

Examrace

Legal Aptitude MCQs – Commonly Asked Questions for Exams – Must Know Topics and Concepts Part 9

Get top class preparation for competitive exams right from your home: [get questions, notes, tests, video lectures and more](#)- for all subjects of your exam.

62. Legal Principle A partner may make an agreement with his partners that on ceasing to be a partner he will not carry on any business similar to that of the firm within a specified period or within a specified local limits anything contained in any other agreement shall be valid if the restrictions are reasonable law for the firm being in force

Factual Situation A, B and C are partners carrying on the business of manufacturing and selling stitched garments in a town Z under the name ABC will be a brand name of firm. On dissolution of firm all partners A, B and C are entered into an agreement not to carry on business of manufacturing and selling garments for 10 years and none of them use the brand name 'ABC' forever. Here

- a) agreement entered by the partners is void
- b) they cannot define the time limit of restriction
- c) they restrained put them is valid
- d) A restrained cannot be perpetual

Ans: (c)

63. Legal Principle Partnership is a relation of the persons who have agreed to share the profits of business carries in by all of them acting for all. A B C D enter into an agreement to purchasing and selling electronics goods from manufactures and sell the same in retail and share the profits earned. All thing are managed by B and D only. Here

- a) B and D are entitled for profits as they are doing all the activities
- b) A and C are liable only for cases of the business
- c) partnership is created
- d) None of the above

Ans: (c)

64. Which of the following is not an essential requirement for creating a partnership as per Section 4?

- a) Sharing of profits

- b) Sharing of losses
- c) An agreement to carry on a business
- d) Business to be carried by all or any of them acting for all

Ans: (b)

Legal Principle Application of the property of the firm - Subject to contract between the partners, the property of the firm shall be held and used by the partners exclusively for the purposes of the business.

65. Section 15 of the Indian Partnership Act says that

- a) the property of the firm can be used by the partners firm only
- b) the property of the firm can be used only for the personal use of the partners.
- c) the property of the firm shall be held and used by the partners exclusively for the purposes of the business
- d) Both (b) and (c)

Ans: (c)

66. Legal Principle Personal profits earned by partners-Subject to contract the partners-

1. if a partner earns any profit for himself from any transaction of the firm, or from the use of the property or business connection of the firm or the firm name, he shall account for that profit and pay it to the firm.
2. if a partner carries on any business of the same nature as and competing with that of the firm, he shall account for and pay to the firm all profits made by him in that business.

Sections 16 of the Indian Partnership Act, 1932 is start from the term 'subject to' what does it mean?

- a) The agreement for the business of the firm
- b) The agreement between the partners
- c) The agreement for business transaction
- d) None of the above

Ans: (a)

67. Legal Principle Right of outgoing partner to carry on competing business- An outgoing partner may carry on a business with that of the firm and he may advertise such business, but, subject to contract to the contrary, he may not

- 1) use the firm name
- 2) represent himself as carrying on the business of the firm, or

3) solicit the custom of person who were dealing with the firm before he ceased to be a partner.

Under Sections 36 of the Indian Partnership Act, 1932 the position of an outgoing partner is that

- a) the same as the seller is minor
- b) the same as that the seller is an insolvent
- c) the same as that of a seller of goodwill
- d) carrying on the business of the firm

Ans: (b)

68. Legal Principle Retirement of a partner - A partner retire

- 1) with the consent of all the other partners
- 2) in accordance with an express agreement by the partners, or
- 3) where the partnership is at will, by giving notice in writing to all the other partners of his intention to retire

A partner in a firm can retire by an express agreement, under Sections 32 (1) (a) of the Indian Partnership Act,

- a) all the partners
- b) between the partners
- c) between partner and the firm
- d) majority of the partners

Ans: (b)

69. The Manager of Waqf is known as

- a) Sajjadanshin
- b) Khadim
- c) Mutwali
- d) Mujawar

Ans: (b)

70. Ipso facto ' means

- a) in place of
- b) by reason of first fact

c) by the same sources

d) by the way

Ans: (c)

Developed by: [Mindsprite Solutions](#)