



ACCOUNTS

BOOKS - ARYA ACCOUNTS (HINGLISH)

ACCOUNTING FOR PARTNERSHIP

FIRMS - FUNDAMENTALS

**Multiple Choice Questions | Features Or
Characteristics Of Partnership Firms**

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

Answer:



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2. Following are essential elements of a partnership firm except :

A. Atleast two persons

B. There is an agreement between all partners

C. Equal share of profits and losses

D. Partnership agreement is for some business

Answer:





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

Answer:



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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

Answer:



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5. Oustensible 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

Answer:



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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.

Answer:



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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

Answer:



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8. What should be the minimum number of persons to form a Partnership :

A. 2

B. 7

C. 10

D. 20

Answer:



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9. Number of partners in a partnership firm may be :

A. Maximum Two

B. Maximum Ten

C. Maximum One Hundred

D. Maximum Fifty

Answer:



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10. Liability of partner is :

A. Limited

B. Unlimited

C. Determined by Court

D. Determined by Partnership Act

Answer:



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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 partners

Answer:





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12. Every partner is bound to attend diligently to his In the conduct of the business.

A. Rights

B. Meetings

C. Capitals

D. Duties

Answer:



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Multiple Choice Questions li Partnership Deed Hots

1. Forming a Partnership Deed is :

- A. Mandatory
- B. Mandatory in Writing
- C. Not Mandatory
- D. None of the Above

Answer:



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2. Partnership Deed is also called

A. Prospectus

B. Articles of Association

C. Principles of Partnership

D. Articles of Partnership

Answer:



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3. 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 charged on capital
- C. all loans are to be charged interest @6% p.a.
- D. all drawings are to be charged interest

Answer:



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4. 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

Answer:



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5. 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

Answer: D



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6. 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

Answer:



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7. 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

Answer:



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8. A and B are partners in a partnership firm without any agreement. A devotes more time for the firm as compare to B. A will get the following commission in addition to profit in the firm's profit :

A. (a) 6% of profit

B. (b) 4% of profit

C. (c) 5% of profit

D. (d) None of the above

Answer:



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9. 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

Answer:



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10. In the absence of agreement, partners are not entitled to :

- A. Salary
- B. Commission
- C. Equal share in profit
- D. Both (a) and (b)

Answer:



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11. 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

Answer:



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12. 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

Answer:



13. 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

Answer: B



14. 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

Answer: A



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15. 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

Answer:



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16. 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 takes Rs.5,00,000

D. Rs.2,00,000 to each of the partners

Answer:



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17. 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

Answer: B



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18. 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

Answer:



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19. 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

Answer:



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20. 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

Answer:



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21. 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

Answer:



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22. 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

Answer:



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23. Which of the following items are recorded in the Profit & Loss Appropriation Account of a partnership firm?

A. Interest on Capital

B. Salary to Partner

C. Transfer to Reserve

D. All to Reserve

Answer: A::B::C::D



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24. 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.

Answer: B



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Multiple Choice Questions Iii Calculation Of Profit And Division Of Profit Among Partners Hots

1. 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

Answer: D



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2. 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

Answer: A



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3. 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.1,25,00

C. Rs.1,56,000

D. Rs.1,58,000

Answer:



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4. 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

Answer: A



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5. Sangeeta and Ankita are partners in a firm. Sangeeta's capital is Rs.70,000 and Ankit's Capital is Rs.50,000. Firm's profit is Rs.60,000. Ankita share in profit will be :

A. Rs.25,000

B. Rs.30,000

C. Rs.35,000

D. Rs.20,000

Answer:



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6. A, B and C are partners. A's 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.

Answer:



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7. 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

Answer:



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8. 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

Answer:



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9. 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

Answer:



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10. 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

Answer:



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11. 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

Answer: C



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12. 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

Answer: D



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13. 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

Answer: A



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14. 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

Answer: D



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Multiple Choice Questions IV Calculation Accounts Of Partners Hots

1. 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

Answer: C



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2. 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

Answer: A



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3. Balance of partner's current accounts are :

A. Debit balance

B. Credit balances

C. Debit or Credit balances

D. Neither Debit nor credit balances

Answer:



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4. 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

Answer:



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5. 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

Answer: C



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6. 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

Answer:



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7. 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

Answer: D



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8. 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

Answer:



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

A. Profit and Loss Account

B. Profit and Loss Appropriation Account

C. Interest Account

D. Partner's Capital Accounts

Answer:



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10. For the firm interest on drawings is

A. Capital Payment

B. Expenses

C. Capital Receipt

D. Income

Answer:



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11. 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

Answer:



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12. 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 drawings
- B. Loan advanced by partner to the firm
- C. Partner's share in the firm's loss
- D. Salary to the active partners

Answer:



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13. 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

Answer: B



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14. 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

Answer: B



15. For the firm interest on capital is :

A. Capital Payment

B. Capital Receipt

C. Loss

D. Income

Answer:



Multiple Choice Questions V Interest On Capital Hots

1. On 1st April 2018, X's Capital was 2,00,000. On 1st October 2018, he introduces additional capital of Rs.1,00,000. Interest on capital @6% p.a. on 31st March, 2019 will be :

- A. Rs.9,000
- B. Rs.18,000
- C. Rs.10,500
- D. Rs.15,000

Answer:



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2. 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.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

Answer:



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3. 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

Answer:



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4. 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

Answer: D



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5. 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

Answer:



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6. 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.1,120

B. Profit Rs.4,000

C. Loss Rs.1,120

D. Loss Rs.4,000

Answer:



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Multiple Choice Questions Vi Interest On Drawings Hots

1. 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

Answer:



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2. Where will you record interest on drawing :

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 Profit & Loss Account

Answer: A::B::C::D



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3. 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'

Answer: A



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4. 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

Answer:



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5. Vikas is a partner in a firm. His drawings during the year ended 31st March, 2019 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

Answer:



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6. 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. 6.5

C. 5.5

D. 12

Answer:



7. 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. 6.5

C. 5.5

D. 6

Answer:



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8. If a fixed amount is withdrawn by a partner in the middle of every months, interest on the total amount is charged for Months

A. 6

B. 6.5

C. 5.5

D. 5

Answer:



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9. In a partnership firm, a partner withdraw 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

Answer: B



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10. 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 31st March, 2019. 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

Answer:



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11. 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 31st March, 2019.

If interest on drawings is charged @9% p.a.

the interest charged will be :

A. Rs.2,080

B. Rs.1,760

C. Rs.3,840

D. Rs.1,920

Answer:



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12. 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

Answer:



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13. 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

Answer:



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14. If a fixed amount is withdrawn by a partner in the middle of each quarter, interest on the total amount is charged for Months

- A. 3
- B. 6
- C. 4.5
- D. 7.5

Answer:



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15.

Anuradha is a partner in a firm. She withdraws Rs.6,000 in the beginning of each quarter during the year ended 31st March, 2019.

Interest on her drawings @10% p.a. will be :

A. Rs.900

B. Rs.1,200

C. Rs.1,500

D. Rs.600

Answer:



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16. Bipasa is a partner in a firm. She withdraw Rs.6,000 at the end of each quarter during the year ended 31st March, 2019. Interest on her drawings @10% p.a. will be :

A. Rs.900

B. Rs.600

C. Rs.1,500

D. Rs.1,200

Answer:



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17. Charulata is a partner in a firm. She withdraw Rs.10,000 in each quarter during the year ended 31st March, 2019. Interest on her drawings @9% p.a. will be:

A. Rs.1,350

B. Rs.2,250

C. Rs.900

D. Rs.1,800

Answer:



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18. 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

Answer:



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19. 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

Answer:



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20. If equal amount is withdrawn by a partner in middle of 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

Answer: B



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21. X 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, 2019. If interest on drawings is charged @8% p.a. the interest charged will be :

A. Rs.240

B. Rs.140

C. Rs.100

D. Rs.120

Answer:



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22. Y is a partner in a firm. He withdraw regularly Rs.3,000 at the end of every month for the six months ending 31st March, 2019. 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

Answer: A



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23. Z is a partner in a firm. He withdraw regularly Rs.2,000 at the beginning of every month for the six months ending 31st March, 2019. 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

Answer:



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24. A partner withdraws Rs.8,000 each on 1st April and 1st Oct. Interest on his drawings @6% p.a. on 31st on March will be :

A. Rs.480

B. Rs.720

C. Rs.240

D. Rs.960

Answer:



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25. A partner draws Rs.2,000 each on 1st April 2018, 1st July 2018, 1st October, 2018 and 1st January 2019. For the year ended 31st March,

2019 interest on drawings @8% per annum

will be :

A. Rs.540

B. Rs.320

C. Rs.960

D. Rs.400

Answer:



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26. 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

Answer:



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Multiple Choice Questions VII Adjustments In The Closed Accounts Hots

1. 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, 2019 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 Tau

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

Answer: C



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2. 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, 2019 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

Answer:



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3. 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, 2019 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,

Answer:



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4. 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, 2019 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,

Answer:



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5. 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, 2019 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,

Answer:



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6. 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, 2019 it was discovered that interest on capitals was provided @12% instead of 10% p.a. In the adjusting entry :

A. Rs.600 (Debit)

B. Rs.400 (Credit)

C. Rs.400 (Debit)

D. Rs.600 (Credit)

Answer:



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7. 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, 2019 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

Answer:



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8. 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, 2019 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

Answer:



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9. 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 of capital 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.2000

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

Answer:



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10. 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, 2019 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

Answer:



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11. 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, 2019 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

Answer:



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12. 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

Answer:



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Multiple Choice Questions Viii Guarantee Of Profit To A Partner Hots

1. 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

Answer:



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2. 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 receive the minimum guarantee amount

D. All of the above

Answer:



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3. 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,

Answer:



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4. 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 31st March, 2019, 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

Answer:



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5. 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

Answer:



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6. 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

Answer: C



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7. 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

Answer: A



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8. 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

Answer:



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9. 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

Answer:



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10. 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.

Answer:



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11. A and B are partners. B draws a fixed amount at the end of every month. Interest on drawing 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.

Answer:



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12. 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 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.1,40,000

Answer:



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13. 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

Answer:



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