

MOCK TEST PAPER - I
COMMON PROFICIENCY TEST
(10.30 AM – 12.30 PM)

Time Allowed – 2 Hours

Maximum Marks – 100

SECTION A: FUNDAMENTALS OF ACCOUNTING

1. On April 1, 2018, a bill was drawn for two months. The maturity date of payment will fall on:
 - (a) June 1, 2018
 - (b) June 4, 2018
 - (c) June 5, 2018
 - (d) None of the above
2. Current assets does not include:
 - (a) Cash
 - (b) Stock
 - (c) Debtors
 - (d) Furniture & Fittings
3. Rs. 5,000 spent on maintenance of plant and machinery is:
 - (a) Revenue expenditure
 - (b) Capital expenditure
 - (c) Prepaid capital expenditure
 - (d) None of the three above
4. At the end of the year 2016-17 Aman's Capital was Rs. 5,00,000. The profit for the year was Rs. 1,00,000. During the year he had drawn Rs. 50,000 from the business for personal use.
The interest on opening capital @ 10% for the year should be :-
 - (a) Rs. 50,000
 - (b) Rs. 5,50,000
 - (c) Rs. 45,000
 - (d) Rs. 55,000
5. A second hand machine was purchased for Rs. 1,00,000 through broker who charged 2% brokerage . It was brought to factory after incurring transportation cost of Rs. 1,500. It was repaired at cost Rs. 3,000 and then installed at a cost of Rs. 11,500. The commercial production began & continued upto 11 months at the end of which, this machine was again repaired at a cost of Rs. 8,000. The amount debited to machine account will be:
 - (a) Rs. 1,18,000
 - (b) Rs. 1,26,000
 - (c) Rs. 1,19,000
 - (d) Rs. 1,16,000

6. Interest on capital at 6% p.a. is to be allowed. Capital in the beginning was Rs. 3,00,000. Interest amount will be
- Rs. 18,000
 - Rs. 15,000
 - Rs. 15,000
 - None of the three
7. X sells goods at cost plus 60%. Total sales were of Rs. 16,000. Cost price of goods will be
- Rs.10,000
 - Rs.9,000
 - Rs.15,000
 - None of the three
8. Which of the followings is a valuation principal?
- Historical cost
 - Current cost
 - Realisable value
 - All of the above
9. While preparing bank reconciliation statement, Mr. X has observed that a bill of exchange for Rs. 5,000 which was discounted by him with his bank, was dishonored and bank paid Rs. 100 noting charges in this connection. Which of the following entry is required to be made in the books of Mr. X?
- | | | | | |
|-----|---------------------|-----|-------|-------|
| (a) | Customer A/c | Dr. | 5100 | |
| | To Bank A/c | | | 5,100 |
| (b) | Customer A/c | Dr. | 5,000 | |
| | To Bank A/c | | | 4,900 |
| | To Bank charge A/c | | | 100 |
| (c) | Customer A/c | Dr. | 5,000 | |
| | Bank charge A/c | | 100 | |
| | To Bank A/c | | | 5,100 |
| (d) | Customer A/c | Dr. | 5,100 | |
| | To Bank A/c | | | 5,000 |
| | To Bank charges A/c | | | 100 |
10. It is essential to standardize the accounting principles and policies in order to ensure
- Transparency
 - Consistency
 - Comparability
 - All of the above
11. An amount of Rs.68,000 was paid on 3/3/17 for advertisement in a newspaper. This was published in the newspaper on 3/4/17. This expenditure will be shown as __
- Liability in the balance sheet on 31/3/17
 - Prepaid expenses on the assets side of Balance Sheet on 31/3/17
 - An expense in the Profit and Loss A/c for the year ended 31/3/17
 - None of the three.

12. A bill of Rs 40,000 was discounted by P with his bank for 39,000 at maturity. The bill returned dishonoured noting charges amounted to Rs. 500. How much amount will the bank deduct from P's bank balance at the time of such dishonor?
- (a) Rs. 40,000
 - (b) Rs. 39,000
 - (c) Rs. 39,500
 - (d) Rs. 40,500
13. X and Y entered into a joint venture to underwrite the shares of K Ltd. at a commission of 5%. K Ltd made an issue of 1,00,000 equity shares of Rs.10 each. 90% of the issue is subscribed by the public. The profit sharing between X and Y is 2 : 3. The balance unsubscribed shares are purchased by X and Y in profit sharing ratio. How many shares are purchased by Y?
- (a) 4,000
 - (b) 6,000
 - (c) 10,000
 - (d) 90,000
14. Unexpired portion of Capital expenditure is shown in
- (a) Trading account
 - (b) Profit and Loss a/c
 - (c) Balance Sheet
 - (d) None of the above
15. On 01.09.2018, A draws a bill on B "for 30 days after sight". The date of acceptance is 08.09.2018. The maturity date of the bill will be
- (a) 08.10.2018
 - (b) 10.10.2018
 - (c) 11.10.2018
 - (d) 09.10.2018
16. If the firm pays Income Tax on behalf of partners, such payment of personal income tax should be treated as
- (a) Income tax of firm
 - (b) Drawings of partners
 - (c) Income of the firm
 - (d) None of the above
17. The plant and machinery account of a firm had a debit balance of Rs. 1,47,390 (before charging depreciation for the year) as on 31st December, 2018. On 1st Jan., 2015 Co. started business and has been following the practice of charging full year's depreciation every year on Diminishing balance method @ 15%. Cost of machinery on 01.01.2015 would have been
- (a) Rs. 2,40,000
 - (b) Rs.2,00,000
 - (c) Rs.2,50,000
 - (d) None of the three

18. Fluctuating capital account is credited with
- (a) Interest on capital
 - (b) Profit of the year
 - (c) Salaries or Remuneration of the partners
 - (d) All of the above
19. All of the following have debit balance except
- (a) 6% Debentures
 - (b) Loan to contractor
 - (c) Interest on debentures
 - (d) Audit Fee
20. Profit or loss on revaluation is shared among the partners in
- (a) Old profit sharing ratio
 - (b) New profit sharing ratio
 - (c) Capital ratio
 - (d) Equal ratio
21. In case of admission of a partner, the first account prepared is
- (a) Revaluation account
 - (b) Realisation account
 - (c) Profit and Loss adjustment account
 - (d) Bank account
22. Issued 2,000, 12% Debentures of Rs. 100 each at a discount of 2%, redeemable at a premium of 5%. Loss on issue of debentures will be
- (a) Rs.14,000
 - (b) Rs.12,000
 - (c) Rs.10,000
 - (d) None of the three
23. If sales revenue is Rs. 5,00,000, cost of goods sold is Rs.3,10,000. The gross profit is
- (a) Rs. 1,90,000
 - (b) Rs. 2,00,000
 - (c) Rs. 3,10,000
 - (d) None of the three
24. Goods of Rs. 600 (sales price) sent on sale on approval basis were included in sales book. The profit included in the sales was at 20% on cost. Closing stock will increase by
- (a) Rs.500
 - (b) Rs.600
 - (c) Rs.480
 - (d) None of the three

25. A manager gets 5% commission on net profit after charging such commission. Gross profit Rs. 48,000 and expenses of indirect nature other than manager's commission are Rs. 6,000.
Commission amount will be
- Rs.2,000
 - Rs.1,800
 - Rs.2,200
 - None of the three
26. Goods purchased Rs. 1,00,000. Sales Rs. 90,000. Margin 20% on cost. Closing Inventory = ?
- Rs. 25,000
 - Rs. 10,000
 - Rs. 20,000
 - Rs. 30,000
27. In the course of locating the reason for the difference in the trial balance, it has been found that an amount received from a customer has been debited to his account and a purchase from a supplier has been wrongly entered in the ledger as Rs.17,720 instead of Rs.17,270. These errors may be classified as_
- Errors of commission.
 - Errors of omission.
 - Errors of Principle.
 - Both errors of commission and omission.
28. P & Q are the partners in a firm sharing profits and losses in the ratio 3:2 with capitals of Rs.1,50,000 and Rs.1,00,000 respectively. They admitted R as a partner with Rs.90,000 as capital for 1/4th share in the profits of the firm. They adjust the capitals of other partners according to R's capital and his share in the business. How much cash will be brought in by P?
- Rs.8,000
 - Rs.9,000
 - Rs.12,000
 - Rs.10,000
29. After the death of a partner, amount payable is received by
- Government
 - Firm
 - Executor of the death partner
 - None of the three
30. Rings and pistons of an engine were changed at a cost of Rs. 5,000 to increase fuel efficiency is:
- Capital expenditure
 - Revenue expenditure
 - Prepaid revenue expenditure
 - None of the above
31. Which of the following is nominal account
- Debtors account

- (b) Loan account
 - (c) Bad debts account
 - (d) Bank overdraft
32. A partnership firm maintains its accounts on calendar year basis. B, one of the three partners died on 31/03/17. The profit of the firm for the year 2016 was Rs.75,000, which was distributed among the partners equally. The share of B in the profits of the firm till the date of his death on the basis of previous year's profits will be Rs. ___
- (a) 25,000
 - (b) 6,250
 - (c) 18,750
 - (d) 37,500
33. A trader purchased furniture on Jan 1, 2015 for Rs. 5,200. Its scrap value is 200 and life 10 years. Depreciate furniture according to fixed instalment method. Balance of furniture a/c at the end of third year will be
- (a) Rs. 3,500
 - (b) Rs. 3,700
 - (c) Rs. 4,000
 - (d) Rs. 3,400
34. The total of debit and credit side of Mr. Raja Ram's Trial balance as on 31st March, 2018 were Rs. 20,000 and Rs. 10,000 respectively. The difference was transferred to suspense A/c. On 4th April 2018, it was found that the total of sales book was carried forward as 5,000 instead of 4,000. The balance of suspense A/c after rectification of this error will be -
- (a) Rs.11,000
 - (b) Rs. 10,000
 - (c) Rs. 9,000
 - (d) Rs. 12,000
35. As per Section 133 of the Companies Act. 2013, companies cannot use the securities premium for _____
- (a) Premium payable on redemption of debentures
 - (b) Bonus shares
 - (c) Commission or expenses on issue of securities
 - (d) Loss on issue of debentures
36. The Board of directors of a company decided to issue minimum no. of equity shares of Rs. 10 each at 20% discount to redeem 4,500 preference shares of Rs.100 each. If maximum amount of divisible profit available for redemption is Rs.2,50,558. Calculate no. of equity shares to be issued. Also, if the company wishes to issue shares in multiples of 50.
- (a) 24,932 and 24,950
 - (b) 24,931 and 24,950
 - (c) 24,931 and 24,500
 - (d) 24,932 and 24,500

37. When recording of a transaction, substance of that transaction should be considered and not its legal form. This statement is according to _____
- Substance over form
 - Disclosure of Accounting Policy
 - Both (a) & (b)
 - None of the above
38. A businessman purchased goods for Rs. 25,00,000 and sold 80% of such goods during the accounting year ended 31st March, 2018. The market value of the remaining goods was Rs. 4,00,000. He valued the closing Inventory at cost. He violated the concept of
- Money measurement
 - Conservatism.
 - Cost.
 - Periodicity.
39. Value of physical inventory on 15-04-2018 was Rs. 3,00,000. Sales amounting to Rs. 1,00,000 and purchases worth Rs. 50,000 were held between 31-03-2018 to 15-4-2018. Goods are sold at 20% profit on sales. Value of Inventory as on 31-03-2018 is
- Rs.3,50,000
 - Rs.2,70,000
 - Rs. 3,00,000
 - Rs. 3,30,000
40. Which method is an exception to non-historical cost methods
- Adjusted selling price
 - Latest purchase price
 - Standard cost
 - Weighted average price
41. A dealer sends his goods on sale or return basis He sends goods for Rs.10,000 and records as normal sale. The profit on sale is 20%. the value of physical inventory taken is Rs.50,000. Then the value of closing inventory appearing in the balance sheet will be:
- Rs.50,000
 - Rs.60,000
 - Rs. 57,500
 - Rs. 58,000
42. A, B & C are partners in a firm sharing profits and losses in the ratio of 2:2:1. B retired and the goodwill of the firm is valued at Rs.30,000. In what ratio A & C will compensate to B.
- 8,000 : 4,000
 - 4,000 : 8,000
 - 20,000 : 10,000
 - 10,000 : 20,000

43. Zebra Ltd. invites application for 50,000 shares for which Rs. 2 per share is payable on application. Applications were received for 80,000 shares and 50,000 shares are allotted on pro-rata basis to the applications for 80,000 shares. Calculate the excess application money from X, who was allotted 200 shares.
- Rs. 160
 - Rs. 240
 - Rs. 300
 - None of the three
44. Opening inventory = Rs. 23,200
 Cost of goods sold = Rs. 3,22,800
 Closing inventory = Rs. 24,000
 Purchases =?
- Rs. 3,22,000
 - Rs. 2,99,600
 - Rs. 2,98,800
 - Rs. 3,23,600
45. From the following data, find out the gross profit on the inventory sold under weighted average price method
- 1st Jan - opening inventory – 1,000 units @ Rs. 4 per unit
 15th Jan Purchase – 1,100 units @ Rs. 5 per unit
 30th Jan Purchase – 1,300 units @ Rs. 6 per unit
 Sales during the month – 3,000 units @ Rs. 10 per unit
- Rs. 14,735
 - Rs. 15,000
 - Rs. 14,300
 - Rs. 15,100
46. Mr. A sent 250 units costing Rs. 10,000 each to Mr. B. Mr. B sold 150 units @ Rs. 14,200 per unit on credit and 75 units @ Rs. 14,000 for cash. Mr. B is entitled to a commission Rs.500 per unit. The amount of commission will be:
- Rs. 75,000
 - Rs. 37,500
 - Rs. 1,12,500
 - Rs. 85,000
47. Stock worth Rs. 50,000 was destroyed by fire. The claim was fully accepted by the insurance company. The journal entry is
- Stock A/c Dr. 50,000
 To Trading A/c 50,000
 - P & L A/c Dr. 50,000
 To Trading A/c 50,000

- (c) Trading A/c Dr. 50,000
 To Insurance claim A/c 50,000
- (d) Insurance claim A/c Dr. 50,000
 To Trading A/c 50,000
48. Hemant Ltd. issued 10,000-12% debentures of 100 each at Rs. 94, on 1 Jan, 2014. Under the term of issue 1/5th of the debentures are redeemed annually. First redemption on 31/12/14, calculate discount to be written off in 2017.
- (a) Rs. 8,000
 (b) Rs. 16,000
 (c) Rs. 20,000
 (d) Rs. 12,000
49. 1,000 kg of oranges are consigned to a wholesaler, the cost being Rs. 8 per kg, plus Rs. 925 of freight. It is concluded that a loss of 15% is unavoidable. The cost per kg of orange will be:
- (a) Rs. 9.41.
 (b) Rs. 10.00.
 (c) Rs. 10.50.
 (d) Rs. 8.93.
50. The following particulars are available in respect of the business carried on by a partnership firm:
 Trading Results:
 20X1 Loss Rs. 5,000
 20X2 Loss Rs. 10,000
 20X3 Profit Rs. 75,000
 20X4 Profit Rs. 60,000
- You are required to compute the value of goodwill on the basis of 3 years purchase of average profit of the business.
- (a) Rs. 1,25,000
 (b) Rs. 90,000
 (c) Rs. 10,000
 (d) Rs. 1,20,000
51. Which of the following is not a transaction?
- (a) Goods are purchased on cash basis for Rs. 1,000.
 (b) Salaries paid for the month of May, 2018.
 (c) Land is purchased for Rs. 10 lakhs.
 (d) An employee dismissed from the job.
52. The suspense A/c facilitates the preparation of _____ even if the _____ has not been balanced.
- (a) Trial Balance and Financial Statements
 (b) Ledger and Trial Balance

- (c) Trial Balance and Ledger
- (d) Financial Statements and Trial Balance
53. A firm has 8 employees, each getting a salary of Rs 8,000 pm. After 1st January 2017 salaries increased by 10%. On 1st July 2017 they employed two trainees at salary of Rs 2,500 each per month. The firm paid 11 months salaries only and has to pay the last one month's salaries. The amount of total salary paid and outstanding as on 31-12-2017 will be _____
- (a) 7,04,000 : 69,000
- (b) 7,99,400: 75,400
- (c) 7,64,000 : 64,000
- (d) none of these
54. P of Faridabad sent out goods costing Rs. 45,000 to Y of Delhi at cost + $33\frac{1}{3}\%$. $\frac{1}{10}$ th of goods were lost in transit. $\frac{2}{3}$ rd of the goods received are sold at 20% above invoice price. The amount of sale value will be:
- (a) Rs. 54,000
- (b) Rs. 43,200
- (c) Rs. 60,000
- (d) Rs. 36,000
55. If repair cost is Rs. 25,000, whitewash expenses are Rs. 5,000, cost of extension of building is Rs. 2,50,000 and cost of improvement in electrical wiring system is Rs. 19,000; the amount to be expensed in the books will be
- (a) Rs. 2,99,000
- (b) Rs. 44,000
- (c) Rs. 30,000
- (d) Rs. 49,000
56. G Ltd. acquired assets worth Rs. 7,50,000 from H Ltd. by issue of shares of Rs. 100 each at a premium of 25%. The number of shares to be issued by G Ltd. to settle the purchase consideration of assets will be _____
- (a) 6,000 shares
- (b) 7,500 shares
- (c) 9,375 shares
- (d) 5,625 shares
57. The following information pertains to X Ltd.:
- Equity share capital called up - Rs. 5,00,000; Calls in arrear - Rs. 40,000; Calls in advance - Rs. 25,000; and Rate of dividend - 15%
- The amount of dividend payable will be
- (a) Rs. 75,000
- (b) Rs. 72,750
- (c) Rs. 71,250
- (d) Rs. 69,000

58. The subscribed share capital of S Ltd. is Rs. 80,00,000 of Rs. 100 each. There were no calls in arrear till the final call was made. The final call made was paid on 77,500 shares. The calls in arrear amounted to Rs. 62,500. The final call on each share will be _____
- (a) Rs. 25
 - (b) Rs. 7.80
 - (c) Rs. 20
 - (d) Rs. 62.50
59. Ram's acceptance to Dinesh for Rs 8,000 renewed for 3 months on the condition that Rs. 4,000 be paid in cash immediately and the remaining amount will carry interest @ 12% p.a. The amount of interest will be _____
- (a) Rs. 120
 - (b) Rs. 480
 - (c) Rs. 960
 - (d) Rs. 240
60. If the equipment account has a balance of Rs. 22,50,000 and the accumulated depreciation account has a balance of Rs. 14,00,000, the book value of the equipment is
- (a) Rs. 8,50,000
 - (b) Rs. 36,50,000
 - (c) Rs. 14,00,000
 - (d) Rs. 12,00,000

SECTION B: MERCANTILE LAWS

61. An offer made by words spoken or written is called:
- (a) Implied offer
 - (b) Express offer
 - (c) Formal agreement
 - (d) Informal agreement
62. A and B agree to deal in smuggled goods and share the profits. A refuses to give B's share of profit. In this case:
- (a) B can enforce the agreement in the court
 - (b) B can only claim damages
 - (c) B has no remedy as the contract is illegal
 - (d) B can enforce the contract or claim damages
63. A, B and C are partners. C retires and A and B take D into partnership, continuing the old firm name. A customer deals with the firm as newly constituted without having notice of the change. He may:
- (a) Hold liable either A, B and C or A, B and D
 - (b) Hold liable A, B, C and D
 - (c) Hold liable A, B and C only
 - (d) Hold liable A, B and D only
64. Delivery of goods means-
- (a) Voluntary transfer of possession
 - (b) Compulsory transfer of possession
 - (c) Exchange of goods
 - (d) Voluntary transfer of ownership
65. A makes a contract with B to buy his house for Rs. 5,00,000 if he is able to secure to bank loan for that amount. The contract is
- (a) Void for vagueness
 - (b) Wagering contract
 - (c) Contingent contract
 - (d) Voidable contract
66. Appropriation of goods means
- (a) Separating the goods sold from other goods
 - (b) Putting the quantity of goods sold in suitable receptacles
 - (c) Delivering the goods to the carrier or other bailee for the purpose of transmission to the buyer without reserving the right of disposal
 - (d) All the above
67. Which one of the following statements is correct?
- (a) Void agreements are always illegal
 - (b) Illegal agreements are voidable

- (c) Illegal agreement can be ratified by the parties
 - (d) Illegal agreements are always void
68. If a partner commits fraud in the conduct of the business of the firm:
- (a) He shall indemnify the firm for any loss caused to it by his fraud
 - (b) He is not liable to the firm
 - (c) He is liable to the partners
 - (d) He is liable to the third parties
69. Social agreements are
- (a) Enforceable in the courts
 - (b) Not enforceable in the courts
 - (c) Subject to legal obligations
 - (d) Made by social workers
70. Past consideration means
- (a) Consideration and promise should move together
 - (b) Executed consideration
 - (c) Consideration is provided prior to the making of the contract
 - (d) Invalid consideration
71. The liability of a minor partner is limited to the extent of:
- (a) His share in the firm
 - (b) His personal assets
 - (c) His share in the firm as well as his personal assets
 - (d) He is not liable
72. At an auction sale, the bidder can withdraw his bid-
- (a) Before fall of hammer
 - (b) At any time during auction
 - (c) Before payment of price
 - (d) Cannot withdraw bid
73. Voidable contract
- (a) Are enforceable by law if they are not avoided
 - (b) Are not enforceable by law
 - (c) Can be enforced if the court directs
 - (d) Can be enforced with prior permission of Court/ Government
74. 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. 1,000
 - (c) Rs. 10,000

- (d) Rs. 50,000
75. Merchantable quality of goods means
- (a) That the goods are commercially saleable
 - (b) They are fit for the purpose for which they are generally used
 - (c) Both 'a' and 'b'
 - (d) The quality should be of high standard
76. 'A' threatened to commit suicide if his wife did not execute a sale deed in favour of his brother. The wife executed the sale deed. This transaction is:
- (a) Voidable due to under influence
 - (b) Voidable due to coercion
 - (c) Void being immoral
 - (d) Void being forbidden by law
77. 'Goods' as defined in Sale of Goods Act will include
- (a) Rare coins, goodwill and money
 - (b) Growing crops agreed to be severed before sale, old coins and copyrights
 - (c) Goodwill, copyright, patent and foreign currency
 - (d) Both 'b' and 'c'
78. A buys an article thinking that it is worth Rs. 1000 when in fact is worth only Rs. 500. There has been no misrepresentation on the part of the seller. The contract is:
- (a) Valid
 - (b) Void
 - (c) Voidable
 - (d) Unenforceable
79. After the registration of a firm, if a partner retires, such a change in the constitution of the firm requires:
- (a) A notice to be sent to the Registrar
 - (b) New registration
 - (c) An affidavit of a managing partner about the change
 - (d) No intimation
80. When a person incurred expenses of Rs. 50,000 for the necessaries supplied to the minor, he can recover the said amount from the
- (a) Minor personally
 - (b) Property of the minor
 - (c) Property of his guardian
 - (d) None of these
81. Which of the following is not included in the term Unpaid Seller?
- (a) Any person who is in the position of a seller
 - (b) A consignor or an agent who has himself paid, or is directly responsible for the price

- (c) Buyer's agent to whom the Bill of Lading is endorsed
 - (d) Seller's agent to whom the goods have been delivered
82. Which is not a characteristic of partnership firms?
- (a) Perpetual succession
 - (b) Unlimited liability of partners
 - (c) Mutual agency
 - (d) Sharing of profits of business
83. A void agreement is one
- (a) Which is forbidden by law
 - (b) Enforceable at the option of one of the parties
 - (c) Which is not enforceable by law
 - (d) Enforceable by law
84. "Active concealment of fact" is associated with which one of the following?
- (a) Misrepresentation
 - (b) Undue influence
 - (c) Fraud
 - (d) Mistake
85. Which of the following do not constitute ground for dissolution by Court?
- (a) Insanity of the partner
 - (b) Business carried on at a loss
 - (c) Wilful misconduct of partner
 - (d) Expulsion of a partner
86. A valid contract of sale
- (a) Includes 'an agreement to sell'
 - (b) Does not include 'an agreement to sell'
 - (c) Includes hire purchase contract
 - (d) Includes contract of work and labour
87. Which of the following statement is not true
- (a) Consideration must be real and not illusory
 - (b) Consideration may be inadequate
 - (c) Past consideration is no consideration
 - (d) Consideration should not consist of a legal obligation
88. Whether the doctrine of 'let the buyer beware' is applicable in any of the following situations:
- (a) Where the buyer makes known to the seller the purpose for which he requires the goods and relies on the judgement of the seller
 - (b) Where the buyer makes known to the seller the purpose for which the goods are required, but selects the goods himself.

- (c) Where the buyer does not make known to the seller the purpose for which the goods are required and select the goods himself
 - (d) Both 'b' and 'c'
89. A partner may not be expelled from the firm by any majority of partners unless:
- (a) The terms of partnership agreement confer the power to expel a partner
 - (b) The expulsion is made by a majority of the partners of the firm
 - (c) The decision of expulsion is made by all the partners in good faith
 - (d) All the above
90. Communication of offer is complete when-
- (a) The letter is posted to the offeree
 - (b) The letter is received by the offeree
 - (c) The offer is accepted by the person to whom it is made
 - (d) It comes to the knowledge of the offeror that the letter has been received by the offeree.
91. A agrees with B to discover treasure by magic for a consideration of Rs. 500. This is
- (a) A void agreement
 - (b) A void contract
 - (c) A valid agreement
 - (d) An unenforceable contract
92. In a sale by sample and description, there is an implied condition
- (a) That bulk of the goods correspond with the sample
 - (b) That bulk of goods must correspond to the description as well as the sample thereof
 - (c) The bulk of goods must correspond either to the description or to the sample
 - (d) The bulk of goods must correspond to the description only.
93. Which one of the following statements is incorrect with regard to nature of a valid consideration?
- (a) Consideration must be adequate
 - (b) Consideration must be real
 - (c) Consideration may be past, present or future
 - (d) Consideration must move at the desire of promisor.
94. With regard to the contractual capacity of a person of unsound mind, which one of the following statements is most appropriate?
- (a) A person of unsound mind can never enter into a contract
 - (b) A person of unsound mind can enter into a contract
 - (c) A person who is usually of unsound mind can contract when he is, at the time of entering into a contract, of sound mind
 - (d) A person who is occasionally of unsound mind can contract although at the time of making the contract, he is of unsound mind
95. If the seller delivers to the buyer a quantity less than he contracted to sell, the buyer may
- (a) Reject the goods

- (b) Accept the goods
 - (c) Either 'a' or 'b'
 - (d) Neither 'a' nor 'b'
96. From among the following who cannot become a partner of the firm?
- (a) A Hindu Joint family
 - (b) Minor
 - (c) Director of a company
 - (d) A limited company
97. Which one of the following is not a characteristic of a contingent contract?
- (a) Performance depends upon a future event
 - (b) The event must be certain
 - (c) The event must be collateral to the contract
 - (d) There must be reciprocal promises.
98. In which of the following situations, the right of lien available to the Unpaid Seller is lost?
- (a) Where the Goods have been sold without any stipulation as to credit;
 - (b) Where the Goods have been sold on credit, but the credit period has expired;
 - (c) Where the Buyer becomes insolvent;
 - (d) Where the Unpaid seller has parted with the possession of the goods.
99. If A says to B "I offer to sell my house to you for Rs. 10,000" and B accepts the offer by saying clearly "I accept your offer", it is a/an
- (a) Implied offer
 - (b) Express offer
 - (c) General offer
 - (d) None of the above
100. Retiring partner continues to remain liable to third parties for acts of the firm:
- (a) Until public notice is given of the retirement
 - (b) From the date of retirement
 - (c) Upto the close of the financial year in which he retires
 - (d) So long as the firm uses his name