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Mercantile Law 2003-Solved MCQs Competitive Exams Set 1

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(1) To what extent is a member of a company which is limited by guarantee personally liable for

the company's debts?

Answer: His personally liability is limited to the amount set out in the memorandum on a winding up.

(2) Jamshed, a house painter, misreads his work under order and paints Salman's house by

accident while Salman sits inside watching. Which of the following is correct?

Answer: a quasi-contract has been formed

(3) On 30 - 11 - 2003 A offered to buy one of the 10 tables of the same specification present in B's

shop for 500 rupees. B accepted the offer. It was agreed that the table would be delivered on 1-

12 - 2003 while the price would be paid on 8 - 12 - 2003. It was not clear which of those tables was

attributed to the contract. Which of the following is correct?

Answer: The table will become the property of A on 8 - 12 - 2003 when he will pay the price.

(4) Akram sent a proposal to Banaras by post for the sale of his stall in the Sunday Market.

Banaras accepted the offer by post. Banaras may revoke his acceptance at any time before:

Answer: Akram receives the letter of acceptance

(5) A appoints B as his agent for buying him a house. B appoints C as his agent to arrange a

house to be bought. C is liable to:

Answer: B only

(6) Delivery of an insurance policy to the insured is:

Answer: Essential to form a binding contract between the parties

(7) A partner may be expelled from a firm

Answer: By the majority of the partners

(8) An order instrument may be negotiated by:

Answer: Endorsement and delivery

(9) A cheque is always payable.

Answer: On demand

(10) A sold some food stuff to B, a minor, on credit. If B refuses to pay:

Answer: A can be paid out of the property of B

(11) If a contract has been fully performed by both parties, that contract would be described as:

Answer: Executed contract

(12) An unregistered contract of sale of a computer is:

Answer: Unenforceable

(13) A decision made by an arbitrator is:

Answer: Appealable

(14) Each party to an arbitration agreement can appoint:

Answer: Only one arbitrators

(15) Shahid and Hamid wished to form a company. On 1 December 2002 they filed all the

required documents with the Register. On 10 February 2003 they received the Certificate of

Incorporation dated 1 February 2003. The company was incorporated on:

Answer: 1 February 2003

(16) A public limited company must have:

Answer: Seven directors

(17) A listed public limited company must have:

Answer: Seven directors

(18) A, aged 18 for whom a court has appointed a guardian, wants to make a contract. He can

make a contract.

Answer: After attaining the age of Twenty-one years

(19) A agrees to pay B 10,000 rupees if his (B's) horse wins the race. The horse died one day

before the race. The contract is:

Answer: Void

(20) Abid's son has forged Majid's name to a promote. Majid under threat of prosecuting Abid's

son demanded that he should sell him his bungalow that is worth one billion rupees for one

million only. Abid had no way except to agree with the proposal. The contract is:

Answer: Voidable

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