

CA- CPT

MOCK TEST

Date: June-2017

Subject: PART-I

Max Marks: 100 Marks

Time Limits: 2 hours

Accounts (60 Marks) + M. Law (40 Marks) = 100 MARKS

1. Arun and Anand Were friends and in need of funds. On 1-1-2006 Arun drew a bill for Rs. 2,00,000 for 3 months on Anand. On 4-1-2006 Arun got the bill discounted at 10% p.a. and remitted half of the proceeds to Anand. The cheque sent to Anand is for.
(a) Rs. 1,00,000 (b) Rs. 90,000
(c) Rs. 97,500 (d) Rs. 95,000
2. Cancellation of old bill and drawing a new bill is called as;
(a) Renewal (b) Retirement
(c) Honor (d) Dishonor
3. Bank pass book show the overdraft balance of Rs. 10,430. Out of cheque issued of Rs. 30,450, only cheques of Rs. 23,700 have been presented in the bank. The cash book will show balance of
(a) Rs. 40,880 (b) Rs. 17,180
(c) Rs. 38,130 (d) Rs. 20,020
4. Which of the following must be recorded in Cash book to ascertain corrected bank balance for final accounts:
(a) Bank credited Rs. 20,000 to Manish account by mistake
(b) Cheques of Rs. 15,900 deposited but not yet credited by the Bank
(c) Cheque of Rs. 16,000 issued to creditors but not yet presented for payment
(d) None of the above
5. Pass book & Bank statement are:
(a) Same (b) Different
(c) May be some times same, sometimes different
(d) Any of the above
6. Under orders of the Government, cost of Making more exit doors in a cinema hall is a
(a) Capital expenditure
(b) Revenue expenditure
(c) Deferred revenue expenditure
(d) Personal expenditure
7. Amount realized from the sale of securities (investments) purchased earlier
(a) Capital expenditure
(b) Revenue receipt
(c) Deferred revenue expenditure
(d) Capital receipt
8. Changing the system of valuation of closing stock frequently will be a violation of convention of
(a) Conservatism (b) Consistency
(c) Going concern (d) materiality
9. The principle of Conservatism applies on which of the following
(a) Providing depreciation
(b) Not providing discount on creditors
(c) Writing off fictitious assets
(d) Showing contingent liability as foot note
10. Provision for bad debts is made under the principle of:
(a) Full disclosure (b) Conservatism
(c) Industry practice (d) Consistency
11. In consignment business if the del credere commission is not given then the bad debt loss is to be born by:
(a) Consignee (b) Consignor
(c) Share d by consignor & Consignee
(d) Government
12. Ravi consigned Goods to Suraj costing Rs. 2,00,000. The proforma invoice was made to show a profit of 25% on cost. Ravi paid freight, insurance Rs. 2,000. The invoice value will be
(a) Rs. 1,27,500 (b) Rs. 1,33,333

- (c) Rs. 1,20,000 (d) Rs. 2,50,000
13. X of Calcutta sent a consignment of 500 bicycles costing Rs. 100 each to Y of Bombay. Expenses of Rs. 1,000 met by the Consigner. Y of Bombay spent Rs. 1,500 for clearance and the selling expenses were Rs. 10 per bicycle. Y sold, 300 bicycle @ Rs. 160 each. Y was entitled to a commission of Rs. 25 per bicycle sold. Calculate profit.
- (a) Rs. 5,000 (b) Rs. 5,500
(c) Rs. 6,000 (d) Rs. 6,500
14. X of Delhi purchased 10,000 pieces of Sarees @ Rs. 100 per Saree. Out of these Sarees, 6000 were sent on consignment to ‘Y’ of Agra. The consignor paid Rs. 60,000 for packing and freight. ‘Y’ sold 5000 Sarees. Owing to fall in market price, the value of stock of Sarees in had is to be reduced by 10% . the value of closing stock with consignee is.....
- (a) Rs. 1,00,000 (b) Rs. 1,10,000
(c) Rs. 99,000 (d) Rs. 1,09,000
15. P of Kolkata consigned goods costing Rs. 45,000 to Q of Delhi. The invoice was made so as to show a profit of $33\frac{1}{3}\%$ on cost. Goods costing Rs. 5,000 were destroyed in transit.
- Two-thirds of the goods received by Q were sold by him at a profit of 25% of invoice value. The sale value is
- (a) Rs. 37,500 (b) Rs. 50,000
(c) Rs. 55,000 (d) None
16. Gross book value of an asset implies
- (a) Historical cost
(b) Fair market value
(c) Historical cost less depreciation for the year
(d) Historical cost less accumulated depreciation
17. Cost of a machine Rs. 1,00,000, Scrap value of Rs. 10,000 and life 4 years. What will be the amount of depreciation in the first year according to straight line method?
- (a) Rs. 40,000 (b) Rs. 60,000
(c) Rs. 22,500 (d) Rs. 25,000
18. A limited Co. has acquired a lease of a cinema building on 1.1.04 for a term of 5 years by payment of Rs. 40,000. It is proposed to depreciate the lease by annuity method charging interest @ 5% p.a. Reference to annuity table shows that the amount for Rs. 1 for 5 years at 5% is Re .0.230975, Calculate amount of annual depreciation:
- (a) Rs. 8,000 (b) Rs. 10,000
(c) Rs. 2,000 (d) Rs. 9,239
19. Depreciation should be calculated with effect from the date:
- (a) of purchase (b) It is ready to use
(c) From the beginning of the year
(d) Mid of the year
20. Trade expenses and general expenses both are give then Trade expenses shown in
- (a) Trading a/c (b) Profit and loss a/c
(c) Balance sheet (d) None of these
21. Miscellaneous expenses given in trial balance and having adjustment that it is to be write-off over a period of 5 years then
- (a) Profit and loss a/c debit and balance sheet
(b) Profit and loss a/c credit and Balance sheet
(c) Profit and loss a/c not effected but only balance sheet
(d) None of these
22. Deva has the following transactions in a certain product for 3 months to 31st March
- Jan 1 Purchase 600 items @ Rs. 10 each
Feb 1 purchase 200 items @ Rs. 12 each
Feb 15 sales 200 items @ Rs. 15 each
March 15 sales 400 items @ Rs. 20 each
- You are required to calculate the profit earned for the quarter ended at 31st March under LIFO method
- (a) Rs. 2,600 (b) Rs. 5,000
(c) Rs. 2,400 (d) Rs. 4,600
23. Laxmansingh has the following transactions in a certain product for 3 months to 31st March
- Jan 1 Purchase 600 items @ Rs. 10 each
Feb 1 purchase 200 items @ Rs. 12 each
Feb 15 sales 200 items @ Rs. 15 each
March 15 sales 400 items @ Rs. 20 each.
- You are required to calculate the profit earned for the quarter ended at 31st March under: weighted average method

- (a) Rs. 4,700 (b) Rs. 5,000 (d) Rs. 500 received from K. Krishna were debited to his account
- (c) Rs. 2,100 (d) Rs. 4,600

24. From the following particulars for the years 2004 and 2005 determine the value of the closing stock at the end of 2005.

	2004 Rs.	2005 Rs.
Opening Stock	20,000	30,000
Purchases	1,20,000	2,10,000
Sales	2,00,000	2,40,000

Uniform rate of gross profit may be assumed.

- (a) Rs. 1,31,000 (b) Rs. 1,08,000
(c) Rs. 1,09,000 (d) Rs. Nil

25. In Joint venture arrangement profit belongs to:

- (a) Senior co-venture (b) Consignor
(c) Equally to the co-venture
(d) To the co-venture's in agreed ratio

26. A joint venture business has:

- (a) A definite life
(b) Is for a specific job or work
(c) 1 year life
(d) any of the above

27. An entry of Rs. 4,500 was wrongly posted to wages account instead of machinery account, as wages are to be capitalized it is an error

- (a) Commission (b) Omission
(c) Principle
(d) None of the above

28. Goods sold was wrongly passed through purchase book. It is an error of

- (a) Omission (b) Commission
(c) Principle (d) Compensation

29. Which of the following error will affect the suspense's account

- (a) Received interest Rs. 150, posted to loan account
(b) A cheque received from Amar, a debtor, for Rs. 2,000 was directly received by the proprietor who deposited it into his personal bank account
(c) Rs. 400 paid to Suresh was debited to Satish

30. A purchase of Rs. 1,671 had been posted to the debit of the creditor's account as Rs. 1,617 the effect on trial balance of this error is:

- (a) Excess debit Rs. 3,288
(b) Excess debit Rs. 1,671
(c) Excess debit Rs. 1,671
(d) Excess credit Rs. 3,288

31. Goods costing Rs. 15,000 were sent on sale or return in March, 2006 at a margin of Profit of 33 & 1/3 % on cost. Though approval was given in April, 2006 these were taken as sales for March 2006. Which of the following will be required for final accounts for the year ended on 31st March, 2006;

- (a) Add Rs. 15,000 in the closing stock
(b) Add Rs. 20,000 in the closing stock
(c) Add Rs. 15,000 in the closing stock and deduct Rs. 20,000 from Sales and debtors
(d) Add Rs. 20,000 in Sales and Debtor

32. Lara and priyanka are equal partners. Diya is admitted with 1/5th of the share. What will be future profit sharing ratio:

- (a) 1:1:1 (b) 1:1:5
(c) 2:2:2 (d) 2:2:1

33. Joint life policy is taken on the lives of

- (a) All the partners of a firm jointly only
(b) Each partner separately only
(c) All the partners of a firm jointly or each partner separately or both
(d) Senior partner only

34. A situation requiring pro rata allotment is:

- (a) Underwriters liability
(b) Oversubscribed
(c) Fully subscribed
(d) Under subscription

35. The maximum share application money can be

- (a) 5% of the nominal amount of share
(b) 20% of the nominal amount of share
(c) 50% of the nominal amount of share
(d) Full issue price of shares

36. Share premium account is shown in the balance sheet under
- Capital head
 - Reserves and surplus
 - Current liabilities
 - Current assets
37. Discount allowed on the re-issue of forfeited shares cannot exceed
- Amount not received on forfeited shares
 - Amount received on forfeited shares
 - 10% of the paid up capital
 - 10% of the capital re-issued
38. Z Ltd. Forfeited 5 shares of Rs. 10.00 (Rs.9.00 called up) Irwin on which he did not paid allotment money and First Call of Rs. 2.00 and Rs. 3.00 per share respectively. What amount is transferred to Share forfeiture account?
- | | |
|---------------|---------------|
| (a) Rs. 10.00 | (b) Rs. 20.00 |
| (c) Rs. 45.00 | (d) Rs. 50.00 |
39. Q Ltd. Forfeited 300 shares of Rs. 10 each, fully called up for non-payment of Final call money of Rs. 4 per share. These were subsequently re-issued by the company, the minimum re-issue price must be.....
- | | |
|-----------|-------------------|
| (a) Rs. 6 | (b) Rs. 10 |
| (c) Rs. 4 | (d) Rs. Any price |
40. Working capital is _____
- Current Assets – Current liabilities
 - Fixed Assets- Current liabilities
 - Fixed Assets –liabilities
 - Fixed Assets –Current Assets
41. Subsidiary and journal are called
- Primary books
 - secondary books
 - Principal books
 - Cash book
42. Cost of goods sold Rs. 80,700; opening stock Rs. 5,800, Closing stock Rs. 6,000 then purchases is Rs. _____
- | | |
|------------|------------|
| (a) 80,500 | (b) 74,900 |
| (c) 74,700 | (d) 80,900 |
43. If JLP is taken Jointly, on death of a partner _____ is distributed to partners against JLP
- Policy amount
 - Surrender value
 - Surrender value for dead partner & policy value for other
 - None of these
44. Provision for doubtful debts is Rs. 1000 & debtors are Rs. 90, 000 at end of year, provision for doubtful debt 1% required, then the entry
- P & L A/c Dr 900
To Provision for doubtful debts 900
 - Provision for doubtful debts 900
To P & C A/c -900
 - P & L A/c Dr 100
To RDD A/c 100
 - None of these
45. Payment made to creditor is with cash discount is _____
- Reduce assets & reduce liability, add to expenses
 - Reduce asset & reduce liability, add to income
 - Reduce asset & increase liability, add to expenses
 - Increase asset & reduce liability, add to income
46. A sold goods to B on credit for Rs. 10,000 but debited to C instead of B .what will be effected
- Trail balance
 - Individual account
 - Balance sheet
 - total debtors
- | | |
|-----|------------|
| (b) | Rs. 11,000 |
|-----|------------|
47. Cost of goods sold Rs. 10,000, Opening stock Rs. 2,000 and closing stock Rs. 3,000. Find the amount of purchases _____
- Rs. 10,000
 - Rs. 15,000
 - Rs. 9,000
 - Rs. 11,000
48. A owned Rs. 25,000 to B. A is insolvent. B got A's computer valuing Rs. 11,500 in full settlement. Pass the journal entry in the books of B.
- Purchases a/c Dr 11,500

- To A a/c 11,500
- (b) Computer a/c Dr. 11,500
Bad debts a/c Dr. 13,500
To A a/c 25,000
- (c) Computer a/c Dr. 11,500
To A a/c 25,000
- (d) Computer A/c Dr .11,500
To A a/c 11,500
49. If assets of Rs. 60,000 are purchased and shares of Rs. 10 each are issued at a premium of 20%, the no. of shares to be issued is _____
- (a) 60,000 (b) 50,000
(c) 6000 (d) 5,000
50. 5,000 units of goods costing Rs. 40 each are consigned. Carriage inward Rs. 25,000. Normal loss is 10%. Cost of each unit of goods is:
- (a) 40 (b) 45.50
(c) 50 (d) 50.50
51. If one of the cars purchased by a car dealer is used for business purpose, instead of resale, then it should be recorded by _____
- (a) Dr. Drawing A/c & Cr Purchases A/c
(b) Dr. Office Expenses A/c & Cr Motor Car A/c
(c) Dr. Motor car A/c & Cr purchases A/c
(d) Dr motor car & Cr Sales A/c
52. If wages are paid for construction of business premises _____ A/c is credited and _____ A/c is debited.
- (a) Wages, Cash (b) Premises, Cash
(b) Cash, Wages (d) Cash, Premises
53. Rent due for the month of March will appear in the cash book _____
- (a) On the Receipts side
(b) On the payments side
(c) As Contra entry
(d) No where
54. Debit notes issued are used to prepare _____
- (a) Sales Returns Book
(b) Purchase Returns Book
(c) Journal Proper
(d) Purchases book
55. X of Delhi purchased machinery from Y of Chennai for Rs. 10,00,000. He paid freight of Rs. 2,00,000 and excise duty of Rs. 1,00,000. He used the machinery in his business. At the end of the year he charged depreciation of Rs. 1,50,000. The market value of the machine was estimated at Rs. 15,00,000. At what value the machine should be shown in the balance sheet at the end of the year.
- (a) 13 lakhs (b) 13.5 lakhs
(c) 11.5 lakhs (d) 15 lakhs
56. M/s Stationery Mart will debit the purchase of stationery to _____
- (a) Purchases A/c
(b) General Expenses A/c
(c) Stationery A/c
(d) None
57. A, B, C and D are partners sharing profits & losses equally. After one year they decided to share profits in the ratio of 2:2:1:1. D's sacrifice is _____
- (a) 1/24 (b) 1/12
(c) 1/10 (d) 1/6
58. Preliminary expenses will be shown in _____
- (a) Trading A/c –debit side
(b) Profit & Loss Appropriation A/c – debit side
(c) Balance sheet- liabilities side
(d) Balance sheet assets side
59. The Rule “Debit all expenses and losses, credit all incomes and gains” is relates to:
- (a) Personal a/c (b) real a/c
(c) Nominal a/c (d) all the above
60. Estimated useful life of a machine is 5 years. Depreciation is written off in 2nd year under sum of the years digits method:
- (a) 4/15 (b) 3/15
(c) 2/15 (d) 1/15
61. Ram forced Shyam to enter into a contract at the point of pistol. What remedy is available to Shyam?
- (a) Shyam can claim for damages
(b) Shyam can repudiate the contract, as his consent was not free
(c) Shyam cannot repudiate the contract
(d) None of these

62. Which of the following statement is correct?
(a) Void agreements are always illegal
(b) Illegal agreements are voidable
(c) Illegal agreement can be ratified by the parties
(d) Illegal agreements are always void.
63. A contract implied by law is known as:
(a) Contingent contract
(b) Alteration
(c) Quasi contract (d) Illegal contract
64. An agreement by a debtor not to raise the plea of limitation is:
(a) Valid and binding
(b) Void (c) Illegal
(d) Voidable at the option of the creditor
65. C orally offered to pay A, an auto mechanic, Rs.50 for testing a used car, which C was about to purchase from D. A agreed and tested the car. C paid A Rs.50 in cash for his services. Is the agreement:
(a) Valid (b) Express
(c) Executed (d) All of these
66. Which one of the following is contract?
(a) An agreement to do a lawful act by unlawful means
(b) An undertaking in writing, duly signed to pay the time-barred debt
(c) An agreement in restraint of lawful trade
(d) An agreement to pay rupees one thousand only, without consideration.
67. A sent in a football pools coupon containing a condition that it shall not be attended by or give rise to any legal relationship, rights, duties / consequences." He sued for Rs. 4,335, which he claimed to have won. Is the claim enforceable?
(a) Yes, the claim is enforceable.
(b) No, as it was written in the condition.
(c) Either (a) or (b) (d) None of these.
68. 'A', out of natural love and affection promises to give his newly wedded daughter-in-law golden necklace worth Rs. 20,000, 'A' made the promise in writing and signed it and delivered the same to the daughter-in-law. The contract is:
(a) Valid
(b) Without consideration
(c) Unenforceable (d) Voidable
69. An agreement which is enforceable by law at the option of one or more of the parties thereto, but not at the option of the other, is a
(a) Valid contract
(b) Unenforceable contract
(c) Voidable contracts
(d) Void agreement
70. Q lived as a paying boarder with a family. He agreed with the members of the family to share prize money of a newspaper competition. The entry sent by Q won a prize of Rs.5,000. He refused to share the amount won. What option is available with the members of the family?
(a) The members of the family can recover their share, as there was a mutual agreement between the parties.
(b) The members of the family cannot recover their share, as there was no written agreement.
(c) The members of the family can claim damages.
(d) None of the above.
71. Manan Aggarwal is a wholesale merchant for all types of vegetable oil. He receives a telegram from a retail trader to immediately send to him, 1000 tins of oil. Aggarwal knows that the retail trader sells only mustard oil. He sends, immediately, 100 tins of mustard oil and sends the bill. The retail trader insists on paying at the previous rate of oil, which is Rs. 50 less for each tin. When Aggarwal insists for the new market rate, the retailer pleads that there is no contract. In this case, the most logical decision will be that.
(a) There is no contract because the telegram does not stipulate type of oil and the price
(b) The contract is complete and the retailer is bound to pay the current market rate
(c) The contract is complete and the retailer is bound to pay the price fixed for the earlier consignment
(d) The contract is yet to be finally approved and parties have no contractual obligation
72. Which one of the following statements about general offer is correct?

- (a) The general offer should be made to the public in general.
- (b) The general offer does not require any consideration
- (c) The general offer prescribes some condition to be fulfilled
- (d) The general offer does not work without the support of public at large.
73. Which of the following is a valid offer?
- (a) A garment store gave the following advertisement in a newspaper "Special sale for today only. Men's wear reduced from Rs.2000 to Rs.1000"
- (b) P says to Q, "I will sell you a camera." P owns three different types of cameras of various prices.
- (c) An auctioneer displays a refrigerator before a gathering in an auction sale.
- (d) A advertise in The Statesman that he would pay Rs.200 to anyone who finds and returns his lost dog.
74. Roy sent a telegram to Ben, "will you sell your car? Quote lowest price." Ben sent a reply, "Lowest price Rs. 50,000." Roy sent a second telegram to Ben. "I agree to buy your car for Rs.50,000." Ben thereafter refuses to sell. Is there a contract between Roy and Ben?
- (a) No, as a statement of price is not offer
- (b) Yes, as there was an offer and acceptance
- (c) There may be a contract
- (d) None of these.
75. Z offered to sell his house to W for Rs.1,50,000. W accepted the offer by post. On the next day, W sent a telegram withdrawing the acceptance, which reached Z before the letter. Which of the following are true?
- (a) Revocation of acceptance is valid.
- (b) It would make difference if both the letter communicating acceptance and the telegram communicating revocation of acceptance, reach Z at the same time.
- (c) If telegram is opened first, acceptance stands revoked and if he first opens the letter and reads it, revocation of acceptance is not possible.
- (d) Above (a), (b) and (c)
76. S offers to sell B his car for Rs 50,000. T, standing nearby, says, "I will take it if B does not take it." B is not interested in the car. What will be-the position if T says to S "Here is the money, I take the car."
- (a) There is a contract between S and T
- (b) There is no contract between S and T
- (c) S may or may not accept T's offer
- (d) Both (b) and (c).
77. A dress is displayed in the showroom of a shop with a price tag attached to the dress. A buyer interested in the dress and ready to pay the price mentioned in the tag approached the shopkeeper for purchasing the dress. Which one of the following is correct?
- (a) The shopkeeper can refuse to sell the dress.
- (b) The shopkeeper cannot refuse to sell the dress as the buyer has accepted the offer.
- (c) In case of refusal, the shopkeeper will be liable for breach of contract.
- (d) The shopkeeper cannot refuse to sell the dress but may charge higher price.
78. X promises a subscription of Rs. 75,000 to the National Relief Fund. He does not pay. Is there any legal remedy against him?
- (a) X is not bound to perform
- (b) X has to pay damages
- (c) X has to perform his promise
- (d) Either (a) or (b).
79. A consideration is:
- (a) A reason behind making a proposal
- (b) A condition of the fulfilment of the other's promise
- (c) Doing or abstaining from doing something at the desire of promisor
- (d) Rewards for something which one has done for another
80. In which of the following cases X cannot recover?
- (a) Y gets into difficulties while swimming in the river and cries for help, X hears the cry, removes his coat and dives into water and rescues Y. Y, who is full of gratitude, promises to pay X Rs. 200 but fails to do so.
- (b) Y writes to X "At the risk of your own life, you saved me from a serious motor accident. I promise to pay you Rs 1,000."
- (c) X finds Y's purse and gives it to him.
- (d) X, who is Y's friend, seeks the help of a few persons in putting down a fire in Y's house.

- Y promises to give Rs.100 for his timely help.
81. Ashok owes Belly Rs.2,000 but the debt is barred by limitation. Ashok gives a letter to Belly agreeing to pay him Rs. 1,500 on account of the debt. Is this a...
- (a) Valid agreement (b) Void agreement
(c) Voidable agreement
(d) None of these
82. A, being in dire need of money, sells, his new car purchased two months ago at a cost of Rs.3,55,000 for Rs.1,50,000. Afterwards A seeks to set aside the contract on the ground of inadequacy of consideration. Will he succeed?
- (a) Yes, as the contract is void
(b) Yes, as the consideration is inadequate
(c) No, as the consideration may be inadequate
(d) Either (a) or (b).
83. Z's car breaks down in M.I. Road. He asks G, a passing motorist, to tow the car to the nearest garage. G tows the car and in return Z promises to pay G at the garage -Rs.500 as payment for his trouble. Is Z bound by his promise?
- (a) Yes, as a promise to pay for past voluntary service
(b) Yes, as per the norms of the society
(c) No, as it was only an intention of offer
(d) None of these
84. C and D, two Hindu brothers, divided the family property between them and agreed at the time of partition that they should contribute a sum of Rs.10,000 in equal shares and invest it in the security of immovable property and pay the interest towards the maintenance of their mother. Can the mother compel her sons to have the amount invested as settled in her favour?
- (a) Yes, the mother can compel her sons to have the amount invested
(b) No, the mother cannot compel her sons to have the amount invested
(c) Can't say
(d) None of the above.
85. Is past consideration for a promise valid to create a contract?
- (a) It is valid only in Indian law and not in English law
(b) It is valid only in English law and not in Indian law
(c) It is valid in both English and Indian law
(d) It is neither valid in English law nor in Indian law
86. Mohan promises to make a gift, or Rs.10,000 towards the repairs of a temple.' The trustee of the temple on the faith of his promise incurs liabilities. Mohan does not pay. Can the trustee recover the promised amount from Mohan?
- (a) The trustee can recover Rs. 10,000 from Mohan.
(b) The trustee cannot recover anything from Mohan.
(c) The trustee can recover to the extent of liabilities from Mohan.
(d) None of the above.
87. A finds B's purse and gives it to him. B promises to give A Rs. 100. Can A claim the money?
- (a) Yes, A- can claim the money
(b) No, A cannot claim the money
(c) Either (a) or (b) (d) None of these.
88. A who was badly in need of money offered to sell his piano worth Rs.8500 to B for Rs.5000. B refused to buy. A gradually lowered his price until Rs. 2500 was reached, which B accepted. Before the piano was delivered A received an offer of a larger sum from X and He reused to carry out the contract with B claiming that the consideration was inadequate. Is A liable to pay damages to B for failure to carry out his part of contract?
- (a) No, as the consideration was inadequate A cancelled the contract
(b) Yes, A is liable to pay damages to B for failure to carry out his part of the contract
(c) No, as the contract was made due to Undue Influence
(d) Any of the above.
89. A minor fraudulently represented to a money-lender that he was of full age, and executed a mortgage deed for Rs.10,000. Has the money-lender any right of action against the minor for the money lent or for damages for fraudulent misrepresentation?
- (a) The minor can be charged for fraudulent misrepresentation

- (b) The contract can be ratified on becoming major
- (c) The minor's contract is void ab initio therefore he cannot be held
- (d) Moneylender can recover Rs. 10,000 from minor.
90. A supplied to B, a minor, products such as wheat flour, dals and foodstuffs. He claims their price out of his assets. B fails to pay the price of these; in this case which one of the following statements is correct?
- (a) Since minor's contract is void, A cannot recover their price
- (b) There was agreement between A and B for the supply of goods; hence A can recover the price
- (c) Since the article and the goods supplied constitute necessities, A can get them reimbursed but of the assets of the minor.
- (d) A is not entitled to reimbursement from the property of the minor as he supplied them voluntarily
91. A executed a pro-note in favour of B while he was a minor. A in favour of B renewed the pro-note, " when he attained the age of majority. B brings a suit against A on the basis of the second pro-note. Will he succeed?
- (a) Yes, as it is a valid contract
- (b) No, as it is an invalid contract
- (c) Yes, as the pro-note is renewed
- (d) No, as minor's contract cannot be ratified on attaining majority
92. A sold some articles from his shop to B on credit, not knowing that B was a minor. The time fixed for payment expired and no payment was made. Some time after when B attained majority, A sued him for the price. Will he succeed?
- (a) No, as minor's contract cannot be ratified on attaining majority
- (b) Yes, as minor's contract can be ratified on attaining majority
- (c) No, as minor can plead minority
- (d) Yes, as he did not know that B was a minor
93. The principle of estoppel cannot be applied against a minor since:
- (a) He has no sound mind
- (b) He has no privilege to cheat persons by making any representation
- (c) He may induce by dishonest traders to declare in writing that he is a major at the time of entering into a contract
- (d) He has not attained the age of majority
94. 'A' takes an insurance policy on his life making a false statement about his health and does not disclose the fact that he has been treated for a serious illness. In this case which one of the following statements is correct?
- (a) The contract is void
- (b) The contract is unenforceable
- (c) Contract is voidable on the ground of fraud
- (d) The contract is unlawful
95. 'A' threatened to commit suicide if his wife did not execute a sale deed in favour of his brother. The wife executed the sale deed. This transaction is
- (a) Voidable due to undue influence
- (b) Voidable due to coercion
- (c) Void being immoral
- (d) Void being forbidden by law
96. 'A' agrees to sell to 'B' a specific cargo of goods supposed to be on its way from London to Bombay. Before the day of bargain the ship has been castaway and the goods were lost. Neither party was aware of these facts. The agreement is:
- (a) Enforceable
- (b) Unenforceable
- (c) Void
- (d) Voidable
97. C offers to sell to D a painting, which C knows is a good copy of a well-known masterpiece. D thinking that the painting is an original one and that C must be unaware of this, immediately accepts C's offer. Which of the following are true?
- (a) This is a valid contract
- (b) The doctrine of Caveat Emptor will apply
- (c) This is an invalid contract
- (d) Both (a) and (b)
98. A and B, being traders, enter into a contract. A has private information of a change in prices which would affect B's willingness to proceed with the contract. Is A bound to inform B?
- (a) No, the doctrine of Caveat Emptor will apply
- (b) Yes, A is bound to inform B

- (c) No, the doctrine of frustration will apply
- (d) None of these

99. A man, by the name of Sohan, called at a Jeweller's shop and chose a costly ring. He tendered in payment a cheque, which he signed in the name of Garish, a person of credit. He took the ring and pledged it to Bola Nath, who had no notice of the fraud. Can the jeweller recover the ring from Bola Nath?

- (a) Yes, the jeweler can recover from Bola Nath
- (b) The jeweler can recover either from Sohan or Bola Nath
- (c) No, the jeweler cannot recover from Bola Nath
- (d) Can't say

100. A woman fraudulently represented to a firm of jewelers that she was the wife of a certain baron and thus obtained two pearl necklaces on credit on some pretext with a view to buying them. She sold those necklaces to X, a third person. Can the jewelers recover the necklace from X?

- (a) Yes, the jeweler can recover the necklace from X
- (b) No, the jeweler cannot recover the necklace from X
- (c) The jeweler can purchase the necklace from X
- (d) None of these

CA PRASHANTH REDDY