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Marks Obtained: 0 / 100

Percentage: 0%

[QUESCODE:48566] [0/1 Mark]

Q.1 The main objectives of book- keeping are:

- Complete Recording of Transaction
- Ascertainment of Financial Effect on the Business
- Analysis and Interpretation of data
- ✔ (a) and (b) both

Explanation:

Book keeping is concerned with complete and permanent record of all transactions and to obtain the combined effect of all such transactions on the financial position of the business as a whole. It does not include analysis and interpretation of data.

[QUESCODE:48567] [0/1 Mark]

Q.2 At the end of the finanacial year after sale of goods worth Rs.2,00,000 there was a closing stock of Rs.10,000. This is:

- ✔ An event
- A transaction
- Both event as well as transaction
- None of these

Explanation:

Transaction denotes a business performance of an act, an agreement, while event is used to mean a happening, as a consequence of a transaction, a result. Event are the end results of transactions. Therefore, stock left at close of year after all transactions in an event.

[QUESCODE:48568] [0/1 Mark]

Q.3 Recording of Fixed Assets at cost ensures adherence of :

- conservatism
- ✔ consistency
- Going Concern Concept
- Accrual Concepts

Explanation:

As per cost concept, the value of an asset is to be determined on the basis of historical cost i.e. the cost of acquisition. Therefore, recording of Fixed Assets at cost i.e. the cost adheres to the principle of cost concept.

[QUESCODE:48569] [0/1 Mark]

Q.4 Fundamental Accounting Assumptions are

- Going Concern, Conservatism,Accrual
- Going Concern, Matching, Consistency
- ✔ Going Concern,ConsistencyAccrual
- Going Concern, Entity ,Periodicity

Explanation:

As per Accounting Standard-1 (AS-1), the fundamental accounting assumptions are:
-Going concern -Consistency -Accrual
These are presumed to be followed during preparation of any financial statements and a special disclosure is required if any of them is not followed.

[QUESCODE:48570] [0/1 Mark]

Q.5 When Fixed assets are sold :

- Total assets will increaes
- Total Liabilities will increaes
- Total assets will decreaes
- ✔ There is no change in total assets

Explanation:

If it can be said that the fixed assets are sold at book value itself then there will be no change in total assets as furniture will be sold so it is removed from the Balance Sheet but Cash/Bank will flow in Journal Entry:
Cash a/c ..... Dr.
To Furniture A/c

[QUESCODE:48571] [0/1 Mark]

Q.6 The Accounting Standards are mandatory for :

- ✔ Companies
- Partnership concerns
- Charitable organizations
- Sole proprietorship

Explanation:

The whole idea behind the framework of Accounting Standards was to ensure transparency, consistency, adequacy and reliability of financial reporting. These elements are required where there is a divorce of ownership from management. This case is only with companies. Hence, the regulatory body thought it appropriate to make it mandatory only for the companies to follows AS and not over burden the small concerns with complex compliances.

[QUESCODE:48572] [0/1 Mark]

Q.7 A change in Accounting Policy is justified to :

- Comply with accounting standard
- Comply with Law
- Ensure more appropriate Presentation of financial statements

[QUESCODE:48573] [0/1 Mark]

Q.8 Accounting Policies

- Are prescribed by AS1
- Are laid down by Law
- Change same for All concerns

statements

✔ All of the above

Explanation:
As per the standard issued by ICAI on Disclosure of Accounting Policies i.e. AS-1, disclosure of significant accounting policies should form part of the financial statements. Change in the stated policies should not occur frequently as it will impair comparability and reliability. Any change in Accounting Policy should be made only in the following conditions:
(a) To bring the books of accounts in accordance with issued Accounting Standard.
(b) To comply with provisions of Law.
(c) When under changed circumstances.
it is felt that new method will reflect more true and fair picture in the financial statements.

✔ Change from concern to concern

Explanation:
Accounting Policies are diverse in nature and are selected based on the unique position of the enterprise. Hence, it can be said that accounting policies change from concern to concern.
AS-1, states that the organization should disclose the significant accounting.

[QUESCODE:48574] [0/1 Mark]
Q.9 In accounting money is the

- Measurement Value
- ✔ Scale of Measurement
- Scale of social Measurement
- Store of value

Explanation:
In accounting Process money is the scale of measurement, although now-a-days qualitative information is also communicated alongwith the monetary information. Money as a measurement of scale has no universal

denomination. It takes the shape of currency ruling in a country. There is no constant exchange relationship among the different currencies.

[QUESCODE:48575] [0/1 Mark]
Q.10 Capital of business is Rs.75,000 and liability is Rs.25,000 then total assets of business would be :

- ✔ Rs.1,00,000
- Rs.15,000
- Rs.75,000
- Rs.50,000

Explanation:
Assets = Capital + Liabilities
1,00,000 = 75,000 + 25,000
Therefore, the total assets would be Rs. 1,00,000.

[QUESCODE:48576] [0/1 Mark]
Q.11 Journal records is the transaction of the firm in a :

- Analytical manner
- ✔ Chronological manner
- Periodical manner
- Summarized manner

Explanation:
Transaction are first entered in this book to show which accounts should be debited and which should be credited. Recording of transactions in journal is termed as journalizing of the entries.
All transactions are first recoded in the journal as and when they occur, a chronological order otherwise it would become difficult to maintain the records in an orderly manner.

[QUESCODE:48577] [0/1 Mark]
Q.12 Ledger Book is popularly known as :

- Secondary books of accounts
- ✔ Principal book of accounts
- Subsidiary book of accounts
- None

Explanation:
Ledger is the most important book of accounting. It contains summarized classified description of all the business transactions. It is divided into various parts and each part is termed as "account". It is necessary to gather at one place all transactions, during the period, relating to a particular subject, a person, a thing, a class of expenses, incomes etc. It is only then that the net results can be ascertained. Ledger is known as the principal book of accounts or the chief book in which the financial information is classified by its nature and relevance.

[QUESCODE:48578] [0/1 Mark]
Q.13 Methods of preparation of Trial Balance are :

- Balance Method
- Total Method
- Total and Blance Method
- ✔ All of these

Explanation:
There are three methods of preparation of trial balance :
(i) Total Method

[QUESCODE:48579] [0/1 Mark]
Q.14 The total of the purchase Day book is posted periodically to the :

- ✔ Debit of Purchases A/c
- Credit of Purchases A/c
- Cash Book
- None of these

Explanation:
Purchase is a nominal account and is an expense. As per nominal account rule all expenses and losses are debited. The total of the

(ii) Balance Method
(iii) Total and Balance Method.
Hence, (d) option is correct.

[QUESCODE:48580] [0/1 Mark]
Q.15 The Balance of Petty Cash is :

- An expense
- Revenue
- ✔ An asset
- Liability

Explanation:
The balance of petty cash is an asset as it is a part of the main cash itself. It is shown on the asset side of the balance sheet.

[QUESCODE:48581] [0/1 Mark]
Q.16 Rs. 2,500, spent on the overhauling on purchase of second hand machinery :

- ✔ Capital expenditure
- Revenue expenditure
- Deferred revenue expenditure
- None of the above

Explanation:

Rs. 2500 spent on the overhauling on purchase of second hand machinery to put it in working condition and to derive endurable long-term advantage is a capital expenditure.

[QUESCODE:48582] [0/1 Mark]
Q.17 Which of the following is a revenue expenditure :

- Freight paid on purchase of plant and machinery
- Legal expenses paid to acquire a property
- ✔ Annual white wash of the factory building
- Expenses incurred to reduce working capital requirement

Explanation:
Annual white wash of the factory building is a revenue expenditure as it is to be incurred annually and only maintains the building in the present position. The other items i.e. freight paid on purchase of plant and machinery, legal expenses paid to acquire a property and expenses incurred to reduce working capital requirement are all capital expenditures as they are providing benefits of endurable nature.

[QUESCODE:48583] [0/1 Mark]
Q.18 Loss caused by theft of cash by cashier after business hours is a :

- Revenue loss
- Deferred revenue loss
- ✔ Capital loss
- None of the above

Explanation:
Loss of cash due to theft committed either by the employees or by the outsiders, after business hours, is a capital loss because the loss is outside the trade and not incidental to the business. If the loss had been caused during the business hours it would have been a revenue loss because it is incidental to the business.

[QUESCODE:48584] [0/1 Mark]
Q.19 Present liability of uncertain amount, which can be measured reliably by using a substantial degree of estimation, is termed as :

- ✔ Provision
- Liability
- Contingent Liability
- None of the above

Explanation:
Present liability of uncertain amount, which can be measured reliably by using a substantial degree of estimation, is termed as "Provision". e.g. Provision for bad and doubtful debts. As in these cases it is certain that liability is there but the amount is not certain and has to be estimated.

[QUESCODE:48585] [0/1 Mark]
Q.20 The goods sold for Rs. 900 but the amount was entered in the Sales Account as Rs. 1080. On Rectification, suspense account will be :

- Debited by Rs. 180
- ✔ Credited by Rs. 180
- Debited by Rs. 1080
- Credited by Rs. 1080

Explanation:
Correct Entry : Bank A/c ...Dr. 900
To Sales A/c 900
Wrong Entry : Bank A/c ...Dr. 1,080
To Sales A/c 1,080
Rectification Entry : Sales A/c ...Dr. 180
To Suspense A/c 180
Therefore, Suspense Account is to be credited with Rs. 180.

[QUESCODE:48586] [0/1 Mark]
Q.21 Rs. 25,000 received form Aditi, is credited in the account of Prerna. It is an error of :

- Principle
- ✔ Commission
- Omission
- Compensatory

[QUESCODE:48587] [0/1 Mark]
Q.22 Debit balance as per cash book Rs. 2000, Cheques deposited but not cleared Rs. 100, Cheques issued but not presented Rs.150, Bank Allowed interest Rs. 50, Bank collected dividend Rs. 50
Balance as per pass book will be :

- Rs. 2100
- Rs. 1950

Compensatory

Explanation:
This is an error of commission. If an amount is posted in the wrong account or it is written on the wrong side of the totals are wrong or a wrong balance is struck, it will be a case of "error of commission".

Rs. 1950
Rs. 2350
✔ Rs. 2150

Explanation:

Bank Reconciliation Statement
as on .....

	Bal. as per Cash Book (Dr.)		2,000
Add :	Cheques issued but not presented	150	
	Bank interest Credited	50	
	Dividends Collected	50	250
			2,500
Less :	Cheques deposited but not cleared	100	100
	Balance as per Pass Book (CR.)		2,150

[QUESCODE:48588] [0/1 Mark]
Q.23 Unfavourable bank balance means :
✔ Credit balance in Cash Book
Credit balance in Pass Book
Debit balance in Cash Book
Favourable balance in Cash Book

Explanation:
Unfavourable bank balance means unfavourable balance as per bank column of cash book. Unfavourable Cash Book balance means Credit balance as per cash book.

[QUESCODE:48589] [0/1 Mark]
Q.24 Under inflationary conditions, LIFO will lead to :
No change in sale
Higher Sale
✔ Lower Profit
Higher Profit

Explanation:
LIFO means last in and first out. That is to say that the inventory which is received at last will be issued first in the process of production. Therefore, the closing stock will always be left from the earlier purchased stock. The earlier stock will be cheaper as compared to the latest stock which is costly owing to the inflation. Hence, the value of closing stock will be less and thereby the profits of a given period will be lower.

[QUESCODE:48590] [0/1 Mark]
Q.25 Physical inventory system is also known as :
Perpetual Inventory System
✔ Periodic Inventory System
Inventory Recorded System
None

Explanation:
Periodic Inventory System is a method of ascertaining Inventory by taking an actual physical count (or measure or weight) of all the inventory items on hand at a particular date on which inventory is required. It is because of actual physical count that the system is also called physical inventory system.

[QUESCODE:48591] [0/1 Mark]
Q.26 Closing stock is generally valued at :
Cost Price
Market Price
✔ Cost price or market price whichever is lower
Cost price or market price whichever is higher

Explanation:
Inventories should be generally valued at lower of cost or net realizable value. Pricing of inventory assumes significance when different lots are purchased at varying prices at different timings.
Cost is the amount of expenditure incurred on acquisition of goods. Net Realizable Value is the estimated selling price in the ordinary course of business less the estimated cost of completion and cost necessary to make the sale.

[QUESCODE:48592] [0/1 Mark]
Q.27 Original cost of a machine = Rs. 1,30,000, Salvage value = Rs. 4,000, Useful life = 6 years, Depreciation for the 1st year under sum of year's digit method will be :
Rs. 6,000
Rs. 12,000
Rs. 18,000
✔ Rs. 36,000

Explanation: Sum of year digits $=1+2+3+4+5+6=21$. Depreciation for the year will be $=(1,30,000-4,000)\times\frac{6}{21}=36,000$. Depreciation for first year is Rs. $36,000$.

[QUESCODE:48593] [0/1 Mark]
Q.28 Under annuity method, the amount of depreciation is :
Increasing every year
Decreasing every year
Revalued every year
✔ Remains fixed for all the years

Explanation:
This is a method of depreciation which also takes into account the element of interest on capital outlay and seeks to write off the value of the asset as well as the interest lost over the life of the asset.
The amount written off annually remains constant, but the interest in earlier years being greater only a part of the capital outlay in written off. This position reverses with the passage of time.

[QUESCODE:48594] [0/1 Mark]

Q.29 An asset was purchased for Rs. 12,500 and was depreciated under Reducing Balance Method at the rate of 20% p.a. What is the value of the assets at the end of three years?

- Rs. 8,000
- Rs. 7,500
- ✔ Rs. 6,400
- Rs. 5,000

Explanation:

Cost of the Asset = Rs. 12,500
Depreciated annually @ 20% p.a. on reducing balance
W.D.V. at the end of 3 years will be
= 12,500 x 80% x 80% x 80%
= Rs. 6,400

[QUESCODE:48595] [0/1 Mark]

Q.30 Calculate gross profit if rate of gross profit is 20% on sales and cost of goods is Rs. 1,20,000 :

- Rs. 24,000
- ✔ Rs. 30,000
- Rs. 20,000
- None of these

Explanation:

Profit of 20% on sales denotes 25% on cost of goods sold is Rs. 1,20,000. Therefore, gross profit will be 25% of 1,20,000 = Rs. 30,000.

[QUESCODE:48596] [0/1 Mark]

Q.31 Prepaid Rent is shown as :

- ✔ Current Asset
- Current Liability
- Fixed Assets
- Income

Explanation:

Prepaid rent is shown as current asset as some amount

has been paid in advance and whereas the benefit is still not derived.

[QUESCODE:48597] [0/1 Mark]

Q.32 A invoice certain goods so as to show a profit of 20% on invoice price 1/10th of the goods were lost in transit. The cost price of goods lost is Rs.40000. the invoice value of goods sent out is:

- ✔ Rs.500000
- Rs.480000
- Rs.450000
- Rs.400000

Explanation: 20% profit on invoice price means 25% profit on cost price. Cost of goods lost is given as Rs.40,000 $\therefore$ Its invoice price will be $40,000 + (25\% \text{ of } 40,000) = 50,000$. Goods lost are 1/10th of the total, thus the invoice price of the total goods sent will be $50,000 \times \frac{10}{1} =$ Rs. $5,00,000$.

[QUESCODE:48598] [0/1 Mark]

Q.33 X sent out 400 bags to Y costing Rs.200 each, consignor expenses were Rs.4000. Y's non selling expenses Rs.2000. and selling expenses of Rs.1000. 300 bags were sold by Y, value of consignment stock will be:

- Rs.20400
- Rs.20700
- Rs.22000
- ✔ Rs.21500

Explanation:

Value of consignment stock can be calculated as follows:

	Units	Amount
Add : Consignor's	400	80,000
Expenses		4,000
	400	84,000
Add : Consignees non-selling exp		2,000
	400	86,000
Less : Sold	300	
Stock left	100	$\frac{86,000}{400} \times 100 = 21,500$

[QUESCODE:48599] [0/1 Mark]

Q.34 M and N enter into a joint venture where M supplies goods worth Rs. 6,000 and spends Rs. 300 on expenses. N sells the entire lot for Rs. 7,800 meeting selling expenses amounting to Rs. 300. Profit sharing ratio equal. N remits to M the amount due. The amount of remittance will be :

- ✔ Rs. 6,900
- Rs. 7,500
- Rs. 6,300
- Rs. 6,600

Explanation:

Memorandum Joint Venture A/c

To M (Goods)	6,000	By N (Sales) (7,800 - 300)	7,500
To M (Expenses)	300		
To Profit :			
M 600			
N 600	1,200		
	7,500		7,500

In the books of M

Joint Venture A/c with N

To Cash (Goods)	6,000	By Bank (bal fig)	6,900
To Cash (Exp.)	300		
To P/L (Profit)	600		
	6,900		6,900

Thus, the amount of remittance is Rs. 6,900

Thus, the amount of remittance is Rs. 6,900.

[QUESCODE:48600] [0/1 Mark]

Q.35 What is the nature of joint venture with co-venture's A/c :

- Nominal Account
- Real Account
- ✔ Personal Account
- None

Explanation:

Joint venture with co-venture's A/c is of personal in nature because it records all the personal & bank transactions between two parties.

[QUESCODE:48601] [0/1 Mark]

Q.36 When unsold stock is taken away by a co-venture, then _____ account is debited :

- Joint Stock
- Joint Venture
- Joint Bank Account
- ✔ Co-ventures capital account

Explanation:

When unsold stock is taken away by a co-venture, then co-ventures capital account is debited as it is a personal account and the rule is debit the receiver and credit the giver. Since he is the receiver hence account is debited.

[QUESCODE:48602] [0/1 Mark]

Q.37 If due date of a bill is a public holiday then it's due date will be :

- Following day
- ✔ Preceding day
- Same day
- One month later

Explanation:

If due date of a bill is a public holiday then its due date will be a day preceding the due date.
e.g. Bill of Rs. 5,000 is drawn on 12th July for one month. Then its due date is 15th August but that is a public holiday. Thus, the real due date will be 14th August.

[QUESCODE:48603] [0/1 Mark]

Q.38 On 1.1.05 X draws a bill on Y for Rs. 20,000. At maturity, Y requests X to renew the bill for 2 months @ 12% p.a. interest. Amount of interest will be :

- ✔ Rs. 400
- Rs. 300
- Rs. 360
- Rs. 380

Explanation:

The amount of interest will be calculated as follows :

$20,000 \times 12\% \times \frac{2}{12} = \text{Rs. } 400.$

Following entires will be passed.

	Books of X	Books of Y
1	Y Dr. 20,000 To B/R 20,000 (Cancellation of old bill)	BP Dr. 20,000 To X 20,000 (Cancellation of old bill)
2	Y Dr. 400 To Interest 400 (Interest made due)	Interest Dr. 400 To X 400 (Interest made due)
3	B/R Dr. 20,400 To Y 20,400 (New bill drawn)	X Dr. 20,400 To B/P 20,400 (New bill accepted)

[QUESCODE:48604] [0/1 Mark]

Q.39 On 1.8.05 X draws a bill on Y "For 30 days after sight". The date of acceptance is 8.8.05. The due date of the bill will be :

- 8.9.05
- ✔ 10.9.05
- 11.9.05
- 9.9.05

Explanation:

The due date of the bills which are "after sight" runs from the date when they are accepted and not from the date when they are drawn.
Due date of the bill accepted on 8.8.05 will be 10.09.05. (i.e. 23 days of August + 7 days of September + 3 days of grace)

[QUESCODE:48605] [0/1 Mark]

Q.40 When a large number of articles are sent on a sale or return basis, it is necessary to maintain :

- Sale Journal
- Goods Returned Journal
- ✔ Sale or Return Journal
- Any of these

Explanation:

Where large number of articles are sent out on a sale or return basis, it is necessary to maintain a specially ruled sale or Return Journal / Day book. This day book is divided into four columns (1) Goods sent on Approval, (2) Goods Returned, (3) Goods Approved, and (4) Balance.

[QUESCODE:48606] [0/1 Mark]

Q.41 Sale or return day book is a :

- Primary Book

[QUESCODE:48607] [0/1 Mark]

Q.42 A draws Rs. 1,000 per month on the last day of every month. If the rate of interest is 5% p.a. then the total interest on drawings will be :

- Primary Book
- Principle Book
- ✔ Memorandum Book
- None of these

Explanation:
Sale or Return day book is a Memorandum Book because information relating to goods delivered and goods returned are kept on a Memorandum Basis.

[QUESCODE:48608] [0/1 Mark]
Q.43 The profits of last five years are Rs. 75,000, Rs. 90,000, Rs. 80,000, Rs. 1,00,000 and Rs. 80,000. Find the value of goodwill, if its calculated an average profits of last five years on the basis of 3 years of purchase :

- Rs. 85,000
- ✔ Rs. 2,55,000
- Rs. 2,75,000
- Rs. 2,85,000

Explanation: Average of Last five year's profits $= \frac{75,000+90,000+80,000+1,00,000+80,000}{5} = 85,000.$
Goodwill = Average Profits $\times$ Year's of purchase $= 85,000 \times 3 = 2,55,000$

rate of interest is 5% p.a. then the total interest on drawings will be :

- Rs. 325
- ✔ Rs. 275
- Rs. 300
- Rs. 350

Explanation: Interest on drawings $= 12,000 \times \frac{5.5}{12} \times \frac{5}{100} =$ Rs. $275.$
Note : When drawings of equal amount are made on the last day of every month, then interest for 5.5 months is charged on an average.

[QUESCODE:48609] [0/1 Mark]
Q.44 Capital employed in a business is Rs. 1,50,000. Profits are Rs. 50,000 and the normal rate of profit is 20%. The amount of goodwill as per capitalization method will be :

- Rs. 2,00,000
- Rs. 1,50,000
- Rs. 3,00,000
- ✔ Rs. 1,00,000

Explanation: Normal Profits = Capital Employed $\times$ Normal Rate of Profit $= 1,50,000 \times 20\% = 30,000.$ Super Profit = Actual Profit - Normal Profit $= 50,000 - 30,000 = 20,000.$ Goodwill $= \frac{20,000}{20\%} =$ Rs. $1,00,000.$

[QUESCODE:48610] [0/1 Mark]
Q.45 X and Y are sharing profits and losses in the ratio of 3 : 2. Z is admitted with 1/5th share in profits of the firm which he gets from X. Find out the New profit sharing ratio?

- 12 : 8 : 5
- 8 : 12 : 5
- ✔ 2 : 2 : 1
- 2 : 2 : 2

Explanation: $X:Y = 3:2. X's$ share now $= \frac{3}{5} - \frac{1}{5} = \frac{2}{5}.$
$X:Y:Z = \frac{2}{5}:\frac{2}{5}:\frac{1}{5}$ $i.e. 2:2:1.$

[QUESCODE:48611] [0/1 Mark]
Q.46 A and B are partners sharing profits and losses in the ratio of 3 : 2. A's Capital is Rs. 60,000 and B's Capital is Rs. 30,000. They admit C for 1/5th share of profits. How much C should bring in towards his capital?

- Rs. 18,000
- Rs. 24,000
- Rs. 29,000
- ✔ Rs. 22,500

Explanation: Total Capital of $A \& B$ for $4/5$ th share $= 60,000 + 30,000 = 90,000.$ Total Capital of firm, is $= 90,000 \times \frac{5}{4} = 1,12,500.$ Share of C in total capital

$= 1,12,500 \times \frac{1}{5} = 22,500$

[QUESCODE:48612] [0/1 Mark]
Q.47 A and B are partner sharing profits and losses in the ratio 5 : 3. On admission, C brings Rs. 70,000 cash and Rs. 48,000 against goodwill. New profit sharing ratio between A, B, C is 7 : 5 : 4. The sacrificing ratio among A and B is :

- ✔ 3 : 1
- 4 : 7
- 5 : 4
- 2 : 1

Explanation: Sacrificing Ratio = Old Ratio - New Ratio. A Sacrificing Ratio $= \frac{5}{8} - \frac{7}{16} = \frac{10-7}{16} = \frac{3}{16}$ .B Sacrificing Ratio $= \frac{3}{8} - \frac{5}{16} = \frac{6-5}{16} = \frac{1}{16}$. Sacrificing Ratio $= 3:1.$

[QUESCODE:48613] [0/1 Mark]
Q.48 B, C, D are partners sharing profits in the ratio 7 : 5 : 4. D died on 30th June, 2006 and profits for the year 2005-06 were Rs. 12,000. How much share in profits for the period 1st April, 2006 to 30th June, 2006 will be credited to D's Account?

- Rs. 3,000
- ✔ Rs. 750
- Nil
- Rs. 1,000

Explanation: $D's$ share in profits up to 30th June 2006 will be $: 12,000 \times \frac{3}{12} \times \frac{4}{16} =$ Rs. $750.$

[QUESCODE:48614] [0/1 Mark]

[QUESCODE:48618] [0/1 Mark]

Q.49 The part of share capital which can be called up only on the winding up of a company is called :

- Authorized Capital
- Called Up Capital
- Capital Reserve
- ✔ Reserve Capital

Explanation:
As per Section 99 of the Companies Act, 1956, a company may decide by passing a special resolution that a certain portion of its subscribed uncalled capital shall not be called up except in the event of winding up of the company. Portion of the uncalled capital which a company has decided to call only in case of liquidation of the company is called Reserve Liability / Reserve Capital.

Q.50 A company forfeited 2,000 shares of Rs. 10 each (which were issued at par) held by A for non payment of allotment money of Rs. 4 per share. The called up value per share was Rs. 9. On forfeiture the amount debited to share capital is :

- Rs. 10,000
- Rs. 8,000
- Rs. 2,000
- ✔ Rs. 18,000

Explanation:
At the time of forfeiture the share capital is always debited with the called up value of share.
Journal Entry :
Share Capital A/c ..Dr. (2000 x 9) 18,000
To Share forfeiture A/c (2000 x 5) 10,000
To Call-in-arrear A/c (2000 x 4) 8,000
Thus, Capital Account is debited with Rs. 18,000.

[QUESCODE:48619] [0/1 Mark]
Q.51 The rate of interest paid on calls in advance as per table A is :

- 5% p.a
- ✔ 6% p.a
- 10% p.a
- 4% p.a

Explanation:
Rate of Interest on Calls - in - advance as per Table A is 6% p.a.

[QUESCODE:48620] [0/1 Mark]
Q.52 The directors of a company forfeited 1000 shares of Rs. 10 each , Rs. 7.50 paid up for non payment of final call money of Rs. 2.50 per share. 700 of these shares are re-issued @ Rs. 7/- per share. The amount transferred to capital reserve A/c would be :

- Rs. 2,500
- ✔ Rs. 3,150
- Rs. 3,500
- Rs. 5,400

Explanation:
(1) Share Capital A/c Dr. (1,000 x 10) 10,000
To Share forfeiture A.c (1,000 x 7.50) 7,500
To Calls in arrear A/c (1,000 x 2.50) 2,500
(2) Bank A/c ..Dr. (700 x 7) 4,900
Share forfeiture A/c Dr. (700 x 3) 2,100
To Share Capital A/c (700 x 10) 7,000
(3) Share forfeiture A/c Dr. 3,150
To Capital Reserve 3,150
(75,000 / 1,000 x 700 = 5,250 - 2,100)

[QUESCODE:48621] [0/1 Mark]
Q.53 A Ltd. acquired assets worth Rs. 15,00,000 from H Ltd. by issued of shares of Rs. 100 @ premium of 25 % .The number of shares issued to settle the purchase consideration will be :

- ✔ 12,000 shares
- 15,000 shares
- 18,750 shares
- 11,250 shares

Explanation:
No. of shares to be issued = 15,00,000 / 125 = 12,000 shares.
Entry:
(1) Assets A/c Dr. 15,00,000
To Vendors A/c (H. Ltd.) 15,00,000
(2) Vendors A/c Dr. 15,00,000
To Equity Share Capital A/c 12,00,000
(12,000 x 100)
To Selling Premium A/c 3,00,000
(12,000 x 25)

[QUESCODE:48622] [0/1 Mark]
Q.54 Preference shares can be redeemed

- ✔ Only if they are fully paid
- Even if they are partly paid up
- After getting the permission form the court only
- All of the above

Explanation:
It is the required of Companies Act, 1956 that no preference shares can be redeemed unless they are fully paid.
So, preference shares can be redeemed by a company only when they are fully paid.

[QUESCODE:48623] [0/1 Mark]

Q.55 The underwriting commission in case of issue of debentures can't exceed:

- 2%
- ✔ 2.50%
- 3%
- 5%

Explanation:

The underwriting commission in case of debenture can't exceed 2.5% of the issue price of debentures. Company may through negotiation with the underwriter fix up a lower percentage but not higher than this in any case.

[QUESCODE:48624] [0/1 Mark]

Q.56 F Ltd Purchased machinery for a book value of Rs.4,00,000. The consideration was paid by issue of 10% debenture of Rs.100 each @ discount of 20%. The debenture account will be credited by:

- Rs.4,00,000
- ✔ Rs.5,00,000
- Rs.3,20,000
- Rs.4,80,000

Explanation:

The no. of debentures to be issued will be 4,00,000/ 80 = 5000 debentures

Entries :

(1) Machinery A/c	Dr.	4,00,000	
To Vendor's A/c			4,00,000
(2) Vendor's A/c (5000 x 80)	Dr.	4,00,000	
Debenture Discount A/c	Dr.	1,00,000	
To 10% Debenture A/c (5,000 x 100)			5,00,000

Thus, debenture account is credited with Rs. 5,00,000

[QUESCODE:48625] [0/1 Mark]

Q.57 P agrees to pay a certain sum to Q, if Q brings on earth a star from sky. This is a:

- valid contract
- ✔ void agreement
- void agreement
- enforceable contract

Explanation:

Agreements to form valid contract must be certain and possible, it should not be uncertain vague or impossible. Therefore, an agreement to do something impossible is void under section 56 of the Indian Contract Act,1872. Hence in the above case the contract between P and Q is a void contract since P and Q agree to do an impossible Act ; i.e. P agrees to pay Q a certain sum if Q brings on earth a star from sky which is an impossible task to be performed.

[QUESCODE:48626] [0/1 Mark]

Q.58 Indian Contract Act,1872 is passed by:

- ✔ Indian parliament
- British parliament
- U.S. congress
- None of these

Explanation:

Indian contract act, 1872 was passed by the Indian Parliament, of Pre-independent India.

[QUESCODE:48627] [0/1 Mark]

Q.59 In an auction sale, 'X' is the highest bidder. The auctioneer accepts the offer by not speaking but striking the hammer on the table. This amounts to:

- express acceptance
- ✔ Implied acceptance
- Future acceptance
- No acceptance

Explanation:

An implied acceptance is one which is made otherwise than in words. In other words, it is inferred from the conduct of the person or the circumstances of the

[QUESCODE:48628] [0/1 Mark]

Q.60 A enquires from B, "will you purchase my cow for $ 100?" B replies, " I shall purchase your cow for $ 100 provided you purchase my parrot for $ 120." in this case:

- B has accepted the offer of A
- ✔ B has made a counter offer to A
- A is bound by the actions of B
- B cannot make such an offer

Explanation:

Upon receipt of an offer from an offeror, if an offeree instead of accepting it straight way, impose conditions which have the effect of modifying or varying the offer, he is said to have made a counter offer.

particular case.
Hence in this case in an auction sale 'X' is the highest bidder.The auctioneer accepts the offer by not speaking but striking the hammer on the table. This amounts to imputed acceptance.

Counter offers amounts rejection of the original. In this case A enquires from B that will he purchase his cow for $100, instead of accepting the offer B makes a counter offer stating that he shall purchase A's cow for $ 100 provided A purchase his parrot for $120.

[QUESCODE:48629] [0/1 Mark]
Q.61 Agreement without consideration is valid when made?

- Out of love and affection due to near relationship
- To pay a time barred debt
- To compensate a person who has already done something voluntarily
- ✔ All of these

Explanation:
There are some exceptions to the general rule No consideration,No contract:
They are as following:
a.Agreements made on Account of natural love and affection[Section 25(1)]:Such an agreement made without consideration is valid if:
1.It is expressed in writing.
2.It is registered under law.
3.It is made on account of love and affection
4.It is between due parties standing in a near relation each other.
b.Promise to pay time barred debt[Session 25(3)]: Such promise without consideration is valid if:
1.It is authorized in writing.
2.It is signed by the debtor or his authorised agent and
3.It relates to a debt which could not be enforced by a creditor because of limitation.
c.Promise to compensate[Section 25(2)]:Such promise made without consideration is valid if:
1.There is a promise to compensate(wholly or in part);
2.The person who is to be compensated has already done some thing voluntarily or has done something which the promisor was legally bound to do

[QUESCODE:48630] [0/1 Mark]
Q.62 Consideration must move at the desire of:

- ✔ The promisor
- The promisee
- The promisor or any third party
- Both the promisor and the promisee

Explanation:
Consideration must move at the desire of the promisor.

[QUESCODE:48631] [0/1 Mark]
Q.63 S, a seller of imitation jewellery, sells his business to B and promises, not to carry on business in imitation jewellery and real jewellery. The agreement is:

- Fully valid
- ✔ Valid with regard to imitation jewellery, and void as regards real jewellery
- Void with regard to imitation jewellery, and valid as regards real jewellery
- Wholly void

Explanation:
According to Section 27 of the Indian Contract Act 1872 an agreement by which any person is restrained from exercising a lawful profession,trade or business of any kind is to that extent void.
Hence in this case S a seller of imitation jewellery sells his business to B and promises not to carry on business in imitation jewellery and real jewellery .The agreement is valid with regard to imitation jewellery and void as regards real jewellery because it results in an agreement in restraint of trade.

[QUESCODE:48632] [0/1 Mark]
Q.64 S, a minor by fradulently representing himself to be a major, induced L to lend him Rs.4 lacs. He refused to repay it and L sued him for the money. The contract is:

- Voidable at the option of the minor
- Voidable at the option of L
- Wholly valid S is liable to repay the amount
- ✔ Totally void and S is not liable to repay the amount due

Explanation:
The privy council held that Section 10 and 11 of the Indian Contract Act make the minor's agreement void.Hence in this case S a minor by fraudulently representing himself to be a major,induced L to lend him Rs.4lakh. He refused to repay it and L sued him for the money.The contract is totally void as any agreement by a minor is void ab into i.e it is without any legal effect and as a result S is not liable to repay the due.
However according to Section 30 and 33 of the Specific Relief Act 1963 in case of a fraudulent misrepresentation of his age by the minor inducing the other party to enter into a contract the court may award compensation to the other party if the money or property could be traced

restraint of trade.

[QUESCODE:48633] [0/1 Mark]
Q.65 Mistake as to foreign law is treated in the same manner as:

- Mistake of Indian law
- ✔ Mistake of fact
- Misrepresentation
- Fraud

Explanation:
Mistake as to foreign law is treated in the same manner as mistake of fact

traced

[QUESCODE:48634] [0/1 Mark]
Q.66 Atul contracted to make and deliver 350 pairs of shoes to Bansi by 1st January. A strike of Atul's employees prevented him from fulfilling his contract. In a suit by Bansi for breach of contract, Atul claimed that the contract was terminated by impossibility of performance. was his defence good?

- ✔ No, Atul is liable to Bansi for damages
- Yes, doctrine of supervening impossibility applies
- Yes, doctrine of frustration will apply
- Option (b) but not (c)

Explanation:
A contract is not discharged on the grounds of strikes ,lockouts and civil disturbances unless other wise agreed by the parties of the contract.Hence in the case Atul is liable to Bansi for damages as Atul cannot terminate the contract on ground of impossibility of performance.

[QUESCODE:48635] [0/1 Mark]
Q.67 A lets out a theatre to B for a series of drama for certain days. The theatre was completely destroyed by fire before the scheduled dates. In the case:

- ✔ the contract is discharged by impossibility of performance
- The contract is void ab initio
- The contract is voidable at the option of B
- A cannot be dicharged of the contract

Explanation:
According to Section 56,Para 2 of the Indian Contract Act 1872,where an act becomes impossible after the contract is made the contract to do such an act becomes void when the act becomes impossible.
In this case where A lets out a theatre to B for a series of drama for a certain day,The theatre was completely destroyed by fire before the scheduled dates;the contract is discharged by impossibility of performance.

[QUESCODE:48636] [0/1 Mark]
Q.68 A, B and C jointly promise to pay D a sum of Rs.90,000. C is compelled to pay the whole of the amount to D. can he recover anything from A and B when both A and B were solvent?

- Yes, C can recover Rs.60,000 from A
- Yes, C can recover Rs.90,000 from A
- ✔ Yes, C can recover Rs.30,000 each from A and B
- No, C can't recover anything from A and B

Explanation:
Yes,C can recover Rs.30,000 each from A and B,be according to Section 43 and 44 of the Indian Contract Act 1872,where two or more persons make a joint promise then each of two or more joint promisors may compel every other joint promisor to contribute equally with himself of the performance ofthe promise unless a contrary intention appears from the contract.

[QUESCODE:48637] [0/1 Mark]
Q.69 A servant is employed for one year on a monthly salary of Rs.1,800, the whole salary to be paid at the end of the year. The servant wrongfully leaves the service after six months. Is he entitled to any salary?

- he is entitled to the whole salary
- He is entitled to the salary of six months
- He is entitled to the salary which his master thinks suitable
- ✔ He is not entitled to any salary

Explanation:
The servant who wrong fully leaves the service after six months is not entitled to any salary and he cannot claim any compensation also because in the contract it was decided that the salary would be paid on the completion of one year.
Whereas if in the contract it was not decided then the servant would receive salary only after completion of one year then he had the right to claim compensation for the work already done on quantum merit basis.

[QUESCODE:48638] [0/1 Mark]
Q.70 R contracts to sell his car to S for Rs.7 Lacs and S agrees to pay on delivery. Once the car is delivered to S and S pays Rs.7 lacs, contract comes to an end. This is called:

- Breach of a contract
- ✔ Discharge of a contract
- Rescission of a contract
- Waiver of a contract

Explanation:
The contract between R and S is discharged once the car is delivered to S and S pays Rs.7 lacs,contract comes to an end as both the parties to the contract have performed their promises in accordance with the terms of the contract.

[QUESCODE:48639] [0/1 Mark]
Q.71 Which one of the following is relevant in normal circumtances in determining the amount of damages from breach of contract?

- Normally expected loss
- ✔ Difference between market price and contract price
- Sudden closure price of production
- Additional expenses for procurring the goods

Explanation:
According to Section 73 of the Indian Contract Act 1872,in a contract for the sale of goods the measure of ordinary damages is the difference between the contract price and the market price of such goods on the date of breach

[QUESCODE:48640] [0/1 Mark]
Q.72 A party who does not suffer any loss in case of breach of contract is entitled to:

- Statutory damages
- Liquidated damages
- Exemplary damages
- ✔ nominal damages

Explanation:
Nominal damages are those which are awarded where there is only a technical violation of a legal right but the aggrieved party has not infact suffered any loss because of the breach of contract.These are called nominal because they are very small say one rupee.The court may or may not award these nominal damages.

[QUESCODE:48641] [0/1 Mark]
Q.73 The basis of 'quasi contractual' relations is the:

- Existence of a valid contract between the parties
- ✔ Prevention of unjust enrichment at the expense of others
- Existence of a voidable contract between the parties
- Provisions contained in section 10 of the Indian Contract Act

Explanation:
The Quasi contract is not a contract at all because one or the other essentials for the formation of a contract are absent.It is an obligation imposed by law upon a person for the benefit of another even in the absence of a contract.It is based on the principle of equity which means no person shall be allowed to unjustly enrich himself at the expense of another.

[QUESCODE:48642] [0/1 Mark]
Q.74 Goods means every kind of movable property including:

- Actionable claims and currency money
- Old currency notes
- Goodwill and copyright
- ✔ Both (b) and (c)

Explanation:
According to section 2 of the Sale of Goods Act, Goods means every kind of movable property other than actionable claims and money ; and includes stock and shares ,growing crops, grass, and things attached to or forming part of the land , which are agreed to be severed before sale or under the contract of sale. Trademark, copy rights, patent rights, goodwill , water, gas are all goods. Moreover, old currency notes can be the subject matter of the contract of sale but money which means current money is excluded from the same.

[QUESCODE:48643] [0/1 Mark]
Q.75 In case of an agreement to sell, subsequent loss or destruction of the goods is the liability of _____.

- The buyer
- ✔ The seller
- Both the buyer & seller
- The insurance company

Explanation:
As per the Sale of the Goods Act, in an agreement to sell the ownership of the goods is not transferred immediately . It is intending to transfer at a future date upon the completion of certain conditions thereon.
As a general rule, risk passes with property and since property in the goods does not pass to the buyer , the risk also does not pass to him consequently the subsequent loss or destruction of the goods is the liability of the seller

and not of the buyer in case of an agreement to sell.

[QUESCODE:48644] [0/1 Mark]
Q.76 X purchased papers from Y and resold them to Z, who found that the papers were infected with white ants and returned them to X. can X return the goods to Y?

- ✔ No
- Yes
- Z has to return directly
- None of the above

Explanation:
The seller can always claim the benefit of doctrine of Caveat Emptor i.e. let the buyer be aware.
At the time of purchasing goods from X, Z pointed out that they were infected with white ants so Z can return them to X as he had been beware and diligent.
On the other hand X had already purchased the goods from Y and did not make any complain about the papers being infected .

Therefore, X cannot now return the goods to Y.

[QUESCODE:48645] [0/1 Mark]
Q.77 Breach of warranty gives a right to:

- Reject goods
- Treat the contract as repudiated
- Claim new goods

[QUESCODE:48646] [0/1 Mark]
Q.78 Implied conditions include:

- Condition as to title
- Condition in case of sale by description
- Condition in case of sale by sample

✔ Claim damages but not a right to reject the goods and treat the contract as repudiated

Explanation:
A warranty is a stipulation which is collateral or subsidiary to the main purpose of the contract as per the Sale of Goods Act.
Breach of warranty gives the aggrieved party a right to claim damages but not a right to reject goods and terminate the contract.

✔ All of these

Explanation:
Implied conditions are those , which are presumed by law to be present in the contract. However, it can be neglected or waived by an express agreement.
IMPLIED CONDITIONS INCLUDE ALL THE CONDITIONS GIVEN HERE :
(a) Conditions as to title implies that the seller has the right to sell the goods at the time when the property is to pass. If the seller's title turns out to be defective, the buyer must return the goods to the true owner and recover the price from the seller.
(b) Where there is a contract of sale by description, there is an implied condition that the goods correspond with the description. The buyer is not bound to accept and pay for the goods which are not in accordance with the description of goods.
(c) In a contract of sale by sample, there is an implied condition the (i) bulk shall correspond with the sample in quality (ii) buyer shall have a reasonable opportunity of comparing the bulk with the sample and (iii) the goods shall be free any defect rendering them unmerchantable, which would not be apparent on reasonable examination of the sample.

[QUESCODE:48647] [0/1 Mark]
Q.79 In case of sale on approval, the ownership is transferred to the buyer when he:

- Accepts the goods
- Adopts the transaction
- Fails to return goods within the specified time
- ✔ All of these

Explanation:
As per the Sales of Goods Act, passing of property implies passing of ownership.
In case of sale or approval or " on sale or returns" basis as per Section 24, the ownership is transferred to the buyer , when :
(a) The approval or acceptance is communicated to the seller i.e. when the buyer accepts the goods.
(b) The buyer does any other act adopting the transaction which is inconsistent with the ownership of goods i.e. sells the goods to the third party, automatically the ownership transfers.
(c) When the buyer fails to return the goods.
(i) If a time has been fixed for the return of goods, the ownership transfers on the expiry of fixed term.
(ii) If no time has been fixed for the return of goods, the ownership passes on the expiry of the reasonable time.
NOTE: What is a reasonable time is a question of fact depending upon the facts and circumstances of each case.
Therefore, all the above three cases imply the transfer of ownership.

[QUESCODE:48648] [0/1 Mark]
Q.80 When the sale is made, goods should be:

- delivered to sellers place
- Delivered to the place of business of buyer
- ✔ Only placed at the disposal of the buyer
- None

Explanation:
Sale occurs when goods are placed in a deliverable state. Deliverable state means such a state that the buyer would under the contract be bound to take delivery of the goods.
For effective sale to take place goods should be placed at the disposal of the buyer.

[QUESCODE:48649] [0/1 Mark]
Q.81 A of Mumbai writes to B of Delhi to send him a book by post parcel. The parcel is lost on the way. Can B recover the price?

- No, delivery to post office is not a delivery to buyer
- ✔ Yes, delivery to post office is delivery to buyer
- No, B has not got the book

[QUESCODE:48650] [0/1 Mark]
Q.82 Where the buyer wrongfully neglects or refuses to accept and pay for the goods, he will have to compensate the seller in a suit by him for:

- ✔ Damages for non-acceptance
- Price for non-acceptance
- Both (a) and (b)
- None

None

Explanation:
Yes, B can recover the price . According to section 39(1) of the Sales of Goods Act, 1930, the delivery of goods to the carrier for transmission to the buyer, is prima facie deemed to be delivery to the buyer.
Therefore, delivery of the parcel to post office is deemed as delivery to (buyer) . Hence, B can recover the price.

[QUESCODE:48651] [0/1 Mark]
Q.83 Unpaid seller has which rights against the buyer personally:

- To sue for the price
- ✔ To sue for damages
- To sue for interest
- All of the above

Explanation:
An paid seller can enforce certain rights against the goods known as rights in rem as well as against the buyer

personally known as rights in personam:
The rights in personam are:
(a) To Sue for the price of the gods as per Section 55
(b) To Sue for damages for non acceptance where the buyer wrongfully neglects or refuses to accept and pay for the goods as per Section 56.
(c) To Sue for interest as per the specific agreement between the seller and the buyer from the date or which the payment become due if however, there is no specific agreement to this effect, the seller may charge interest on the price when it become due from such day as he may modify to the buyer.

[QUESCODE:48653] [0/1 Mark]
Q.85 Raj and Ram, two friends buy hundred mobile sets agreeing to share the same between them. It is a:

- ✔ Co-ownership
- Partnership
- Joint venture
- Hindu undivided family business

Explanation:
Raj and Ram, two friends buy hundred mobile sets agreeing to share the same between them.It is a coownership and not a partnership because there is no existence of mutual agency i.e the capacity of a partner to bind other partners by his acts done in firms name and be bound by the acts of other partners in firm's name.
In the above case there is an existence of co-owner ship because there is no community of interest and also because there is no business being carried out between Raj and Ram.They are just co-owners of the property which they bought i.e the hundred mobile sets.

[QUESCODE:48655] [0/1 Mark]
Q.87 Every partner is bound to attend _____ to his duties in the conduct of the business:

- Systematically
- ✔ Diligently

Explanation:
According to the Sales of Goods Act, an unpaid seller can enforce certain rights against the buyer personally called as rights in personam in addition to the rights in rem.
One such right is suit for damages for non- acceptance which says where the buyer wrongfully neglects or refuses to accept and pay for the goods, the seller may sue him for the damages for non - acceptance as per Section 56 of the Sales of Goods Act. As regards measure of damages , section 73 of the Indian Contract Act, 1872, applies.

[QUESCODE:48652] [0/1 Mark]
Q.84 In case of partnership maximum number of members of banking company are:

- ✔ 10
- 20
- 15
- 30

Explanation:
The Partnership Act is silent about the maximum number of members that a partnership may have but Section 11 of the Companies Act

1956,prescribes the maximum limit, it states that in case of partnership and other association maximum number of members of banking company are 10.
In case of a partnership firm carrying on any other business the maximum limit may exceed to 20.If the number of partners exceeds the aforesaid limit the partnership firm becomes an illegal association.

[QUESCODE:48654] [0/1 Mark]
Q.86 A partner may retire from an existing firm _____.

- with consent of all partners
- As per express agreement
- By written notice in partnership at will
- ✔ All of the above

Explanation:
A partner may retire from an existing firm with the consent of all other partners and not merely by the majority of the existing partners.
He may also retire in accordance with an express agreement by the partners.This may happen when the partners have already made agreement to this effect in the partnership agreement and if the existing partnership is a partnership at will,a partner may retire from an existing firm by giving a notice in writing to all other partners of his intention.

[QUESCODE:48656] [0/1 Mark]
Q.88 A third party deals with the firm without knowledge that Mr.X has been expelled from the firm. In such a case, Mr.X _____.

- Is liable to the firm
- ✔ Is liable to third parties

- Sincerely
- Effectively

Explanation:
According to 'The Indian Partnership Act 1932' Section 12(b),every partner is bound to attend his duties diligently

in the conduct of the business.

[QUESCODE:48657] [0/1 Mark]
Q.89 The estate of a partner who dies, is not liable u/s 45 for acts done after the date on which he ceases to be a partner. This statement is _____:

- ✔ TRUE
- Partly true
- FALSE
- Partly false

Explanation:
The estate of a partner who dies, is not liable under section 45 of the Indian Contract Act for acts done after the date on which he ceases to be a partner. This statement is true because a partner can only be held liable for the activities done by the firm during the lifetime of a partner i.e for the period in which he is a partner in the partnership firm.

[QUESCODE:48659] [0/1 Mark]
Q.91 A partnership may be dissolved:

- On death of partner
- On completion of work or venture
- On expiry of term
- ✔ All of the above

Explanation:
According to Section 42 of the Indian Partnership Act 1932,unless otherwise agreed by partners a firm is dissolved on the happening of any of the following contingencies:
a.On the death of a partner.If all the partners of the firm but one are dead the firm shall be compulsorily dissolved even if the partnership agreement provided that the firm shall not be dissolved on the death of a partner.The reason is that there must be atleast two partners to continue a firm.
b. On completion of work or venture:Unless otherwise agreed to as per Section 42 a partnership firm is dissolved on the completion of work or venture for which it was set up,
c.On the expiry of the fixed term for which the firm was constituted.

[QUESCODE:48661] [0/1 Mark]
Q.93 Registrar of firms under Section 57 of the Indian Partnership Act is appointed by:

- Central Government
- ✔ State Government
- Trade Associations
- Local Bodies

Explanation:

- Is liable to the continuing partners
- Is not liable to the third partners

Explanation:
When a third party deals with the firm without the knowledge that Mr.X has been expelled from the firm,in such a case Mr.X is liable to third

parties because public notice of his expulsion has not yet been given.

[QUESCODE:48658] [0/1 Mark]
Q.90 In case of transfer of partner's interest u/s 29, the transferee is entitled to interfere with the conduct of the business:

- To inspect books of the firm
- ✔ To receive the share of the transferring partner
- To interfere with the conduct of the business
- To require accounts

Explanation:
As per Section 29 of the Indian Partnership Act 1932 a partner may transfer his interest in the firm by sale,mortgage or charge fully or partially.The transferee is entitled to interfere with the conduct of business as he has the right to receive the share of the assets of the transferring partner and not the assets of the firm.

[QUESCODE:48660] [0/1 Mark]
Q.92 The accounting rule in respect of loss arising due to insolvency of a partner is dealt within _____.

- ✔ Garner vs Murray
- Hyde vs Wrench
- Derry vs Peek
- All of these

Explanation:
Justice Joycee held that the loss arising due to the insolvency of a partner must be distinguished from an ordinary loss(including realization loss).
Unless otherwise agreed the decision in Garner v.Murray requires:-
1.That the solvent partners should bring in cash equal to their respective shares of the loss on realisation.
2.That the solvent partners should bear the loss arising due to the insolvency of a partner in the ratio of their last agreed capitals.

[QUESCODE:48662] [0/1 Mark]
Q.94 How unrecorded assets are treated at the time of retirement of a partner?

- ✔ Credited to revaluation account
- Credited to capital account of retiring partner only
- Debited to revaluation account
- Credited to Partner's capital Account

The registrar of firms under Section 57 of the Indian Partnership Act is appointed by the State Government.

Explanation:
Unrecorded assets are credited to revaluation account to bring them in books. Entry is :
Unrecorded Assets A/c Dr.
To Revaluation A/c

[QUESCODE:48663] [0/1 Mark]
Q.95 Which one of the following promises is enforceable?

- ✔ X promises to pay Rs. 5,000 to Y who saved him from drawing
- X promises to pay Rs.5,000 to his son
- X promises to donate Rs.5,000 to an officer's club
- X promises to pay Rs.5.000 as additional fees to his advocate for winning a suit

Explanation:
The promise by X to pay Y who saved him from drawing is enforceable as there is completion of "quid pro quo" i.e.something in return of. In this case X's life was saved hence he is liable to pay the amount to Y.

[QUESCODE:48664] [0/1 Mark]
Q.96 The rule of caveat emptor does not apply in the case of:

- Fitness for buyer's purpose
- Sale under a patent or trade name
- Usage of trade or consent by fraud
- ✔ All of these

Explanation:
The doctrine of Caveat Emptor does not apply to the following cases:
(a) Where then buyer makes known to the seller the particular purpose for which the goods are required and relies on the seller's skill or judgement and goods are of a description which is in the course of sellers business to supply, it is the duty of the seller to supply such goods as are reasonably fit for that purpose.
(b) the implied condition of 'Caveat Emptor' will not apply if the goods have been sold under a trademark or patent name.
(c) If the seller has ordinarily been dealing in those goods as required by the buyer and are a description which is in the course of sellers business to supply then there is no implied condition.
(d) When the seller makes a misrepresentation and the buyer relies on that representation, the above rule does not apply.

[QUESCODE:48665] [0/1 Mark]
Q.97 If the goods are rejected by the buyer, and the carrier or other bailee continues in possession of them, then the transit _____ even if the seller has refused to receive them back:

- Is deemed to be at an end
- ✔ Is not deemed to be an end
- In nobody's hand
- None of the above

Explanation:
as regards transit if goods are rejected by the buyer and the bailee or the carrier continues in possession of them, the transit is not deemed to be at an end, even if the seller has refused to receive them back.
Moreover, even the goods are deemed to be in transit from the time they are delivered to the carrier or other bailee for transmission, until the buyer or his agent takes delivery of them.

[QUESCODE:64791] [0/1 Mark]
Q.98 If the transaction is illegal collateral transactions are:

- Void
- ✔ Illegal
- Unenforceable
- None of these

Explanation:
Illegal agreements are void-ab-initio.If an agreement is illegal the collateral transactions to the agreement get tainted with illegality and hence cannot be enforced.

[QUESCODE:64800] [0/1 Mark]
Q.99 A sent a proposal for sale of goods to B through a letter.However letter was still in transit A sent the letter of revocation of offer to B which was received by B before the first letter reached B.

- The contract is valid.
- ✔ The revocation is valid as it reached B before the first letters reached B.
- The contract is void.
- None of these.

[QUESCODE:64801] [0/1 Mark]
Q.100 If mistake is unilateral then the contract is:

- ✔ Void
- Voidable
- Valid
- Illegal

Explanation:
According to Section 22 of the Indian Contract Act 1872,unilateral mistake that is to say mistake of one party does not render the agreement void.It means that the agreement remains valid provided all

Explanation:
As per Section 4 of the Indian Contract Act 1872,communication of revocation is complete as against the person to whom it is made when it comes to his knowledge.
As per Section 5 of the contract Act, a proposal may be revoked at any time before the communication of its acceptance is complete as against the proposer.
In the instant case B has sent the letter of revocation of offer which has reached B before the letter of offer has reached B.Therefore revocation of offer is valid.

the other conditions of a valid contract are satisfied.