

Panchakshari's Professional Academy

CA CPT Law Practice Sheet: Indian partnership Act, 1932 Unit 3 & 4

1. Partners are bound to carry on the business of the Firm
 - a. To the advantage of the working Partner
 - b. For his benefit
 - c. For the benefit of minor Partners
 - d. To the greatest common advantage
2. Which of the following is not covered by General Duties of Partners?
 - a. To carry on the business of the firm to the greatest common advantage of the firm
 - b. To be just and faithful to each other
 - c. To arrange for audit account of the firm
 - d. To render true accounts
3. Which of the following is not one of the general duties are Partners?
 - a. To claim remuneration
 - b. To render true accounts
 - c. To carry on the business of the firm to the greatest common advantage
 - d. To be just and faithful to each other
4. Partners are bound to provide full information of all things affecting the firm to
 - a. Any Partners
 - b. Legal Representative of any Partners
 - c. Either (a) or (b)
 - d. To Registrar of firms
5. The mutual rights and duties of partners may be determined by
 - a. provisions of the Partnership Act
 - b. contract between the Partners
 - c. (a) but subject to (b)
 - d. (b) but subject to (a)
6. Every Partner is bound to attend to his duties, in the conduct of the business.
 - a. Systematically
 - b. Diligently
 - c. Sincerely
 - d. Effectively
7. If there is a contract that the Partner shall not carry on the business other than that 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. Every partner has a right to take part in the business.
 - a. True
 - b. True, subject to contract between partners
 - c. False
 - d. None of the above
9. Ordinary matters of business may be decided by consent of
 - a. All the Partners
 - b. Majority Partners
 - c. Working Partners
 - d. Sleeping Partners
10. A change in nature of business can be effected only based on
 - a. Unanimous consent of all the partners
 - b. Consent of majority Partners
 - c. Consent of the Working Partners
 - d. Consent of sleeping Partners
11. Which of the following is incorrect?
 - a. Every partners has a right to inspect book of accounts of the firm
 - b. A partner is not entitled to receive remuneration unless agreement provide otherwise
 - c. The interest on capital is payable only out of the profits
 - d. None of the above
12. Where a partner is entitled to interest on his capital, such interest shall be payable
 - a. Only out of profits
 - b. Only out of capital
 - c. Both (a) and (b)
 - d. First out of capital and then out of profits
13. When agreement is silent, rate of interest payable on advance by any partner is
 - a. 6%
 - b. 8%
 - c. 7%
 - d. 10%
14. A partners for taking part in the conduct of the business is
 - a. Not entitled to receive any remuneration
 - b. Entitled to reasonable remuneration
 - c. Entitled to remuneration based on profits

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- d. Entitled to remuneration as per Income Tax Act
15. Which of the following is correct?
- Partner is always entitled to 15 per cent interest on the amount advanced
 - All important decisions in the firm need not be taken unanimously
 - All of the above
 - None of the above
16. In which of the following cases, a Partner is not required to pay over the profits to the firm
- Personal Profit received from any transactions of the Firm
 - Personal Profit received from the use of Firm's property
 - Personal Profit received from the use of business name of the firm
 - Personal Profit received from a noncompeting business
17. A partners shall account for and pay all profits to the firm, as is derived from a business which is
- of the same nature as that of the Firm
 - competing with that of the firm
 - Either (a) or (b)
 - Both (a) and (b)
18. In case of change in the constitution of the firm, the mutual rights and duties of the Partners in the Partners in the reconstituted Firm
- Should be determined by a new written agreement
 - Will remain the same
 - Will be decided by the Registrar of Firms
 - Will be decided upon by the new partners
19. For the purpose of the business of the firm, the partner is
- Agent of the Firm
 - Employee of the Firm
 - Employee of the Firm
 - None of the above
20. Which of the following conditions is not necessary for the exercise of implied authority
- The act must relate to the business of the firm
 - The act must be done in the Firm's business name
 - The act must be done in the usual way of carrying on the Firm's business
 - The act must be done in an emergency
21. To bind the Firm under Implied Authority, the act must be done in the of carrying on the Firm's business.
- regular way
 - usual way
 - routine way
 - extraordinary way
22. Which of the following is incorrect?
- Maintaining bank A/c of firm by partner is not within implied authority of a partner
 - A partner in a firm has a right to receive interest on advances at the rate of 12% p.a
 - The irregular expulsion of a partner does not give any right
 - All of the above
23. A Partner of firm has right to recover expenses incurred by him
- In ordinary course of business of firm
 - For protecting firm during emergency
 - For protecting self during course of emergency.
 - Both (a) and (b)
24. Which of the following is not an "usual activity" for a trading concern, for implied authority purposes?
- Selling of goods
 - Payment by Drawing Cheque
 - Withdrawing suits filed on behalf of the firm
 - Borrowing Loans
25. Which of these acts falls outside the implied authority?
- Purchases of goods on behalf of the firm
 - Sale of the goods of the firm
 - Receiving payments of debts due to the Firm

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- d. Withdraw any suit filed on behalf on the Firm
26. A partner, whether active or dormant, is entitled to have access to any of the books of the firm and take out of copy thereof.
- True
 - True only for active partner
 - False
 - Partly false
27. Which of these acts falls outside the implied authority?
- Recruitment of employees for Firm's business
 - Admit any liability in any proceedings against the Firm
 - Pledge the goods of the firm for loans obtained
 - Borrowing money on behalf of the Firm
28. A sleeping partner is liable to a third party for the acts of the firm
- Only if his existence is known to the third party
 - Whether or not his existence is known to the third party
 - Only if he undertakes to be liable to the third party
 - Only if the other partners desire so
29. Which of these falls outside the implied authority?
- Pledging of goods of the Firm for loans
 - Drawing, accepting and endorsing negotiable instruments on behalf of the Firm
 - Acquire immovable property on behalf of the Firm
 - Engage the lawyer to defend suit against the Firm
30. Which of these acts are within the implied authority?
- Settlement of accounts with third parties on behalf of the firm
 - Open a bank account on behalf of the Firm in his name
 - Compromise claim by the Firm
 - Submit dispute to arbitration
31. Which of these acts are within the implied authority of a Partner?
- Transfer immovable property of the firm
 - Borrowing money on behalf of the Firm
 - Enter into partnership on behalf of the firm
 - Purchase immovable property on behalf of the Firm
32. A and B are Partners in a Firm dealing in cloth. A placed an order on the Firm's letter pad for 10 bags of wheat to be supplied at his residence.
- The Firm is not liable for A's act
 - The Firm is liable for A's act
 - A has acted within his implied authority
 - The firm is liable for tort
33. The implied authority of any partner is subject to
- Contract between the Partners
 - Usage or customs of the trade
 - Either (a) or (b)
 - Both (a) and (b)
34. In case of a Partner has the authority to do all such acts so as to protect the Firm from loss, as would be done by a man of ordinary prudence under similar conditions.
- any calamity
 - death of Working Partner
 - an emergency
 - dissolution of Firm
35. In which of the following cases, the Firm is not bound by the act of the partners?
- Act done by a Partner on behalf of the Firm
 - Act done by a Partner in the Firm's name
 - Act done by a Partner in any manner expressing intention to bind the Firm
 - Act done negligently
36. For all acts of the firm done while he is a Partner, every Partners is
- Jointly liable only
 - Severally liable only
 - Jointly and severally liable
 - Not liable at all
37. Partner's duty of good faith ____ be excluded by an agreement to the contrary.
- Cannot
 - Can

- c. May
d. May not
38. It is the right of every partner to be consulted in
- The matters affecting him only
 - All matters relating to the business of the firm
 - Both (a) and (b)
 - None of the above
39. In a partnership firm. ordinary matters can be settled by the decision of
- All the partners
 - Majority of partners
 - Active partners
 - Managing partners
40. In a partnership firm fundamental matter can be decided by
- All the partners
 - Majority of partners
 - Active partners
 - Managing partners
41. Which matter can be decided with the consent of all the partners?
- Alteration of business
 - Addition to the business
 - Admission of a new partner
 - All of the above
42. Which of the following is an absolute duty?
- Duty to share losses
 - Duty to indemnify for loss caused by partner's fraud
 - Duty to indemnify for loss caused by negligence
 - Duty to account for profits of a competing business
43. A firm is bound by an act of a partner only if it is done by him in
- His own name
 - Firm's name
 - Sleeping partners name
 - None of the above
44. An act of a partner to borrow money is within the scope of his implied authority in case of
- Trading business
 - Non-trading business
 - Both (a) and (b)
 - None of the above
45. Where a money received from a third party by the firm, in the ordinary course of its business, is misapplied by one of the partners to his one use, than the
- Defaulting partners is liable
 - Firms is liable for the same
 - Firm's is not liable for the same
 - Third party has no remedy
46. Property of the firm belongs to
- the Partners
 - the Firms
 - the Working Partners
 - the Retiring Partners
47. Property of the Firm shall be held by the Partners
- Exclusively for business purpose
 - For private purposes of the partners
 - For charitable purpose
 - All of the above
48. Which of the following is not covered by the term "property of the Firm"?
- Property and rights and interest in property originally brought into the Firm
 - Property acquired by the Firm
 - Goodwill of the business
 - Property of the partners
49. Which of the following person may be admitted as a Partner?
- Person of unsound mind
 - Minor
 - Alien enemy
 - An insolvent
50. Which of the following is incorrect?
- One major and another minor can from a partnership
 - One minor and another minor can from a partnership
 - One minor female with another major female can from partnership
 - All of the above
51. A Minor when admitted into Partnership
- Can participate in the day to day business of the Firm
 - Cannot inspect any book of accounts of the Firm
 - Because personally liable for loss of firm

- d. Can continue as a Partner on attaining majority
52. Minor can be admitted to the benefits of the Partnership with consent of
- Majority Partners of the firm
 - Registrar of Firms
 - Both (a) and (b)
 - All the partners of the firm
53. Which of the following statements is incorrect as to a Minor's position in a partnership firm?
- He is admitted to a share of Partnership profits
 - He is personally liable to contribute to the losses
 - He is entitled to a share of firm's property
 - He can inspect the Firm's accounts
54. For the acts of the Firm
- Minor's is personally liable
 - Minor's share is liable
 - Minor is not liable
55. When should a minor give notice of his intention to become or not to become a Partner in the Firm?
- On attending majority
 - On obtaining knowledge that he has been admitted to the benefits of the Partnership
 - (c) or (b) whichever is later
 - (a) or (b) whichever is earlier
56. On attaining majority within how many months a minor may give public notice of his decision to continue or withdraw from the firm?
- 3 months
 - 4 months
 - 6 months
 - 12 months
57. When a minor elects not to become a Partner, his share is not liable any acts of the Firm done
- after his admission to benefits of Partnership
 - after the date of giving public notice
 - after the date of attaining majority
 - after the date of dissolution of Firm
58. A minor can be admitted to the benefits of _____ with the consent of all partners.
- Registered firm only
 - Unregistered firm only
 - Existing firm only
 - New firm only
59. When a minor is admitted to the benefits of the Partnership, the Partnership agreement should be
- Written
 - Written and registered
 - Written, registered and Stamped
 - None of the above
60. A minor admitted to the benefits of the partnership may
- share profits
 - share property
 - inspect account books
 - all of the above
61. Which of the following is correct?
- A minor can be a partner of a firm
 - A minor is entitled to take part in the business of the firm
 - Both (a) and (b)
 - None of the above
62. Where a Minor opts to become a Partner on attending majority, he shall be liable for the acts of the firm done since the date
- of his admission into the benefits of the Partnership
 - of his attending majority
 - of his giving public notice
 - Either (a) or (b) whichever is earlier
63. To admit a new Partner, consent is required from
- All the Partners
 - Majority of Partners
 - Senior Partners
 - All the working Partners
64. New Partner's liability commences from
- The date of his admission
 - The financial year in which he was admitted
 - The day he start working for the Firm
 - Either (a) or (b) whichever is earlier
65. Section of the Partnership Act, 1932 deals with "Retirement of a Partner"

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- a. 22
 - b. 32
 - c. 43
 - d. 53
66. Which of the following is not a mode of Retirement of Partner?
- a. Retirement with other Partner's consent
 - b. Retirement in accordance with an express agreement
 - c. By giving written notice of his intention to retire in a Partnership at will
 - d. Transfer of interest by a Partner
67. In case of Partnership at will, a retiring Partner has to give a _____ notice to all other partners.
- a. Written
 - b. Oral
 - c. Oral and written
 - d. Oral or written
68. In case of Partnership at will, a retiring Partner has to give a written notice
- a. To the Firm
 - b. To the Working Partners
 - c. To all the Partners
 - d. To the state government
69. Retiring Partner continues to be liable for acts of the Firm done
- a. upto the date of admission of a new Partner
 - b. upto the date of giving public notice of retirement
 - c. upto the end of the financial year in which he retires
 - d. All of the above
70. Public notice of retirement should be given by
- a. Retiring Partner only
 - b. Any Partner of Firm only
 - c. By the retiring Partner or any Partners of the reconstituted Firm
 - d. All the Partners of the reconstituted Firm
71. In a Partnership Firm, having three Partners, where a Partners decides to retire from the Firm
- a. The Firm is automatically dissolved
 - b. The Firm's activities are suspended
 - c. The Firm continues with the remaining Partners as its members
 - d. The firms becomes an illegal association
72. Which of the following is correct?
- a. For expelling a partner from the firm consent of all the partners is essential
 - b. A partner has implied authority to transfer immovable property on behalf of the firm
 - c. Public notice of retirement of a partner is required to be above
 - d. All of the above
73. A Partners may be expelled from the Firm
- a. By consent of all the Partners
 - b. By majority of the Partners
 - c. By the working Partners
 - d. On breach of agreement
74. Which of the following conditions is not necessary for expulsion of a Partner
- a. Agreement contained power of expulsion
 - b. Such power has been exercised by a majority of the partners
 - c. Such power has been exercised in good faith.
 - d. The expelled partner must have been adjudicated insolvent
75. When a partner is expelled otherwise than in good faith, he can
- a. Claim reinstatement
 - b. sue for the refund of his share of Capital and Profits in the Firm
 - c. either (a) or (b)
 - d. both (a) and (b)
76. Where a Partner in a Firm is decided as insolvent by court order
- a. the firm is automatically dissolved
 - b. the firm is not automatically dissolved
 - c. the firm becomes illegal association
 - d. the firm is aso considered as insolvent
77. Where a Partner in a Firm is declared as insolvent, he cases to be a Partner from the

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- a. day on which the order of insolvency is made
 - b. first day of the financial year in which the order of insolvency made
 - c. day on which the Firm comes to know of his insolvency
 - d. as decided by the insolvent partner
78. Where the Outgoing Partner carries on a competing business, which of the following is permissible?
- a. He can use old Firm's Name
 - b. He can hold himself out as still partner of the Firm
 - c. Soliciting the old customer of the Firm's
 - d. Advertising such competing business
79. The Outgoing Partner whose claim is not settled, is entitled to
- a. Share of profits since date of cassation of as Partner
 - b. 8% interest p.a. on the unsettled amount
 - c. 7% interest p.a. on the unsettled amount
 - d. 9% interest p.m. on the unsettled amount
80. Where the continuing Partners carry on the business of the Firm, the Outgoing Partner is entitled to share of profits or Interest .For these purpose, the condition is that
- a. the partner must not have been expelled
 - b. no new Partner must not have been admitted
 - c. final Settlement of account has not been done between the Firm and Outgoing Partner
 - d. there is a change in the nature of the firm's business
81. A partner agrees not to carry on the business other than that of the Firm. This agreement in restraint of the trade is
- a. Valid
 - b. Invalid
 - c. Voidable
 - d. Wholly void
82. Outgoing Partner agrees not to carry on similar business within the specific local limits. This agreement in restraint of trade is
- a. Valid
 - b. Invalid
 - c. Voidable
 - d. Wholly void
83. Outgoing Partner agrees not to carry on similar business for a specified period. This agreement in restraint of trade is
- a. Valid
 - b. Invalid
 - c. Voidable
 - d. Wholly void
84. In case of transfer of Partners' Interest which of the following is right of the Transferee?
- a. To participate in the business of firm
 - b. To write accounts
 - c. To inspect books of the Firm
 - d. To receive the share of the Transferring Partner
85. According to the partnership Act, a partner can
- a. transfer his interest in the firm
 - b. transfer his interest in the firm with consent of all the other partner
 - c. transfer his interest in the firm with consent of majority of partners
 - d. transfer his interest to any third party without the consent
86. An agreement between the partners which permits a partner to retire by giving one month's notice is
- a. Valid
 - b. Invalid
 - c. Void
 - d. Unreasonable
87. A retiring partner continues to be liable to third parties for the acts of the firm done after his retirement until
- a. public notice is given
 - b. he pays due amount to the firm
 - c. he tenders resignation letter
 - d. None of the above
88. Which of the following statements is correct?

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- a. The estate of insolvent partner is not liable for the acts of the firm done after the order of insolvency
 - b. The public notice of insolvency of a partner is not necessary
 - c. The firm is not liable for any act of the insolvent partner done after the date of order of insolvency
 - d. All of the above
89. Section of the Partnership Act, 1932 deals with "dissolution of a Firm"
- a. 19
 - b. 29
 - c. 39
 - d. 49
90. 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
91. A, B, and C are Partners in a Firm. A retires, B and C continue to carry on the Firm's business in the same firm's name. This is a case of
- a. Dissolution of Partnership
 - b. Dissolution of Firm
 - c. Dissolution of Firm name
 - d. Dissolution of business
92. A and B agree that their Partnership business will be dissolved on completion of particular work. When the work completes
- a. The Partnership is dissolved
 - b. The Firm is dissolved
 - c. Partnership continues
 - d. Firm continues
93. A and B agree that their Partnership business will be dissolved on completion of particular work. When the work completes
- a. False
 - b. True
 - c. Need permission of registrar of Firms
 - d. None of the above
94. A, B, C are partners. On death of B, A and C continue the Firm's business. These is a case of
- a. Dissolution of Partnership
 - b. Dissolution of Firm
 - c. Partnership Continues
 - d. Firm continues
95. In case of dissolution of partnership
- a. The business of the firm is closed down
 - b. The legal relations between all the partners come to an end
 - c. Assets are realized and liabilities are paid of by the Firm
 - d. None of the above
96. In case of dissolution of firm
- a. The business of the firm is closed down
 - b. The legal relations between all the partners come to an end
 - c. Assets are realized and liabilities are paid off
 - d. All of the above
97. A firm may be dissolved by agreement between the partners and such agreement
- a. may be express
 - b. may be implied
 - c. either (a) or (b)
 - d. neither (a) nor (b)
98. According to section 40 of the Act, dissolution by agreement can be
- a. with the consent of all the Partners
 - b. in accordance with a contract the Partners
 - c. either (a) or (b)
 - d. neither (a) nor (b)
99. Which of the following is correct?
- a. Dissolution of Firm and dissolution are partnership are the same
 - b. Dissolution of Firm and winding up of Firm are one and the same
 - c. Reconstitution of Firm is dissolution of Firm
 - d. None of the above
100. If all Partners of the Firm are declared insolvent
- a. The Firm is also declared insolvent
 - b. All the Partners have to repay the debts of the Firm immediately
 - c. The Firm is automatically dissolved
 - d. None of the above
101. If all partners expect one of the Firm are declared insolvent

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- a. The Firm is also declared insolvent
 - b. A Minor partner is also declared insolvent
 - c. A Firm is automatically dissolved
 - d. None of the above
102. If any one Partner of the Firm is declared insolvent and partnership agreement is silent
- a. The firm is also declared insolvent
 - b. A Minor partner is also declared insolvent
 - c. The firm is automatically dissolved
 - d. None of the above
103. A firm is compulsorily dissolved if
- a. All the Partners are adjudicated insolvent
 - b. All of the Partners died
 - c. both (a) and (b)
 - d. either (a) or (b)
104. Which of the following is correct?
- a. The death of a partner automatically dissolves the firm
 - b. Any partner can dissolve the firm by giving notice if partnership is at will
 - c. Insolvency of a partner automatically dissolves a firm
 - d. All of the above
105. A, B, and C are in Partnership. A is adjudicated insolvent, but B and C agree to continue the Firm.
- a. The firm is also declared insolvent
 - b. Partnership is reconstituted
 - c. Firm is automatically dissolved
 - d. The Court will order for dissolution
106. If all business of firm becomes unlawful then
- a. Firm becomes an illegal association
 - b. Partnership is reconstituted
 - c. Firm is automatically dissolved
 - d. Firm is declared insolvent
107. If any one business out of many businesses of firm becomes unlawful then
- a. The Firm becomes an illegal association
 - b. The Firm will not dissolved but continue its business
 - c. The Firm is automatically dissolved
 - d. The Firm is declared insolvent
108. In the absence of contract to the contrary, which of the following will not result in dissolution of the Firm?
- a. Expiry of the fixed term agreed upon by the Partners
 - b. Death of a Partner
 - c. Admission of a Partner
 - d. Adjudication of a Partner as insolvent
109. Which of the following is incorrect?
- a. Insolvency of one partner dissolves the firm
 - b. Permanent incapacity of an active partner is not ground for dissolution of the firm
 - c. Temporary incapacity of dormant partner is not ground for dissolution of firm
 - d. All of the above
110. In case of partnership at will, Notice of intention to dissolve the Firm may be served by
- a. Sleeping Partners only
 - b. All the Working Partners
 - c. Any of the Partners
 - d. Majority of the Partners
111. In case of a Partnership at will, Notice of intention to dissolve the Firm may be served by
- a. Sleeping Partners only
 - b. Working Partners only
 - c. All the other Partners
 - d. Majority of the Partners
112. In case of Partnership at will, Notice of intention 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
113. In 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

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- d. the date decided by majority of partners
114. In partnership at will, where date has been mentioned in the notice, the Firm is dissolved from
- the date decided by the Registrar of Firms
 - the date as decided by the Partners
 - the date when the notice is communicated
 - The date mentioned in the notice of dissolution
115. Which of the following do not constitute ground for dissolution by Court/
- Insanity of a Partner
 - Incapacity of a Partner to perform his duties
 - Admission of Minor to the benefits of Partnership
 - Continuous losses of the Firm
116. Where a Partner has become of unsound mind, a suit for dissolution may be brought by
- any other Partner
 - next friend of the Partner
 - Either (a) or (b)
 - Both (a) and (b)
117. A suit for dissolution of Firm on the grounds that a Partner has become permanently incapable of performing his duties as a partner, can be brought by
- any other Partners
 - next friend of the Partner
 - any family member of Partner who has become so incapable
 - majority of partners of the firm
118. Which of the following do not constitute a ground for dissolution by Court?
- Misconduct by a Partner
 - Transfer of interest by a Partner
 - Just and equitable grounds
 - Suit by the dormant Partner
119. Which of the following is incorrect?
- The death of a partner automatically dissolves the firm
 - Any partner can dissolve the firm by giving an oral notice if Partnership is at will
 - Insolvency of a partner automatically dissolves a firm
 - All of the above
120. Where a Partner has transferred the whole of his interest in a Firm to a third party, the suit for dissolution of the Firm shall be brought by
- the Transferee
 - the Transferor Partner
 - any other Partner
 - majority of the Partners
121. Where a Partner has transferred the part of his interest in a Firm to a third party, the suit for dissolution of firm shall be brought by
- the Transferee
 - the Transferor Partner
 - any other Partner
 - none of the above
122. 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
- any Partner
 - any working Partners
 - majority of the Partner
 - all the Partners
123. Which of the following do not constitute just and equitable grounds for dissolution of Firm?
- Deadlock in management
 - Disappearance of substratum of business
 - Partners not in talking terms
 - None of the above
124. The Partners continue to be liable as such to third parties for any act done by any of them which would have been the act of the Firm if done before dissolution, until
- Public Notice of the dissolution is given
 - Dissolution Deed is signed by all the Partners
 - Application is made to the Court for Dissolution
 - Assets are distributed among the Partners

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125. Public notice of dissolution may be given by
- All partners
 - The Firm
 - Any Partner
 - Registrar of Firm
126. The estate of a Partner who dies, is not liable for acts done after the date on which he ceases to be a Partner
- True
 - Partly True
 - False
 - None of the above
127. Notice to Registrar about the dissolution of a registered Firm should specify the date of dissolution.
- True
 - Partly True
 - False
 - None of the above
128. Upon dissolution of a Firm, the Surplus left after settlement of the debts and liabilities of the Firm shall be
- Credited to the Reserve Account
 - Credited to the State Government
 - Distributed among the Partners equally
 - Distributed among the Partners according to their rights
129. After dissolution, the Firm is not bound by the acts of a partner who
- was a Working Partner
 - was a Sleeping Partner
 - has been adjudicated insolvent
 - has transferred his interest
130. Upon dissolution of Firm, Losses, including deficiencies of Capital, shall be paid first
- Out of Profits
 - Out of Capital
 - By the Partners personally
 - By the Partners equally
131. Upon dissolution of Firm, Losses, including deficiencies of Capital, shall be paid first out of profits and then
- Out of Profits
 - Out of Capital
 - By the Partners Personally
 - By the Partners equally
132. Upon dissolution of a Firm, losses, including deficiencies of Capital, shall be paid first out of Profits and then out of capital, shall be paid first out of profits and then
- Out of Profits
 - Out of Capital
 - By the Partners personally
 - By the Partners equally
133. Upon dissolution, the Firm's assets shall be first applied in
- Payment of debts and Liabilities of the Firm
 - Payment of Partners Lone
 - Payment of partner's Capital
 - Distribution to partners in their Profit Sharing Ratio
134. Upon dissolution, the goodwill of the Firm
- Must be sold separately
 - Must be sold along with the assets of the Firm only
 - May be sold either separately or along with the assets of the Firm
 - Cannot be along at all
135. The accounting rule in respect of loss arising due to insolvency of a Partner is dealt with in
- Derry vs. peek
 - Carl ill vs. Carbolic Smoke Ball co
 - Garner vs. Murray
 - Balfour vs. Ramaiya
136. Where a Partner has paid premium on entering into Partnership for a fixed term, and it is dissolved before the expiry of such term, he shall be entitled to
- repayment of the entire premium
 - repayment of part of the premium
 - both (a) and (b)
 - either (a) or (b)
137. No premium or part thereof shall be repaid if the dissolution is
- due to the Partner's own misconduct
 - in accordance with an agreement containing no provision as to return of premium

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- c. both (a) and (b)
d. either (a) or (b)
138. No premium or part thereof shall be repaid if the dissolution is
- as per agreement which prohibit repayment of premium
 - due to date of any partner
 - both (a) and (b)
 - either (a) or (b)
139. After dissolution of a Firm, any Partner or his representative may restrain any other Partner or his representative from carrying on similar business for his own benefit, Until the affairs are fully wound up
- in the Firm's Name
 - by using Firm's Property
 - both (a) and (b)
 - either (a) or (b)
140. After dissolution of Firm, any Partner or his representative may restrain any other Partner or his representative from carrying on in a Firm's Name or by using Firm's Property for own benefit, until the affairs are fully wound up.
- competing business
 - similar business
 - any business
 - related business
141. When goodwill of the Firm is sold, the Partners agree-with the Buyer, not to carry out similar business for a specified period. Such agreement in restraint to trade is
- Valid
 - Invalid
 - Voidable
 - Wholly void
142. Chapter VII of the Partnership Act deals with
- Duties of Partners
 - Rights of Partners
 - Registration of Firm's
 - Preamble
143. Which of the following statement is incorrect?
- A firm is compulsorily dissolved when all partners become insolvent
 - A firm is compulsorily dissolved when all partners except one have become insolvent
 - A firm is not compulsorily dissolved when all partners except one have become insolvent
 - A partner ceases to be a partner from the date of his insolvency
144. Unless there is a contrary contract, a firm is automatically dissolved on the
- Expiry of fixed term
 - Completion of particular adventure
 - Death of a partner
 - All of the above
145. Which of the following Firm's can be dissolved by a written notice of dissolution given by any partner?
- General Partnership
 - Particular partnership
 - Partnership at will
 - Both (a) and (b)
146. In a firm, where a partner has become permanently incapable of performing his duties, the Firm
- Is automatically dissolved
 - Is compulsorily dissolved
 - May be dissolved by the Court
 - None of the above
147. In a Firm, where a partner is guilty of misconduct which adversely affect the partnership business, the firm
- Is automatically dissolved
 - Is compulsorily dissolved
 - May be dissolved by the court
 - Cannot be dissolved
148. If the assets of the Firm are not sufficient to discharge the debts and liabilities of the Firm, the partners shall bear the deficiency in
- Equal shares
 - Profit sharing ratio
 - Capital ratio
 - None of the above
149. Dissolution of means permanent stoppage of partnership relations between all partners.
- Firm
 - Partnership

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- c. Company
d. Co-ownership
150. The Registrar of Firms is appointed by
a. Central Government
b. State Government
c. President of India
d. Chief Justice of India
151. The Registrar of Firms is
a. Government servant
b. Civil servant
c. Public servant
d. Non government servant
152. Which of the following is not required to be given in an application for registration of a Firm?
a. Firm Name
b. Principle place of business
c. Names of any other places where the Firm carries on business
d. Capital Contribution of Partners
153. Which of the following is not required to be given in an application for registration of a Firm?
a. Durations of Firm, if any
b. Names in full and permanent address of the Partners
c. Principle place of business
d. PAN of partners
154. Which of the following details is required to be given in an application for registration of a Firm?
a. Capital Contribution of partners
b. Good will of the Firm
c. Places of business of the firm
d. Bank Accounts details of the Firm
155. Application for Registration of Firms Should be signed by
a. All of the above
b. Majority of the Partners
c. All working Partners
d. Minor Partners
156. Which of the following words are not permissible in a Firm's name?
a. and Co
b. imperial
c. Business Ventures
d. Consultants
157. Which of the following words are not permissible in a Firm's name?
a. Associates
b. and Co
c. and Brother
d. Corporation
158. Which of the following words are not permissible in a Firm's name?
a. Empire
b. Multinational
c. International
d. Transnational
159. Which of the following words are not permissible in a Firm's name?
a. Universal
b. Quality
c. Crown
d. Association
160. Which of the following words are permissible in a Firm's name?
a. Crown
b. King
c. Empress
d. and Company
161. Which of the following words are permissible in a Firm's name?
a. Queen
b. Royal
c. Brothers
d. Empress
162. Which of the following words are permissible in a Firm's name?
a. Associates
b. King
c. Royal
d. Empress
163. Which of the following words are permissible in a Firm's name?
a. Emperor
b. Management Consultants
c. Queen
d. Royal
164. Registration of Firm is effective from
a. the date when the Registrar files the statement and makes entries in the Register of Firms

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- b. the date of presentation of the documents to the Registrar of Firm's
- c. (a) or (b) whichever is earlier
- d. (a) or (b) whichever is later
165. Intimation to Registrar, of any change in Firm's should be signed by
- a. All the Partners
- b. Majority of the Partners
- c. All Working Partners
- d. Any one Partners
166. The Register of Firm's shall be open to inspection by
- a. The Registrar of Firms
- b. Partners of the Firm
- c. Creditors of the Firm
- d. Any Person
167. 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
168. An Unregistered Firm Suffers from the following disabilities
- a. No Suit between Partners
- b. No Suit by Firm on a Third Party
- c. No claim of set-off exceeding Rs 100
- d. All of the above
169. 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 Partners to sue for dissolution of the Firm
- c. Right of Partners to sue for settlement of accounts of a dissolved Firm
- d. Right of Partners to sue for realizing the property of a dissolved Firm
170. Which of the rights of Partner is affected by non-registration of the Firm?
- a. To sue for dissolution of the Firm
- b. To sue for settlement of accounts of a dissolved Firm
- c. To sue for realized the property of a dissolved Firm
- d. None of the above
171. Non-registration of the Firm impose the penalty of Rs_____
- a. Rs 100 on each Partner
- b. Rs 1,000 on firm
- c. Rs 1,000 on firm as well as on each partner.
- d. None of the above
172. If firm is Not-registered its business –
- a. Does not become illegal
- b. Becomes illegal
- c. Becomes void
- d. Becomes voidable
173. Non- registration of the Firm does not affect the right of the Firm to Claim set-off not exceeding
- a. Rs 100
- b. Rs 1,000
- c. Rs 5,000
- d. Rs 2,000
174. 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
175. Which of the following incidence require public notice in case of a Registered Firm?
- a. Death of a Partner
- b. Insolvency of a Partner
- c. Misconduct of partner
- d. Expulsion of Partner
176. In case of Registered Firms, Public notice is given in the following manner
- a. Serving the copy of the Notice to the Registrar of Firms
- b. Publishing the Notice in the official gazette
- c. Publishing the Notice in one vernacular newspaper
- d. All of the above
177. In case of Registered Firms, which of the following is not a proper mode of giving Public Notice?

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- a. Serving a copy of the Notice to the Registrar of Firms
 - b. Publishing the Notice in the Official Gazette
 - c. Publishing the Notice in one Hindi newspaper
 - d. Publishing the Notice in one vernacular newspaper
178. In case of Unregistered Firms, Public Notice is given in the following manner
- a. Publishing the Notice in the Official Gazette
 - b. Publishing the Notice in one vernacular newspaper
 - c. either (a) or (b)
 - d. both (a) and (b)
179. For Non-registration of a Firm, the Indian Partnership Act, 1932
- a. Imposes penalty on firm
 - b. Imposes penalty on partners
 - c. Imposes penalty on active partners of Firms
 - d. Provides for certain disabilities only
180. Which of the following is correct?
- a. An unregistered firm can file a suit for setoff of any amount
 - b. An unregistered firm can be sued by a third party
 - c. Partnership agreement need not be in writing
 - d. Both (b) and (c) above
181. The registration of a firm is made to
- a. Registrar of companies
 - b. Registrar of firms
 - c. Registrar of trust
 - d. High Court
182. Which of the following is Correct?
- a. A third party cannot exercise any right against a non-registered firm
 - b. A partnership may be formed by two partnership firm
 - c. Partnership deed is a mandatory document
 - d. None of the above
183. An information to the Registrar about the closing and opening of a branch, after registration, is required to be given by
- a. All the partners Jointly
 - b. Any partner
 - c. An agent of the firm
 - d. Either (a) or (b)
184. An information to the Registrar about a change in the name or permanent address of any partner, after registration is required to be given by
- a. Concerned partner only
 - b. All partners Jointly
 - c. Any partners or agent of firm
 - d. None of these
185. Where a new partner joins the firm after its registration, such a change in the constitution of the firm, requires
- a. New registration
 - b. Notice to the Registrar of Firms
 - c. Application to the court
 - d. None of these
186. Where an existing partner retires from the firm after its registration, such a change in the constitution of the firm, requires
- a. Almost a new registration
 - b. A notice alongwith date of retirement, to the Registrar
 - c. An indemnity bond from a retiring partner
 - d. None of these
187. A notice to the Registrar about the admission or retirement of a Partner, after registration, is required to be given by
- a. All partners Jointly
 - b. Any continuing partner
 - c. New or retiring partner
 - d. Either (b) or (c)
188. A partner of an unregistered firm cannot file a suit against the
- a. Firm
 - b. Partners
 - c. Sleeping partners
 - d. All of the above
189. The third party can file a suit against the firm , if the firm is
- a. Registered
 - b. Unregistered
 - c. Either (a) or (b)
 - d. Neither (b) or (b)
190. A Partner shall pay to the firm any profit derived by him

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- a. from transaction of the firm
 - b. from the use of the property of the firm
 - c. from the business using the firm name
 - d. all of the above
191. A Partners shall pay to the firm any profit made by him
- a. If he carries on the business of the same nature as of the firm
 - b. If he carries on the business of the same nature competing with the firm
 - c. Both of the above
 - d. None of the above
192. After death of a partner the business is continued in the old firm's name.
- a. The legal representative of the deceased partner is not liable for any act of the firm
 - b. The legal representative of the deceased partner is not liable for any act of the firm done after his death
 - c. The estate of the deceased partner is liable for any act of the firm
 - d. None of the above
193. If a minor person fails to give public notice of his becoming major
- a. He shall become a partner on the expiry of 6 months
 - b. He shall cease to be a partner on the expiry of 6 months
 - c. He shall cease to be a partner from the date when he attained majority
 - d. He shall become a partner from the date when he attained majority
194. Interest on capital is payable only out of
- a. Sales price
 - b. Profit
 - c. Capital
 - d. Assets of firm
195. In case of death of a partner, the legal representative of the deceased partner
- a. can become a partner in the firm automatically
 - b. does not becomes a partner in the firm
 - c. may become a partner with consent of the surviving Partners
 - d. both (b) and (c)
196. The implied authority of any partner in a firm
- a. may be restricted by the partners
 - b. cannot be restricted by the partners
 - c. shall be extended by the partners
 - d. None of the above
197. The implied authority of any partner in a firm is
- a. Restricted
 - b. Extended
 - c. Either (a) or (b)
 - d. None of the above
198. A partner by holding out is also known as
- a. Active partner
 - b. Sleeping partner
 - c. Partner by Estoppel
 - d. Nominal partner
199. The liabilities of a minor in a partnership
- a. is limited to his share of the profits and property in the firm
 - b. is similar as that of any other partner in the firm
 - c. is unlimited
 - d. Any of the above
200. A, B, and C are partners in a firm. A is the active partner looking after the business. a wants to use certain assets of the firm for his personal use.
- a. A can use the property for his personal use
 - b. A can't use the property for his personal use
 - c. A can't use the property for his personal use unless other partners agree to it
 - d. A may use the property for his personal use even if other partners do not agree to it
 - e. A may use the property for his personal use even if other partners do not agree to it
201. A partner is entitled to be refunded the premium if

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- a. the dissolution is not due to his own misconduct
- b. there is no agreement for not refunding the premium
- c. both (a) and (b)
- d. none of (a) and (b)

202. A firm is dissolved. State which of the below is correct.

- a. The goodwill shall be included in the assets
- b. The goodwill shall not be included in the assets
- c. The goodwill shall not be sold
- d. None of the above

203. Notice shall be given to the Registrar of Firms under the following situations

- a. Change in the constitution of a registered firm
- b. When a registered firm is dissolved
- c. When a minor admitted to the benefit of the partnership elects to become or not to become a partner of the firm on attending majority
- d. All of the above

204. The mistake in the Register of Firms may be rectified by

- a. The Registrar on its own
- b. The Registrar on application by partners
- c. The Registrar on application by any person
- d. Both (a) and (b)

205. A partner may retire from an existing firm by

- a. Consent of all other partners
- b. By agreement
- c. By notice to all other partners
- d. All of the above