
CHAPTER 4

MULTIPLE CHOICE

1. The certificate of limited partnership shall state the following, except:

- a. The term for which the partnership is to exist.
- b. The amount of cash and a description of and the agreed value of the other property contributed by each limited partner.
- c. The time, if agreed upon, when the contribution of each general partner is to be returned.
- d. The additional contributions, if any, to be made by each limited partner and the times at which or events on the happening of which they shall be made.

2. The certificate of limited partnership shall state the following, except:

a. The right, if given, of one or more of the general partners to priors over other general partners, as to contributions or compensation by way of income.

- a. The share of the profits or the other compensation by way which each limited partner shall receive by reason of contribution.
- b. The right, if given, of a limited partner to substitute an assignee as contributor in his place.
- c. The right, if given, of the partners to admit additional limited assignee a partners.

3. The certificate of limited partnership shall state the following, except:

a. The right, if given, of the partners to admit additional limited partners.

b. The right, if given, of a general partner to demand and receive property other than cash in return for his contribution.

c. The right, if given, of one or more of the limited partners to priority over other limited partners, as to contributions or as to compensation by way of income, and the nature of such priority.

d. The right, if given, of the remaining general partner or partners to continue the business on the death, retirement, civil interdiction, insanity or insolvency of a general partner.

4. The essential requisites in the formation of a limited partnership are the following:

I. The certificate of limited partnership

II. The certificate of limited partnership must be filed in the Office of the Securities and

Exchange Commission.

a. Only I is true

b. Only II is true

c. Both are true

d. Both are false

5. A limited partner shall be liable as general partner unless:

a. He takes part in the control of the business.

b. His surname appears in the firm name.

c. He renounces his share in the profits after knowledge of the error that he was made a general partner.

d. His contribution is industry.

6 The surname of a limited partner shall not appear in the partnership name unless:

I. It is also the surname of a limited partner.

II. Prior to the time when the limited partner became such, the business has been carried on under a name in which his surname appeared.

a. Only I is true

b. Only II is true

c. Both are true

d. Both are false

7. The requisites for the return of contributions of a limited partner are the following, except:

a. All liabilities of the partnership, except liabilities to general partners and to limited partners on account of their contributions, have been paid or there remains property of the partnership sufficient to pay them.

b. The consent of all members, unless the return of the contribution may be rightfully demanded.

c. The consent of only limited partners, unless the return of the contribution may be rightfully

demanded.

d. The certificate is cancelled or so amended as to set forth the withdrawal or reduction of the contribution.

8. Is a person admitted to all the rights of a limited partner who has died or has assigned his interest in a partnership.

a. Very special partner

b. Sub-partner

c. Ostensible partner

d.) Substituted limited partner

9. The requisites for an assignee to become a substituted limited partner are the following, except:

a. All the partners must consent or if the limited partner-assignor, being empowered in the certificate of limited partnership, gives the assignee that right.

b. The certificate of limited partnership must be registered in the Department of Trade and Industry.

c. The certificate of limited partnership must be amended.

d. The certificate of limited partnership must be registered in the Securities and Exchange Commission.

10. A certificate shall be amended when, except:

a. There is a change in the name of the partnership or in the amount or character of the contribution of any limited partner.

b. An additional limited partner is admitted.

c. A person is substituted as a general partner.

d. A person is admitted as a general partner.

11. A certificate shall be amended when, except:

a. There is a change in the character of the business of the partnership.

b. There is a change in the time as stated in the certificate for dissolution of the partnership.

c. There is no false statement in the certificate.

d. The members desire to make a change in any other statement in the certificate in order that it shall accurately represent the agreement among them.

12. There is cancellation of the certificate of limited partnership, except:

I. When the partnership is dissolved.

II. When all limited partners cease to be limited partners.

a. Only I is true

b. Only II is true

c. Both are true

d. Both are false

13. The following are the requirements for cancellation, except:

a. It must be signed and sworn to by only the limited partners.

b. It must be in writing.

c. It must be signed and sworn to by all members.

d. It must be filed for record in the Office of the Securities and Exchange Commission.

14. The requirements for amendment are the following, except:

I. It must be in writing as far as necessary to set forth clearly the change in the certificate which it is desired to make.

II. It must be signed and sworn to by all members, and an amendment substituting a limited partner or adding a limited or general partner shall be signed also by the member to be substituted or added, and when a limited partner is to be substituted, the amendment need not be signed by the assigning limited partner.

III. The certificate of limited partnership, as amended, must be filed for record in the Office of

the Securities and Exchange Commission.

- a. Only I is true
- b. Only I and II are true
- c. Only I and III are true
- d. All are true

15. Is one formed by two or more persons having as members one or more general partners and one or more limited partners.

- a. General partnership
- b. Real partnership
- c. Limited partnership
- d. Partnership by estoppel

16. Which of the following is not correct?

- a. A- cash (Ltd.); B - cash (Gen.); C- service (Gen.)
- b. A- property (Ltd.); B – cash (Gen.); C – service (Gen.)
- c. A- cash (Ltd.); B - property (Gen.); C – service (Gen.)
- d. A- service (Ltd.); B – cash (Gen.); C – service (Gen.)

17. The following are characteristics of a limited partnership, except:

- a. It is formed by compliance in good faith with the statutory requirements.
- b. One or more limited partners contribute to the capital and share in the profits and participate in the management of the business.
- c. One or more general partners control the business and are personally liable to creditors.
- d. The limited partners are not personally liable for partnership obligations beyond their capital contributions.

18. It is also known as special partner.

a. Managing partner

b. Limited partner

c. Liquidating partner

d. General partner

19. Spouses H and W formed a limited partnership to engage in real estate business and H contributed P500,000. Is the partnership between the spouses valid?

a. The partnership is not valid because the spouses cannot enter into a limited partnership.

b. The partnership is valid because spouses can enter into a partnership, limited or general, universal or particular.

c. The partnership is valid because spouses are prohibited to enter into a universal partnership only.

d. The partnership is not valid because spouses cannot enter into any kind of partnership for business.

20. The following are characteristics of a limited partnership, except:

a. One or more special partners contribute to the capital and share in the profits but do not participate in the management of the business.

b. The limited partners are not personally liable for partnership obligations beyond their capital contributions.

c. The partnership debts are paid out of the common fund and the separate properties of the limited partners.

d. The limited partners may ask for the return of their capital contributions.

21. The certificate of limited partnership shall state the following, except:

a. The character of the business.

b. The location of the principal place of business.

c. The name and place of residence of each general and limited partners.

d. The name of the partnership, adding thereto the word "General"

22. Which of the following statements is not correct?

a. A partnership contract is not covered by the Statute of Frauds

b. A limited partner shall not be bound by the obligations of the partnership.

c. A limited partner who takes part in the control of the business shall be liable as a general partner.

d. A stipulation which excludes a partner from sharing in the profits or loss is void.

23. A limited partner shall have the same rights as a general partner to except:

a. Have the partnership books kept at the principal place of business of the partnership, and at a reasonable hour to inspect and copy any of them.

b. Have on demand true and full information of all things affecting the partnership, and a formal account of partnership affairs whenever circumstances render it just and reasonable.

c. Have dissolution and winding up by decree of court.

d. None of the above.

24. The following are the rights of a limited partner, except:

a. The right to manage the operation of the partnership.

b. The right to have the partnership books kept at the principal place of business of the partnership, and at a reasonable hour to inspect and copy any of them.

c. The right to have on demand true and full information of all things affecting the partnership, and a formal account of partnership affairs whenever circumstances render it just and reasonable.

d. The right to have dissolution and winding up by decree of court.

25. The following are allowable business transactions of a limited partner with the partnership,

except:

- a. To lend money to the partnership.
- b. Receive or hold as collateral security and partnership property.
- c. To transact business with the partnership.
- d. To receive on account of resulting claims against the partnership. with general creditors, a pro rata share of the assets.

26. The following are allowable business transactions of a limited partner with the partnership, except:

- a. To lend money to the partnership.
- b. Receive from a general partner or the partnership any payment, conveyance, or release from liability if at the time the assets of the partnership are not sufficient to discharge partnership liabilities to persons not claiming as general or limited partners.
- c. To transact business with the partnership.
- d. To receive on account of resulting claims against the partnership, with general creditors, a pro rata share of the assets.

27 When can the contributions of a limited partner be returned

- a. On the dissolution of a partnership.
- b. When the date specified in the certificate for its return has arrived.
- c. After he has given six months' notice in writing to all other members, if no time is specified in the certificate, either for the return of the contribution or for the dissolution of the partnership.
- d. After he has given nine months' notice in writing to all other members, if no time is specified in the certificate, either for the return of the contribution or for the dissolution of the partnership.