

Accounting for Partnership Firms Fundamentals

OBJECTIVE QUESTION SET 1

1. The relationship between persons who have agreed to share the profits of a business carried on by all or any of them acting for all is known as:
(a) Partnership (b) Joint Venture
(c) Association of Persons (d) Body of Individuals.
2. Features of a partnership firm are:
(a) Two or more persons are carrying common business under an agreement.
(b) They are sharing profits and losses in the fixed ratio.
(c) Business is carried by all or any of them acting for all as an agent.
(d) All of the above.
3. In the absence of any agreement, partners are entitled to receive interest on their loans at the rate of:
(a) 12% Simple Interest (b) 12% Compounded Annually
(c) 6% Simple Interest (d) 6% p.a. Simple Interest.
4. Following is the difference between partnership deed and partnership agreement.
(a) Partnership deed is in writing and partnership agreement may be oral.
(b) Partnership deed is signed by all the partners but partnership agreement is signed by majority of the partners.
(c) Partnership deed is registered in the court of law whereas partnership agreement is not.
(d) Partnership deed is not subject to changes unless all partners agree to it. Partnership agreement can be amended with the consent of more than 50% partners.
5. In the absence of an agreement to the contrary, the partners are:
(a) Entitled to 6% interest on their capitals, only when there are profits.
(b) Entitled to 9% interest on their capitals, only when there are profits.
(c) Entitled to interest on capital at the bank rate, only when there are profits.
(d) Not entitled to any interest on their capitals.
6. What time would be taken into consideration for calculation of interest on drawings if equal monthly amount is drawn as drawing at the beginning of each month?
(a) Rs. months (b) 6 months
(c) 5 months (d) 6.5 months.
7. Is rent paid to a partner appropriation of profits?
(a) It is appropriation of profit
(b) It is not appropriation of profit
(c) If partner's contribution as capital is maximum
(d) If partner is a working partner.
8. A is drawing Rs. 500 regularly on the 16th of every month. He will have to pay interest in a year on Rs. 6,000 (at the given rate of interest) for a total period of:
(a) 5 months (b) 6 months
(c) 7 months (d) 6 1/2 months.
9. A is drawing Rs. 1,000 p.m. on the last day of every month. If the rate of interest is 5% p.a., then the total interest chargeable from him in to accounting year will be:
(a) Rs. 325 (b) Rs. 275
(c) Rs. 300 (d) Rs. 350.
10. Bill and Monica are partners sharing profits and losses in the ratio of 3:2 having the capital of Rs. 80,000 and Rs. 50,000 respectively. They are entitled to 9% p.a. interest on capital before distributing the profits. During the year firm earned Rs. 7,800 before allowing any interest on capital. Profits apportioned among Bill and Monica is:
(a) 4,680 and 3,120 (b) 4,800 and 3,000
(c) 5,000 and 2,800 (d) None of these.

11. Seeta and Geeta are partners sharing profits and losses in the ratio 4:1. Meeta was manager who received the salary of Rs. 4,000 p.m. in addition to a commission of 5% on net profits after charging such commission. Profits for the year is Rs. 6,78,000 before charging salary. Find the total remuneration of Meeta.
(a) Rs. 78,000 (b) Rs. 88,000
(c) Rs. 87,000 (d) Rs. 76,000.
12. Firm has earned exceptionally high profits from a contract which will not be renewed. In such a case, the profit from this contract will not be included in
(a) Profit share of the partners (b) Calculation of the Goodwill
(c) Both (d) None.
13. Interest on capital will be paid to the partners if provided for in the agreement but only from.....
(a) Profits (b) Reserves
(c) Accumulated Profits (d) Goodwill.
14. Partners are suppose to pay interest on drawing only when by the
(a) Provided, Agreement (b) Permitted, Investors
(c) Agreed, Partners (d) 'a' & 'c' above.
15. When a partner is given guarantee by other partners! loss on such guarantee will be borne by:
(a) Partnership firm
(b) All the other partners
(c) Partners who give the guarantee
(d) Partner with highest profit sharing ratio.
16. What would be the profit sharing ratio, if the partnership act is complied with:
(a) As per Agreement (b) Equally
(c) In Capital Ratio (d) None of the above.
17. Where will you record interest on drawings:
(a) Debit Side of Profit & Loss Appropriation Account
(b) Credit Side of Profit & Loss Appropriation Account
(c) Credit Side of Profit & Loss Account
(d) Debit Side of Capital/Current Account Only.
18. What balance does a Partner's Current Account has:
(a) Debit Balance. (b) Credit Balance
(c) Either 'a' or 'b' (d) None of the above.
19. How would you close the Partner's Drawing Account:
(a) By transfer to Capital or Current Account Debit Side.
(b) By transfer to Capital Account Credit Side.
(c) By transfer to Current Account Credit Side.
(d) Either 'b' or 'c'
20. A, B and C were Partner's with capitals of Rs. 50,000; Rs. 40,000 and Rs. 30,000 respectively carrying on business in partnership. The firm's reported profit for the year was Rs. 80,000. As per provision of the Indian Partnership Act, 1932, find out the share of each partner in the above amount after taking into account that no interest has been provided on an advance by A of Rs. 20,000 in addition to his capital contribution.
(a) Rs. 26,267 for Partner B and C & Rs. 27,466 for Partner A.
(b) Rs. 26,667 each partner.
(c) Rs. 33,333 for A, Rs. 26,667 and Rs. 20,000 for C.
(d) Rs. 30,000 each partner.
21. X, Y and Z are partners in a firm. At the time of division of profit for the year, there was dispute between the partners. Profits before interest on partner's capital was Rs. 6,000 and Y determined interest @ 24% p.a. on his loan of Rs. 80,000. There was no agreement on this point. Calculate the amount payable to X, Y and Z respectively.
(a) Rs. 2,000 to each partner.
(b) Loss of Rs. 4,400 for X and Z & Y will take have Rs. 14,800.
(c) Rs. 400 for X, Rs. 5,200 for Y and Rs. 400 for Z.
(d) None of the above.
22. X, Y and Z are partners in a firm. At the time of division of profit for the year there was dispute between the partners. Profits before interest on partner's capital was Rs. 6,000 and Z demanded minimum

profit of Rs. 5,000 as his financial position was not good. However, there was no written agreement on this point.

- (a) Other partners will pay Z the minimum profit and will share the loss equally.
- (b) Other partners will pay Z the minimum profit and will share the loss in capital ratio.
- (c) X & Y will take Rs. 500 each and Z will take Rs. 5,000.
- (d) Rs. 2,000 to each of the partners.

23. Following are the differences between Partnership and Joint Venture Except.

- (a) Joint Venture is essentially planned for short term mainly for one transaction. However, partnerships are normally undertaken as going concerns and are expected to last for a very long period.
- (b) The persons involved in a Joint Venture are called co-ventures whereas persons involved in a partnership are called partners.
- (c) Any specific statute of the Government does not govern Joint Ventures but the India Partnership Act, 1932, governs partnerships.
- (d) Memorandum of Undertaking is mandatory to be drafted to spell the relationship between the Co-ventures whereas the basic relationship between the partners is defined by the partnership deed.

24. Every partner is bound to attend diligently to his..... in the conduct of the business.

- (a) Rights
- (b) Meetings
- (c) Capital
- (d) Duties.

25. in the absence of agreement, partners are not entitled to:

- (a) Salary
- (b) Commission
- (c) Equal share in profit
- (d) Both (a) and (b).

26. Profit on Profit/Loss Appropriation Account should be transferred to:

- (a) Partner Capital A/c. Credit Side
- (b) Partner Capital A/c. Debit Side
- (c) B/S Assets Side
- (d) B/S Liability Side.

27. If any loan or advance is provided by partner then, balance of such Loan Account should be transferred to:

- (a) B/S Assets side (b) B/S Liability Side
- (c) Partners Capital A/c. (d) Partners Current A/c.

28. Out of the following which item is not shown in Partners Capital A/c:

- (a) Managerial Commission
- (b) Partners Salary
- (c) Partners Commission. (d) None.

29. Loss in P/L App. A/c will:

- (a) Reduce capital of partners
- (b) Increase capital of partners
- (c) Both (a) and (b).
- (d) None.

30. Partner's Current A/c are opened in case there Capital A/c are:

- (a) Fluctuating (b) Fixed
- (c) Both (a) and (b) (d) None.

31. Partnership is defined under which section of the Partnership Act, 1932?

- (a) Section 4 (b) Section 2
- (c) Section 3 (d) Section 5

32. Which one of the following is NOT an essential feature of a partnership?

- (a) There must be an agreement
- (b) There must be a business
- (c) The business must be carried on for profits
- (d) The business must be carried on by all the partners

33. In the absence of partnership deed,

- (a) Every partner has the right to participate in the business
 - (b) Profit sharing ratio is equal
 - (c) Partners are not entitled to interest on capital
 - (d) All of the above
34. In the absence of partnership deed, interest on loan is payable at the rate of:
- (a) 5%
 - (b) 7%
 - (c) 6%
 - (d) 4%
35. In the absence of partnership deed, interest on drawing is payable at:
- (a) 2%
 - (b) Not payable
 - (c) 5%
 - (d) 6%
36. Which of the following is NOT a feature of Joint Venture?
- (a) There is no common firm name
 - (b) There is no specific act for joint ventures
 - (c) The profit/loss is to be ascertained at the starting of the joint venture
 - (d) The doctrine of implied authority is not applicable
37. Which of the following is a type of capital A/c?
- (a) Fixed Capital A/c
 - (b) Fluctuating Capital A/c
 - (c) Both (a) & (b)
 - (d) None of these
38. Partners Capital A/c and Partners Current A/c are prepared in the case of
- (a) Fixed Capital A/c
 - (b) Fluctuating Capital A/c
 - (c) Both (a) and (b)
 - (d) Neither (a) nor (b)
39. In the case of fixed capital method, adjustments in respect of profit, loss, drawings etc. are made in
- (a) Current Account
 - (b) Capital A/c
 - (c) Both (a) and (b)
 - (d) None of these
40. Which of the following statement is true?
- (a) Fixed capital account will always have a credit balance
 - (b) Current account can have a positive or negative balance
 - (c) Fluctuating capital can have a positive or a negative balance
 - (d) All of the above
41. Goodwill is valued when:
- (a) When the profit sharing ratio amongst the partner is changed
 - (b) When a partner retires or dies
 - (c) In the case of amalgamation
 - (d) All of the above
42. If a firm makes exceptional profits which are not routine in nature, then such profits will not be included in:
- (a) Profit share of the partners
 - (b) Calculation of goodwill
 - (c) Both (a) and (b)
 - (d) None of the above
43. In the absence of an agreement, the partners are entitled to:
- (a) Salary
 - (b) Interest on loan
 - (c) Commission
 - (d) All of the above
44. If A, B & C are three partners in a firm and C pays ₹ 20,000 against the liability of the firm, then the entry passed will be:

- (a) No entry
 (b) Debit C's capital A/c & credit liability A/c
 (c) Debit liability A/c and credit C's capital A/c
 (d) None of the above
45. Interest on drawing is
 (a) Debited to P & L A/c
 (b) Credited to P & L Appropriation A/c
 (c) Debited to capital A/c
 (d) Both (b) & (c)
46. A draws Rs. 1,000 p.m. on the last day of every month. If the rate of interest is 5% p.a., then the total interest on drawings will be:
 (a) Rs. 825
 (b) Rs. 275
 (c) Rs. 300
 (d) None of these
47. A and B are partners sharing profits and losses in the ratio of 4:1 N, the manager was entitled to a commission @ 5% of net profits after charging such commission. If the profit before commission is Rs. 6, 30,000 find out the commission:
 (a) 78,000
 (b) 30,000
 (c) 28,000
 (d) 32,000
48. A and B are the two partners having a capital of Rs. 50,000 and Rs. 60,000. Interest on capital is @ 5% p.a. If the profit before appropriation is Rs. 4,600, then find out the interest allocated to the partners:
 (a) Rs. 3,500 & Rs. 1,100
 (b) Rs. 600 & Rs. 400
 (c) Rs. 2,090 & Rs. 2,509 (d) Rs. 2,112 & Rs. 4,111
49. in a partnership firm, a partner withdraws Rs. 5,000 per month in the beginning of month for personal use. The rate of interest on drawings is 6% p.a. What is the amount of interest on drawings for the year?
 (a) Rs. 1,950 (b) Rs. 1,800 (c) Rs. 300 (d) Rs. 1,650
50. Interest on capital will be paid to the partners if provided for in the partnership deed but only out of:-
 (a) Profits (b) Reserves (c) Accumulated profits (d) Goodwill

Answers

1	(a)	2	(d)	3	(d)	4	(a)	5	(d)	6	(d)
7	(b)	8	(b)	9	(b)	10	(a)	11	(a)	12	(b)
13	(a)	14	(d)	15	(c)	16	(b)	17	(b)	18	(c)
19	(a)	20	(a)	21	(c)	22	(d)	23	(d)	24	(d)
25	(d)	26	(a)	27	(b)	28	(a)	29	(a)	30	-(b)
31	(a)	32	(d)	33	(d)	34	(c)	35	(b)	36	(c)
37	(c)	38	(a)							42	(b)
43	(b)	44	(c)	45	(d)	46	(b)	47	(b)	48	'(c)
49	(a)	50	(a)								

OBJECTIVE QUESTION SET 2

1. New partner may be admitted to partnership -
With the consent of all the old partners
With the consent of any one partner
With the consent of 2/3rd of the old partners
With the consent of 3/4th of the old partners
2. When a new partner is admitted into the firm the old partner stands to -
(A) Gain in profit sharing ratio (b) lose in profit sharing ratio (c) not affected at all (d) only one partner gain other loose
3. Sacrificing ratio is
(A) Old profit sharing ratio - new profit sharing ratio
(b) New profit sharing ratio - old profit sharing ratio
(c) Equal to old profit sharing ratio
(d) Equal
4. When at the time of admission of a new partner old partners profit ratio is not changed, the sacrificing ratio is?
(a) Equal to old profit sharing ratio (b) equal (c) According to capital contributed
(d) According to seniority
5. In case of partnership the act of any partner is:
(a) Binding on all partners
(b) Binding on that partner only
(c) Binding on all partners except that particular partner
(d) None of the above
6. X, Y and Z are partners sharing profits and losses equally. Their capital balances on March, 31, 2012 are Rs. 80,000, Rs. 60,000 and Rs. 40,000 respectively. Their personal assets are worth as follows: X - Rs. 20,000, Y - Rs. 15,000 and Z - Rs. 10,000. The extent of their liability in the firm would be:
(a) X - Rs. 80,000: Y - Rs. 60,000: and Z - Rs. 40,000
(b) X - Rs. 20,000: Y - Rs. 15,000: and Z - Rs. 10,000
(c) X - Rs. 1, 00,000: Y - Rs. 75,000: and Z - Rs. 50,000
(d) Equal.
7. In a partnership firm, in the beginning of the year, capital of one partner is Rs. 80,000. During the year, he introduced Rs. 7,000 as additional capital. In addition to this, he withdraws Rs. 2,000 in the middle of every month. The firm does not pay any interest on capital but charges 6% interest on drawings. His share of profit after interest on drawings is Rs. 20,000. At the end of the year, his capital in the firm would be -
(a) Rs. 83,000
(b) Rs. 1, 05,000
(c) Rs. 82,280
(d) Rs. 1, 09,000.
8. If partnership deed is not there, then profit is shared in :
(a) Old Ratio
(b) Capital Ratio
(c) Equally
(d) New Ratio
9. What will be the interest on Partner's loan when there is no partnership deed?
(a) 6% p.a.
(b) 6%
(c) 6% simple interest p.a.
(d) 6% compound interest p.a.
10. In a firm of A & B having equal profit sharing ratio. Salary of A is 20,000, B is 10,000. Profit of the firm is 75,000. What is the total remuneration of A?
(a) 20,000
(b) 30,000
(c) 42,500
(d) 22,500.

11. Calculate interest on Drawings of A and B if accounts are closed on 31st March, 1973.
A-10,000-1st April 1972.
B - 20,000 - 17 August 1972.
Interest - 8.5%
(a) 1,894.94
(b) 1,890
(c) 1,900
(d) 1,902.6
12. Under Fixed capital method,.....A/c remains fixed and changes are made in current A/c.
(a) Partner's Capital A/c
(b) Partner's Current A/c
(c) Both (a) and (b)
(d) None of these.
13. A partner that doesn't take part in the management of business, but he/she has made investment in business and liable to creditors of the business is known as:
(a) Dormant partner (b) Active partner
(c) Minor partner (d) junior partner
14. On 1st April, 2012 Raghu invested capital of Rs. 2,00,000. He withdrew Rs. 50,000 during the year. Interest on drawings is charged @ 10% per annum. The amount of interest on drawings deducted from capital at the end of financial year is:
(a) Rs. 15,000 (b) Rs. 2,500
(c) Rs. 7,500 (d) Rs. 5,000
15. Which of the following is not recorded in the partners current accounts?
(a) Interest on Drawings
(b) Administrative Expenses
(c) Drawings
(d) Partners Salaries.
16. Total capital employed by a partnership firm is Rs. 1,00,000 and its average profit is Rs. 25,000. Normal rate of return is 20% in similar firms working under similar conditions. The firm earns super profit of:
(a) Rs. 5,000
(b) Rs. 2,000
(c) Rs. 4,000
(d) Rs. 3,000.
17. The investment of personal assets by the owner in the business will:
(a) Increase total assets and increase owners equity
(b) Increase assets and decrease liabilities
(c) Increase total assets only
(d) Has no effect on assets but increase owners equity.
18. A, B and C started a business by investing Rs. 45,000, Rs. 55,000 and Rs. 60,000 respectively and sharing profit or losses in the ratio of capital. At the end of a year they got a total profit of Rs. 11,200. How much "B" get more than "A" in the profit?
(a) Rs. 780
(b) Rs. 700
(c) Rs. 710
(d) Rs. 750
19. In the general form of partnership, liabilities of partner are:
(a) Limited
(b) Limited to the capital invested by them
(c) Unlimited
(d) Limited to an amount guaranteed by them.
20. Which of the following is not recorded in the partners current accounts?
(a) Interest on drawings
(b) Partners salaries
(c) Administrative expenses (d) Drawings

21. As per the Partnership Act, 1932 if a partner with a capital deficiency is unable to pay the amount owed to the partnership, the deficiency is borne by other partners with credit balances:
(a) On the basis of their income ratios (b) On the basis of their capital balances
(c) Equally (d) On the basis of their original investments.
22. As per Partnership Act, 1932 the following are characteristics of 'partnership' except:
(a) Earning of profit
(b) Co-ownership of property
(c) Unlimited liability
(d) Mutual agency
23. If capitals at the end of the year is Rs. 70,000 capital introduced during the year is Rs. 50,000 drawing would be equal to Rs.
(a) Rs. 30,000 (b) Rs. 12,000
(c) Rs. 16,000 (d) Rs. 20,000
24. The interest on partners' Capital Accounts under fluctuating method is to be credited to:
(a) Profit & Loss A/c
(b) Interest A/c
(c) Partner's Capital A/c
(d) None of these
25. The Interest on partners' Capital Accounts under fluctuating method is to be credited to:
(a) Profit & Loss A/c
(b) Interest A/c
(c) Partner's Capital A/c
(d) None of these
26. The Current Account of the partners will always have:
(a) Debit balance
(b) Credit balance
(c) Either of the two
(d) None of these
27. Interest on partner's capital is calculated on:
(a) Opening Capital
(b) Closing Capital
(c) Average Capital
(d) None of these
28. - Preparation of partnership agreement in writing is :
(a) Compulsory
(b) Voluntary
(c) Partly Compulsory
(d) None of these
29. - Interest payable on the capital of the partners is recorded in:
(a) Profit & Loss A/c
(b) Realization A/c
(c) Profit & Loss Appropriation A/c
(d) None of these
30. - For the firm, interest on partner's drawings is a/an :
(a) Expense
(b) Income
(c) Loss
(d) Gain

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
A	B	A	A	A	B	C	C	C	C	D	A	A	B	B	A	A	B	C	C
21	22	23	24	25	26	27	28	29	30										
B	C	D	A	C	C	A	B	C	B										

OBJECTIVE QUESTION SET 3

1. Features of a partnership firm are:
(A) Two or more persons are carrying common business under an agreement.
(B) They are sharing profits and losses in the fixed ratio.
(C) Business is carried by all or any of them acting for all as an agent.
(D) All of the above.
2. Following are essential elements of a partnership firm except:
(A) At least two persons
(B) There is an agreement between all partners
(C) Equal share of profits and losses
(D) Partnership agreement is for some business.
3. In case of partnership the act of any partner is:
(A) Binding on all partners (B) Binding on that partner only (C) Binding on all partners except that particular partner (D) None of the above
4. Which of the following statement is true?
(A) A minor cannot be admitted as a partner
(B) A minor can be admitted as a partner, only into the benefits of the partnership
(C) A minor can be admitted as a partner but his rights and liabilities are same of adult partner
(D) None of the above
5. Ostensible partners are those who
(A) Do not contribute any capital but get some share of profit for lending their name to the business
(B) Contribute very less capital but get equal profit
(C) Do not contribute any capital and without having any interest in the business, lend their name to the business (D) Contribute maximum capital of the business
6. Sleeping partners are those who
(A) Take active part in the conduct of the business but provide no capital. However, salary is paid to them. (B) Do not take any part in the conduct of the business but provide capital and share profits and losses in the agreed ratio (C) take active part in the conduct of the business but provide no capital. However, share profits and losses in the agreed ratio.
(D) Do not take any part in the conduct of the business and contribute no capital. However, share profits and losses in the agreed ratio.
7. The relation of partner with the firm is that of:
(A) An Owner (B) An Agent
(C) An Owner and an Agent (D) Manager
8. What should be the minimum number of persons to form a Partnership:
(A) 2 (B) 7
(C) 10 (D) 20
9. Number of partners in a partnership firm may be:
(A) Maximum Two (B) Maximum Ten
(C) Maximum One Hundred (D) Maximum Fifty
10. Liability of partner is:
(A) Limited (B) Unlimited
(C) Determined by Court (D) Determined by Partnership Act
11. Which one of the following is NOT an essential feature of a partnership?
(A) There must be an agreement
(B) There must be a business
(C) The business must be carried on for profits
(D) The business must be carried on by all the partners
12. X, Y and Z are partners sharing profits and losses equally. Their capital balances on March, 31, 2021 are Rs.80, 000, Rs.60, 000 and Rs.40, 000 respectively. Their personal assets are worth as follows: X— Rs.20, 000, Y— Rs. 15,000 and Z — Rs. 10,000. The extent of their liability' in the firm would be:
(A) X— Rs.80, 000: Y— Rs.60, 000: and Z — Rs.40, 000
(B) X — Rs.20, 000: Y— Rs. 15,000: and Z— Rs.10, 000
(C) X— Rs. 1, 00,000: Y — Rs.75, 000: and — Rs.50, 000 (D) Equal
13. Even' partner is bound to attend diligently to his.....in the conduct of the business.

- (A) Rights (B) Meetings
(C) Capital (D) Duties
(ii) Partnership Deed
14. Forming a Partnership Deed is:
(A) Mandatory (B) Mandatory in Writing
(C) Not Mandatory (D) None of the Above
15. Partnership Deed is also called
(A) Prospectus (B) Articles of Association (C) Principles of Partnership (D) Articles of Partnership .
16. Which of the following is not incorporated in the Partnership Act?
(A) Profit and loss are to be shared equally
(B) No interest is to be allowed on capital
(C) All loans are to be allowed interest @6% p.a.
(D) All drawings are to be charged interest
17. When is the Partnership Act enforced?
(A) When there is no partnership deed
(B) Where there is a partnership deed but there are differences of opinion between the partners
(C) When capital contribution by the partners varies
(D) When the partner's salary and interest on capital are not incorporated in the partnership deed
18. In the absence of Partnership Deed, the interest is allowed on partner's capital:
(A) @ 5% p.a. (B) @ 6% p.a.
(C) @ 12% p.a. (D) No interest is allowed
19. In the absence of a partnership deed, the allowable rate of interest on partner's loan account will be:
(A) 6% Simple Interest (B) 6% p.a. Simple Interest
(C) 12% Simple Interest (D) 12% Compounded Annually
20. A and B are partners in partnership firm without any agreement. A has given a loan of Rs.50,000 to the firm. At the end of year loss was incurred in the business. Following interest may be paid to A by the firm:
(A) @5% per Annum
(B) @ 6% per Annum
(C) @ 6% per Month
(D) As there is a loss in the business, interest can't be paid
21. A and B are partners in a partnership firm without any agreement. A has withdrawn Rs.50, 000 out of his Capital as drawings. Interest on drawings may be charged from A by the firm:
(A) @ 5% per Annum (B) @ 6% per Annum
(C) @ 6% Per Month (D) No interest can be charged
22. A and B are partners in a partnership firm without any agreement. A devotes more time For the firm, interest on partner's for the firm as compare to B. A will get the following commission in addition to profit in the firm's profit:
(A) 6% of profit (B) 4% of profit
(C) 5% of profit (D) none of the above
23. In the absence of partnership deed, the following rule will apply:
(A) No interest on capital
(B) Profit sharing in capital ratio
(C) Profit based salary to working partner
(D) 9% p.a. interest on drawings
24. In the absence of agreement, partners are not entitled to :
(A) Salary (B) Commission
(C) Equal share in profit (D) Both (a) and (b)
25. Interest on capital will be paid to the partners if provided for in the partnership deed but only out of:
(A) Profits (B) Reserves
(C) Accumulated Profits (D) Goodwill
26. Which one of the following items cannot be recorded in the profit and loss appropriation account?
(A) Interest on capital (B) Interest on drawings
(C) Rent paid to partners (D) Partner's salary
27. If any loan or advance is provided by partner then, balance of such Loan Account should be transferred to:

- (A) B/S Assets side (B) B/S Liability Side (C) Partner's Capital A/c (D) Partner's Current A/c
28. A, B and C were Partners with capitals of Rs.50, 000; Rs.40, 000 and Rs.30, 000 respectively carrying on business in partnership. The firm's reported profit for the year was Rs.80, 000. As per provision of the Indian Partnership Act, 1932, find out the share of each partner in the above amount after taking into account that no interest has been provided on an advance by A of Rs.20, 000 in addition to his capital contribution.
- (A) Rs.26, 267 for Partner B and C and Rs.27, 466 for Partner A.
(B) Rs.26, 667 each partner.
(C) Rs.33, 333 for A Rs.26, 667 for B and Rs.20, 000 for C.
(D) Rs.30, 000 each partner.
29. X, Y and Z are partners in a firm. At the time of division of profit for the year, there was dispute between the partners. Profit before interest on partner's capital was Rs.6,000 and Y determined interest @24% p.a. on his loan of Rs.80,000. There was no agreement on this point. Calculate the amount payable to X, Y and Z respectively.
- (A) Rs.2, 000 to each partner.
(B) Loss of Rs.4, 400 for X and Z; Y will take Rs. 14,800.
(C) Rs.400 for X, Rs.5, 200 for Y and Rs.400 for Z.
(D) None of the above.
30. X, Y and Z are partners in a firm. At the time of division of profit for the year there was dispute between the partners. Profit before interest on partner's capital was Rs.6, 00,000 and Z demanded minimum profit of Rs.5, 00,000 as his financial position was not good. However, there was no written agreement on this point.
- (A) Other partners will pay Z the minimum profit and will share the loss equally.
(B) Other partners will pay Z the minimum profit and will share the loss in capital ratio.
(C) X and Y will take Rs.50, 000 each and Z will take Rs.5, 00,000.
(D) Rs.2, 00,000 to each of the partners.
31. On 1st June, 2018 a partner introduced in the firm additional capital Rs.50, 000. In the absence of partnership deed, on 31st March, 2019 he will receive interest:
- (A) Rs.3, 000 (B) Zero
(C) Rs.2, 500 (D) Rs. 1,800
32. On 1st January 2019, a partner advanced a loan of Rs. 1, 00,000 to the firm. In the absence of agreement, interest on loan on 31st March, 2019 will be:
- (A) Nil (B) Rs. 1,500
(C) Rs.3, 000 (D) Rs.6, 000
33. A partner introduced additional capital of Rs.30, 000 and advanced a loan of Rs.40, 000 to the firm at the beginning of the year. Partner will receive year's interest:
- (A) Rs.4, 200 (B) Rs.2, 400
(C) Nil (D) Rs. 1,800
34. In the absence of partnership deed, partners share profits or losses :
- (A) In the ratio of their Capitals (B) In the ratio decided by the court
(C) Equally (D) In the ratio of time devoted
35. In the absence of Partnership Deed:
- (A) Interest will not be charged on partner's drawings
(B) Interest will be charged @ 5% p.a. on partner's drawings
(C) Interest will be charged @ 6% p.a. on partner's drawings
(D) Interest will be charged @ 12% p.a. on partner's drawings
36. In the absence of express agreement, interest @ 6% p.a. is provided:
- (A) On opening balance of partner's capital accounts
(B) On closing balance of partner's capital accounts
(C) On loan given by partners to the firm
(D) On opening balance of partner's current accounts
37. Which of the following items is not -dealt through Profit and Loss Appropriation Account?
- (A) Interest on Partner's Loan (B) Partner's Salary (C) Interest on Partner's Capital (D) Partner's Commission
38. Is rent paid to a partner appropriation of profits?
- (A) It is appropriation of profit (B) It is not appropriation of profit

- (C) If partner's contribution as capital is maximum
(D) If partner is a working partner.
- (iii) Calculation of Profit and Division of Profit among partners
39. According to Profit and Loss Account, the net profit for the year is Rs. 1, 50,000. The total interest on partner's capital is Rs. 18,000 and interest on partner's drawings is Rs. 2, 000. The net profit as per Profit and Loss Appropriation Account will be:
(A) Rs. 1, 66,000 (B) Rs. 1, 70,000
(C) Rs. 1, 30,000 (D) Rs. 1, 34,000
40. According to Profit and Loss Account, the net profit for the year is Rs. 4, 20,000. Salary of a partner is Rs. 5,000 per month and the commission of another partner is Rs. 10,000. The interest on drawings of partners is Rs. 4,000. The net profit as per Profit and Loss Appropriation Account will be:
(A) Rs. 3,54,000 (B) Rs. 3,46,000
(C) Rs. 4,09,000 (D) Rs. 4,01,000
41. A and B are partners. According to Profit and Loss Account, the net profit for the year is Rs. 2,00,000. The total interest on partner's drawings is Rs. 1,000. A's salary is Rs. 40,000 per year and B's salary is Rs. 3,000 per month. The net profit as per Profit and Loss Appropriation Account will be :
(A) Rs. 1,23,000 (B) Rs. 1,25,000
(C) Rs. 1,56,000 (D) Rs. 1,58,000
42. According to Profit and Loss Account, the net profit for the year is Rs. 1,40,000. The total interest on partner's capital is Rs. 8,000 and a partner is to be allowed commission of Rs. 5,000. The total interest on partner's drawings is Rs. 1,200. The net profit as per Profit and Loss Appropriation Account will be :
(A) Rs. 1,28,200 (B) Rs. 1,44,200
(C) Rs. 1,25,800 (D) Rs. 1,41,800
43. Mohit and Rohit were partners in a firm with capitals of Rs. 80,000 and Rs. 40,000 respectively. The firm earned a profit of Rs. 30,000 during the year. Mohit's share in the profit will be :
(A) Rs. 20,000 (B) Rs. 15,000
(C) Rs. 10,000 (D) Rs. 18,000
44. A, B and C are partners, its capital is Rs. 3, 00,000 and B's capital is Rs. 1, 00,000. C has not invested any amount as capital but he alone manages the whole business. C wants Rs. 30, 000 p.a. as salary. Firm earned a profit of Rs. 1, 50,000. How much will be each partner's share of profit:
(A) A Rs. 60, 000; B Rs. 60, 000; C Rs. Nil
(B) A Rs. 90, 000; B Rs. 30, 000; C Rs. Nil
(C) A Rs. 40, 000; B Rs. 40, 000 and C Rs. 40, 000
(D) A Rs. 50, 000; B Rs. 50, 000 and C Rs. 50,000.
45. Net profit of a firm is Rs. 49, 500. Manager is entitled to a commission of 10% on profits before charging his commission. Manager's Commission will be:
(A) Rs. 4, 950 (B) Rs. 4, 500
(C) Rs. 5,500 (D) Rs. 495
46. Net profit of a firm is Rs. 79,800. Manager is entitled to a commission of 5% of profits after charging his commission. Manager's Commission will be :
(A) Rs. 4,200 (B) Rs. 380
(C) Rs. 3,990 (D) Rs. 3,800
47. Ram and Shyam are partners in the ratio of 3 : 2. Before profit distribution, Ram is entitled to 5% commission of the net profit (after charging such commission). Before charging commission, firm's profit was Rs. 42,000. Shyam's share in profit will be :
(A) Rs. 16,000 (B) Rs. 24,000
(C) Rs. 26,000 (D) Rs. 16,400
48. A, B and C are partners in the ratio of 5 : 3 : 2. Before B's salary of Rs. 17,000 firm's profit is Rs. 97,000. How much in total B will receive from the firm?
(A) Rs. 17,000 (B) Rs. 40,000
(C) Rs. 24,000 (D) Rs. 41,000
- Hint: Total amount received by the partner will be Salary + Share of Profit
49. A, B and C are partners in a firm without any agreement. They have contributed Rs. 50,000, Rs. 30,000 and Rs. 20,000 by way of capital in the firm. A was unable to work for six months in a year due to illness. At the end of year, firm earned a profit of Rs. 15,000. A's share in the profit will be :
(A) Rs. 7,500 (B) Rs. 3,750

(C) Rs.5,000 (D) Rs.2,500

50. In a partnership firm, partner A is entitled a monthly salary of Rs.7,500. At the end of the year, firm earned a profit of Rs.75,000 after charging A's salary. If the manager is entitled a commission of 10% on the net profit after charging his commission, Manager's commission will be :

(A) Rs.7,500 (B) Rs. 16,500

(C) Rs.8,250 (D) Rs. 15,000

51. Seeta and Geeta are partners sharing profits and losses in the ratio 4:1. Meeta was manager who received the salary of Rs.4,000 p.m. in addition to a commission of 5% on net profits after charging such commission. Profit for the year is Rs.6,78,000 before charging salary. Find the total remuneration of Meeta.

(A) Rs.78,000 (B) Rs.88,000

(C) Rs.87,000 (D) Rs.76,000

52. Which of the following statement is true?

(A) Fixed capital account will always have a credit balance

(B) Current account can have a positive or a negative balance

(C) Fluctuating capital account can have a positive or a negative balance

(D) All of the above

(iv) Capital Accounts of Partners

53. Which accounts are opened when the capitals are fixed?

(A) Only Capital Accounts

(B) Only Current Accounts

(C) Capital Accounts as well as Current Accounts

(D) Either Capital Accounts or Current Accounts

54. Which accounts are opened when the capitals are fluctuating?

(A) Only Capital Accounts

(B) Only Current Accounts

(C) Capital Accounts as well as Current Accounts

(D) Either Capital Accounts or Current Accounts

55. Balance of partner's current accounts are :

(A) Debit balance (B) Credit balances

(C) Debit or Credit balances (D) Neither Debit nor credit balances

56. Which item is recorded on the credit side of partner's current accounts :

(A) Interest on Partner's Capitals (B) Salaries of Partners

(C) Share of profits of Partners (D) All of the Above

57. If the Partners' Capital Accounts are fixed 'salary payable to partner' will be recorded :

(A) On the debit side of Partners' Current Account

(B) On the debit side of Partners' Capital Account

(C) On the credit side of Partners' Current Account

(D) None of the above

58. If the Partner's Capital Accounts are fixed, interest on capital will be recorded:

(A) On the credit side of Current Account

(B) On the credit side of Capital Account

(C) On the debit side of Current Account' (D) On the debit side of Capital Account

59. If the Partner's Capital Accounts are fluctuating, in that case following item/items will be recorded in the credit side of capital accounts:

(A) Interest on capital

(B) Salary of partners

(C) Commission of partners

(D) All of the above

60. Interest on partner's capitals will be debited to :

(A) Profit and Loss Account

(B) Profit and Loss Appropriation Account'

(C) Partner's Capital Accounts (D) None of the Above

61. Interest on partner's capitals will be credited to :

(A) Profit and Loss Account

(B) Profit and Loss Appropriation Account

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- (C) Interest Account
(D) Partner's Capital Accounts
62. For the firm interest on drawings is
(A) Capital Payment (B) Expenses
(C) Capital Receipt (D) Income
63. Interest on Partner's drawings will be debited to :
(A) Profit and Loss Account
(B) Profit and Loss Appropriation Account
(C) Partner's Current Account
(D) Interest Account
64. When partners' capital accounts are floating, which one of the following items will be written on the credit side of the partners' capital accounts?
(A) Interest on drawings
(B) Loan advanced by partner to the firm
(C) Partner's share in the firm's loss
(D) Salary to the active partners
65. When partners' capital accounts are fixed, which one of the following items will be written in the partner's capital account?
(A) Partner's Drawings
(B) Additional capital introduced by the partner in the firm
(C) Loan taken by partner from the firm
(D) Loan Advanced by partner to the firm
66. Interest on partner's drawings will be credited to
(A) Profit and Loss Account
(B) Profit and Loss Appropriation Account
(C) Partner's Capital Accounts
(D) None of the Above
67. For the firm interest on capital is :
(A) Capital Payment (B) Capital Receipt
(C) Loss (D) Income
(v) Interest on Capital
68. On 1st April 2018, As Capital was Rs.2,00,000. On 1st October 2018, he introduces additional capital of Rs. 1,00,000. Interest on capital @ 6% p.a. on 31 st March, 2019 will be :
(A) Rs.9,000 (B) Rs. 18,000
(C) Rs. 10,500 (D) Rs. 15,000
69. A and F are partners in the ratio of 3 : 2. Their capitals are Rs.2,00,000 and Rs. 1,00,000 respectively. Interest on capitals is allowed @ 8% p.a. Firm earned a profit of Rs.60,000 for the year ended 31st March 2019. Interest on Capital will be :
(A) X Rs. 16,000; Y Rs.8,000 (B) X Rs.8,000; Y Rs.4,000 (C) X Rs. 14,400; Y Rs.9,600 (D) No Interest will be allowed
70. Vedit and Seema were partners in a firm sharing profits and losses in the ratio of 3: 2. Their capitals were Rs. 1, 20,000 and Rs.2, 40,000, respectively. They were entitled to interest on capitals @ 10% p.a. The firm earned a profit of Rs. 18,000 during the year. The interest on Vedit's capital will be:
(A) Rs. 12,000 (B) Rs. 10,800
(C) Rs.7, 200 (D) Rs.6,000
71. X and Y are partners in the ratio of 3 : 2. Their capitals are Rs.2,00,000 and Rs. 1,00,000 respectively. Interest on capitals is allowed @ 8% p.a. Firm earned a profit of Rs. 15,000 for the year ended 31st March 2019. Interest on Capital will be :
(A) X Rs. 16,000; Y Rs.8, 000 (B) X Rs.9,000; Y Rs.6,000
(C) X Rs. 10,000; Y Rs.5, 000 (D) No Interest will be allowed
72. X and Y are partners in the ratio of 3 : 2. Their capitals are Rs.2,00,000 and Rs. 1,00,000 respectively. Interest on capitals is allowed @ 8% p.a. Firm incurred a loss of Rs.60,000 for the year ended 31st March 2019. Interest on Capital will be :
(A) X Rs. 16,000; Y Rs.8, 000 (B) X Rs.8,000; Y Rs.4,000
(C) X Rs. 14,400; Y Rs.9,600 (D) No Interest will be allowed

73. X and Y are partners in the ratio of 3 : 2. Their capitals are Rs.2,00,000 and Rs. 1,00,000 respectively. Interest on capitals is allowed @ 8% p.a. Firm earned a profit of Rs. 15,000 for the year ended 31st March 2019. As per partnership agreement, interest on capital is treated a charge on profits. Interest on Capital will be :
(A) X Rs. 16,000; Y Rs.8,000 (B) X Rs.9,000; Y Rs.6,000
(C) X Rs. 10,000; Y Rs.5,000 (D) No Interest will be allowed
74. A and B contribute Rs. 1,00,000 and Rs.60,000 respectively in a partnership firm by way of capital on which they agree to allow interest @ 8% p.a. Their profit or loss sharing ratio is 3 : 2. The profit at the end of the year was Rs.2, 800 before allowing interest on capital. If there is a clear agreement that interest on capital will be paid even in case of loss, then B's share will be:
(A) Profit Rs.6, 000 (B) Profit Rs.4, 000
(C) Loss Rs.6, 000 (D) Loss Rs.4, 000
- (vi) Interest on Drawings
75. Partners are suppose to pay interest on drawing only when by the
(A) Provided, Agreement (B) Permitted, Investors
(C) Agreed, Partners (D) 'A' & 'C' above
76. Where will you record interest on drawings :
(A) Debit Side of Profit & Loss Appropriation Account
(B) Credit Side of Profit & Loss Appropriation Account
(C) Credit Side of Profit & Loss Account
(D) Debit Side of Capital/Current Account only.
77. How would you close the Partner's Drawing Account :
(A) By transfer to Capital or Current Account Debit Side.
(B) By transfer to Capital Account Credit Side.
(C) By transfer to Current Account Credit Side.
(D) Either 'B' or 'C'.
78. If date of drawings of the partner's is not given in the question, interest is charged for how much time
(A) 1 month (B) 3 months
(C) 6 months (D) 12 months
79. Vikas is a partner in a firm. His drawings during the year ended 31st March, 2021 were Rs.72,000. If interest on drawings is charged @ 9% p.a. the interest charged will be :
(A) Rs.324 (B) Rs.6,480
(C) Rs.3,240 (D) Rs.648
80. If a fixed amount is withdrawn by a partner on the first day of every month, interest on the total amount is charged for..... months.
(A) 6 (B) $6\frac{1}{2}$
(C) $5\frac{1}{2}$ (D) 12
81. If a fixed amount is withdrawn by a partner on the last day of every month, interest on the total amount is charged for..... months.
(A) 12 (B) $6\frac{1}{2}$
(C) $5\frac{1}{2}$ (D) 6
82. If a fixed amount is withdrawn by a partner in the middle of every month, interest on the total amount is charged for..... months.
(A) 6 (B) $6\frac{1}{2}$
(C) $5\frac{1}{2}$ (D) 12
83. In a partnership firm, a partner withdrew Rs.5,000 per month on the first day of every month during the year for personal expenses. If interest on drawings is charged @ 6% p.a. the interest charged will be :
(A) Rs.3,600 (B) Rs. 1,950
(C) Rs. 1,800 (D) Rs. 1,650
84. Ajay is a partner in a firm. He withdrew Rs.2,000 per month on the last day of every month during the year ended 31 st March, 2021. If interest on drawings is charged @ 9% p.a. the interest charged will be :
(A) Rs.990 (B) Rs. 1,080
(C) Rs. 1,170 (D) Rs.2,160

85. Sushil is a partner in a firm. He withdrew Rs.4,000 per month in the middle of every month during the year ended 31st March, 2021. If interest on drawings is charged @ 8% p.a. the interest charged will be :
(A) Rs.2,080 (B) Rs. 1,760
(C) Rs.3,840 (D) Rs. 1,920
86. If fixed amount is withdrawn by a partner on the first day of each quarter, interest on the total amount is charged for..... months.
(A) 4.5 (B) 6
(C) 7.5 (D) 3
87. If a fixed amount is withdrawn by a partner on the last day of each quarter, interest on the total amount is charged for..... months.
(A) 6 (B) 4.5
(C) 7.5 (D) 3
88. If a fixed amount is withdrawn by a partner in each quarter, interest on the total amount is charged for Months.
(A) 3 (B) 6
(C) 4.5 (D) 7.5
89. Anuradha is a partner in a firm. She withdrew Rs.6, 000 in the beginning of each quarter during the year ended 31st March, 2021. Interest on her drawings @ 10% p.a. will be:
(A) Rs.900 (B) Rs. 1,200
(C) Rs. 1,500 (D) Rs.600
90. Bipasa is a partner in a firm. She withdrew Rs.6,000 at the end of each quarter during the year ended 31 st March, 2021. Interest on her drawings @ 10% p.a. will be :
(A) Rs.900 (B) Rs.600
(C) Rs. 1,500 (D) Rs. 1,200
91. Charulata is a partner in a firm. She withdrew Rs. 10,000 in each quarter during the year ended 31st March, 2021. Interest on her drawings @ 9% p.a. will be:
(A) Rs. 1,350 (B) Rs.2,250
(C) Rs.900 (D) Rs. 1,800
92. If equal amount is withdrawn by a partner in the beginning of each month during a period of 6 months, interest on the total amount will be charged for..... Months.
(A) 2.5 (B) 3
(C) 3.5 (D) 6
93. If equal amount is withdrawn by a partner in the end of each month during a period of 6 months, interest on the total amount will be charged for..... months.
(A) 2.5 (B) 3
(C) 3.5 (D) 6
94. If equal amount is withdrawn by a partner in each month during a period of 6 months, interest on the total amount will be charged for months.
(A) 6 (B) 3
(C) 2.5 (D) 3.5
95. A is a partner in a firm. He withdrew regularly Rs. 1,000 at the beginning of every month for the six months ending 31st March, 2021. If interest on drawings is charged (a), 8% p.a. the interest charged will be :
(A) Rs.240 (B) Rs. 140
(C) Rs.100 (D) Rs.120
96. Y is a partner in a firm. He withdrew regularly Rs.3,000 at the end of every month for the six months ending 31st March, 2021. If interest on drawings is charged @ 10% p.a. the interest charged will be :
(A) Rs.375 (B) Rs.450
(C) Rs.525 (D) Rs.900
97. Z is a partner in a firm. He withdrew regularly Rs.2,000 every month for the six months ending 31 st March, 2021. If interest on drawings is charged @ 8% p.a. the interest charged will be :
(A) Rs.480 (B) Rs.280
(C) Rs.200 (D) Rs.240

98. A partner withdraws Rs.8,000 each on 1st April and 1st Oct. Interest on his drawings @ 6% p.a. on 31 st March will be :
(A) Rs.480 (B) Rs.720
(C) Rs.240 (D) Rs.960
99. A partner draws Rs.2,000 each on 1st April 2020, 1st July 2020, 1st October, 2020 and 1st January 2021. For the year ended 31st March, 2021 interest on drawings @, 8% per annum will be :
(A) Rs.540 (B) Rs.320
(C) Rs.960 (D) Rs.400
100. A partner withdraws from firm Rs.7,000 at the end of each month. At the rate of 6% per annum total interest will be :
(A) Rs.5,040 (B) Rs.2,310
(C) Rs.3,570 (D) Rs.1,370
- (vii) Adjustments in the Closed Accounts
101. Anu and Tanu are equal partners with fixed capitals of Rs.2,00,000 and Rs.1,00,000 respectively. After closing the accounts for the year ending 31st March, 2021 it was discovered that interest on capitals @ 8% p.a. was omitted to be provided. In the adjusting entry :
(A) Anu will be credited by Rs.16,000 and Tanu will be credited by Rs.8,000
(B) Anu will be debited by Rs.16,000 and Tanu will be debited by Rs.8,000
(C) Anu will be credited by Rs.4,000 and Tanu will be debited by Rs.4,000
(D) Anu will be debited by Rs.4,000 and Tanu will be credited by Rs.4,000
102. Sony and Romy are equal partners with fixed capitals of Rs.4,00,000 and Rs.3,00,000 respectively. After closing the accounts for the year ending 31st March, 2021 it was discovered that interest on capitals was provided @ 8% instead of 10% p.a. In the adjusting entry :
(A) Sony will be credited by Rs.8,000 and Romy will be credited by Rs.6,000.
(B) Sony will be debited by Rs.8,000 and Romy will be debited by Rs.6,000.
(C) Sony will be debited by Rs.1,000 and Romy will be credited by Rs.1,000.
(D) Sony will be credited by Rs.1,000 and Romy will be debited by Rs.1,000.
103. Asha and Vipasha are equal partners with fixed capitals of Rs.5,00,000 and Rs.2,00,000 respectively. After closing the accounts for the year ending 31st March, 2021 it was discovered that interest on capitals was provided @ 6% instead of 5% p.a. In the adjusting entry :
(A) Asha will be debited by Rs.1,500 and Vipasha will be credited by Rs.1,500; (B) Asha will be credited by Rs.1,500 and Vipasha will be debited by Rs.1,500;
(C) Asha will be debited by Rs.5,000 and Vipasha will be debited by Rs.2,000;
(D) Asha will be credited by Rs.5,000 and Vipasha will be credited by Rs.2,000.
104. P and Q sharing profits in the ratio of 2 : 1 have fixed capitals of Rs.90,000 and Rs.60,000 respectively. After closing the accounts for the year ending 31st March, 2021 it was discovered that interest on capitals was provided @ 6% instead of 8% p.a. In the adjusting entry:
(A) P will be credited by Rs.1,800 and Q will be credited by Rs.1,200;
(B) P will be debited by Rs.200 and Q will be credited by Rs.200;
(C) P will be credited by Rs.200 and Q will be debited by Rs.200;
(D) P will be debited by Rs.1,800 and Q will be debited by Rs.1,200
105. A and B sharing profits in the ratio of 7 : 3 have fixed capitals of Rs.2,00,000 and Rs.1,00,000 respectively. After closing the accounts for the year ending 31st March, 2021 it was discovered that interest on capitals was provided @ 12% instead of 10% p.a. In the adjusting entry:
(A) A will be debited by Rs.4,000 and B will be debited by Rs.2,000;
(B) A will be credited by Rs.4,000 and B will be credited by Rs.2,000;
(C) A will be debited by Rs.200 and B will be credited by Rs.200;
(D) A will be credited by Rs.200 and B will be debited by Rs.200
106. X and Y are partners in the ratio of 3 : 2. Their fixed capitals are Rs.2,00,000 and Rs.1,00,000 respectively. After closing the accounts for the year ending 31st March, 2021, it was discovered that interest on capital was allowed @ 12% instead of 10% per annum. By how much amount X will be debited/credited in the adjustment entry:
(A) Rs.600 (Debit) (B) Rs.400 (Credit)
(C) Rs.400 (Debit) (D) Rs.600 (Credit)

107. X, Y and Z are equal partners with fixed capitals of Rs.2,00,000, Rs.3,00,000 and Rs.4,00,000 respectively. After closing the accounts for the year ending 31st March, 2021 it was discovered that interest on capitals @ 8% p.a. was omitted to be provided. In the adjusting entry :

(A) Dr. X and Cr. Y by Rs.8,000 (B) Cr. X and Dr. Z by Rs.8,000

(C) Dr. X and Cr. Z by Rs.8,000 (D) Cr. X and Dr. Y by Rs.8,000

108. P, Q and R are equal partners with fixed capitals of Rs.5,00,000, Rs.4,00,000 and Rs.3,00,000 respectively. After closing the accounts for the year ending 31st March, 2021 it was discovered that interest on capitals was provided @ 7% instead of 9% p.a. In the adjusting entry :

(A) P will be credited by Rs.2,000 and Q will be debited by Rs.2,000.

(B) P will be debited by Rs.2,000 and Q will be credited by Rs.2,000.

(C) P will be debited by Rs.2,000 and R will be credited by Rs.2,000.

(D) P will be credited by Rs.2,000 and R will be debited by Rs.2,000.

109. X, Y and Z are equal partners with fixed capitals of Rs.5,00,000, Rs.3,00,000 and Rs. 1,00,000 respectively. After closing the accounts for the year ending 31st March, 2021 it was discovered that interest on capitals was provided @ 6% instead of 5% p.a. In the adjusting entry :

(A) Dr. X and Cr. Z by Rs.2,000 (B) Cr. X and Dr. Z by Rs.2,000

(C) Dr. X and Cr. Y by Rs.2,000 (D) Cr. X and Dr. Y by Rs.2,000

110. P, Q and R sharing profits in the ratio of 2 : 1 : 1 have fixed capitals of Rs.4,00,000, Rs.3,00,000 and Rs.2,00,000 respectively. After closing the accounts for the year ending 31st March, 2021 it was discovered that interest on capitals was provided @ 6% instead of 8% p.a. In the adjusting entry :

(A) Cr. P Rs. 1,000; Dr. Q Rs. 1,500 and Cr. R Rs.500

(B) Dr. P Rs.500; Cr. Q Rs. 1,500 and Dr. R Rs. 1,000

(C) Cr. P Rs.500; Dr. Q Rs. 1,500 and Cr. R Rs. 1,000

(D) Dr. P Rs. 1,000; Cr. Q Rs. 1,500 and Dr. R Rs.500

111. A, B and C sharing profits in the ratio of 2 : 2 : 1 have fixed capitals of Rs.3,00,000, Rs.2,00,000 and Rs. 1,00,000 respectively. After closing the accounts for the year ending 31st March, 2021 it was discovered that interest on capitals was provided @ 12% instead of 10% p.a. In the adjusting entry :

(A) Cr. A Rs. 1,200; Dr. B Rs.800 and Dr. C Rs.400

(B) Dr. A Rs. 1,200; Cr. B Rs.800 and Cr. C Rs.400

(C) Cr. A Rs.800; Cr. B Rs.400 and Dr. C Rs.1,200

(D) Dr. A Rs.800; Dr. B Rs.400 and Cr. C Rs.1,200

112. X, Y and Z are partners in the ratio of 4 : 3 : 2. Salary to X Rs. 15,000 and to Z Rs.3,000 omitted and profits distributed. For rectification, now X will be credited :

(A) Rs. 15,000 (B) Rs. 1,000

(C) Rs. 12,000 (D) Rs.7,000

(viii) Guarantee of Profit to a Partner

113. When a partner is given guarantee by other partners, loss on such guarantee will be borne by :

(A) Partnership firm

(B) All the other partners

(C) Partners who give the guarantee

(D) Partner with highest profit sharing ratio.

114. Guarantee given to partner 'A' by the other partners 'B & C' means :

(A) In case of loss 'A' will not contribute towards that loss.

(B) in case of insufficient profits 'A' will receive only the minimum guarantee amount.

(C) In case of loss or insufficient profits 'A' will withdraw the minimum guarantee amount.

(D) All of the above.

115. P, Q and R are partners in a firm in 3 : 2 : 1. R is guaranteed that he will get minimum of Rs.20,000 as his share of profit every year. Firm's profit was Rs.90,000. Partners will get:

(A) P Rs.40,000; Q Rs.30,000; R Rs.20,000;

(B) P Rs.42,500; Q Rs.27,500; R Rs.20,000;

(C) P Rs.45,000; Q Rs.30,000; R Rs.15,000;

(D) P Rs.42,000; Q Rs.28,000; R Rs.20,000;

116. X, Y and Z are partners in the ratio of 5 : 4 : 3. X has given to Z a guarantee of minimum Rs. 10,000 profit. For the year ending 31 st March, 2021, firm's profit is Rs.28,800. X's share in profit will be :

(A) Rs.9, 200 (B) Rs.9,600

(C) Rs. 7, 200 (D) Rs. 12,000

117. E, F and G share profits in the ratio of 4 : 3 : 2. G is given a guarantee that his share of profits will not be less than Rs.75,000. Deficiency if any, would be borne by E and F equally Firm's profit was Rs.2, 70,000. F's share of profit will be :

(A) Rs.90, 000 (B) Rs.82,500

(C) Rs.97, 500 (D) Rs.75,000

118. X, Y and Z are partners in the ratio of 6 : 4 : 1. In the firm X has guaranteed Z for his minimum profit of Rs. 15,000. Firm's profit was Rs.99,000. In the firm profit X's share will be :

(A) Rs.30, 000 (B) Rs. 15,000

(C) Rs.48,000 (D) Rs.45,000

119. P, Q and R are partners in 3 : 2 : 1. R is guaranteed that his share of profit will not be less than Rs.70,000. Any deficiency will be borne by P and Q in the ratio of 2 : 1. Firm's profit was Rs.2,40,000. Share of P will be :

(A) Rs. 1,00,000 (B) Rs. 1,10,000

(C) Rs. 1,20,000 (D) Rs. 1,02,000

120. X, Y and Z are partners in 5 : 4 : 1. Z is guaranteed that his share of profit will not be less than Rs.80,000. Any deficiency will be borne by X and Y in 3 : 2. Firm's profit was Rs.5,60,000. How much deficiency will be borne by Y?

(A) Rs.2,14,400 (B) Rs. 14,400 (C) Rs.2,09,600 (D) Rs.9,600

121. P and Q are partners sharing profits in the ratio of 1 : 2. R was manager who received the salary of Rs. 10,000 p.m. in addition to commission of 10% on net profits after charging such commission. Total remuneration to R amounted to Rs. 1,80,000. Profit for the year before charging salary and commission was :

(A) Rs.7,20,000 (B) Rs.6,00,000

(C) Rs.7,80,000 (D) Rs.6,60,000

122. X and Y are partners. X draws a fixed amount at the beginning of every month. Interest on drawings is charged @8% p.a. At the end of the year interest on X's drawings amounts to Rs.2,600. Drawings of X were :

(A) Rs.8,000 p.m. (B) Rs.7,000 p.m.

(C) Rs.6,000 p.m. (D) Rs.5,000 p.m.

123. A and B are partners. B draws a fixed amount at the end of every month. Interest on drawings is charged @15% p.a. At the end Of the year interest on B's drawings amounts to Rs.8,250. Drawings of B were :

(A) Rs. 12,000 p.m. (B) Rs. 10,000 p.m.

(C) Rs.9,000 p.m. (D) Rs.8,000 p.m.

124. A and B are partners with a profit sharing ratio of 2 : 1 and capitals of Rs.3,00,000 and Rs.2,00,000 respectively. They are allowed 6% p.a. interest on their capitals and are charged 10% p.a. interest on their drawings. Their drawings during the year were A Rs.60,000 and B Rs.40,000. b's share of net profit as per profit and loss appropriation account amounted to Rs.40,000. Net Profit of the firm before any appropriations was :

(A) Rs. 1,22,000 (B) Rs. 1,13,000

(C) Rs. 1,17,000 (D) Rs. 1,45,000

125. A and B are partners in a firm. They are entitled to interest on their capitals but the net profit was not sufficient for this interest, then the net profit will be distributed among partners in :

(A) Agreed Ratio (B) Profit Sharing Ratio

(C) Capital Ratio (D) Equally

126. E, F and G are partners sharing profits in the ratio of 3 : 3 : 2. As per the partnership agreement, G is to get a minimum amount of Rs.80,000 as his share of profits every year and any deficiency on this account is to be personally borne by E. The net profit for the year ended 31st March, 2020 amounted to Rs.3,12,000, Calculate the amount of deficiency to be borne by E?

(A) Rs. 1,000 (B) Rs.4,000

(C) Rs.8,000 (D) Rs.2,000

(C.B.S.E. Sample Paper, 2020)

127. Pick the odd one out:

(A) Rent to Partner. (B) Manager's Commission.

(C) Interest on Partner's Loan. (D) Interest on Partner's Capital.

1.	D	2.	C	3.	A	4.	B	5.	C
6.	B	7.	C	8.	A	9.	D	10.	B
11.	D	12.	B	13.	D	14.	C	15.	D
16.	D	17.	A	18.	D	19.	B	20.	B
21.	D	22.	D	23.	A	24.	D	25.	A
26.	C	27.	B	28.	A	29.	C	30.	D
31.	B	32.	B	33.	B	34.	C	35.	A
36.	C	37.	A	38.	B	39.	D	40.	A
41.	B	42.	A	43.	B	44.	D	45.	A
46.	D	47.	A	48.	D	49.	C	50.	D
51.	A	52.	D	53.	C	54.	A	55.	C
56.	D	57.	C	58.	A	59.	D	60.	B
61.	D	62.	D	63.	C	64.	D	65.	B
66.	B	67.	C	68.	D	69.	A	70.	D
71.	C	72.	D	73.	A	74.	D	75.	D
76.	B	77.	A	78.	C	79.	C	80.	B
81.	C	82.	A	83.	B	84.	A	85.	D
86.	C	87.	B	88.	B	89.	C	90.	A
91.	D	92.	C	93.	A	94.	B	95.	B
96.	A	97.	D	98.	B	99.	D	100.	B
101.	C	102.	D	103.	A	104.	B	105.	D
106.	c	107.	C	108.	D	109.	A	110.	D
111.	B	112.	D	113.	C	114.	C	115.	D
116.	A	117.	B	118.	C	119.	A	120.	D
121.	C	122.	D	123.	B	124.	D	125.	C
126.	D	127.	D						

OBJECTIVE QUESTION SET 4

- Partnership is the relation between two or more persons:
(a) Who are sharing the profits & loss equally of a business carried on by all or any of them acting for all
(b) Who have agreed to share the profits of a business carried on by all. (c) Who have agreed to share the profits of a business carried on by any of them acting for all (d) None of these
- The partnership can be found:
(a) Two brothers Y (age 17 years), Z (age 16 years) decided to form partnership
(b) Two brothers X (age 18 years), Y (age 17 years) decided to form a partnership with a provision that Y will share the profits only. (c) Three brother W (age 19 years), X (age 18 years), Y (age 17 years) decided to form a partnership with a provision that Y will share the profits only (d) none of these
- The law relating to partnership firms is contained in:
(a) The partnership Act, 1930 (b) The Partnership Act, 1932
(c) The Indian Partnership Act, 1930 (d) the Indian Partnership Act, 1932
- The Indian Partnership Act came into force on:
(a) 1.9.1872 (b) 1.7.1930
(c) 1.10.1930 (d) 1.10.1932
- The Indian Partnership Act applies to:
(a) Whole of Indian including the State of Jammu & Kashmir
(b) Whole of Indian except the State of Jammu & Kashmir
(c) Whole of India except Goa, Daman, Diu
(d) Whole of India including Goa, Daman, Diu
- Agreement to share profit _____
(a) Implies an agreement to share losses
(b) Does not necessarily mean an agreement to share losses
(c) Must be coupled with an agreement to share losses

- (d) Is same as agreement to share losses
7. A partnership can be formed:
- (a) Only with a written agreement (b) Only with an oral agreement
(c) Only with an express agreement (d) none of these
8. A partnership cannot be formed:
- (a) For carrying on a business (b) For carrying on a profession
(c) For carrying on charitable activities (d) none of these
9. For a valid partnership, there must be:
- (a) Sharing of profits (b) Sharing of losses
(c) Sharing of profits & losses (d) none of these
10. That essential elements of a partnership _____
- (a) Must coexist before a partnership can come into existence
(b) May be brought in within a reasonable time of a partnership coming into existence
(c) May be brought in any time either during the creation of partnership or even thereafter before a partnership can come into existence, but they
Must coexist within one year of a partnership coming into existence.
11. Business of firm must be carried on by:
- (a) Majority of the partner only (b) All the partners
(c) One of the partners only (d) none of these
12. Which of the following is not an essential feature of partnership?
1. Agreement 2. Registration
3. Test of Mutual Agency 4. Separate Legal Entity
- (a) 1 & 2 (b) 2 & 3
(c) 2 & 4 (d) 1 & 4
13. The partnership firm does not become an illegal association, when
- (a) The number of partners in a banking business exceeds 10.
(b) The number of partners in a non-banking business exceeds 10.
(c) The number of partners in a banking business exceeds 20.
(d) The number of partners in a non-banking business exceeds 20.
14. The maximum number of partners is mentioned in
- (a) The Partnership Act (b) The General Act
(c) The Companies Act (d) the Societies Registration Act
15. The essential elements of Partnership include:
- (a) There must be an association of three or more persons.
(b) There must be an agreement to share profits and losses equally.
(c) There must be mutual agency among partners.
(d) The relationship must be registered.
16. A firm is the name of:
- (a) The partners (b) The minors in the firm
(c) The business under which the firm carries on business
(d) The collective name under which it carries on business.
17. A firm:
- (a) Has a legal existence of its own
(b) Does not have a legal existence, apart from its partners
(c) Has no legal existence (d) None of the above
18. The maximum limit on number of members of a Joint Hindu family carrying a Non-banking business is:
- (a) 10 (b) 20
(c) 50 (d) No limit
19. The maximum number of partners in a firm carrying banking business cannot Exceed:
- (a) 5 (b) 10
(c) 15 (d) 20
20. The maximum number of partners allowed in a firm carrying on general business Is:
- (a) 10 (b) 20

- (c) 50 (d) 100
21. The maximum limit on number of members of a Joint Hindu family carrying on Family banking business is:
(a) 10 (b) 20
(c) 50 (d) No limit
22. The real test of partnership is:
(a) Business (b) Sharing of profits
(c) Agreement (d) Business to be carried on by all or any of them acting for all.
23. Which of the following is correct?
(a) A partnership firm has a separate legal entity apart from partners
(b) Two firms can form a new partnership
(c) The partners of individual firm can form a partnership
(d) None of these
24. Which of the following is not correct?
(a) Partner of firm cannot enter into a contract with the partnership firm.
(b) A member of a company can enter into a contract with the company.
(c) Partner of a firm can enter into a contract with the partnership firm.
(d) All of the above.
25. Mutual agency is:
(a) Prima facie evidence of partnership
(b) Conclusive evidence of partnership (c) None of these
26. The partnership relation exists when:
(a) Joint owner of some property share profit or loss arising from the property.
(b) A person receives a share of profits as a part of his remuneration.
(c) Two friends A (age 19 years), B (17 years) decided to form a partnership
(d) A and B agreed to sell clothes for their joint account and share the Profits.
27. Registration of a firm is:
(a) Compulsory (b) Optional (c) None of these
28. Sharing of profits is:
(a) Prima facie evidence of partnership
(b) Conclusive evidence of partnership (c) None of these
29. The partnership deed must be signed by the:
(a) One of the partners (b) Majority of the partners
(c) All senior partners (d) all partners
30. The terms laid down in the partnership deed may be varied by the consent of:
(a) All senior partners (b) Majority of partners
(c) All partners (d) none of these
31. Registration of firm can be affected:
(a) At the time of its formation (b) At any time after its formation
(c) On or after formation of firm (d) none of the these
32. Which of the following statements, about the registration of firm, is not true?
(a) It must be done at the time of its formation.
(b) It may be done at the time of formation.
(c) It may be done before filing a suit against third party.
(d) It may be done at any time after its formation.
33. An unregistered firm cannot claim
(a) Set on (b) Set off in excess of Rs. 100
(c) Set on and set off (d) none of the above
34. In case of nonregistered partnership firm.....
(a) A partnership can file a suit against the firm.
(b) A partner can file a suit against any partner of the firm.
(c) The firm can file a suit against third parties.
(d) Third party can file a suit against the firm.
35. A partner of an unregistered firm cannot:
(a) Claim set - off its value does not exceed Rs. 100

- (b) File a suit for the dissolution of the firm
(c) File a suit for the accounts of a dissolved firm
36. A partnership at will is one:
(a) Which does not have any deed?
(b) Which does not have any partner?
(c) Which does not provide for how long the business will continue?
(d) Which cannot be dissolved?
37. A partnership at will is one
1. Duration not fixed 2. Duration fixed 3. Dissolved at any time 4. Can be dissolved only on the happening of an event
(a) 1 & 2 (b) 2 & 3
(c) 3 & 4 (d) 1 & 3
38. There is no provision in the partnership deed regarding the duration of Partnership. This is
(a) Partnership at will (b) Partnership for an indefinite period
(c) Partnership by estoppels (d) Partnership not recognized by law
39. Suppose you have entered into a partnership agreement with me and the partnership-deed provides neither for the duration nor for the determination of our partnership. What is the technical expression for this kind of partnership?
(a) Partnership for a fixed term. (b) Partnership at will
(c) Particular Partnership. (d) Any of these
40. Active partner is one who:
(a) Takes part in the business of the firm
(b) Actively participates in co-curricular activities
(c) Actively shares the profits (d) Makes a show of authority
41. Unless otherwise agreed:
(a) A working partner is entitled to receive remuneration for taking part in The conduct of the business.
(b) Where a partner is entitled to interest on capital, such interest shall be Payable as a charge against the profits
(c) A partner is entitled to claim interest on firm advance made by him to The firm @ 6% p.m.
(d) A partner is not entitled to interest on loan @ 6% p.a. after the date of Dissolving of firm
42. Which of the following is not the right of a partner i.e., which he cannot claims As a matter of right?
(a) Right of take part in business
(b) Right to have access to account books
(c) Right to share profits (d) Right to receive remuneration
43. Interest on capital subscribed by a partner may be provided for in the partnership Deed is _____
(a) @ 6% per annum, provided it is payable only out of profits
(b) @ 8% per annum, provided it is payable only out of profits
(c) @ 8.5% per annum, provided it is payable only out of profits
(d) At any rate, provided it is payable only out of profits
44. In the absence of any agreement interest on advance by a partner is:
(a) Allowed at 6 per cent p.m. (b) Not allowed at all
(c) Allowed at the market rate of interest (d) Allowed at 6 per cent p.a
(e) Allowed at Bank Rate
45. Where a partner is entitled to interest on capital subscribed by him, such interest Will be payable:
(a) Only out of profit (b) Only out of capital
(c) Out of profits or out of capital (d) none of these
46. Goodwill of the partnership business can be regard as _____
(a) The property of the firm

- (b) The property of the firm, subject to a contract between the partners to this effect
(c) The property of the firm, irrespective of a contract between the partners to this effect
(d) The property of the firm, subject to order of the High Court of this effect.
47. What constitutes firm's property:
(a) Property belonging to a partner who enters into an existing partnership
(b) Any property used for the purpose of the business of the firm.
(c) Fixed assets brought in by partner to the common stock of firm
(d) The property acquired by partner out of money, withdraw from the firm's bank account for personal use
48. Implied authority means the capacity of a partner to bind:
(a) Third party by his acts (b) Firm by his acts
(c) None of these
49. Each of the partners is _____
(a) Principal as well agents (b) Only agents of the firm
(c) Only Representatives of the firm (d) Only Copartners of the firm
50. Every partner is:
(a) Jointly liable to third parties (b) Several liable to third parties
(c) Jointly and severally liable to third parties (d) none of these
51. A partner acts as.....For a firm.
(a) Agent (b) Third Party
(c) Employee (d) None of the Above.
52. In the absence of any agreement, partners are liable to receive interest on Their Loans @
(a) 12% Simple Interest (b) 12% Compound Annually
(c) 6% Simple Interest. (d) 6% p.a. Simple Interest
53. Ram and Shyam are partners with the capital of Rs. 25,000 and Rs. 15,000 respectively. Interest payable on capital is 10% p.a. Find the interest on capital for both the partners when the profits earned by the firm is Rs. 2,400.
(a) Rs. 2,500 and Rs. 1,500 (b) Rs. 1,500 and Rs. 900
(c) No interest will be paid to the partners (d) None of the above
54. Bill and Monica are partners sharing profits and losses in the ratio of 3:2 having the capital of Rs. 80,000 and Rs. 50,000 respectively. They are entitled to 9% p.a. interest on capital before distributing the profits. During the year firm earned Rs. 7,800 after allowing interest on capital. Profits apportioned among Bill and Monica is:
(a) 4,680 and 3,120 (b) 4,800 and 3,000
(c) 5,000 and 2,800 (d) None of the above.
55. When a partner is given Guarantee by the other partners, loss on such guarantee will be borne by:
(a) Partnership firm (b) All the other partners
(c) Partners who gave the guarantee
(d) Partner will highest profit sharing ratio.
56. A, B and C were capitals of Rs. 50,000; Rs. 40,000 and Rs. 30,000 respectively carrying on business in partnership. The firm's reported profit for the year was Rs. 80,000. As per provisions of the Indian partnership Act, 1932, find out the share of each partner in the above amount after taking into account that no interest has been provided on an advance by A of Rs. 20,000, in addition to his capital contribution.
(a) Rs. 26,267 for Partner B and C & Rs. 27,466 for partner A.
(b) Rs. 26,667 each partner (c) Rs. 33,333 for A, Rs. 26,667 and Rs. 20,000 for C. (d) 30,000 each partner.
57. X, Y and Z are partners in a firm. At the time of division of profit for the year there was dispute between the partners. Profits before interest on partner's capital was Rs. 6,000 and Y determined interest @ 24% p.a. on his loan of Rs. 80,000. There was no agreement on this point. Calculate the amount payable to X, Y and Z respectively.
(a) Rs. 2,000 to each partner

- (b) Loss of Rs. 4,400 for X and Z & Y will take home Rs. 14,800.
 - (c) Rs. 400 for X, Rs. 5,200 for Y and Rs. 400 for Z.
 - (d) Rs. 2,400 to each partner.
58. X, Y and Z are partners in a firm. At the time of profit for the year there was disputed between the partners. Profits before interest on partner's capital was Rs. 6,000 and Z demanded minimum profit of Rs. 5,000 as his financial position was not good. However, there was no written agreement on the profit.
- (a) Other partners will pay Z the minimum profit and will suffer loss equally.
 - (b) Other partners will pay Z the minimum profit and will suffer loss in capital Ratio.
 - (c) X & Y will take Rs. 500 each and Z will take Rs. 5000.
 - (d) Rs. 2,000 to each of the partners.
59. Following are the differences between partnership and Joint Venture except:
- (a) Joint venture is essentially planned for short term mainly for one Transaction. However, partnerships are normally undertaken as going Concerns and are expected to last for a very long period.
 - (b) The persons involved in a joint venture are called co-ventures whereas Persons involved in a partnership are called partners.
 - (c) Any specific statue of the Government does not govern joint ventures But the Indian Partnership Act, 1932, governs partnerships.
 - (d) Memorandum of Understanding is mandatory to be drafted to spell the Relationship between the co-ventures whereas the basic relationship between the partners is defined by the partnership deed.
60. In the absence of specific provision in the partnership deed at what rate interest on advances given by the partners would be allowed
- (A) @8% (b) @10% (c) @6% (d) Nil
61. In the absence of specific provision in the partnership deed at what rate salary and remuneration would be paid to the partners
- (a) @Rs.15000 PM (b) @Rs.20000 (c) Nil (d) @Rs.10000
62. In the absence of specific provision in the partnership deed how profit and loss is shared by the partners
- (a) Equally (b) In the ratio capital (c) According to time devoted (d) According to qualification
63. Which of these statements is true?
- (a) Interest on capital is credited to capital account (b) Interest on drawing credited to capital account (c) Salary and remuneration payable to partners is debited to current account (d) None of these
64. Which of these statements is true?
- (a) Partner's current account can show debit or credit balance. (b) Partner's current account shows only credit balance (c) Partner's current account shows only debit balance (d) none of these
65. These are three partners in a firm A, B and C. D is admitted into the firm with 1/4th share of profit with a guaranteed profit of Rs.25000 p.a. The firm's total profit is Rs.80000. what amount would be given to D as his share of profit by the firm.
- (a) Rs. 25000 (b) Rs. 20000 (c) Rs. 15000 (d) Rs. 22500
66. In question 26 if A stood as a guarantor of guaranteed profit for X. How much profit would be given to A in the above case?
- (a) Rs. 20000 (b) Rs. 21667 (c) Rs. 15000 (d) Rs. 22500
67. In question 26 if the firm stood as a guarantor of guaranteed profit to X how much profit would be given to remaining partners in the instant case?
- (a) Rs. 20000 (b) Rs. 21667 (c) Rs. 18333 (d) Rs. 22500
68. Product method is used for
- (a) Distribution of profit and loss A/c (b) Distribution of revaluation results (c) Interest on drawing
 - (d) Interest on capital

ANSWERS

(d)	(d)	(d)	(d)	(a)	(b)	(d)
(c)	(a)	(a)	(d)	(c)	(b)	(c)
(c)	(d)	(b)	(d)	(b)	(b)	(d)
(d)	(c)	(a)	(b)	(d)	(b)	(a)
(d)	(c)	(c)	(a)	(b)	(d)	(d)
(c)	(a)	(b)	(a)	(a)	(d)	(d)
(d)	(d)	(a)	(b)	(c)	(b)	(a)
(c)	(a)	(d)	(c)	(a)	(c)	(a)
(c)	(d)	(d)	(a)	(c)	(a)	(a)
(a)	(a)	(c)	(c)	(c)		

