**Indian Contract Act, 1872**	Offer & Acceptance, Revocation, Acceptance by Conduct, Third-party Consideration	7	Moderate–High
	(b)	**Companies Act, 2013**	Indoor Management, Constructive Notice & Exceptions	7	High
	(c)	**Indian Partnership Act, 1932**	Sharing of Profits/Receipts & Partnership Property	6	Moderate
Q2	(a)	**Sale of Goods Act, 1930**	Sale on Approval / Sale or Return	7	Moderate–High
	(b)	**Companies Act, 2013**	Separate Legal Entity & Lifting of Corporate Veil	7	Moderate–High
	(c)	**LLP Act, 2008**	Small LLP & Incorporation Document	6	Moderate
Q3	(a)	**Indian Partnership Act, 1932**	Retirement/Death of Partner, Section 37 & Calculation	7	High
	(b)	**Companies Act, 2013**	Entrenchment Provisions in Articles of Association	7	High
	(c)	**Indian Contract Act, 1872**	Appropriation of Payments – Sections 59–61	6	Easy–Moderate
Q4	(a)	**Indian Contract Act, 1872**	Anticipatory Breach & Damages	7	High

Question	Part	Chapter	Topic Tested	Marks	Difficulty
	(b)	**Negotiable Instruments Act, 1881**	Inchoate Instrument & Cheque vs Bill of Exchange	7	Moderate
	(c)	**Government/Ministry-related**	Ministry of Home Affairs – Responsibilities & Departments	6	Moderate
Q5	(a)	**Sale of Goods Act, 1930**	Unpaid Seller, Lien, Resale, Notice & Calculation	7	High
	(b)	**Indian Partnership Act, 1932**	Implied Authority & Emergency Authority of Partner	7	Moderate–High
	(c)	**Indian Contract Act, 1872**	Wagering Agreement & Related Transactions	6	Moderate
Q6	(a)	**Negotiable Instruments Act, 1881**	Foreign Bill, Presentment & Compensation	7	High
	(b)	**Indian Contract Act, 1872**	Privity of Contract OR Rules Regarding Consideration	6	Moderate
	(c)	**Sale of Goods Act, 1930**	Unpaid Seller & Remedies Against Buyer	7	Easy–Moderate

2. Detailed Question-wise Analysis

Q1(a) – Offer, Acceptance & Consideration

Marks: 7

This is a **case-based question** based on a reward-type offer.

The major concepts tested are:

- Acceptance by conduct/performance

- Communication and revocation of offer
- Effect of revocation reaching the offeree
- Consideration/payment by a third party

The important fact is that Meera did not separately communicate acceptance but proceeded to perform the condition of the offer and successfully completed the task.

Difficulty: Moderate–High

Q1(b) – Doctrine of Indoor Management

Marks: 7

This is one of the stronger **Companies Act application-based questions** in the paper.

The company had borrowing powers under its Articles, but the required Board Resolution had not actually been passed. The bank relied on the company's representations.

Concepts tested:

- Doctrine of Constructive Notice
- Doctrine of Indoor Management
- Exceptions to Indoor Management
- Actual knowledge of irregularity
- Forgery

Difficulty: High

Q1(c) – Partnership Property & Sharing of Profits

Marks: 6

This question tests two Partnership Act concepts.

1. Sharing of Profits/Gross Returns

The mere fact that a person receives or shares profits does **not automatically make that person a partner**.

The answer should explain the statutory position and relevant exceptions.

2. Partnership Property

The student should explain what constitutes property of the firm, including:

- Property brought into the common stock.
- Property acquired for the firm/business.
- Property acquired with firm money.
- Property acquired for the purposes of the firm's business.

Difficulty: Moderate

Q2(a) – Sale on Approval / Sale or Return

Marks: 7

This question deals with goods delivered on a **sale-or-return basis** for a fixed period.

The important facts relate to:

- 10-day period
- Buyer's conduct
- Removal/use of goods
- Knowledge of the seller
- Circumstances in which acceptance is deemed

Major concept tested

When goods are delivered on approval or sale-or-return terms, property may pass when the buyer:

- Expressly signifies approval/adoption.
- Does an act adopting the transaction.
- Retains the goods beyond the agreed period.
- Acts inconsistently with the seller retaining ownership.

Difficulty: Moderate–High

Q2(b) – Separate Legal Entity & Lifting of Corporate Veil

Marks: 7

The question begins with the fundamental principle that a company has a **separate legal personality** from its members/shareholders.

The second part asks when this separate identity may be disregarded.

Answer should contain:

1. Meaning of separate legal entity.
2. Meaning of corporate veil.
3. Circumstances in which the veil can be lifted.
4. Relevant statutory/judicial situations.
5. Short explanation/example for each.

Difficulty: Moderate–High.

Q2(c) – Small LLP & Incorporation Document

Marks: 6

This question contains two LLP-related topics.

Part 1 – Small LLP

The student has to state the prescribed conditions for an LLP to qualify as a **Small LLP**.

Part 2 – Incorporation Document

The required particulars in the incorporation document need to be explained point-wise.

Difficulty: Moderate.

Q3(a) – Retirement/Death of Partner + Calculation

Marks: 7

This is one of the **most application-oriented questions** in the paper.

Alex's profit-sharing ratio is **3/10**.

Partnership property at retirement = **Rs.30 crore**

Alex's share:

Rs.30 crore × 3/10
= **Rs.9 crore**

Profit earned between retirement and death = **Rs.2 crore**

Alex's share:

Rs.2 crore × 3/10
= **Rs.60 lakh**

Therefore:

Rs.9 crore + Rs.60 lakh = Rs.9.60 crore

In the second situation, additional profit of Rs.50 lakh is earned.

Alex's share:

Rs.50 lakh × 3/10
= **Rs.15 lakh**

Therefore:

Rs.9 crore + Rs.60 lakh + Rs.15 lakh = Rs.9.75 crore

The question also tests the rule relating to **continuing guarantee after a change in the constitution of the firm**.

Difficulty: High

Q3(b) – Entrenchment Provisions

Marks: 7

This question deals with an **entrenchment provision in the Articles of Association** of a private company.

The facts present two different opinions regarding the procedure required for introducing such a provision.

Concepts tested:

- Meaning of entrenchment
- Entrenchment provisions in Articles
- Procedure for insertion
- Difference between incorporation and subsequent alteration
- Special requirements applicable to a private company

Difficulty: High

Q3(c) – Appropriation of Payments

Marks: 6

This is a relatively direct question based on **Sections 59, 60 and 61 of the Indian Contract Act, 1872**.

Three situations:

1. Debtor specifies the debt

The payment is appropriated according to the debtor's indication, subject to the statutory provisions.

2. Debtor does not specify

The creditor gets the right to appropriate the payment according to the statutory rule.

3. Neither party appropriates

The law determines the order of appropriation.

Difficulty: Easy–Moderate

Q4(a) – Anticipatory Breach & Damages

Marks: 7

Vogue Fabrics refused to perform the contract before the actual delivery date.

This constitutes **anticipatory breach of contract**.

The question then tests whether the injured party can sue before the original date of performance and how damages are calculated.

Calculation

Contract price = **Rs.2,000 per metre**

Market price on the date of suit = **Rs.2,500 per metre**

Difference:

Rs.2,500 − Rs.2,000 = **Rs.500**

Quantity = 1,000 metres

Therefore:

1,000 × Rs.500 = Rs.5,00,000

Difficulty: High

Q4(b) – Inchoate Instrument & Cheque vs Bill

Marks: 7

Part 1 – Inchoate Instrument

The answer should cover:

- Meaning of an inchoate instrument
- Signing and delivery of an incomplete instrument
- Authority given to the holder
- Liability of the person signing it
- Position of a holder in due course

Part 2 – Cheque vs Bill of Exchange

The key statement is:

Every cheque is a bill of exchange, but every bill of exchange is not a cheque.

The student should explain this through the statutory definitions and differences.

Difficulty: Moderate

Q4(c) – Ministry of Home Affairs

Marks: 6

This is different from the usual problem-based questions of Contract, Partnership or Sale of Goods.

It asks about:

- Major responsibilities of the Ministry of Home Affairs.
- Departments functioning under the Ministry.

Difficulty: Moderate

Q5(a) – Unpaid Seller, Lien & Resale

Marks: 7

This is another **high-value application + calculation question**.

The question tests:

- Rights of an unpaid seller
- Lien
- Resale
- Notice of resale
- Perishable goods
- Calculation of loss/profit

Calculation

3,000 cans are involved.

1,200 cans sold at Rs.75

Original price = Rs.100

Loss per can = Rs.25

1,200 × Rs.25
= **Rs.30,000 loss**

1,800 cans sold at Rs.105

Profit per can = Rs.5

1,800 × Rs.5
= **Rs.9,000 profit**

The question also tests the importance of **notice of resale** and the special position of **perishable goods**.

Difficulty: High

Q5(b) – Implied Authority & Emergency Authority

Marks: 7

This question deals with the authority of a partner in the ordinary course of partnership business.

1. Implied Authority

A partner can bind the firm through acts done in the usual manner for carrying on the firm's business.

2. Restrictions

Certain specified acts fall outside ordinary implied authority unless properly authorised.

3. Emergency Authority

In an emergency, a partner may take necessary steps to protect the firm from loss, provided the action is what an ordinarily prudent person would do in similar circumstances.

The fact that the firm deals in **industrial chemicals** is relevant to the emergency-authority aspect.

Difficulty: Moderate–High

Q5(c) – Wagering Agreement

Marks: 6

The question asks about:

Wagering Agreement

The student should explain:

- Meaning
- Essential characteristics
- Statutory effect
- Why wagering agreements are void

It also asks about transactions which may appear similar to wagers but are **not treated as wagering agreements** under the law.

Difficulty: Moderate

Q6(a) – Foreign Bill, Presentment & Compensation

Marks: 7

This is a detailed Negotiable Instruments Act application question.

Part 1 – Foreign Bill

The facts regarding the place of drawing, residence of the drawee and place of payment have to be used to determine whether the instrument is an **inland or foreign bill**.

Part 2 – Delay in Presentment

The delay occurred because of an unexpected volcanic eruption that disrupted international courier services.

The student has to apply the rule relating to **excusable delay caused by circumstances beyond the holder's control**.

Part 3 – Compensation

The answer needs to identify the statutory components of compensation, including relevant expenses and applicable exchange/interest treatment.

Difficulty: High

Q6(b) – Privity of Contract OR Consideration

Marks: 6

The question provides an alternative.

Option 1 – Privity of Contract

Start with the general rule:

A stranger to a contract ordinarily cannot sue upon the contract.

Then explain the recognised exceptions.

OR

Option 2 – Rules Regarding Consideration

The student has to state **any six legal rules regarding consideration** with brief explanations/examples.

Difficulty: Moderate

Q6(c) – Unpaid Seller & Remedies

Marks: 7

This is a direct theoretical question.

Part 1

Define an **unpaid seller**.

Part 2

Explain the remedies available to an unpaid seller **against the buyer**.

Important remedies include:

- Suit for price
- Suit for damages for non-acceptance
- Suit for damages for repudiation, where applicable
- Interest/other statutory relief where applicable

Difficulty: Easy–Moderate

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