1. A bill drawn and accepted for mutual help is known as ____ bill

   - a) Accommodation
   - b) Trade
   - c) Ordinary
   - d) Retired

2. Financial position of a business concern is ascertained on the basis of ____

   - a) Records prepared under book – keeping process
   - b) Trial balance
   - c) Accounting Reports
   - d) None

3. BRS is a part of ____

   - a) Financial Statements
   - b) Bank Book
   - c) Cash Book
   - d) None

4. Inventory is valued either at cost or market price whichever is lower, according to the principle of ____

   - a) Conservatism
   - b) Matching
   - c) Accrual
   - d) None
5. Debentures can be __________.
   I. Mortgage Debentures or Simple Debentures
   II. Registered Debentures or Bearer Debentures.
   III. Redeemable Debentures or Irredeemable Debentures.
   IV. Convertible Debentures or Non-convertible Debentures.

   • a) Both I) and II) above
   • b) Both I) and III) above
   • c) Both II) and III) above
   • d) All of I), II), III) and IV) above.

6. Total assets = Rs. 3,06,000
   Secured loans = Rs. 1,00,000
   Unsecured loans = Rs. 60,000
   Contingent Liabilities = Rs. 1,46,000
   Capital = ?

   • a) Rs. 1,00,000
   • b) Rs. 1,46,000
   • c) Rs. 60,000
   • d) Nil

7. Insurance claim received on machinery destroyed by fire is a __________

   • a) Capital receipt
   • b) Revenue receipt
   • c) Capital expenditure
   • d) Revenue Expenditure

8. Opening inventory = Rs. 4,00,000
   Cash sales = Rs. 2,00,000
   Total sales = Rs. 17,00,000
Selling price = 125% of purchase price
What is the cost of goods sold?

- a) Rs. 15,60,000
- b) Rs. 13,60,000
- c) Rs. 15,00,000
- d) Rs. 11,00,000

9. In Journal & ledger transactions are recorded in ______ order respectively

- a) Analytical
- b) Chronological
- c) Chronological & Analytical
- d) Analytical & Chronological

10. According to SEBI guidelines, the minimum share application money is ____

- a) 2.5% of nominal value of share
- b) 2.5% of issue price of share
- c) 25% of nominal value of share
- d) 25% of issue price of share

11. A decrease in the provision for doubtful debts would result in _____

- a) Increase in liability
- b) Decrease in liability
- c) Decrease in net profit
- d) Increase in net profit

12. On 05-01-16, Mr. A draws a bill on Mr. B for 30 days after sight. The bill was accepted on 08-01-16. Then the date of maturity of the bill will be ____

- a) 08-02-16
b) 09-02-16  
c) 10-02-16  
d) 11-02-16

13. Purchases = Rs. 25,00,000  
70% of the goods are sold  
Closing inventory is valued at Rs. 5,00,000 instead of at Rs. 7,50,000.  
Which concept has been followed?

a) Conservatism  
b) Cost  
c) Accrual  
d) Matching

14. When Del-credere commission is paid, bad debts will be debited to ____ A/c in the books of consignee

a) Commission earned  
b) Consignor  
c) Credit receivable  
d) Consignment

15. Credit balance of bank pass book will be ____ to the account holder.

a) An asset  
b) A liability  
c) A provision  
d) None

16. P & Q are partners in a firm sharing profits and losses in the ratio of 5 : 3. R is admitted as a new partner for 1/5th share. Then the sacrificing ratio will be ____

a) 4 : 6
b) 1 : 2  
c) 5 : 3  
d) 1 : 1

17. A & B are partners in a firm with capitals of Rs.5,00,000 each. C joined as a new partner for 1/4th share in profits with a capital of Rs.8,00,000. The credit balance of Profit & Loss a/c is Rs.4,00,000. Find the value of hidden goodwill.

a) 14,00,000  
b) 10,00,000  
c) 18,00,000  
d) 12,00,000

18. The subscribed share capital of S Ltd. is Rs.80,00,000 divided into shares of Rs.100 each. There were no calls in arrears till the final call was made. The final call made was paid on 77,500 shares. The calls in arrears amounted to Rs.67,500. The final call per share=?

a) Rs.27  
b) Rs.20  
c) Rs.25  
d) Rs.62.50

19. If repair cost is Rs.30,000, whitewash expenses are Rs.6,000, cost of extension of building is Rs.3,00,000 and cost of improvement in electrical wiring system is Rs.22,800; the amount to be expensed is

a) Rs. 3,58,800.  
b) Rs. 52,800.  
c) Rs. 36,000.  
d) Rs. 3,30,000.
20. Goods sent on consignment = Rs. 2,00,000  
Consignor’s expenses = Rs. 5,000  
Consignee’s expenses = Rs. 2,000  
Cash sales = Rs. 1,00,000  
Credit sales = Rs. 1,10,000  
Closing Inventory = Rs. 40,000  
Ordinary Commission = Rs. 3,000  
Del-credere commission = Rs. 2,000  
Bad Debts = Rs. 2,000  
Find the profit on consignment.

- a) Rs.38,000  
- b) Rs.36,000  
- c) Rs.40,000  
- d) Rs.43,000

21. Errors can be detected ____

- a) Before the preparation of Trial Balance  
- b) After the preparation of Trial Balance, but before the preparation of final accounts  
- c) After the preparation of Final accounts (next accounting year)  
- d) All of the above

22. On March 31, 2015 after sale of goods worth Rs.50,000, he is left with the closing inventory of Rs.20,000. This is

- a) An event  
- b) A transaction  
- c) A transaction as well as an event  
- d) Neither a transaction nor an event
23. A plant was purchased on 01-04-2010 for Rs.3,50,000. The useful life was estimated to be 5 years and scrap value as Rs.50,000. Calculate the rate of depreciation under Straight line method.

- a) 17.14%
- b) 20%
- c) 15%
- d) 17.5%

24. Opening inventory = Rs. 23,200 Cost of goods sold = Rs. 3,22,800 Closing inventory = Rs. 24,000 Purchases =?

- a) Rs. 3,22,000
- b) Rs. 2,99,600
- c) Rs. 2,98,800
- d) Rs. 3,23,600

25. Stock worth Rs. 50,000 was destroyed by fire. The claim was fully accepted by the insurance company. The journal entry is

- a) Stock A/c Dr. 50,000 To Trading A/c 50,000
- b) 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

26. WYE ltd redeemed 1,000, 10% preference shares of Rs.100 each at a premium of Rs.10 per share. The company had a balance of Rs.50,000 in general reserve and Rs.27,000 in Profit & Loss a/c. For the purpose of redemption the company issued 5,000 equity shares of Rs. 10 each at a premium of 20%. The amount to be transferred to Capital Redemption Reserve will be

- a) Rs. 50,000
- b) Rs. 1,00,000
27. Discount received = Rs. 1,000  Provision for discount on creditors = Rs. 1,600  It is desired to make a provision of Rs. 1,100 on creditors. Find out the amount to be transferred to Profit & Loss A/c

- a) Rs. 500
- b) Rs. 3,500
- c) Rs. 1,000
- d) Rs. 1,500

28. Reserve capital means

- a) The part of subscribed uncalled capital which will be called up at the time of liquidation only
- b) Accumulated Profits
- c) The part of Capital Reserve
- d) The part of Capital Redemption Reserve

29. Debenture interest

- a) Is payable only in case of profits
- b) Accumulates in case of losses or inadequate profits
- c) Is payable after the payment of preference dividend but before the payment of equity dividend
- d) Is payable before the payment of any dividend on shares

30. Mr. Sobby draws a two months bill of Rs. 50,000 on Mr. Dobby. Dobby accepts it on 01-02-16. Sobby discounts it on 15-02-16 at 18% per annum. On the due date of bill Dobby became insolvent and 50 paise in a rupee could only be recovered from his estate. Calculate the amount of bad debt
a) Rs. 25,000  
b) Rs. 18,874  
c) Rs. 23,374  
d) Rs. 27,300

31. Opening capital = Rs. 45,000  
Interest on capital = Rs. 2,000  
Interest on drawings = Rs. 5,000  
Drawings = Rs. 14,000  
Profit = Rs. 15,000  
Closing Capital = ?

a) Rs. 63,000  
b) Rs. 43,000  
c) Rs. 47,000  
d) Rs. 30,000

32. Sales for the year ended 31st March, 2010 amounted to Rs.10,00,000. Sales included goods sold to Mr. A for Rs.50,000 at a profit of 20% on cost. Such goods are still lying in the godown at the buyer’s risk. Therefore, such goods should be treated as part of

a) Sales  
b) Closing inventory  
c) Goods in transit  
d) Sales return

33. Profit of the year = Rs. 6,00,000  
Capital employed = Rs. 4,00,000  
Normal rate of return = 15%  
Calculate the value of goodwill under capitalization method

a) Rs. 41,00,000  
b) Rs. 6,00,000  
c) Rs. 36,00,000
34. A & B are partners in a firm sharing profits and losses in the ratio of 5 : 3 with capitals of Rs.2,50,000 and Rs.2,00,000 respectively. C is admitted as a new partner who brings Rs.50,000 as capital and Rs.16,000 as goodwill for his 1/5th share. The closing capitals of all the partners will be

- a) Rs. 2,60,000, Rs. 2,06,000, Rs. 50,000
- b) Rs. 2,58,000, Rs. 2,08,000, Rs. 50,000
- c) Rs. 2,58,000, Rs. 2,08,000, Rs. 66,000
- d) Rs. 2,66,000, Rs. 2,00,000, Rs. 50,000

35. If preference shares are redeemed out of divisible profits, the nominal value of preference shares should be transferred to ___

- a) Capital Reserve A/c
- b) Capital Redemption Reserve A/c
- c) General Reserve A/c
- d) Contingent Reserve A/c

36. Which of the following statements is not true?

- a) All Personal & Real accounts ultimately show some balance
- b) The balances of Nominal accounts are transferred to Profit & Loss a/c
- c) Rent a/c is a personal account but outstanding rent account is a nominal account
- d) In ledger, accounts are opened separately

37. Which of the following statements is/are false? I. The terms ‘depreciation’, ‘depletion’ and ‘amortization’ convey the same meaning. II. Provision for depreciation A/c is debited when provision for depreciation A/c is created. III. The main purpose of charging the profit and loss A/c with the amount of depreciation is
to spread the cost of an asset over its useful life for the purpose of income determination.

- a) Only I) above
- b) Only II) above
- c) Only III) above
- d) All I) II) and III) above

38.

<table>
<thead>
<tr>
<th>Product</th>
<th>A</th>
<th>B</th>
<th>C</th>
<th>D</th>
<th>E</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost (Rs.)</td>
<td>45,000</td>
<td>57,500</td>
<td>1,37,500</td>
<td>50,000</td>
<td>1,05,000</td>
</tr>
<tr>
<td>NRV (Rs.)</td>
<td>47,600</td>
<td>77,500</td>
<td>1,32,500</td>
<td>62,500</td>
<td>1,00,000</td>
</tr>
</tbody>
</table>

What is the value of inventory at the end of the year as per conservatism principle?

- a) Rs. 3,95,000
- b) Rs. 3,85,000
- c) Rs. 4,20,100
- d) Rs. 3,48,000

39. Sunset Tours has a Rs.70,000 account receivable from Mohan. On January 20, the latter makes a partial payment of Rs.50,000 to Sunset Tours. The journal entry made on January 20 by Sunset Tours to record this transaction includes:

- a) A Credit to the cash received a/c of Rs.50,000
- b) A Credit to the account receivable account of Rs.50,000
- c) A Debit to the cash account of Rs.20,000
- d) A Debit to the accounts receivable account of Rs.20,000

40. Which of the following can be utilized for redemption of preference shares?
• a) The proceeds of fresh issue of equity shares
• b) The proceeds of issue of debentures
• c) The proceeds of issue of fixed deposit
• d) All of the above

41. Mr. X consigned goods costing Rs. 1,50,000 to Mr. Y at cost + 25%. 1/10 of the goods were lost in transit. Mr. Y sold 3/5th of the remaining goods at 10% above the invoice price. Calculate the amount of sales.

• a) Rs. 1,85,625
• b) Rs. 1,01,250
• c) Rs. 1,23,750
• d) Rs. 1,11,375

42. If goods are sent on sale or return basis, it will be treated as ______

• a) An ordinary sale and not recorded in the books
• b) An ordinary sale and recorded in the books as normal sale
• c) The goods are approved and no entry is passed in the books
• d) None of these

43. Amount recovered from debtor, which was earlier written off as bad debt is debited to Cash A/c and credited to ___ A/c

• a) Bad Debts
• b) Bad debts recovered
• c) Rahul
• d) Sales

44. From the following balances find out the total of trial balance.
   Capital Rs. 4,00,000
   Computer Rs. 25,000
   AC & Furniture Rs. 1,00,000
Fixed deposits Rs. 2,00,000
Salaries Rs. 8,00,000
Fees Received Rs. 12,00,000
Traveling expenses Rs. 1,50,000
Rent & office expenses Rs. 2,40,000
Cash Rs. 1,80,000
Bank O.D Rs. 95,000

- a) Rs. 16,00,000
- b) Rs. 14,50,000
- c) Rs. 16,95,000
- d) Rs. 15,00,000

45. Sohan purchased goods for Rs.18,00,000 and sold 4/5th of the goods for Rs.21,60,000 and met expenses amounting to Rs.3,00,000 during the year, 2015. He counted net profit as Rs.4,20,000. Which of the accounting concepts was followed by him?

- a) Entity.
- b) Periodicity.
- c) Matching.
- d) Conservatism

46. Aar and Bar were partners in a joint venture sharing profits and losses in the proportion of 4/5th and 1/5th respectively. Aar supplies goods to the value of Rs.50,000 and incurs expenses amounting to Rs.5,400. Bar supplies goods to the value of Rs.14,000 and his expense amount to Rs.800. Bar sells goods on behalf of the joint venture and realizes Rs.92,000. Bar is entitled to a commission of 5 percent on sales. Bar settles his account by bank draft. What will be the final remittance?

- a) Bar will remit Rs.69,160 to Aar
b) Aar will remit Rs.69,160 to Bar

c) Aar will remit Rs.69,000 to Bar

d) Bar will remit Rs.69,000 to Aar

47. Rent received from a tenant Rs. 18,000 was correctly entered in the cash book and posted to the debit of Rent a/c. The effect of this error on the trial balance will be

- a) Debit total will be Rs. 36,000 more than the credit total
- b) Debit total will be Rs. 18,000 more than the credit total
- c) Subject to other entries being correct, the total will agree
- d) None of these

48. Oye Ltd. Issued 10,000 equity shares of Rs. 100 each at a premium of 20%. The money is payable as Rs.30 (including premium) on application, Rs.50 on allotment, Rs.20 on First call & Rs.20 on Final call. The company received applications for 15,000 shares and allotment was made on prorata. H, the holder of 400 shares failed to pay allotment money and on his subsequent failure to pay the 1st call money, the company forfeited his shares. The amount to be transferred to Share Forfeiture A/c at the time of forfeiting his shares will be

- a) 12,000
- b) 32,000
- c) Nil
- d) 10,000

49. The books of T Ltd. revealed the following information:

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Rs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening inventory</td>
<td>7,50,000</td>
</tr>
<tr>
<td>Purchases during the year 2014-2015</td>
<td>22,50,000</td>
</tr>
</tbody>
</table>
Sales during the year 2014-2015 | 25,00,000

On March 31, 2015, the value of inventory as per physical Inventory-taking was Rs. 10,45,000. The company’s gross profit on sales has remained constant at 25%. The management of the company suspects that some inventory might have been pilfered by a new employee. What is the cost of goods sold & estimated cost of missing inventory?

- a) Rs. 17,00,000, Rs. 75,000
- b) Rs. 18,75,000, Rs. 80,000,
- c) Rs. 18,75,000, Rs. 75,000,
- d) Rs. 17,00,000, Rs. 80,000,

50. A holder of 100 shares of Rs. 10 each, failed to pay the final call money of Rs. 4 per share. These shares were forfeited and reissued at Rs. 7 per share as fully paid up. The entry on reissue will be

- a) Bank A/c Dr. 700 To Share capital A/c 700
- b) Bank A/c Dr. 700 To Share forfeiture A/c 700
- c) Share forfeiture A/c Dr. 700 To Share capital A/c 700
- d) Bank A/c Dr. 700 Share forfeiture A/c Dr.300 To Share capital A/c 1000

51. Can a minor be admitted into a joint venture?

- a) Can be admitted
- b) Cannot be admitted
- c) Can be admitted with the consent of other coventurers
- d) Can be admitted for the benefit of minor

52. Overdraft balance as per Cash book Rs. 4,500 Cheques issued, but not presented Rs. 300, Rs. 150, Rs. 375 Cheques paid into bank account, but not cleared Rs. 1,200 Find the balance as per Pass Book
53. From the following data, find out the gross profit on the inventory sold under weighted average price method

1st Jan – opening inventory – 1000 units @ Rs. 4 per unit
15th Jan – Purchases – 1100 units @ Rs. 5 per unit
30th Jan – Purchases – 1300 units @ Rs. 6 per unit
Sales during the month – 3000 units @ Rs. 10 per unit

- a) Rs. 14,735
- b) Rs. 15,000
- c) Rs. 14,300
- d) Rs. 15,100

54. X sends out goods costing Rs.2,00,000 to Y. 3/5th of the goods were sold by consignee for Rs.1,40,000. Commission 2% on sales plus 20% of gross sales less all commission exceeds cost price. The amount of commission will be:

- a) 5,667
- b) 5,800
- c) 6,000
- d) 5,600

55. Study the following table and answer

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Rs.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening Inventory</td>
<td>15,000</td>
</tr>
<tr>
<td>Closing Inventory</td>
<td>20,000</td>
</tr>
<tr>
<td>Purchases</td>
<td>2,80,000</td>
</tr>
<tr>
<td>--------------------</td>
<td>----------</td>
</tr>
<tr>
<td>Return outward</td>
<td>7,500</td>
</tr>
<tr>
<td>Return inward</td>
<td>10,000</td>
</tr>
<tr>
<td>Carriage inward</td>
<td>2,500</td>
</tr>
</tbody>
</table>

If gross profit is 20% of sales, the gross sales will be:

- a) Rs.3,47,500
- b) Rs.3,37,500
- c) Rs.2,70,000
- d) Rs.3,34,375

56. Rohit, Suman and Rohan are partners sharing profits & losses in the ratio of 2 : 1 : 1. They took a JLP for Rs. 1,00,000. Besides they took policies severally amounting to Rs.50,000 each. Rohit died on 30th September, 2015. The surrender values of the policies will be 30% of the policy values. What is the share of Rohit in the life policies?

- a) Rs. 90,000
- b) Rs. 1,25,000
- c) Rs. 75,000
- d) Rs. 1,00,000

57. The net profit of X & Co. was Rs.7,02,000, before charging Mehta’s (Manager) salary and commission. Mehta was entitled to a salary of Rs. 6,000 per month plus a commission of 5% on net profit after charging his salary and commission. Calculate the amount payable to Mehta.

- a) Rs. 72,000
- b) Rs. 1,02,000
- c) Rs. 60,000
58. A machine was purchased on 01-04-2012 for Rs.15,00,000. The scrap value is estimated at Rs.50,000. Depreciation is charged at 15% p.a. under WDV method. The machine was sold on 01-07-2015 for Rs.9,04,115. Calculate the profit.

- a) Rs. 17,472
- b) Rs. 47,026
- c) Rs. 17,073
- d) Rs. 67,472

59. A sent some goods costing Rs.3,500 at a profit of 25% on sale to B on sale or return basis. B returned goods costing Rs.800. At the end of the accounting period i.e. on 31st December, 2014, the remaining goods were neither returned nor were approved by him. The Inventories on approval will be shown in the balance sheet at Rs.

- a) 2,000.
- b) 2,700.
- c) 2,700 less 25% of 2,700.
- d) 3,500

60. On 09-01-2016, the physical inventory of a business concern is taken at Rs.70,000. The following transaction took place between 01-01-2016 and 09-01-2016. Goods sold Rs.48,000, at a profit of 25% on cost which includes goods of the sale value of is Rs.5,000 not delivered to customer and of Rs.3,000 delivered on 29-12-2015. Calculate the value of physical inventory as on 31-12-2015.

- a) Rs. 72,000
- b) Rs. 1,02,000
- c) Rs. 30,000
- d) Rs. 1,00,000
Part B – Mercantile Laws

61. A telegraphed to B “will you sell me your house? Let me know the lowest price” B replied “Lowest price is Rs.900.” A agreed to buy and asked for title deeds. There is no reply from B. Is B under obligation to sell?

- a) Yes, B should sell the house because the offer with the lowest price is accepted by A
- b) No, there was no contract because B has communicated only the lowest price
- c) Yes because communication of lowest price itself forms a contract
- d) No, because offer is of negative nature

62. A and B entered into a contract where first part is legal and the second is illegal. Here former part is ____ and later part is ______

- a) Void, valid
- b) valid, void
- c) Void, void
- d) None

63. An agreement in which consideration is unlawful becomes ____

- a) void
- b) voidable
- c) Valid
- d) unenforceable

64. Doctrine of privity of contract means:

- a) Third party can sue upon a contract
- b) Consideration must move at the desire of promisor
- c) Consideration may move from promisee or any other person
d) Consideration is valid when it moves at desire of promisor

65. Which is false regarding consideration?

- a) Consideration must be adequate
- b) Consideration must be real
- c) Consideration may move from third party
- d) All of the above

66. In case of sale of shares:

- a) Shares can be sold to minor
- b) Minor’s guardian can act on behalf of minor
- c) Minor is a share holder for profits, but he has no voting rights.
- d) Minor can become a member only in Register of members.

67. The agreement is void with _____

- a) Mistake
- b) Misrepresentation
- c) Coercion
- d) Fraud

68. In case of misrepresentation, parties have option to

- a) Alter the contract
- b) Rescind the contract
- c) Novate contract
- d) Accord the contract

69. A buys a lottery ticket of Rs. 500/-. It comes under _____ agreement/contract.

- a) Wagering
- b) contingent
c) Uncertain
d) certain

70. An agreement in restraint of marriage is ____

a) Fraud
b) Misrepresentation
c) Mistake
d) Opposed to public policy

71. In case of wagering agreement, the event is ___

a) Collateral
b) Certain
c) Uncertain
d) None

72. Wagering agreement is of _______ nature

a) Contingent
b) Illegal
c) Void
d) None

73. If a creditor does not file a suit against buyer for recovery of price with is 3 years, the debt becomes

a) Time barred and irrecoverable
b) Time barred and recoverable
c) Not time based
d) None

74. _______ of contract can take place without consideration
75. The subsequent change in law leads to ____

- a) Supervening impossibility
- b) Partial impossibility
- c) Commercial impossibility
- d) Material alteration

76. On which of the following grounds, a partner need not apply to the court for dissolution of the firm:

- a) Insanity of partner
- b) Perpetual losses
- c) Misconduct of partner
- d) Business becoming unlawful

77. A promise can be performed by

- a) Promisor himself
- b) Agent
- c) Legal representation
- d) All of the above

78. Some persons formed a group to collect money for the purpose of giving financial assistance to widows. Here is:

- a) Partnership
- b) no partnership
- c) Either (a) or (b)
79. A partner can retire from the firm

- a) When assignee is appointed
- b) When he attains certain age
- c) In accordance with partnership deed
- d) When the nominee becomes partner

80. In case of no agreement among partners insolvency of partner leads to:

- a) Dissolution of firm
- b) Dissolution of partnership as well as firm
- c) Neither dissolution of firm nor dissolution of Partnership
- d) None

81. Which of the following is/are partnership/s?

- a) A and B invest money to buy goods in auction by customs authorities, to sell and to share profits thereon equally.
- b) Joint Hindu family business
- c) A and B are co-owners of a house and handed over it to C on lease basis. They agreed to share rent equally
- d) None

82. Right of a partner to open a bank account on behalf of the firm in his own name is not within the scope of ____ authority.

- a) Implied
- b) Express
- c) Specified
- d) Restrictive
83. Non registration of the firm will not effect the following:

- a) Claim of set off below Rs.100/-
- b) Suit by a third party against partners
- c) Claim by official receiver of insolvent partner
- d) All of the above

84. Which of the following is incorrect?

- a) A partner can be expelled by majority of Partners
- b) A partner can be expelled in good faith
- c) Power to expel partner must exist in Contract between partners
- d) Opportunity of being heard is not required at the time of expulsion of partner

85. The partner who gets share its profits:

- a) Sub partner
- b) Nominal partner
- c) Active partner
- d) None

86. In case of partnership, dissolution can be done by notice in case of

- a) Partnership at will
- b) Partnership for fixed time
- c) Particular partnership
- d) None

87. A,B and C are partners in a financial firm. X a customer of firm deposits certain securities with the firm for safe custody. A & B sell away the securities without the knowledge of C. who will be liable for damages?
• a) Only A and B
• b) A, B, and C are liable to x for the full values
• c) A, B, and C are liable for nominal value
• d) Nobody will be liable

88. A Contracts with B to sell a new Car. But A delivers an old Car. Here is:

• a) breach of contract
• b) breach of exchange
• c) breach of condition
• d) breach of guarantee

89. Caveat emptor means:

• a) The seller should be beware
• b) The buyer should be beware
• c) Both a) & b)
• d) None

90. In an agreement to sell, transfer of property takes pace in ______

• a) past
• b) present
• c) Future
• d) both b) & c)

91. In a contract of Sale, Condition is ____ to main purpose of contract.

• a) Essential
• b) Collateral
• c) Non essential
• d) None
92. Auctioneer is ____ of owner of goods

- a) Seller
- b) Bailee
- c) Agent
- d) None

93. In which of the following cases, the seller can exercise right of stoppage of goods in transit:

- a) When buyer becomes insolvent
- b) When possession is not transferred
- c) When seller is unpaid
- d) None

94. X agrees to deliver 100 kgs. of wheat in exchange of 10 liters of milk. It is:

- a) Contract of sale
- b) Agreement to sell
- c) Goods sent on approval
- d) Barter

95. In an agreement to sell where goods are under the possession of seller and buyer breaches the contract, the remedy available to seller is:

- a) Suit for damages
- b) No suit can be filed
- c) Suit for price
- d) None

96. In a contract of sale, consideration can be:

- a) In any form other than money
b) Only in the form of money  
c) Gratuitous or non-gratuitous  
d) None

97. A document becomes document of title to goods if _______ undertaking to deliver the goods to holder exists

a) Statutory  
b) Conditional  
c) Unconditional  
d) None

98. A horse is sold on sale or return basis where trial period is 3 days. Horse dies on second day with out fault of either party. Who has to bear the loss?

a) Seller  
b) Buyer  
c) Both  
d) None

99. The buyer of goods gets good title, if the seller had acquired goods under

a) Void Contract  
b) Contract  
c) Voidable Contract  
d) None

100. When agent sells goods on behalf of principal, the buyer gets good title where the agent is

a) Ordinary agent  
b) Mercantile agent  
c) Deemed agent
- d) None

**Key – Part A – Fundamentals of Accounting**

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**Key – Part B – Mercantile Laws**

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