

ANSWER KEY — 26 SEPTEMBER 2026

Q1	Q2	Q3	Q4	Q5	Q6	Q7	Q8	Q9	Q10
C	A	D	B	B	D	A	C	D	A
Q11	Q12	Q13	Q14	Q15	Q16	Q17	Q18	Q19	Q20
C	A	B	D	A	C	A	D	B	C
Q21	Q22	Q23	Q24	Q25					
D	B	A	C	B					

LEGAL REASONING

Q1 C Salomon - separate legal personality **MED**

Salomon v A Salomon & Co Ltd (1897) is the authority stated in the passage. Once a company is registered under the Companies Act, 2013 it is a person in law distinct from the members who compose it, whatever the distribution of its shares. Three consequences follow, and all three are in the passage: the company owns its own property, it owes its own debts, and it may contract with its own shareholders. The last consequence decides this question. A member who lends money to his company on a charge over its assets is a secured creditor of a separate person, and he ranks on that security ahead of the unsecured trade creditors exactly as an outside lender would. That Vikram holds all but six of the shares is legally immaterial; one-man control is not a ground for lifting the veil. Option C is therefore correct.

Examiner's note — the trap: A is the attractive wrong answer because the commercial reality does look like one man trading. Control is not agency: the veil is lifted for fraud or evasion, never for concentration of shares.

Q2 A Lifting the veil - evasion of an obligation **HARD**

The passage states the narrow grounds on which the corporate veil is lifted: where the corporate form is used to defeat the law, to evade a subsisting obligation, or to work a fraud, or where the company is a mere sham concealing the true actors. Harish was already bound by a live covenant when he incorporated. The company has no purpose disclosed by the facts other than doing what the covenant forbids him to do, and he and his wife own the whole of it. That is evasion of a subsisting obligation in its clearest form, and the court will look through the company to the man behind it and restrain both. Option A is correct. Option B states the Salomon rule accurately but applies it to the very situation the exception exists to meet.

Examiner's note — the trap: B is the trap for a candidate who has just learnt Salomon and applies it mechanically. Separate personality is the rule; evasion of an existing obligation is the standard exception to it.

Q3 D Section 166(5) - undue gain **ELITE**

Section 166(4) forbids a director to involve himself in a situation in which he has a direct or indirect interest conflicting with the interest of the company, and section 166(5) forbids him to achieve any undue gain or advantage either to himself or to his relatives. The remedy in section 166(5) is stated in the passage and is the key to this question: a director who makes such a gain is liable to pay the company an amount equal to that gain. Note what the provision does not require. It does not require the company to prove that it lost anything, and it does not matter that the gain was pocketed by the son's firm rather than by the director in person, because the sub-section reaches an advantage achieved for a relative. Diverting a corporate opportunity learnt of at a Board meeting is the paradigm case. Option D is correct.

Examiner's note — the trap: A is the sophisticated trap: it imports the law of damages, where loss must be proved. Section 166(5) is an account of gain, not compensation for loss, so no loss need be shown.

Q4 B Section 188(3) - voidable related-party contract **HARD**

A partnership firm in which a director's brother is a partner is a related party, and section 188 requires the consent of the Board by resolution before the company contracts with it. The passage gives the consequence of a failure to obtain that consent. Section 188(3) provides that where such a contract is entered into without the Board's consent and is not ratified within three months, it is voidable at the option of the Board, and the director concerned must indemnify the company against any loss it suffers. Four months have passed with no ratification, so the three-month window has closed and the option to avoid has arisen. The contract is not void from the beginning: a related-party contract is regulated, not prohibited, and until the Board avoids it the contract stands. Option B is correct.

Examiner's note — the trap: A is the trap, converting a regulatory requirement into an outright prohibition. Voidable and void are different: only the Board may set this contract aside, and only within the statutory scheme.

Q5 B Section 2(d) - consideration from a stranger MED

Section 2(d) of the Indian Contract Act, 1872 defines consideration as an act, abstinence or promise done or made at the desire of the promisor by the promisee or any other person. The words any other person are decisive and are set out in the passage. The consideration for the daughter's promise to pay the annuity is the gift of the land, and it moved from Ratna rather than from her brother. Because Indian law permits consideration to move from a stranger to the consideration, the promise is supported and the brother, who is the promisee of the written undertaking to pay him, may sue upon it. This is the rule illustrated by *Chinnaya v Ramayya*. The separate doctrine of privity, that only a party to the contract may sue on it, is not offended, because the brother is a party to the arrangement he seeks to enforce. Option B is correct.

Examiner's note — the trap: A is the trap for a candidate carrying the English rule that consideration must move from the promisee. Section 2(d) departs from it in terms; only privity of contract survives in India.

Q6 D Section 25(2) - compensation for a past voluntary act HARD

The general rule in section 25 is that an agreement made without consideration is void, but the passage sets out the three cases the section saves. The second of them fits these facts exactly: a promise to compensate, wholly or in part, a person who has already voluntarily done something for the promisor is enforceable although nothing moves from the promisee at the time of the promise. Farid recovered and returned the consignment without being asked, so the act was voluntary, and it was done for Girish, who is the promisor. The promise to pay twelve thousand rupees for that service therefore binds Girish. Registration is irrelevant here: writing and registration are required only by the first exception, which deals with natural love and affection between parties standing in a near relation. Option D is correct.

Examiner's note — the trap: C is the trap: it treats the absence of a prior request as fatal, which is true of consideration under section 2(d) but is the very thing section 25(2) dispenses with.

Q7 A Section 56 - impossibility, not onerousness HARD

Section 56 makes a contract void when the act contracted for becomes impossible or unlawful after the contract is made. The passage adds the limit that decides this question: a bargain merely made harder or costlier is not thereby frustrated. The mining ban has tripled the contractor's cost, so that he will now lose money on every load, but crushed stone can still be bought and still be delivered at the contracted rate. Performance remains possible and remains lawful; only its profitability has gone. Indian law has consistently refused to treat commercial hardship, however severe, as frustration, the leading statement being in *Satyabrata Ghose v Mugneeram Bangur*. The contractor must perform or pay damages for breach. Option A is correct.

Examiner's note — the trap: B is the attractive answer because the loss is real and heavy. Commercial worthlessness is not impossibility; if it were, every party could escape a bargain the market had turned against.

Q8 C Section 74 - reasonable compensation not exceeding the named sum ELITE

Where a sum is named in the contract as payable on breach, section 74 entitles the injured party to receive from the party in breach reasonable compensation not exceeding the sum so named, whether or not actual damage or loss is proved. Two halves of that rule must be read together. The first half means that proof of actual loss is not a precondition, so the buyer does not fail merely because he has proved none. The second half means that the named figure is a ceiling and not an entitlement, so the court awards what it assesses to be reasonable within that ceiling. The court here has assessed two lakh rupees as the fair measure of the delay, and that sum is below the named five lakh rupees. The buyer accordingly recovers two lakh rupees. Option C is correct.

Examiner's note — the trap: B is the trap for a candidate who reads the words whether or not actual damage is proved and stops there. Those words remove the need for proof; they do not turn the named sum into an automatic entitlement.

LOGICAL REASONING

Q9 D Inference by chaining conditionals MED

Three statements in the note chain together. First, every cafe-attached room lends textbooks. Second, every room that lends textbooks runs a doorstep delivery van. Third, no room that closes on Sundays runs a delivery van. Take a cafe-attached room: it lends textbooks, therefore it runs a van, therefore it cannot be a room that closes on Sundays, because such rooms run no van. That chain is valid for every one of the nine, so option D must be true. The other three options overreach. The grant is given only to rooms that lend textbooks, but the note nowhere says every such room receives it, so A and, with it, C do not follow, since the surplus is reported only by rooms that received the grant. B is refuted by the note's closing sentence, which says the trust intends to add evening hours at cafe rooms in the future, implying that some have not added them.

Examiner's note — the trap: A is the trap: only if is read as if. The trust gives the grant only to textbook-lending rooms; that restricts who may receive it, not who does.

Q10 A Contrapositive chain HARD

The new room closes on Sundays. The note says no room that closes on Sundays runs a delivery van, so this room runs no van. The note also says every room that lends textbooks runs a van; the contrapositive of that is that a room with no van lends no textbooks, so this room lends none. Finally, the grant is given only to rooms that lend textbooks, so a room that lends none cannot receive the grant. Option A states both of those results and is correct. Option C fails because it accepts the first step and then denies the contrapositive of the second, which is exactly the error the question is set to catch. Option B adds a claim about membership that nothing in the note supports. Option D reverses the grant condition: lending textbooks is necessary for the grant, and a van alone gets the room nowhere.

Examiner's note — the trap: C is the trap: it correctly rules out the van and then stops. A room with no van cannot lend textbooks, because lending textbooks guarantees a van.

Q11 C Inference from a universal about a subset **HARD**

The note says membership rose at each reading room that added evening hours. Membership fell at three rooms. If any of those three had added evening hours, its membership would have risen, which contradicts the fact that it fell. None of the three, therefore, added evening hours, and option C is correct. This is a contrapositive again: added evening hours implies membership rose, so membership did not rise implies evening hours were not added. Option A does not follow, because a cafe room might have had falling membership for some reason unconnected with hours. Option B invents a link between repairs and membership that the note never draws; the two rooms shut for repairs may be among the three or may not. Option D is unsupported for the same reason: nothing ties the running of a delivery van to the movement of membership.

Examiner's note — the trap: B is the trap because the repairs look like an explanation for a fall. An inference question asks what must follow, not what would plausibly account for the facts.

Q12 A Converse fallacy in an EXCEPT question **ELITE**

Three of the four options follow from the note and one does not. Option B follows by the chain already traced: cafe implies textbooks, textbooks imply a van, and a van rules out Sunday closing. Option C follows because the grant goes only to rooms that lend textbooks and every such room runs a van. Option D is the contrapositive of the same grant condition: no textbooks means no grant. Option A is the converse of the statement that every room lending textbooks runs a van. A conditional does not license its converse: the note allows a room to run a delivery van for parcels, medicines or anything else while lending no textbooks at all, and nothing excludes that possibility. Option A is therefore the one statement that cannot be drawn, and it is the answer.

Examiner's note — the trap: C tempts candidates who think a two-step chain must be weaker than a one-step claim. Length is irrelevant; A fails because it reverses a conditional, which no number of steps can license.

Q13 B Resolving a paradox - both halves **MED**

The two facts that appear to conflict are a fall of four fifths in defects entered in the works register and a rise of half in buyers' complaints and in warranty repairs. A resolution must leave both true, which means it must explain why fewer defects are recorded without implying that fewer defects exist. Option B does exactly that. The bonus is paid for a clean register, not for clean workmanship, so the scheme rewards non-recording; if teams now move defective units on rather than have them entered, the register empties while the same faulty pumps, or more, reach buyers. Option A addresses only the rise in complaints and leaves the fall in the register unexplained, and it is in any event undercut by the rise in verified warranty repairs. Option C weakens the incentive the puzzle needs. Option D is merely a fact about who does the repairs.

Examiner's note — the trap: A is the attractive wrong answer because it is a real-world explanation for rising complaints. It accounts for one half of the puzzle only, and a resolution must account for both.

Q14 D Undermining a proposed explanation **HARD**

The manager's suggestion is that the pumps are no worse and that buyers have merely become readier to complain. That suggestion depends on the rise being an artefact of reporting behaviour rather than a real rise in faults. Option D removes that possibility. A warranty repair is carried out only after the firm's own engineer has verified the fault, so it is an objective count of pumps actually found defective, and it has risen by nearly half, in step with the complaints. Reporting behaviour cannot inflate a verified count. Option A, far from undermining the suggestion, supports it by showing a general rise in complaining. Option B tells us the buyer base is stable, which is consistent with either account. Option C would explain inflated complaint numbers and so helps rather than hurts the manager. Option D is correct.

Examiner's note — the trap: C is the trap: double-counting does attack the complaints figure, but it attacks the manager's opponents, not the manager. Read which side of the argument an option helps.

Q15 A EXCEPT - which fact does not resolve **ELITE**

Three options supply a mechanism by which recorded defects fall while real defects do not. Option B has the inspectors themselves sharing in the bonus, so the very people who write in the register now have a reason to leave faults out of it. Option C describes unofficial repair off the record, which empties the register without improving the pumps that go out. Option D sharpens the incentive: if one entry costs every member of a team the whole month's bonus, the pressure to keep the page clean is intense and concealment becomes the rational course. Option A does neither half of the work. That buyers complain only within the warranty period tells us something about when complaints arise, but the warranty is unchanged, so it explains neither the fall in the register nor the rise in complaints. Option A is the exception.

Examiner's note — the trap: D is the option most often struck out, because it looks like a detail about the scheme rather than an explanation. A stronger incentive to conceal is precisely what the resolution needs.

Q16 C Deepening a paradox **HARD**

To deepen the puzzle an option must close off the explanation that would otherwise dissolve it. The natural explanation is concealment: defects exist but are not entered in the register. Option C blocks that route. If every finished pump is tested by an independent agency before it leaves the works, then faulty pumps should be stopped at the gate whoever writes in the register, and the

rise in buyers' complaints and in verified warranty repairs becomes harder, not easier, to account for. Option A is a neutral fact about when teams learn their position. Option B about the selling price bears on nothing in the puzzle. Option D tells us the warranty is unchanged, which keeps the comparison fair and removes a possible distortion rather than adding one. Option C is correct.

Examiner's note — the trap: D attracts candidates who see the warranty mentioned and assume it must matter. An unchanged warranty holds a variable constant; it neither creates nor removes the conflict.

QUANTITATIVE TECHNIQUES

Q17 **A** Loss as a percentage of generation **MED**

Loss percentage = (units generated - units sold) $\times$ 100 / units generated, computed year by year. 2021: $(800 - 640) \times 100 / 800 = 160 \times 100 / 800 = 20$ per cent. 2022: $(900 - 738) \times 100 / 900 = 162 \times 100 / 900 = 18$ per cent. 2023: $(1,000 - 850) \times 100 / 1,000 = 15$ per cent. 2024: $(1,200 - 996) \times 100 / 1,200 = 204 \times 100 / 1,200 = 17$ per cent. 2025: $(1,500 - 1,290) \times 100 / 1,500 = 210 \times 100 / 1,500 = 14$ per cent. The greatest of these is 20 per cent, in 2021, so option A is correct. Note that the largest loss in absolute units is 210 million, in 2025, and that year has the smallest loss as a percentage; a ratio and a difference rank the years differently.

Examiner's note — the trap: D is the trap: 2025 loses the most units outright, 210 million, so a candidate comparing the two columns by subtraction alone picks it. The question asks for a percentage.

Q18 **D** Percentage increase over a base **HARD**

Percentage increase = (new value - old value) $\times$ 100 / old value, and the base is the earlier year, 2023. Units generated in 2023 were 1,000 million and in 2025 were 1,500 million. The increase is $1,500 - 1,000 = 500$ million units, and as a percentage of the 2023 figure that is $500 \times 100 / 1,000 = 50$ per cent. Option D is correct. Two checks guard against the usual slips. The base must be the quantity exceeded, here 1,000 and not 1,500; using 1,500 would give $33 \frac{1}{3}$ per cent, which is the answer to a different question, namely by what percentage 2023 falls short of 2025. And the question asks about units generated, not units sold; the sold column would give $(1,290 - 850) \times 100 / 850$, which is about 51.8 per cent.

Examiner's note — the trap: A, $33 \frac{1}{3}$ per cent, is the trap: it divides the same difference of 500 by 1,500 instead of 1,000, that is, by the larger year rather than by the base.

Q19 **B** Revenue from units sold and tariff **HARD**

The passage states the formula: revenue from sales in a year equals the units sold that year multiplied by that year's average tariff. For 2024 the units sold were 996 million and the average tariff was Rs 6.25 per unit. Revenue = $996 \times 6.25 = \text{Rs } 6,225$ million, which is option B. The arithmetic is quickest as $996 \times 6.25 = 996 \times 25 / 4 = 24,900 / 4 = 6,225$. Two columns must be kept apart. Revenue is earned on what is sold, not on what is generated, so the 1,200 million units generated play no part; $1,200 \times 6.25 = 7,500$ million is the revenue the utility would have earned had nothing been lost. And the tariff must be the one for the same year: $996 \times 6.50 = 6,474$ million uses the 2025 tariff, and $996 \times 6.00 = 5,976$ million uses the 2023 tariff.

Examiner's note — the trap: D is the trap: it applies the 2024 tariff to the units generated rather than to the units sold, which silently assumes the utility is paid for the electricity it loses.

Q20 **C** Threshold comparison across a series **HARD**

The test is whether units sold exceed 85 per cent of units generated, so compute the ratio for each year. 2021: $640 \times 100 / 800 = 80.0$ per cent. 2022: $738 \times 100 / 900 = 82.0$ per cent. 2023: $850 \times 100 / 1,000 = 85.0$ per cent. 2024: $996 \times 100 / 1,200 = 83.0$ per cent. 2025: $1,290 \times 100 / 1,500 = 86.0$ per cent. Only 2025 is above 85 per cent, so the answer is one year and option C is correct. The year to watch is 2023, which sits exactly on 85.0 per cent. The stem asks for more than 85 per cent, and a figure equal to the threshold does not exceed it, so 2023 is excluded. Equivalently, the sold share is 100 minus the loss percentage, and only 2025, with a loss of 14 per cent, falls below a loss of 15 per cent.

Examiner's note — the trap: A, two years, is the trap: it counts 2023 as well, reading more than 85 per cent as 85 per cent or more. A boundary value never satisfies a strict inequality.

Q21 **D** Compounding a growth with a retained loss rate **ELITE**

Two steps, in order. First find the 2026 generation: 20 per cent more than the 1,500 million units of 2025, that is $1,500 \times 1.20 = 1,800$ million units. Next find the loss rate to be applied: the 2023 loss was $(1,000 - 850) \times 100 / 1,000 = 15$ per cent, so 85 per cent of what is generated is sold. Units sold in 2026 = $1,800 \times 0.85 = 1,530$ million units, which is option D. The check is that the two factors compound: $1.20 \times 0.85 = 1.02$, so sales rise to 1,530 million from 1,290 million, a rise of about 18.6 per cent, because a larger output is being pushed through a tighter network. Applying the growth to the sales figure instead of the generation figure gives $1,290 \times 1.20 = 1,548$ million, which is wrong because the 2025 loss of 14 per cent, not the 2023 loss, is then embedded in it.

Examiner's note — the trap: A, 1,548 million, is the trap: it grows last year's sales by 20 per cent and never applies the 2023 loss rate at all, so the condition the question imposes is quietly dropped.

Q22 **B** Ratio split then weighted sum **MED**

Split the traffic in the ratio 5 : 3 : 2, whose parts total 10. Cars = $12,000 \times 5 / 10 = 6,000$; light goods vehicles = $12,000 \times 3 / 10 = 3,600$; buses = $12,000 \times 2 / 10 = 2,400$. Now apply each class's toll. Cars: $6,000 \times 80 = \text{Rs } 4,80,000$. Light goods vehicles: $3,600 \times 140 = \text{Rs } 5,04,000$. Buses: $2,400 \times 250 = \text{Rs } 6,00,000$. The day's collection is $4,80,000 + 5,04,000 + 6,00,000 = \text{Rs } 15,84,000$, which is option B. A

useful check is the average toll per vehicle: $15,84,000 / 12,000 = \text{Rs } 132$, which sits sensibly between the car toll of Rs 80 and the bus toll of Rs 250, closer to the middle because the two dearer classes together account for half the traffic.

Examiner's note — the trap: D is the trap: $12,000 \times 80 = \text{Rs } 9,60,000$ charges the car toll to every vehicle on the road, ignoring the ratio and the two higher rates altogether.

Q23 A Share of a component in a total **HARD**

A share of revenue is computed on revenue, not on the number of vehicles. Buses contribute $2,400 \times 250 = \text{Rs } 6,00,000$ out of a total collection of Rs 15,84,000. The share is $6,00,000 \times 100 / 15,84,000 = 37.88$ per cent, which to one decimal place is 37.9 per cent, option A. The other two classes complete the picture: cars give $4,80,000 \times 100 / 15,84,000 = 30.3$ per cent and light goods vehicles give $5,04,000 \times 100 / 15,84,000 = 31.8$ per cent, and the three shares sum to 100. Buses are only a fifth of the vehicles yet contribute well over a third of the money, because their toll of Rs 250 is more than three times the car toll; a share by count and a share by value diverge whenever the unit prices differ.

Examiner's note — the trap: D, a little under one fifth, is the trap: it reports the buses' share of the traffic, which is exactly one fifth, in place of their share of the money.

Q24 C Break-even on a fixed-price pass **HARD**

On each day he travels the commuter makes two crossings, so paying at the plaza costs him $2 \times 80 = \text{Rs } 160$ for that day. If he travels on n days in the month, the pay-as-you-go cost is $160n$ rupees and the pass costs a flat Rs 1,800. The pass is cheaper when $160n$ is greater than 1,800, that is when n is greater than $1,800 / 160 = 11.25$. Since n must be a whole number of days, the least value satisfying the inequality is $n = 12$, which is option C. Testing the two candidates confirms it: at 11 days the tolls come to $11 \times 160 = \text{Rs } 1,760$, which is less than the price of the pass, so the pass is not yet worth buying; at 12 days they come to $12 \times 160 = \text{Rs } 1,920$, which exceeds Rs 1,800 by Rs 120.

Examiner's note — the trap: B, twenty-two, is the trap: it is the number of crossings at which the pass pays for itself, $1,800 / 80 = 22.5$ rounded up, read as though it were a number of days.

Q25 B Effect of a price rise with a volume fall **ELITE**

Both the price and the quantity move, so the new revenue must be rebuilt from its two factors. Cars at the old toll numbered 6,000 and a fall of 8 per cent leaves $6,000 \times 0.92 = 5,520$ cars. At the new toll of Rs 95 the day's collection from cars is $5,520 \times 95 = \text{Rs } 5,24,400$. The old collection from cars was $6,000 \times 80 = \text{Rs } 4,80,000$. The change is $5,24,400 - 4,80,000 =$ a rise of Rs 44,400, which is option B. The reason it rises is that the two factors multiply: the toll is raised in the ratio $95 / 80 = 1.1875$ and the traffic falls in the ratio 0.92, and $1.1875 \times 0.92 = 1.0925$, so the collection grows by 9.25 per cent of Rs 4,80,000, which is Rs 44,400.

Examiner's note — the trap: A, a rise of Rs 90,000, is the trap: it multiplies the unchanged 6,000 cars by the Rs 15 increase and forgets that 480 cars have stopped crossing.

RAPID FIRE — ANSWERS

1. Which case settled that a company is a person distinct from its members? — **Salomon v A Salomon & Co Ltd (1897).**
2. Can a shareholder be a secured creditor of his own company? — **Yes. Salomon's debenture ranked ahead of the unsecured creditors.**
3. Name three grounds on which a court lifts the corporate veil. — **Fraud, evasion of a subsisting obligation, and a mere sham or facade.**
4. Is one-man control by itself a ground for lifting the veil? — **No. Concentration of shares is not fraud or evasion.**
5. Which section of the Companies Act, 2013 states a director's duties? — **Section 166.**
6. In whose interest must a director act under section 166(2)? — **In good faith, to promote the company's objects for the benefit of the members as a whole.**
7. What standard of conduct does section 166(3) set? — **Due and reasonable care, skill and diligence, exercised with independent judgment.**
8. What does section 166(4) forbid? — **Involvement in a situation of direct or indirect conflict with the company's interest.**
9. What does section 166(5) forbid, and for whose benefit? — **Any undue gain or advantage, to the director himself or to his relatives.**
10. What is the remedy for an undue gain under section 166(5)? — **The director must pay the company an amount equal to that gain.**
11. Must the company prove loss to recover under section 166(5)? — **No. It is an account of gain, not compensation for loss.**
12. Which section governs contracts with related parties? — **Section 188.**
13. What consent does section 188 require first? — **The consent of the Board, given by resolution.**

14. May a member who is a related party vote on the approving resolution? — **No. The proviso to section 188(1) bars that member from voting.**
15. What happens if a related-party contract is not ratified within three months? — **Section 188(3): it becomes voidable at the option of the Board.**
16. Who indemnifies the company for loss on such a contract? — **The director concerned.**
17. Is a related-party contract void or voidable? — **Voidable. Such contracts are regulated, not prohibited.**
18. Under which sections may a member complain of oppression and mismanagement? — **Sections 241 and 242.**
19. Which section of the Contract Act defines consideration? — **Section 2(d).**
20. Whose act can be consideration under section 2(d)? — **The promisee or any other person, so it may move from a stranger.**
21. Can a stranger to the contract sue upon it? — **No. A stranger to the consideration may sue; a stranger to the contract may not.**
22. Which case illustrates consideration moving from a third party? — **Chinnaya v Ramayya.**
23. What is the general rule in section 25? — **An agreement made without consideration is void.**
24. State the first exception in section 25. — **A written, registered promise made out of natural love and affection between parties in a near relation.**
25. State the second exception in section 25. — **A promise to compensate someone who has already voluntarily done something for the promisor.**

26. State the third exception in section 25. — A written, signed promise to pay a debt barred by limitation.

27. Does section 25(2) need a prior request by the promisor? — No. The past act must be voluntary and done for the promisor.

28. What does section 27 declare void? — Every agreement restraining a person from exercising a lawful profession, trade or business.

29. What is the exception written into section 27 itself? — The sale of goodwill, within reasonable local limits.

30. State the rule in section 56. — A contract to do an act that afterwards becomes impossible or unlawful becomes void when it becomes so.

31. Does a steep rise in cost frustrate a contract? — No. Performance made harder or costlier is not performance made impossible.

32. Which case states that commercial hardship is not frustration? — Satyabrata Ghose v Mugneeram Bangur.

33. What two kinds of loss does section 73 compensate? — Loss arising naturally in the usual course, and loss the parties knew at contracting to be likely.

34. Does section 73 reach remote loss? — No. Remote and indirect loss is expressly excluded.

35. What does section 74 give where the contract names a sum payable on breach? — Reasonable compensation not exceeding that sum, whether or not actual damage is proved.

36. Is the sum named under section 74 an automatic entitlement? — No. It is a ceiling; the court awards what is reasonable within it.

37. What must an inference be? — Something that must be true on the statements given, not merely something likely.

38. Why can you not infer the converse of a conditional? — All A are B never yields all B are A.

39. What is the contrapositive, and is it valid? — From if A then B, infer if not B then not A. Always valid.

40. What must a resolution to a paradox do? — Leave both conflicting facts true by explaining each of them.

41. How do you compute a utility's loss percentage? — (Units generated minus units sold) x 100 / units generated.

42. When is a flat monthly pass worth buying? — When trips multiplied by the per-trip fare exceed the price of the pass.

43. What did Salomon v Salomon settle? — A company is a legal person separate from its members, even a one-man company

44. Name two grounds on which a court lifts the corporate veil. — Fraud or evasion of a legal obligation, and using the company as a mere facade

45. Under s.166(5), what must a director not do? — Achieve or attempt to achieve any undue gain or advantage

46. A related-party contract entered without required consent is? — Voidable at the company's option (s.188(3))