

# HERAMB PROFESSIONAL INSTITUTE

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CA-CPT / LAW

MARKS: 40

DURATION: 1 HR

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1. Section \_\_\_\_\_ of the partnership Act, 1932 defines the term "Business".  
(a) 2(a)      (b) 2(b)      (c) 2(c)      (d) 2(d)
2. Where the numbers of partners exceed the maximum number of persons permissible (10 or 20 as the case may be), the partnership becomes a/ an –  
(a) Limited company      (b) co-operative society  
(c) Illegal Association      (d) Invalid Association
3. The real test of existence of Partnership lies in \_\_\_\_\_  
(a) written contract      (b) share of profits  
(c) Mutual agency relationship      (d) two or more individuals carrying on a business
4. When two or more persons hold a property and share the income derived out of it, their relationship is called \_\_\_\_\_  
(a) Partnership    (b) co-ownership    (c) particular partnership    (d) joint venture
5. A particular partnership \_\_\_\_\_  
(a) Is void-ab-initio      (b) is voidable at the instance of the creditor  
(c) will stand dissolved when the adventure is completed  
(d) should be entered into only between two persons.
6. A partner who has not entered into a partnership agreement and conducts or represents himself as a partner in a firm is called \_\_\_\_\_  
(a) Sleeping partner    (b) partner by estoppel    (c) working partner    (d) sub-partner
7. If there is a contract that the partner shall not carry on the business other than that the of the firm while he is a partner, such contract is \_\_\_\_\_  
(a) Valid      (b) Void      (c) voidable at the option of the partner  
(d) Voidable at the option of the firm.
8. Subject to contract between the partners, the ratio of profit or loss sharing will be \_\_\_\_\_.  
(a) equal      (b) in the ratio of capital contribution

- (c) in the ratio of loans given, if any      (d) in the ratio given by the Income Tax Act
9. Subject to the provisions of the Act, the Partner is an agent of the Firm, for \_\_\_\_\_.  
(a) the purpose of the management of the firm  
(b) the purpose of other Partners  
(c) the purpose of liability to third parties  
(d) the purpose of business of the firm
10. Any act of the Partners, which is done to carry on in the usual way, business of the kind carried on by the Firm, should bind the Firm. This is called \_\_\_\_\_.  
(a) Express authority (b) implied authority (c) mutual agency (d) rights of working partner
11. In the ordinary course of business, where a Partner makes any admission or representation as to the affairs of the Firm, it shall be \_\_\_\_\_.  
(a) Evidence against the firm      (b) evidence against the partner  
(c) evidence against the third parties (d) not an evidence at all
12. A partner by estoppel is liable to a Third Party giving credit to the Firm \_\_\_\_\_.  
(a) only when he knows that his representation has reached the third party  
(b) even if he does not know that his representation has reached the third party  
(c) only when he induces such third party into giving credit to the firm  
(d) on the faith of the representation that he is not a real Partner
13. In case of transfer of Partners' Interest u/s 29, the Transferee is entitled to receive an account of assets of the firm \_\_\_\_\_.  
(a) On dissolution of firm (b) if the transferring partner ceases to be a partner  
(c) either (a) or (b)      (d) neither (a) nor (b)
14. For admitting a minor into the benefits of the Partnership, which of the following is required?  
(a) Consent of majority Partners of the Firm  
(b) Parent or guardian's consent  
(c) Consent of the Registrar of Firms

- (d) Consent of all the Partners of the Firm
15. For the acts of the Firm \_\_\_\_\_.
- (a) minor is personally liable
  - (b) minor's share is liable
  - (c) guardian is personally liable
  - (d) there is no liability at all for or on behalf of the minor
16. where a new Partner specifically agrees to bear past liabilities, he will be liable for such liabilities to \_\_\_\_\_.
- (a) All debtors of the firm      (b) all creditors of the firm
  - (c) other partners of the firm      (d) the Registrar of Firms
17. Where the continuing partners carry on the business of the firm, the Outgoing partner Whose claim is not settled, is entitled to \_\_\_\_\_
- (a) Share of profits since date of cessation of as partner.
  - (b) 18% interest p.a. on the unsettled amount
  - (c) 12% interest p.a. on the unsettled amount
  - (d) 10% interest p.a. on the unsettled amount
18. In case of change in the constitution of the firm, the continuing guarantee given to the firm or the third party in respect to the transactions of the firm \_\_\_\_\_
- (a) Is not affected to all      (b) Is revoked as to future transactions
  - (b) Is revoked with retrospective effect      (d) ceases to be continuing guarantee
19. Dissolution of Partnership between all the partners of a firm is called \_\_\_\_\_
- (a) Dissolution of Partnership      (b) Dissolution of firm
  - (c) Dissolution of firm name      (d) Reconstitution of firm
20. Dissolution by agreement u/s 40, can be \_\_\_\_\_
- (a) evidence by a written document
  - (b) inferred from conduct of the parties and circumstances of the case
  - (c) both (a) and (b)      (d) either (a) or (b).
21. If some event happens which makes it \_\_\_\_\_ for business of the firm to be

carried on or for the Partners to carry it on in Partnership, then the firm is automatically dissolved.

(a) Unlawful (b) Unconstitutional (c) unethical (d) unimaginable

22. In case of partnership at Will, Notice of intension to dissolve the firm \_\_\_\_\_

(a) should be in writing (b) may be in words

(c) may be implied by conduct of the parties (d) all of the above

23. In case of a notice of dissolution in a partnership at Will, where no date has been mentioned in the notice, the firm is dissolved from \_\_\_\_\_

(a) The date decided by the Registrar of firms

(b) The date as decided by the partners

(c) The date when the notice is communicated

(d) The date mentioned in the notice of dissolution

24. Where dissolution of firm is sought for on the ground that a partner has allowed his share to be sold in the recovery of arrears of land revenue, the suit shall be brought by \_\_\_\_\_

(a) All the other partners

(b) Any other partner

(c) The partner whose share is to be sold

(d) A majority of the partners

25. Where it is alleged that the business of the firm cannot be carried on except at a loss, application to Court can be made by \_\_\_\_\_

(a) Any partner

(b) any two partners

(c) majority of the partners

(d) all the partners

26. Public notice of dissolution u/s 45 may be given by \_\_\_\_\_

(a) all the partners

(b) the firm

(c) any partner

(d) Registrar of Firms

27. Upon dissolution, the Firm's assets shall be first applied in \_\_\_\_\_

(a) Payment of Debts & Liabilities of the Firm

(b) Payment of partner's loan

- (c) Payment of partner's capital
- (d) Distribution to partners in their Profit Sharing Ratio
28. A Partner agrees not to carry on the business other than that of the firm, while he is a partner in the Firm. This agreement is restraint of trade is \_\_\_\_\_
- (a) Valid (b) Invalid (c) Voidable (d) Wholly void
29. Application for Registration of Firms should be signed by \_\_\_\_\_
- (a) all the Partners or their agents
- (b) majority of the partners or their agents
- (c) all Working Partners or their agents
- (d) all minor partners
30. which of the following words are permissible in a firm's name?
- (a) Queen (b) Royal (c) Brothers (d) Emperor
31. If the Registrar is satisfied that the provisions of sec. 58 are duly complied with, he shall record an entry of statement (application) in \_\_\_\_\_
- (a) List of Firms (b) Register of firms
- (c) Schedule of firms (d) index of Firms
32. Intimation to Registrar, of a change in constitution of Registered Firms may be given by \_\_\_\_\_
- (a) Any one Partner or his agent
- (b) Majority of the partners or their agents
- (c) All Working Partners or their agents
- (d) All the partners or their agents
33. An unregistered Firm cannot file a suit against a \_\_\_\_\_ to enforce any right arising From a contract.
- (a) Partner (b) Minor admitted to benefits of partnership
- (c) Third party (d) Outgoing partner
34. An unregistered firm suffers from the following disabilities \_\_\_\_\_.
- (a) no suit between partner and firm (b) no suit by firm on a third party

- (c) no claim of set-off (d) all of the above
35. Which of the following rights are not applicable for unregistered firms?
- (a) right of partners to sue the firm for enforcing a right arising out of a contract  
(b) right of partner to sue for dissolution of the firm  
(c) right of partner to sue for settlement of accounts of a dissolved firm  
(d) right of partner to sue for realising the property of a dissolved firm
36. Right of the firm to bring a suit against third parties to enforce a right arising otherwise than out of a contract, e.g., for enforcing a trademark, is applicable to \_\_\_\_\_.
- (a) Registered firm only (b) unregistered firms only  
(c) neither (a) or (b) (d) both (a) and (b)
37. L,M and N were in partnership but did not register their firm. M is adjudicated insolvent and the official receiver wants to sue for realizing the property of M. Is the claim valid?
- (a) No, all partners, L,M and N have to file a suit  
(b) No, both L and N have to file a suit  
(c) No, the firm is not registered  
(d) Yes, non-registration is not relevant here
38. L,M and N were in partnership but did not register their firm. The firm wants to sue K, a third party, for infringement of the firm's trademark. Is the claim valid?
- (a) No, only the partners, L,M and N have to file a suit  
(b) No, the firm has no remedy against K  
(c) Yes, the firm can sue for tort  
(d) Yes, non-registration is not relevant here
39. Non-registration of the firm does not affect the right of the firm to institute a suit or claim of set-off not exceeding \_\_\_\_\_.
- (a) Rs.100 (b) Rs.1100 (c) Rs.10000 (d) Rs.50000
40. Which of the following does not require public notice in case of a registered firm?
- (a) admission of a partner (b) retirement of a partner  
(c) expulsion of a partner (d) dissolution of the firm