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SHREE GURU KRIPA'S INSTITUTE OF MANAGEMENT



MODEL EXAM - 3

CPT – ACCOUNTS & LAW

Total Marks: 100**Time: 2 hours****Total No. of Questions: 100****No. of Printed pages: 11**

A proprietor, Mr. A has reported a profit of ₹ 1,25,000 at the end of the financial year after taking into consideration the following amount:

- (i) The cost of an asset of ₹ 25,000 has been taken as an expense.
- (ii) Mr. A is anticipating a profit of ₹ 10,000 on the future sale of a car shown as an asset in his books.
- (iii) Salary of ₹ 7,000 payable in the financial year has not been taken into account.
- (iv) Mr. A purchased an asset for ₹ 75,000 but its fair value on the date of purchase was ₹ 85,000. Mr. A recorded the value of asset in his books by ₹ 85,000.

On the basis of the above facts answer the following 2 questions from the given choices:

1. What is the correct amount of profit to be reported in the books?
 - (a) ₹ 1,25,000.
 - (b) ₹ 1,35,000.
 - (c) ₹ 1,50,000.
 - (d) ₹ 1,33,000.
2. Which measurement base should be followed in the statement (iv)?
 - (a) Historical cost.
 - (b) Current cost.
 - (c) Replacement cost.
 - (d) Present value.
3. Rings and pistons of an engine were changed at a cost of ₹ 5,000 to increase fuel efficiency is:
 - (a) Revenue Expenditure
 - (b) Deferred Revenue Expenditure
 - (c) Non Capital Expenditure
 - (d) Capital Expenditure
4. B purchased goods worth ₹ 8,000 from X and paid him ₹ 2,000 –

a.	Cash A/c	Dr.	2,000	
	X	Dr.	6,000	
	To Goods A/c			8,000
b.	Purchase A/c	Dr.	8,000	
	To Cash A/c			6,000
	To X's A/c			2,000
c.	Purchase A/c	Dr.	8,000	
	To Cash A/c			6,000
	To Discount A/c			2,000
d.	Purchase A/c	Dr.	8,000	
	To Cash A/c			2,000
	To X's A/c			6,000

5. Purchase of machinery for cash –

Particulars	₹
Cost of machinery purchased on 1.4.2010	10,00,000
Installation charges	1,00,000
Market value as on 31.3.2011	12,00,000

While finalizing the annual accounts, if the Company values the Machinery at ₹ 12,00,000. Which of the following concepts is violated by the Alpha Ltd.?

- (a) Going Concern
- (b) Matching.
- (c) Realization.
- (d) Periodicity.

6. Capital on the first day of the year = ₹ 6,000
Capital on the last day of year = ₹ 12,600
Drawings on the last day of year = ₹ 1,200
Fresh capital introduced = ₹ 6,000
Profit/(Loss) for the year = ?

- (a) ₹ (1,800)
- (b) ₹ 1,800
- (c) Nil
- (d) ₹ 600

7. What is the principle of Nominal A/c?
 - (a) Debit what comes in, credit what goes out
 - (b) Debit all expenses & losses and credit all incomes & gains
 - (c) Debit the receiver, credit the giver
 - (d) Debit all assets, Credit all liabilities
8. Goods costing ₹ 5,000 will be distributed as wages for ₹ 5,000. Market Price is ₹ 6,000. Journal Entry is
 - (a) Wages A/c Dr. 6,000
To Salary A/c 6,000
 - (b) Wages A/c Dr. 6,000
To Salaries A/c 6,000
 - (c) Wages A/c Dr. 5,000
To Purchases A/c 5,000
 - (d) Wages A/c Dr. 6,000
To Purchases 6,000
9. A building worth ₹35 lakhs was purchased and it was dismantled with ₹1 lakh and it was decided to build as shopping mall. The cost of construction of building was ₹50,00,000 and other expenses of ₹50,000. The amount of capital expenditure is
 - (a) ₹ 86,00,000
 - (b) ₹ 86,50,000
 - (c) ₹ 85,50,000
 - (d) ₹ 85,00,000
10. If repair cost is ₹25,000, whitewash expenses are ₹5,000, cost of extension of building is ₹2,50,000 and cost of improvement in electrical wiring system is ₹19,000; the amount to be expensed is –
 - (a) ₹2,99,000
 - (b) ₹44,000
 - (c) ₹30,000
 - (d) ₹49,000

11. After rectification of the following errors, effect on Net profit will be

- i) A cheque dishonoured ₹3,100 debited to discount A/c
 - ii) Sales book (undercast) short by ₹23,000
 - iii) A customer returned goods of value of ₹1,200, included in stock but not recorded
- (a) Increased by ₹ 24,900
 (b) Decreased by ₹ 24,900
 (c) Increased by ₹ 23,700
 (d) No change

12. Match List I with II and select the correct answer

List I	List II
A. Compensating errors	1. Not recording a business transaction
B. Errors of Omission	2. Charging a Revenue item to capital
C. Errors of Principle	3. Writing a debit item on the credit side and a credit item on the debit side of equal amount
D. Errors of commission	4. Posting a correct amount to a wrong Account

A B C D

- (a) 3 1 4 2
- (b) 2 1 4 3
- (c) 3 1 2 4
- (d) 2 1 3 4

13. On Scrutiny, an accountant found that

- (i) Bad Debts recovery of ₹ 500 was credited to Debtors A/c wrongly.
- (ii) Bank Charges of ₹ 50 was wrongly entered twice in Cash Book.
- (iii) Purchase Returns of ₹ 200 was omitted to be entered in the Books of A/c.

What is the impact on profit after rectification?

- (a) Increase ₹ 650
- (b) Increase ₹ 350
- (c) Decrease ₹ 650
- (d) Decrease ₹ 350

14. The Cash Book showed an overdraft of ₹1,500, but the Pass Book made up to the same date showed that cheques of ₹100, ₹50 and ₹125 respectively had not been presented for payments; and the cheque of ₹400 paid into account had not been cleared. The balance as per the Pass Book will be –

- (a) ₹ 1,100
- (b) ₹ 2,175
- (c) ₹ 1,625
- (d) ₹ 1,375

15. A cheque for ₹14,272 deposited by B into A/c No. II is credited by the Bank in A/c No. I. In BRS on 31.12.09, starting with Cash Book balance, this item will be

- (a) Added to Cash Book balance of A/c I and deducted from the Cash Book balance of A/c II
- (b) Deducted from Cash Book balance of A/c I and II
- (c) Ignored as contra entry
- (d) Deducted from Cash Book balance of A/c I and added to the Cash Book balance of A/c II

16. The credit balance as per pass book of 'X' was ₹ 65,000. Cheques issued but not paid ₹ 75,800. Cheques deposited by one of the customers of bank but wrongly credited in 'X' A/c ₹ 20,600. The balance as per Cash Book is _____.

- (a) ₹ 31,400 Debit
- (b) ₹ 31,400 Overdraft
- (c) ₹ 1,20,000 Debit
- (d) ₹ 10,400 Overdraft

17. By products are generally valued at ___ when the cost of by products is not directly traceable.

- (a) Cost of main products
- (b) N.R.V.
- (c) Cost of main product or N.R.V. whichever is lower
- (d) None of these

18. A dealer in second-hand cars has the following five vehicles of different models and makes in their stock at the end of the financial year: (Rs. in 000's)

Car	1	2	3	4	5
Cost	90	1,15	2,75	1,00	2,10
NRV	1,00	1,55	2,65	1,35	2,00

The value of stock will be –

- (a) ₹ 7,62,000
- (b) ₹ 7,70,000
- (c) ₹ 7,90,000
- (d) ₹ 8,70,000

19. E Ltd. took stock on 31-3-2009, the last day of its accounting year. The stock was valued at ₹ 50,000. Stock included goods received on consignment basis worth ₹ 2,200. The average gross profit is 20% on sales. While computing the value at which the closing stock is to be brought in the books

- (a) ₹ 2,200 will be deducted from ₹ 50,000
- (b) ₹ 1,760 will be deducted from ₹ 50,000
- (c) ₹ 2,200 will be added to ₹ 50,000
- (d) ₹ 2,640 will be added to ₹ 50,000

20. X purchased goods on 90 days credit from Y of worth ₹20,000. Y has given a trade discount of ₹ 1,000 on the same. He also allowed a cash discount of ₹ 500, if payment is made within 30 days. X availed cash discount and also paid the dues of Y. At the end, goods purchased from Y remained unsold and included in the stock. What is the amount of stock.
- (a) ₹ 20,000
(b) ₹ 19,500
(c) ₹ 19,000
(d) ₹ 18,500
21. Consider the following data –
- | Particular | ₹ |
|--------------------------------|----------|
| Opening stock | 22,000 |
| Closing stock | 25,000 |
| Purchases less returns | 1,10,000 |
| Gross profit margin (on sales) | 20% |
- The sales of the company during the month are
- (a) ₹ 1,41,250
(b) ₹ 1,35,600
(c) ₹ 1,33,750
(d) ₹ 1,28,400
22. A' and 'B' enter into a joint venture business 'A' purchased goods worth ₹ 30,000 and 'B' sold for ₹ 40,000. 'A' is entitled to 1% commission on purchases and 'B' is entitled to 5% commission on sales. The profit on venture to be shared by A & B is (The profit sharing ratio is 2:1)
- (a) ₹ 4000 : ₹ 2000
(b) ₹ 5133 : ₹ 2567
(c) ₹ 5000 : ₹ 2500
(d) ₹ 4200 : ₹ 2100
23. A second hand machinery was purchased for ₹1,00,000 five years ago and was overhauled by carrying out some current repairs at a cost of ₹ 10,000. It has also an accumulated depreciation of ₹ 50,000. It has been disposed of in the beginning of the sixth year for ₹ 60,000, Profit/loss on such disposal shall be –
- (a) Profit of ₹ 10,000
(b) Loss of ₹ 50,000
(c) Loss of ₹ 40,000
(d) No profit, no loss
24. On 01.08.2002, K Travels Ltd. bought 4 Matador vans costing ₹ 1,20,000 each. The company expected to fetch a scrap value of 25% of cost price of the vehicles after 10 years. The vehicles were depreciated under the fixed installment method up to March 31, 2005. With effect from April 01, 2005, the company decided to introduce the diminishing balance method @ 20% p.a. instead of the fixed installment method. The company sold one of the vans at ₹70,000 on March 31, 2005. Rate of depreciation charged up to March 31, 2005 was
- (a) 10.0%
(b) 9.0%
(c) 8.5%
(d) 7.5%
25. Which of the following statement is not true?
- (a) If del-credere's commission is allowed, bad debt will not be recorded in the books of consignor
(b) If del-credere's commission is allowed, bad debt will be debited to consignment account
(c) Del-credere's commission is allowed by consignor to consignee
(d) Del-credere's commission is generally given to promote credit sales.
26. **Assertion (A):** Rights Shares are given to equity Shareholders in proportion to their Share Capital in the Company.
Reason (R): Equity Shareholders assume the greatest risk in Company finance.
- (a) Both A and R is true and R is the correct explanation for A
(b) Both A and R is true and R is not the correct explanation for A
(c) A is true but R is false
(d) A is false but R is true
27. A Ltd had allotted 20,000 Shares to the applicants of 28,000 Shares on pro-rata basis. The amount payable on application is ₹ 2. M applied for 420 Shares. The number of Shares allotted and the amount carried forward for adjustment against allotment money due from Mr. X will be –
- (a) 60 Shares, ₹120
(b) 340 Shares, ₹160
(c) 320 Shares, ₹ 200
(d) 300 Shares, ₹ 240
28. A Ltd issued Shares of ₹ 10 each at a discount of 10%. Mr. B purchased 60 Shares and paid ₹ 2 on application but did not pay the allotment money of ₹ 3. If the Company forfeited his entire Shares, the forfeiture A/c will be credited by
- (a) ₹ 180
(b) ₹ 162
(c) ₹ 120
(d) ₹ 1.8

29. X was allotted 50 Shares of ₹ 10 each issued at a premium of 10%. He paid ₹ 2 on application and failed to pay allotment money of ₹ 4 (including premium). Subsequently his Shares were forfeited. The accounting entry of forfeiture would be
- Debit Share Capital A/c ₹ 250, Share Premium A/c ₹ 50, Credit Share allotment A/c ₹ 200, Share forfeited A/c ₹ 100
 - Debit Share Capital A/c ₹ 300, Credit Share allotment A/c ₹ 200, Share forfeited A/c ₹ 100
 - Debit Share Capital A/c ₹ 300, Credit Share allotment A/c ₹ 150, Share forfeited A/c ₹ 150
 - None of these
30. A Company forfeited 1,000 Shares of ₹ 10 each (which were issued at par) held by Mr. John for non-payment of allotment money of ₹ 4 per Share. The called-up value per Share was ₹ 8. On forfeiture, the amount debited to Share Capital will be
- ₹ 10,000
 - ₹ 8,000
 - ₹ 2,000
 - ₹ 18,000.
31. D Ltd forfeited 200 Shares of ₹ 10 each, ₹ 7 called up on which Ram had paid only application money ₹ 3 per Share. Of these 125 Shares were re-issued to Shyam for ₹ 9 per Share fully paid. What will be balance in the Share Forfeited A/c after re-issue of 125 Shares?
- ₹ 225
 - ₹ 600
 - ₹ 525
 - ₹ 450
32. X Limited forfeited 100 Shares of ₹ 10 each (₹ 8 called up) issued at a premium of ₹ 2 per Share to Mr. R. on which he had paid application money of ₹ 5 per Share, for non-payment of allotment money of ₹ 5 per Share (including premium). Out of these 70 Shares were re-issued to Mr. Sanjay as ₹ 8 called for ₹ 7 per Share. Capital Reserve is _____
- ₹ 350
 - ₹ 140
 - ₹ 280
 - ₹ 630
33. Z Ltd forfeited 300 Shares of ₹ 10 each, ₹ 8 called up, held by Mr. A for non-payment of second call money of ₹ 3 per Share. These Shares were re-issued to Karim for ₹ 8 per Share. Amount transferred to Capital Reserve A/c
- ₹ 3,000
 - ₹ 1,500
 - ₹ 1,750
 - None of these
34. 600 Shares allotted to Mr. X, on which ₹ 100 each called up, and ₹ 50 paid up were forfeited and reissued for ₹ 70 each as fully paid up. Amount transferred to Capital Reserve A/c is
- ₹ 12,000
 - ₹ 15,000
 - ₹ 30,000
 - ₹ 18,000
35. R of Rajkot consigned goods of ₹5,000 at an invoice price of 20% above cost to B of Baroda. Consignee is to be allowed 5% commission on total sales at invoice price; 20% commission on sale proceeds in excess of invoice price; and 2% del credere commission on credit sales. He sold 25% of goods for cash ₹2,000; 50% of goods at ₹3,500 on credit and kept 10% of the goods at invoice price himself. Calculate the commission payable to consignee
- ₹255
 - ₹270
 - ₹525
 - ₹325
36. Redeemable Preference Shares are those Shares on which Capital is to be paid back within the stipulated period of –
- Not more than 20 yrs
 - Not more than 5 yrs
 - Not more than 15 yrs
 - Not more than 10 yrs
37. Mr. P sent goods worth ₹50,000 on 11th March on reject or approval basis. Out of which goods worth ₹30,000 were accepted by the customers till 31st March and the remaining were still pending with the customers as on 31st March. How would you deal with the goods lying with the customer as on 31st March. Assumption 25% profit on cost ____
- Deduct ₹20,000 from sales and debtors and include goods worth ₹16,000 in closing stock
 - Deduct ₹50,000 from sales and debtors and include goods worth ₹20,000 in closing stock
 - Deduct ₹50,000 from sales and debtors and include goods worth ₹16,000 in closing stock
 - Deduct ₹20,000 from sales and debtors and include goods worth ₹20,000 in closing stock. Assume profit on sales is 20%.

38. A Ltd provides the following information –
On 4th September 2008, the Company issued 12,000, 7% Debentures having a face value ₹ 100 each at a discount of 2.5%. On 12th September, the Company issued 25,000, 7% Preference Shares of ₹ 100 each. On 29th September, the Company redeemed 30,000, 6% Preference Shares of ₹ 100 each at a premium of 5% together with one month dividend thereon. Bank balance as on 31st August 2008 was ₹ 30,00,000. After effecting the above transactions, the Bank balance as on 30th September 2008 will be –

- (a) ₹ 35,15,000
- (b) ₹ 33,80,000
- (c) ₹ 35,45,000
- (d) ₹ 35,05,000

39. Redeemable Preference Shares of ₹ 1,00,000 are redeemed at par for which purpose fresh Equity Shares of ₹ 80,000 are issued at a discount of 10%. The amount to be transferred to Capital Redemption Reserve Fund will be

- (a) ₹ 20,000
- (b) ₹ 28,000
- (c) ₹ 1,00,000
- (d) ₹ 80,000

40. Rich Ltd had 3,000, 12% Redeemable Preference Shares of ₹ 100 each, fully paid up. The Company issued 25,000 Equity Shares of ₹ 10 each at par and 1,000 14% debentures of ₹ 100 each. All amounts were received in full. The payment to Preference Shareholders was made in full. The amount to be transferred to Capital Redemption Reserve A/c is –

- (a) Nil
- (b) ₹ 2,00,000
- (c) ₹ 3,00,000
- (d) ₹ 50,000

With the information below answer below 3 questions
X Ltd decides to redeem 13,000, 15% Preference Shares of ₹ 100 each at 10% premium. It has a General Reserve of ₹ 9,10,000 and Securities Premium of ₹ 20,000. The minimum number of Equity Shares of ₹ 10 each to be issued for the purpose of redemption in each of the following alternate cases is

41. If the new Equity Shares are to be issued at 25% premium–
- (a) 60,000
 - (b) 45,000
 - (c) 40,000
 - (d) None of these
42. If the new Equity Shares are to be issued at 20% discount–
- (a) 40,000
 - (b) 62,500
 - (c) 60,000
 - (d) None of these

43. If the new Equity Shares are to be issued at par
- (a) 50,000
 - (b) 60,000
 - (c) 40,000
 - (d) None of these

44. Alfa Ltd issued 20,000, 8% Debentures of ₹ 10 each at par. The Debentures are redeemable at a premium of 20% after 5 years. The amount of loss on redemption of Debentures should be:
- (a) ₹ 50,000
 - (b) ₹ 40,000
 - (c) ₹ 30,000
 - (d) None of the above.

45. W Ltd issued 20,000, 8% Debentures of ₹ 10 each at par, which are redeemable after 5 years at a premium of 20%. The amount of loss on redemption of Debentures to be written off every year –
- (a) ₹ 40,000
 - (b) ₹ 10,000
 - (c) ₹ 20,000
 - (d) ₹ 8,000

46. R, J and D are partners sharing profits in the ratio 7:5:4. D died on 30th June 2010 and profits for the accounting year 2009-2010 were Rs. 24,000. How much share in profits for the period 1st April 2010 to 30th June 2010 will be credited to D's Account?
- (a) Rs. 6,000
 - (b) Rs. 1,500
 - (c) Nil
 - (d) Rs. 2,000

47. In a joint venture between A and B, A purchased goods costing Rs.42,500. B sold goods costing Rs. 40,000 at Rs. 50,000. Balance goods were taken over by A at same gross profit percentage as in case of sale. The amount of goods taken over by A will be:
- (a) Rs. 3,125
 - (b) Rs. 2,500
 - (c) Rs. 3,000
 - (d) None of the above

48. Mohan and Sohan are partners in a firm sharing profits and losses in the ratio 5:3. The firm earned profits during last four years amounting Rs.18,000, Rs.8,500 (loss), Rs.30,000 and Rs.16,500 respectively. The value of goodwill on the basis of one and a half year's purchase of average profits of last four years will be
- (a) Rs.14,000
 - (b) Rs.27,375
 - (c) Rs.21,000
 - (d) Nil

49. A and B are partners in a firm. During the year 2009, A withdrew Rs.1,000 p.m. and B withdraw Rs.500 p.m. on the first day of each month for personal use. Interest on drawings is to be charged @ 10% p.a. The interest on drawings will be
(a) Rs. 650
(b) Rs. 975
(c) Rs. 900
(d) Rs. 1,800
50. A and B are partners in a firm sharing profits and losses in the ratio of 3:2. They have invested capitals of Rs.40,000 and Rs.25,000 respectively. As per the partnership deed, they are entitled to interest on capital @ 5% p.a. before dividing the profits. During the year, the firm earned a profit of Rs.3,900 before allowing interest. The net profit will be apportioned as
(a) Rs.260 to A and Rs.390 to B
(b) Rs.390 to A and Rs.260 to B
(c) Rs.2,340 to A and Rs.1,560 to B
(d) Rs.1,560 to A and Rs.2,340 to B
51. Mr. A is a partner in a firm along with Mr. B. Both contributed capitals of Rs.40,000 and Rs.50,000 respectively on the 1st of July, 2009. Interest on capital is to be charged @ 10% p.a. Books of account are to be closed on 31st December, 2009. Interest on capital is
(a) Rs.2,500
(b) Rs.2,000
(c) Rs.4,500
(d) None of the above
52. Priya sold goods to Nidhi for Rs.1,00,000. Priya will grant 5% discount to Nidhi. Nidhi requested Priya to draw a bill. The amount of the bill is
(a) Rs.1,00,000
(b) Rs.95,000
(c) Rs.93,800
(d) Rs.90,000
53. A, B and C are in partnership with no partnership deed. A brought Rs.80,000, B Rs.60,000 and C Rs.40,000 as capital. A does not take part in day to day activities, B acts as general manger and C acts as a sales manager. The profit during the year was Rs. 1,50,000. The share of each partner in profit will respectively be
(a) Rs.66,667: Rs.50,000: Rs.33,333
(b) Rs.50,000: Rs.50,000: Rs.50,000
(c) Nil: Rs. 75,000: Rs.75,000
(d) None of the above
54. Atul, Vipul and Prafful are partners in a firm with no partnership agreement. They invested Rs.1,00,000, Rs.75,000 and Rs.50,000 as capital in the firm. The profit for the year was Rs.2,50,000. Prafful demands interest on loan of Rs.20,000 advanced by him at the market rate of interest which is 12% p.a. The amount of interest to be received by him will be
(a) Rs. 2,400
(b) Nil
(c) Rs. 1,200
(d) Rs. 3,600
55. A purchase of Rs. 1,870 by cheques has been wrongly posted in the cashbook as Rs. 1,780. This has the effect of
(a) Increasing the bank balance by Rs.90
(b) Decreasing the bank balance by Rs.90
(c) Increasing the bank balance by Rs.180
(d) Decreasing the bank balance by Rs.180
56. Trade receivables of M/s Santosh amounts to Rs. 25,000 and bad debts Rs.3,000. M/s Santosh provides for Doubtful debts @ 2% and for discount @ 1%. The amount of net trade receivables to be shown in the Balance Sheet is
(a) Rs. 21,560
(b) Rs. 22,000
(c) Rs. 21,780
(d) Rs. 21,344
57. A bad debt recovered during the year is a
(a) Capital expenditure
(b) Revenue expenditure
(c) Capital receipt
(d) Revenue receipt
58. On 31st March 2009, Suraj has to pay to M/s Chandra Rs.7,000 on account of credit purchase from the later. He paid Rs.1,800 on 30th June 2009 after availing a cash discount of 10%. On 30th September 2009, he paid Rs. 2,850 after availing 5% cash discount. On account of final settlement, the amount to be paid by Suraj without any discount will be
(a) Rs. 2,350
(b) Rs. 2,000
(c) Rs. 2,200
(d) Rs. 2,150
59. Mr. A receives a bill from B for Rs.30,000 on 01.01.2010 for 3 months. On 04.02.2010 Mr A got the bill discounted at 12%. The amount of discount will be
(a) Rs. 950
(b) Rs. 600
(c) Rs. 200
(d) Rs. 150

60. The accountant of the firm M/s ABC is unable to tally the following trial balance.

Account heads	Debit(Rs.)	Credit (Rs.)
Sales		12,500
Purchases	10,000	
Miscellaneous exp		2,500
Total	10000	15000

The above difference in trial balance is due to

- (a) Wrong placing of sales account
 (b) Incorrect totalling
 (c) Wrong placing of all accounts
 (d) Wrong placing of miscellaneous expenses account.
61. K advertises in paper that any person who found his lost pet dog can get a reward of ₹ 5000. Any person who finds the dog can claim the reward. This is a case of –
 (a) General Offer
 (b) Specific Offer
 (c) Standing Offer
 (d) Invalid Offer.
62. In order to convert a proposal into a promise the acceptance must be –
 (a) Absolute and unqualified
 (b) Absolute and qualified
 (c) Should not be absolute
 (d) Either absolute or qualified
63. What is the "Postbox Rule" under Indian Contract Act, 1872?
 (a) All correspondence related to a contract becomes effective the moment that it is mailed.
 (b) Contract correspondence must be passed through the mail, although the mailing can occur after the contract is negotiated orally.
 (c) An acceptance becomes effective at the moment that it is mailed, assuming that it is properly addressed and proper postage is paid.
 (d) Both a and b
64. Kingfisher tours and travels agency sells tour packages at a discount. One of its advertisements in a newspaper read as follows "Three night weekend getaway to "Lalgudi" for a low price. Jam and Jim bought one of the packages, but were upset when they learned that the getaway was for Lalgudi, Mysore, rather than Lalgudi, Trichy. Jim had called the tour operator after hearing a radio advertisement (which did not mention which Lalgudi the trip was for) and simply asked for the package for two. Jim and

Jan had driven to Lalgudi, Mysore on several occasions for a quick weekend getaway and would not have purchased a weekend travel package to go to Trichy had they been aware of the fact before purchase. In this situation –

- (a) Jim and Jam can claim refund as there is Mutual (bilateral) mistake of fact
 (b) Jim and Jam cannot claim refund as there is unilateral mistake of fact
 (c) Jim and Jam can claim refund due to Fraud by the tour operator
 (d) Both a and c
65. John published an advertisement in the newspaper stating, "If you are the first to explain how I can get a car out of a ditch with an extremely long rope, but no other tools or vehicles, I will pay you Rs.10,000". The day the advertisement was published Cindy was riding her Car and came upon John in a rural area trying to figure out how to get his car out of the ditch in front of his house. John showed Cindy a large coil of rope and asked her if she could show John how to use it to get the car out of the ditch. Cindy showed John how to do this. Then she completed her car ride. After she got home, Cindy noticed John's newspaper advertisement for the first time. She discovered the ad in the newspaper. She drove back to John's house and demanded payment. In this situation –
 (a) Cindy is entitled to payment because she performed the act that was requested in the advertisement
 (b) Cindy is not entitled to payment because she waived her right by not asking to be paid immediately upon completion of the act.
 (c) Cindy is not entitled to payment under the doctrine of unconscionability
 (d) Cindy is not entitled to payment because she had not been aware of the advertisement when she helped John.
66. F, a money lender, advances Rs.10,000 to J, an agriculturist and by undue influence, induces J to sign a bond for Rs.25,000 with interest at 5% per month. The Court may set aside the Bond, with orders to pay only Rs.10,000 at such nominal interest as it may deem fit.
 (a) True
 (b) Partly True
 (c) False
 (d) None of the above

67. Which of the following is not an exception to the rule "No Consideration, No Contract"?
- Love and affection
 - Compensation for past voluntary services
 - Contract of Agency
 - None of the above.

68. Having regard to the circumstances of the case, if it is the duty of the person keeping silence to speak, keeping silent constitutes –
- Fraud
 - Coercion
 - Mistake
 - Undue Influence

69. Indian Contract Act. 1872 is not applicable to —
- Jammu
 - Kashmir
 - Whole of India except Jammu and Kashmir
 - Both a and b

70. Match the following –

1. Death of Offeror	a. Offer comes to end
2. Counter Offer	b. Amounts to acceptance
3. Subsequent Impossibility of performance	c. Void Agreement
4. Revocation of Offer	d. Void Contract

- 1 – a; 2 – a; 3 – a; 4 – a
- 1 – a; 2 – b; 3 – d; 4 – c
- 1 – a; 2 – a; 3 – d; 4 – a
- 1 – b; 2 – a; 3 – d; 4 – c

71. In a situation where one party purchases an item from another party the law presumes that –
- the parties have formed a business agreement and therefore did not intend to create legal relations
 - the parties formed a business agreement and therefore did intend to create legal relations
 - the parties formed a social agreement and therefore did intend to create legal relations
 - the parties simply made a gratuitous promise

72. The following communication took place between W and H –
- 6th June – W offered to sell his estate to H for Rs.10 Lakhs
- 7th June – H offered Rs. 9 Lakhs
- 8th June – W rejected H's offer
- 10th June – H offered Rs.10 Lakhs for the estate
- 12th June – W refused to sell

14th June – H filed a suit for breach of contract. In this situation –

- W can be made liable as proper consideration is offered
- W cannot be made liable as H should have filed as suit on 13th June instead of 14th June
- W can be made liable as proper revival of offer and communication deemed as acceptance
- W cannot be made liable as the offer was previously rejected by H

73. Mr. A applied for a job as headmaster and the school managers most likely decided to select him. One of them, acting WITHOUT AUTHORITY, told Mr. A he had been accepted. Later the other competent managers decided to appoint someone else. "A" brought an action alleging that by breach of a contract to employ him he had suffered damages in loss of salary. Is the claim of A Valid?

- Valid, as the poor headmaster may not be in a position to find out which managers have authority to communicate
- Not valid, as there is no authorised communication of intention to contract on the part of the body, that is, the managers of the school
- Headmaster can personally sue the manager who communicated acceptance to him
- Inadequate Information

74. Raj advertised to sell his CAR on website for Rs.50,000. Venkat E-mailed Raj and expressed an interest to buy the car for Rs.45,000. Which is the Offer

- 50,000
- 45,000
- Average of Two i.e 47,500 – Bargainable Price as per section 20 of Indian Contract Act, 1872
- No offer at all

75. Which one of the following promises is enforceable prima facie?

- X promises to pay Rs.5,000 to Y who saved him from drowning
- X promises to pay Rs.5,000 to his son
- X promises to donate Rs.5,000 to Rotary Club
- X promises to pay Rs.5,000/- as additional fees to his advocate for winning a suit

76. Rohan promises to make a gift of Rs.10,000 towards the repairs of a temple. The trustees of the temple on the faith of his promise incurs liabilities to the extent of Rs.5,000. Rohan does not pay. Can the trustees recover the promised amount from Rohan?
- The trustee cannot recover anything from Rohan
 - The trustee can recover to the extent of Rs.5,000
 - The trustee can recover the whole amount of Rs.10,000
 - None of the above
77. In case of illegal agreements, the collateral agreements are –
- Valid
 - Voidable
 - Void
 - None
78. Privity of Contract is subject to the exception –
- Where a trust or charge is created
 - Where payment is made to a third party
 - Where payment is made by a third party
 - None of these
79. Generally, representatives of the Promisor are bound to perform the promise, where he (Promisor) dies before performance.
- True
 - Partly True
 - False
 - None of the above.
80. Which of the following is not a duty of a partner?
- To dissolve the firm
 - To indemnify for fraud
 - To share losses
 - To Account for any profit
81. The maximum number of persons permissible for a valid Partnership for doing any business is (in view of the Companies Act, 2013) –
- 10
 - 20
 - 30
 - 50
82. As per the agreement, Profits should be shared equally but Loss shall be borne by one Partner. Then the Partnership agreement is _____.
- Lawful
 - Illegal
 - Void
 - Voidable.
83. A was an Employee in a Partnership Firm with a Salary of ₹ 50,000 per month and he will get a Share of 30% in Profits if the Profits of the Firm exceed ₹ 5,00,000. Now 'A' is called –
- Partner of the Firm
 - Not a Partner of the Firm
 - He cannot take Share in Profits
 - Is not entitled to any Salary.
84. A, B, C are Partners. They promised to give 60,000 to D. If C dies, who will perform Contract?
- A, B
 - A, B, and C's Legal representatives.
 - A, B do not perform
 - None of the above.
85. When a Partner of a Firm is adjudicated as an insolvent, he ceases to be a Partner as –
- On the date of Order of adjudication
 - On the date of Dissolution
 - On the date of information of insolvency
 - Decided by Indian Partnership Firm.
86. For Dissolution of a Firm, Partners may apply to the Court on the ground of _____.
- Insanity of Partner
 - Misconduct of Partner
 - Perpetual Losses in Business
 - All of the above.
87. Which of the following is within the scope of Implied Authority of a Partner in a Partnership Firm?
- Enter into Partnership on behalf of the Firm.
 - Admit any Liability in a suit or proceeding against the Firm.
 - Acquire Immovable Property on behalf of the Firm.
 - Purchasing and Selling goods, in which the Firm deals.
88. Robert is a Sleeping Partner in a Firm. He detected a mistake in the accounts of the Firm. So he wants to check the complete accounts of the Firm. But the other Partners objected it. Is the objection is valid?
- Void, their objection is wrong
 - Valid, they can object.
 - Valid, they have the right not to give the accounts to the Sleeping Partner.
 - None of the above.

89. The Liability of newly Admitted Partner arise from
(a) The Date of his admission
(b) As per agreement
(c) For the Pre-existing Debts of the Firm
(d) All of the above.
90. The unregistered firm does not have a _____
(a) Right to file a Suit on Third Party
(b) Right to acquire Property
(c) Right to Transfer Property
(d) All of the above.
91. M, a shopkeeper, sold a television set to N, who purchased it in good faith. The set had some manufacturing defect and it did not work after a few days in spite of repairs. In this case, the television was not merchantable as it was not fit for ordinary purpose.
(a) The buyer has no right to reject the TV
(b) The buyer has the right to reject the TV and to have refund for the price
(c) Both of the above
(d) None
92. X enters into a druggist's shop and asked for a hot water bottle. He is shown a bottle which the proprietor of the shop say, will not stand boiling water, but it is meant for hot water. X buys the bottle, and one day while using it, it bursts and injures X. It is proved that the bottle was not fit for use as a hot water bottle. Is the seller liable to damages for breach of warranty?
(a) Yes
(b) No
(c) Partly yes
(d) Partly No
93. Hire purchase of the goods
(a) Can resale the goods
(b) Has an option to return the goods or buy it
(c) Cannot use the goods
(d) None of the above
94. Goods which are in existence at the time of Contract of Sale is known as
(a) Present goods
(b) Existing goods
(c) Specific goods
(d) None of the above.
95. Rights of unpaid seller does not include
(a) Stoppage of goods in transit
(b) Claim for price
(c) Suit for interest
(d) None of the above
96. The essence of right of lien is to
(a) Deliver the goods
(b) Regain the possession
(c) Retain the possession
(d) None of the above.
97. The goods are at the risk of the party who has the
(a) Possession of goods
(b) Ownership of goods
(c) Custody of goods
(d) Both (b) and (c)
98. Where the buyer is deprived to goods by their true owner, then the buyer
(a) May recover the price for breach of the condition as to title
(b) Cannot recover the price for breafh of the condition as to title
(c) Either (a) or (b)
(d) None of the above.
99. Auction sale can be subject to
(a) Market price
(b) Reserve price
(c) Any price
(d) None of the above
100. If the buyer rejects the whole quantity of goods due to short delivery or excess delivery, the contract is treated as
(a) subsisting
(b) cancelled
(c) void
(d) invalid