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**Instruction:**

1. Use HB Pencil to fill ovals for correct answer.
2. Each question carry one mark.
3. Negative marking .25 marks
4. No negative marking for unattempted questions.

**Time : 2 Hours**

**Date : 28.11.2014**

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1. Following are the differences between Partnership and Joint Venture except:
  - (a) Joint Venture is essentially planned for short terms mainly for one contract/ deal. However, partnership are normally undertaken as going concerns and are expected to last for a very long period.
  - (b) The persons involved in a joint venture are called co-ventures whereas persons involved in a partnership are called partners.
  - (c) Any specific statute of the Government does not govern joint ventures but the Indian Partnership Act, 1932, governs partnership.
  - (d) Memorandum of Understanding is mandatory to be drafted to spell the relationship between the co-ventures whereas the basic relationship between the partners is defined by the partnership deed.
2. If there is no partnership deed then interest on capital will be charged at ..... p.a.
  - (a) 6 %
  - (b) 8 %
  - (c) 9 %
  - (d) NIL
3. Net profit of the firm is Rs. 5,000 Interest on capital and interest on drawings still not charges are Rs. 5,000 and Rs. 2500 respectively. Net profit available for the distribution among the partners after charging the above will be:-
  - (a) Rs. 7,500
  - (b) Rs. 5,000
  - (c) Rs. 2,500
  - (d) Nil
4. A, B and C are partner's sharing profit and loss in the ratio of 3:2:1. They admitted D for  $\frac{1}{6}$ <sup>th</sup> share after admission of D, share of C's will be same and ratio between A and B will be 3 : 1. What will be new ratio for A, B, C and D
  - (a) 3 : 1 : 1 : 1
  - (b) 3 : 2 : 1 : 1
  - (c) 2 : 2 : 1 : 1
  - (d) None of these.
5. Mr. Ram is a partner in a firm. He made drawings as follows:

July 1	200.00
August 1	200.00
September 1	300.00
November 1	50.00
February 1	100.00

If the rate of interest on drawings is 6% and accounts are closed on March, 31, the interest on drawings is:
  - (a) Rs. 29.75
  - (b) Rs. 35.00
  - (c) Rs. 30.00
  - (d) Rs. 40.00

6. Following are the factors affecting goodwill except:

- |                         |                               |
|-------------------------|-------------------------------|
| (a) Nature of business  | (b) Efficiency of management  |
| (c) Technical know how. | (d) Location of the customers |

7. X and Y share profits and losses in the ratio of 2 : 1. They take Z as a partner and the new profit sharing ratio becomes 3 : 2 : 1. Z brings Rs. 4,500 as premium for goodwill. The full value of goodwill will be

- |                 |                 |
|-----------------|-----------------|
| (a) Rs. 4,500.  | (b) Rs. 18,000. |
| (c) Rs. 27,000. | (d) Rs. 24,000. |

8. Sushila's business disclosed the following profits for the last two years:

2008 Rs.40,000 (including an abnormal gain of Rs.5,000)

2009 Rs.50,000 (After charging an abnormal loss of Rs.10,000)

The value of goodwill on the basis of one year purchase of the average profit of last two years is:

- |                |                        |
|----------------|------------------------|
| (a) Rs.45,000. | (b) Rs.37,500          |
| (c) Rs.47,500  | (d) None of the three. |

9. Goodwill of the firm is valued at three year's purchase of the average profits of the last five years. The profits are as under:

	Rs.	
2005	40,000	Profit
2006	20,000	Loss
2007	10,000	Profit
2008	60,000	Profit
2009	80,000	Profit

Goodwill amount will be

- |                 |                       |
|-----------------|-----------------------|
| (a) Rs.1,02,000 | (b) Rs.1,00,000       |
| (c) Rs.1,05,000 | (d) None of the three |

10. The capital of O and P are Rs. 60,000 and Rs. 20,000 respectively with the profit sharing ratio 3:1. They decide to change the ratio to 5:3. On the date of change goodwill is valued at Rs. 75,000. Goodwill account will not appear in the books. Journal entry to give the above effect will be

- |     |                    |            |        |
|-----|--------------------|------------|--------|
| (a) | Goodwill A/c       | Dr. 75,000 |        |
|     | To O's Capital A/c |            | 56,250 |
|     | To P's Capital A/c |            | 18,750 |
| (b) | Goodwill A/c       | Dr. 75,000 |        |
|     | To O's Capital A/c |            | 46,875 |
|     | To P's Capital A/c |            | 28,125 |
| (c) | P's Capital A/c    | Dr. 9,375  |        |
|     | To O's Capital A/c |            | 9,375  |
| (d) | None of the above  |            |        |

11. A firm had an unrecorded investment of worth Rs. 5,000. Entry in the firms journal on admission of a partner will be

- |     |                           |         |      |
|-----|---------------------------|---------|------|
| (a) | Unrecorded Investment A/c | Dr.5000 |      |
|     | To Revaluation A/c        |         | 5000 |
| (b) | Revaluation A/c           | Dr.5000 |      |
|     | To Unrecorded Investment  |         | 5000 |
| (c) | Partner Capital a/c       | Dr.5000 |      |
|     | To Unrecorded Investment  |         | 5000 |
| (d) | None of the three         |         |      |

12. X and Y shares profit/loss in the ratio of 5:3. Z admitted as partner for  $\frac{1}{5}$ , Which he is taking equally from old partners. New profit sharing ratio is:
- (a) 21:11:8 (b) 20:8:7  
(c) 20:12:8 (d) 10:5:5
13. Amit, Rohit and Sumit are partners sharing profits and losses in the ratio of 5:4:3. Sumit retires and if Amit and Rohit shares profits of Sumit in 4:3, then new profit sharing ratio will be:
- (a) 4:3. (b) 47:37.  
(c) 5:4. (d) 5:3.
14. Adam, Brain and Chris were equal partners of a firm with goodwill Rs. 1,20,000 shown in the balance sheet and they agreed to take Daniel as an equal partner on the term that he should bring Rs. 1,60,000 as his capital and goodwill, his share of goodwill was evaluated at Rs. 60,000 and the goodwill account is to be written off before admission. What will be the treatment for goodwill?
- (a) Write off the goodwill of Rs. 1,20,000 in old ratio.  
(b) Cash brought in by Daniel for goodwill will be distributed among old partners in sacrificing ratio.  
(c) Both (a) & (b)  
(d) None of the above
15. J and R are equal partners U is admitted as a partner for  $\frac{1}{4}$  share of profits but is unable to contribute premium for goodwill in cash amounting to Rs. 8,000 and so it is decided to raise a loan A/c in the name of U. Journal entry will be
- (a) U's loan A/c Dr. 8,000  
To J 8,000  
(b) U's loan A/c Dr. 8,000  
To R 8,000  
(c) U's Loan A/c Dr. 8,000  
To J 4,000  
To R 4,000  
(d) None of the three
16. A, B, C are partners sharing profits in the ratio of 4 : 3 : 2. D is admitted for  $\frac{2}{9}$ th share of profits and brings Rs. 30,000 as capital and 10,000 for his share of goodwill. The new profit sharing ratio between partners will be 3 : 2 : 2 : 2. Goodwill amount will be credited in the capital accounts of :
- (a) A only (b) A, B and C (equally)  
(c) A, and B (equally) (d) A, and C (equally)
17. Gaining ratio may be applied when
- (a) A partner is admitted (b) A partner retires  
(c) A business is sold out (d) A partner is insolvent
18. X, Y, Z are partners sharing profits and losses equally. They took a joint life policy of Rs. 5,00,000 with a surrender value of Rs. 3,00,000. The firm treats the insurance premium as an expenses. Y retired and X and Z decided to share profits and losses in 2:1. The amount of Joint life policy will be transferred as:
- (a) Credited to X, Y and Z's capital accounts with Rs. 1,00,000 each  
(b) Credited to X, Y and Z's capital accounts with Rs. 1,66,667 each  
(c) Credited to X, and Z capital account with Rs. 2,50,000 each  
(d) Credit to Y's capital account with Rs. 3,00,000 each

19. Balance of A, B and C sharing profits and losses in proportionate to their capitals, stood as A- Rs. 2,00,000; B- Rs. 3,00,000 and C- Rs. 2,00,000. A desired to retire from the firm, B and C share the future profits equally, Goodwill of the entire firm be valued at Rs. 1,40,000 and no Goodwill account being raised.
- (a) Credit Partner's Capital Account with old profit sharing ratio for Rs. 1,40,000
  - (b) Credit Partner's Capital Account with new profit sharing ratio for Rs. 1,40,000
  - (c) Credit A's account with Rs. 40,000 and debit B's Capital Account with Rs. 10,000 and C's Capital Account with Rs. 30,000
  - (d) Credit Partner's Capital Account with gaining ratio for Rs. 1,40,000.
20. The amount due to the deceased partner is paid to his:
- (a) Father
  - (b) Friends
  - (c) Wife
  - (d) Executors
21. In the absence of proper agreement, representative of the deceased partner is entitled to the deceased partner's share in
- (a) Profit till date, goodwill, joint life policy, interest on capital, share in revalued assets and liabilities.
  - (b) Capital, goodwill, joint life policy, interest on capital, share in revalued assets and liabilities
  - (c) Capital, profits till date, goodwill, interest on capital, share in revalued assets and liabilities.
  - (d) Capital, profits till date, goodwill, joint life policy, share in revalued assets and liabilities.
22. Which of the following statement is true in case of a Foreign Company?
- (a) A Company incorporated in India and has place of business outside India.
  - (b) A Company incorporated outside India has a place of business in India.
  - (c) A Company incorporated in India and has a place of business in India.
  - (d) A Company incorporated outside India and also has a place of business outside India
23. Equity - Rs. 90,000. Liability - Rs. 60,000 Profit of the year - Rs. 20,000. Find Total Assets.
- (a) Rs 170,000
  - (b) Rs. 150,000
  - (c) Rs. 110,000
  - (d) Rs. 80,000
24. The difference between Subscribed Capital and Called-up Capital is called:
- (a) Calls-in-arrear
  - (b) Calls-in-advance
  - (c) Uncalled Capital
  - (d) None of the above
25. Which of the following should be deducted from the called-up share capital to find out paid-up-capital?
- (a) Calls- in-advance
  - (b) Calls-in-arrears
  - (c) Share forfeiture
  - (d) Discount on issue of shares
26. As per the SEBI guidelines, on issue of share, the application money should not be less than
- (a) 2.5% of the nominal value of share
  - (b) 2.5% of the issue price of shares
  - (c) 25% of the nominal value of shares
  - (d) 25% of the issue price of shares
27. Loss on issue of debentures is treated as:
- (a) Intangible asset
  - (b) Non Current liability
  - (c) Current liability
  - (d) Other Current/non Current Assets (depending on tenure of its amortization)
28. Accounting Section 78 of the Companies Act, the amount in the Securities Premium A/c cannot be used for the purpose of:
- (a) Issues of fully paid bonus shares
  - (b) Writing off losses of the company
  - (c) Writing off preliminary expenses
  - (d) Writing off commission or discount on issues of shares

29. A company offers to the public 10,000 shares for subscription. The company receives application for 12,000 shares. If the shares are allotted on pro-rata basis, then applicants for 12,000 shares are to be allotted as
- (a) 4 shares for every 5 shares applied. (b) 2 shares for every 3 shares applied.  
(c) 5 shares for every 6 shares applied. (d) 3 shares for every 4 shares applied.
30. O Ltd. Issued 10,000 equity shares of Rs. 10 each at a premium of 20% payable Rs. 4 on application (including premium ), Rs. 5 on allotment and the balance on first and final call. The company received applications for 15,000 shares and allotment was made pro-rata. P, to whom 3,000 shares were allotted, failed to pay the amount due on allotment. All his shares were forfeited after the call was allotted, failed to pay the amount due on allotment. All his shares were forfeited after the call was made. The forfeited shares were reissued to Q at par. Assuming that no other bank transactions took place, the bank balance of the company after effect in the above transactions?
- (a) 1,14,000 (b) 1,32,000  
(c) 1,20,000 (d) 1,00,000
31. IJK Ltd. Issued 20,000 shares of Rs. 10 each at a premium of 20% on May 01, 2009, payable as follows:
- |                         |                                 |
|-------------------------|---------------------------------|
| On application          | Rs.4.50 ( inclusive of premium) |
| On allotment            | Rs.2.50                         |
| On first and final call | Rs. 5.00                        |
- Mrs. M, to whom 1,000 shares were allotted, has paid Rs. 5,000 on June 01,2009. At the time of remitting the allotment money, she indicated that the excess money should be adjusted towards the call money. The directors of the company made the first and final call on October 31,2009. The company has a policy of paying interest on calls-in-advance. The amount of interest paid to Mrs. M on calls-in-advance = ?
- (a) Rs. 62.50 (b) Rs. 52.08  
(c) Rs. 125.00 (d) .Rs. 150.00
32. A company on non-receipt of First Call money of Rs.2 per share and Final Call money of Rs.3 per share from Rahul, debited Call-in-Arrears account by Rs. 2,000 and Rs.3,000 respectively. After due notice 1,000 shares of Rs.10 each were forfeited from Rahul. The amount to be credited to First Call Account at the time of entry for forfeiture will be
- (a) Rs.2,000. (b) Rs.3,000.  
(c) Nil. (d) Rs.10,000.
33. Mr. Sharma holding 1000 equity shares of Rs.10/-each issued at a discount of 10% could pay Rs.3.50 on application, but could not paid the allotment money of Rs.2.5 per share and his shares were forfeited. In the books of the company, shares forfeited account will be credited by\_\_\_\_\_.
- (a) Rs. 2,500. (b) Rs. 1,500.  
(c) Rs. 3,500. (d) Rs.2,000.
34. At the time of forfeiture of shares which were originally issued at a discount, the accounting entry involves\_\_\_\_\_.
- i. A debit to Share capital account with the called-up value of shares forfeited.
  - ii. A credit to share forfeiture account with the amount received on forfeited shares.
  - iii. A debit to Discount on issue of shares with the amount of discount allowed on forfeited shares.
  - iv. A credit to Calls-in-arrears with the amount due but not paid on forfeited shares.
- (a) Both (I) and (IV) above (b) Both (IV) and (III) above  
(c) Both (I) and (II) above (d) (I), (II), (III) and (IV) above.

35. A Ltd. makes an issue of 10,000 Equity shares of Rs. 100 each payable as follows:
- |                              |        |
|------------------------------|--------|
| On application and allotment | Rs. 50 |
| On First Call                | Rs. 25 |
| On Second & Final Call       | Rs. 25 |
- Members holding 400 shares did not pay the second call and the shares are duly forfeited, 300 of which are reissued on fully paid at Rs. 80 per share. Amount transferred to Capital reserve will be \_\_\_\_\_
- (a) Rs. 16,500 (b) Rs. 16,000  
(c) Rs. 15,000 (d) None of the above
36. Xeta Ltd. was formed as a Public Limited Company with an authorized capital of Rs.20,00,000 divided into shares of Rs.10 each. Xeta Ltd. issued fully paid up shares of Rs.10/-each at a premium of 20%, in consideration of acquiring assets worth Rs.3,64,800 from M/s Rahim Bros. To record this transaction, share capital need to be credited by
- (a) Rs.3,80,000 (b) Rs.76,000.  
(c) Rs.2,00,000 (d) Rs.3,04,000
37. Rich Ltd. had 3,000, 12% Redeemable preference shares of Rs. 100 each, fully paid-up. The company issued 25,000 equity shares of Rs.10 each at par and 1,000 14% debentures of Rs. 100 each. All amounts were received in full. The payment was made in full. The amount to be transferred to Capital Redemption Reserve Account is
- (a) Nil. (b) Rs.2,00,000.  
(c) Rs.3,00,000. (d) Rs.50,000.
38. Consider the following information pertaining to E Ltd.
- On September 4, 2011, the company issued 12,000 7% Debentures having a face value of Rs. 100 each at a discount of 2.5%. On September 12, the company issued 25,000, 8% Preference share of Rs. 100 each. On September 29, the company redeemed 30,000, 6% Preference shares of Rs. 100 each at a premium of 5% together with one month dividend thereon. Bank balance as on August 31, 2011 was Rs. 29,25,000.
- After effecting the above transactions, the Bank balance as on September 30, 2011 = ?
- (a) Rs.33,15,000 (b) Rs. 33,30,000  
(c) Rs. 33,45,000 (d) Rs. 34,30,000
39. The most common method of supplementing the capital available to a company is
- (a) To issue debentures (b) To issue preference shares  
(c) To issue equity shares (d) None of the above
40. Koina Ltd. issued 15,00,000, 12% debentures of Rs.50 each at premium of 10% payable as Rs.20 on application and balance on allotment. Debentures are redeemable at par after 6 years. All the money due on allotment was called up and received. The amount of premium will be
- (a) Rs.3,00,00,000. (b) Rs.2,25,00,000.  
(c) Rs.75,00,000. (d) Rs.5,25,00,000.
41. T Ltd. purchased land and building from U Ltd. for a book value of Rs.2,00,000. The consideration was paid by issue of 12% Debentures of Rs.100 each at a discount of 20%. The debentures account will be credited with
- (a) Rs.2,60,000 (b) Rs.2,50,000  
(c) Rs.2,40,000 (d) Rs.1,60,000

42. When debentures are redeemable at different dates, the total amount of discount on issue of debentures should be written off:
- (a) Every year by applying the sum of the year's digit method.
  - (b) Every year by applying the straight line method.
  - (c) To profit and loss account in full in the year of final or last redemption.
  - (d) To profit and loss account in full in the year of first redemption.
43. On May 01, 2010 U Ltd. issued 7% 10,000 convertible debentures of Rs. 100 each at a premium of 20%. Interest is payable on September 30 and March 31 every year. Assuming that the interest runs from the date of issue, the total amount of interest expenditure debited to profit and loss account for the year ended March 31, 2011 will be:
- (a) Rs. 70,000
  - (b) Rs. 58,333
  - (c) Rs. 84,000
  - (d) Rs. 64,167
44. A company issued Rs. 50,000 10% debentures at a discount of 5% redeemable after 5 year at a premium of 5%. Loss on issue of debentures will be
- (a) Rs. 2,500
  - (b) Rs. 6,000
  - (c) Rs. 5,000
  - (d) Rs. 7,000
45. The Assets which will be compulsorily valued /Revalued whether it is a case of Retirement, death, admission or change in profit sharing Ratio is:
- (a) Building
  - (b) Reserve & Surplus
  - (c) Goodwill
  - (d) None of These
46. Average Capital Employed is:
- (a)  $\frac{\text{Opening Capital Employed} + \text{Closing capital employed}}{2}$
  - (b) Opening Capital Employed +  $\frac{1}{2}$  of current year Profit
  - (c) Closing Capital Employed -  $\frac{1}{2}$  of Current year Profit
  - (d) All of These
47. If a share of Rs. 10 on which Rs. 8 has been paid up is forfeited, it can be re-issued at the minimum price of:
- (a) Rs. 10 per share
  - (b) Rs. 8 per share
  - (c) Rs. 5 per share
  - (d) Rs. 2 per share
48. In Memorandum Revaluation A/C, Second Part Profit or Loss will be distributed between \_\_\_\_\_ Partners in \_\_\_\_\_ Ratio. :
- (a) Old, Old
  - (b) All, Old
  - (c) All, New
  - (d) Any of the Above
49. When Joint life policy is treated as an Assets, then which Account will be debited when Premium is paid :
- (a) Joint Life Policy Premium A/c
  - (b) Joint Life Policy A/c
  - (c) Joint Life Policy Reserve A/c
  - (d) Insurance Company A/c
50. When JLP Reserve is created which account will be Debited:
- (a) Profit & Loss Account
  - (b) General Reserve A/c
  - (c) Reserve & Surplus A/c
  - (d) Profit & Loss Appropriation A/c

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51. R, is a Retiring partner. His total amount due from the firm is Rs. 20,000 firm paid 20,000 Rs. In cash and remaining amount in 3 equal half yearly installment with interest, Calculate amount of last installment:
- (a) 21,200 Rs. (b) 23,600 Rs.  
(c) 20,600 Rs. (d) 20,000 Rs.
52. **Debenture Allotment A/c Dr 6,16,000**  
**Loss on issue of Debenture A/c Dr 1,54,000**  
**To 9% Debenture A/c 7,00,000**  
**To Debenture Redemption Premium A/c 70,000**  
**Amount of Discount on issue of debenture is:**
- (a) Rs. 1,54,000 (b) Rs. 70,000  
(c) Rs. 84,000 (d) Rs. 2,34,000
53. **Private Companies shares :**
- (a) Can be listed in any recognized stock exchange  
(b) Can be listed if such companies' capital exceeds 500 crore  
(c) Cannot be listed in any stock exchange  
(d) None of These
54. **Reserve capital is a part of:**
- (a) Issued Capital (b) Called up Capital  
(c) Subscribed Capital (d) Paid up Capital
55. \_\_\_\_\_ are empowered by \_\_\_\_\_ to forfeit shares:
- (a) Members, Central Government (b) Directors, Company law board  
(c) Directors, Articles of Association (d) Promoters, Central Government
56. **Shares can be forfeited when:**
- (a) Share are partly paid up (b) Share are fully paid up to recovery of loan  
(c) Interest is not paid on calls in arrear (d) All of These
57. **Reserves available for redemption of preference shares are :**
- (i) General Reserve (ii) Workmen Compensation fund in excess of liability  
(iii) Capital Reserve (iv) Profit & Loss (Dr) balance  
(a) i,ii,iii (b) i,ii,iv  
(c) i,ii (d) i,ii,iii,iv
58. **Angola & Bangola sharing profits 2 : 3, Mangola joined the firm. Angola gave 1/3rd of his share, Bangola gave 1/4th of his share. What is new profit sharing ratio?**
- (a) 17:27:37 (b) 16:27:17  
(c) 17:27:17 (d) None of these
59. **As per companies Act 1956 application money more than \_\_\_ % of nominal value of the share and as per SEBI guidelines application money at least \_\_\_ % of issue price**
- (a) 5 %, 25% (b) 25%, 25%  
(c) 5%, 5% (d) 25%, 5%
60. **In the trial balance of joint stock company the following balances are given**
- i. **10% Mortgage debentures 4,00,000**  
**(payable after 4 years)**  
ii. **Discount allowed on issue of debenture 10,000**  
**Amount of discount written off per year will be:**
- (a) Rs. 2,400 (b) Rs. 2,500  
(c) Rs. 3,000 (d) Rs. 2,600



- 61. Partnership**
- (a) Arises by operation of law. (b) Comes into existence only after registration.  
(c) Can arise by agreement or otherwise. (d) Arise by way of an agreement only.
- 62. A & B are the only two partners in a firm. B was murdered by C, who wanted to become a partner of the firm, but A has raised objections to it. A now wants to take D as a partner in the said firm. D is father of C. In light of this situation answer, which of the following is correct?**
- (a) The original partnership is not dissolved and A & D can continue  
(b) The original partnership is dissolved  
(c) A & D has to enter into a fresh agreement and create a new partnership  
(d) Both (b) & (c)
- 63. To form a partnership, the minimum capital contribution should be:**
- (a) Rs. 10 Lakhs (b) Rs. 1 Lakhs  
(c) Rs. 2 Lakhs (d) No minimum limit
- 64. Partnership is merely an \_\_\_\_\_ relation between the partners.**
- (a) Legal (b) Implied  
(c) Express (d) Birth
- 65. Partnership property vest in the.....**
- (a) Continuing partners of the firm (b) Retiring partners of the firm  
(c) Firm (d) Partner of the firm
- 66. Sharing of profit and loss in co-ownership is:**
- (a) Necessary (b) Not necessary  
(c) Possible (d) Both (b) and (c)
- 67. In any partnership business, the number of partners should not exceed:**
- (a) 10 (b) 20  
(c) 15 (d) 25
- 68. A partnership firm having a banking business is a valid partnership when the number of partners exceeds :**
- (a) 5 but does not exceed 10 (b) 10 but does not exceed 20  
(c) 20 but does not exceed 50 (d) 20 but does not exceed 40
- 69. Who can enter into a contract of partnership ?**
- (a) Alien enemy (b) Person of unsound mind  
(c) A business firm (d) A member of registered company
- 70. A person when himself told that he is a partner of the firm, then he is a:**
- (a) Partner by holding out (b) Nominal partner  
(c) Active partner (d) Sleeping partner

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71. The essential elements of a partnership at will are: .....
- (a) No period has been fixed by the partners for its duration
  - (b) There is no provision in the partnership agreement for its dissolution
  - (c) Both of the above
  - (d) None of the above
72. Which is true statement regarding the including of the minor in partnership firm?
- (a) A minor may be admitted to the benefits of partnership with the consent of all other partners
  - (b) A minor may be admitted to the benefits of partnership with no consent of other partners
  - (c) A minor may be admitted to the benefits of the consent of his partners
  - (d) A minor may be admitted to the benefits of partnership with the guarantee of his parents
73. Failure by minor to give public notice within six months will have the following effects:
- (a) The partnership becomes an illegal association
  - (b) The partnership firm stands dissolved
  - (c) Minor automatically becomes partner
  - (d) Minor automatically ceases to be a partner
74. Every partner has the right to:
- (a) Take part in the business of the firm
  - (b) To share exclusive profits
  - (c) To use the property of the firm for personal purposes
  - (d) Pay taxes
75. 'A' and 'B' were two partners in a firm of sugar dealers. Unknown to 'B' 'A' supplies at a particular time his own stock of sugar to the firm at market price and makes profit. Decide whether
- (a) 'A' can personally keep this profit
  - (b) 'A' cannot keep this profit
  - (c) A can keep half of profit
  - (d) A can keep one fourth of profit
76. Which partner does not take active part in the business
- (a) Minor partner
  - (b) Sub partner
  - (c) Dormant partner
  - (d) Estopped partner
77. Consider the following situations
1. Admission of a partner
  2. Retirement or death of a partner
  3. Partnership firm carry on the business other than the business for which it was originally formed.
  4. Partnership business is carried on after the expiry of the term fixed for the purpose
- Which, situation are considered as change in constitution of the firm
- (a) 1,2
  - (b) 1,2,4
  - (c) 3,4
  - (d) 1,2,3,4
78. If claim on interest on capital is called, it is payable only out of
- (a) Profit
  - (b) Turnover
  - (c) Capital
  - (d) Assets

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79. It is not included in the implied authority of a partner
- (a) To buy or sell goods on account of partners
  - (b) To borrow money for the purposes of firm
  - (c) To enter into partnership on behalf of firm
  - (d) To engage a lawyer to defend actions against firm
80. A, B, C are members of a banking firm. D who owes the firm Rs. 1,000 pays it to A. A without informing B and C about the payment by D, misappropriates the amount. Is D discharged of his debt to the firm by the payment made to A :
- (a) Yes, D is discharged of his debt
  - (b) No, D is not discharged of his debt
  - (c) D will be discharged when A will admit
  - (d) None of these
81. A person may be admitted as a new partner:
- (a) In accordance with a contract between the existing partners or with the consent of all the existing partners.
  - (b) In accordance with a contract between the existing partners or with the consent of all the existing partners subject to the provisions of Section 30 of the Act.
  - (c) After obtaining specific approval of the Registrar of Firms & Societies, to this effect.
  - (d) By simply taking the consent of the new partner.
82. A partner may be expelled from the firm on the fulfillment of the condition that the expulsion power is exercised\_\_\_\_\_.
- (a) In good faith
  - (b) As given by express contract
  - (c) By majority of partners
  - (d) All of these
83. Mini was a partner in a firm. The firm ordered goods in Mini's life time, but delivery was not made until after mini's death. The supplier of the goods claims to be paid out of Mini's estate. Advise Mini's representatives :
- (a) Mini's estate is not liable for the price in an action for goods sold and delivered, as there was no debt in respect of the goods in Mini's life time
  - (b) Mini's estate is not liable for the price in an action for goods sold and delivered
  - (c) Mini's estate is liable as the firm ordered goods in Mini's lifetime
  - (d) None of the above
84. Non -Registration of a partnership firm \_\_\_\_\_.
- (a) Is a Criminal offence
  - (b) Renders the partnership illegal
  - (c) Is compulsory to activate the partnership
  - (d) Is not compulsory but desirable
85. An unregistered firm cannot claim.....
- (a) Set off exceeding Rs. 100
  - (b) Set on
  - (c) Set on and set off
  - (d) None of the above

**86. Match the Following:**

- |  |                             |
|--|-----------------------------|
| (i) Number of partners exceed 20           | (a) Dissolution of firm.    |
| (ii) Retirement of partner                 | (b) Registration of firm.   |
| (iii) Insolvency of all partners           | (c) Illegal association.    |
| (iv) Suit by the partners against the firm | (d) Reconstitution of firm. |

- |     | i | ii | iii | iv |
|-----|---|----|-----|----|
| (a) | a | d  | c   | b  |
| (b) | c | d  | a   | b  |
| (c) | d | b  | a   | c  |
| (d) | c | d  | b   | a  |

**87. A partnership may be dissolved:**

- |                         |                                      |
|-------------------------|--------------------------------------|
| (a) On death of partner | (b) On completion of work or venture |
| (c) On expiry of term   | (d) All the above                    |

**88. In case of registered firm public notice is given in the following manner:**

- (a) Publication in the official gazette and at least one vernacular newspaper
- (b) Registrar of firms
- (c) Both (a) and (b)
- (d) Either (a) or (b)

**89. Indian Partnership Act-**

- (a) Determines the rights and duties of a partner in relation to the partnership business and also against other partners.
- (b) Clearly establishes the position of a partner as well as partnership firm.
- (c) Defines legal and contractual relationship arising out of and in the course of business of the firm.
- (d) All of the above.

**90. HUF is governed by-**

- |                                    |                                   |
|------------------------------------|-----------------------------------|
| (a) Mitakshara School of Hindu Law | (b) Dayabhaga School of Hindu Law |
| (c) VSI School of Hindu Law        | (d) Both a and b                  |

**91. What are the methods for ascertainment of existence of Partnership?**

- (a) as per written or verbal agreement between parties
- (b) real intention and conduct of the parties
- (c) other surrounding circumstances
- (d) all of the above

**92. What are the maximum limit of members in a Private Company?**

- |  |   |
|--|---|
| (a) 50, as per the Indian Companies Act,1956 | (b) 200, as per the Indian Companies Act,2013 |
| (c) Both a and b                             | (d) None of these                             |

**93. A partnership is made for the purpose of 'Construction of Road', it is known as-**

- |                         |                            |
|-------------------------|----------------------------|
| (a) Partnership at will | (b) Particular partnership |
| (c) Both a and b        | (d) Either a and b         |

**94. Interest on capital is given, where there is-**

- (a) an express agreement or practice of the particular partnership to that effect
- (b) any trade custom to that effect
- (c) a statutory provision which entitles for such interest
- (d) any of the above

95. What is the correct order for determination of sharing of losses-
- i. as per express agreement between partners
  - ii. according to profit sharing ratio
  - iii. equally
- (a) iii, ii, i (b) ii, i, iii  
(c) ii, iii, i (d) i, ii, iii
96. A retiring partner may carry on the business competing with that of the firm, but he can not-
- (a) use the name of the firm
  - (b) represent himself as carrying on the business of the firm
  - (c) solicit the customers of the firm
  - (d) all of the above
97. Public notice is required to be given-
- i. retirement of active partner
  - ii. expulsion of partner
  - iii. dissolution of firm
  - iv. election of minor partner to become or not to become a partner in the firm
- (a) i, ii (b) i, ii, iii  
(c) ii, iii, iv (d) i, ii, iii, iv
98. Registrar of firm under section 57 of the Indian Partnership Act is appointed by :
- (a) Central Government (b) State Government  
(c) Trade Associations (d) Local Bodies
99. The partner paying premium gets a proportionate part of the premium, where the partnership is dissolved-
- i. without the fault of either party
  - ii. due to fault of the both parties
  - iii. due to fault of the partner receiving premium
  - iv. due to the insolvency of partner receiving premium
- (a) i, ii, iii (b) ii, iii, iv  
(c) i, ii, iv (d) i, ii, iii, iv
100. Until the affairs of the firm are completely wound up each partner or his representative is entitled to restrain other partners from carrying on a similar business in the name of the firm or from using property of the firm, by-
- (a) Injunction order (b) Coercion  
(c) Constructive order (d) None of these