



ACCOUNTS

BOOKS - ARYA ACCOUNTS (HINGLISH)

DISSOLUTION OF A PARTNERSHIP FIRM

Multiple Choice Questions

1. In which condition a partnership firm is deemed to be dissolved ?

- A. On a partner's admission
- B. On retirement of a partner
- C. On expiry of the period of partnership
- D. On loss in partnership

Answer: C



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2. Court can make an order to dissolve the firm

when :

- A. Some partner has become fully mad
- B. Partnership deed is fully followed
- C. Continued future profits are expected
- D. Firm is running legal business

Answer: A



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3. On dissolution of a firm , realisation account is debited with

A. All assets to be realised

B. All outside liabilities of the firm

C. Cash received on sale of assets

D. Any asset taken over by one of the
partners

Answer: A



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4. On dissolution of a firm , out of the proceeds received from the sale of assets Will be paid first of all

- A. Partner's Capital
- B. Partner's Loan to Firm
- C. Partner's additional capital
- D. Outside Creditors

Answer: D



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5. At the time of dissolution of firm , " Loan of partners "(Loans Given by Partners to the firm) is paid out of the amount realised on sale of assets :

A. After making the payment of loans given by third party

B. After making the payment of balance of capital accounts of partners

C. After making the payment of above (A) and (B)

D. Before the payment of loans given by
third party

Answer: A



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6. At the time of dissolution of firm , at which
stage the balance of partner's capital accounts
is paid ?

- A. After making the payment to third party
's loans
- B. Before making the payment of partners
in respect of their loans
- C. After making the payment to third party
for their loans as well as partners loans
- D. None of the above

Answer: C



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7. On firm 's Dissolution , which one of the following account should be prepared at the last ?

A. Realisation Account

B. Partner's Capital Accounts

C. Cash Account

D. Partner's Loan Account

Answer: C



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8. In the event of dissolution of a partnership firm , the provision for doubtful debits is transferred to :

- A. Realisation Account
- B. Partner's capital Accounts
- C. Sundry devtors Account
- D. None of the above

Answer: A



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9. On dissolution , if a partner undertakes to make payment of a liability of the firm is(debited)

- A. Profit & Loss Account
- B. Realisation Account
- C. Partner's capital account
- D. Cash account

Answer: B



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10. Unrecorded liability , when paid on dissolution of a firm is debited to :

A. Partner's capital A/cs

B. Realisation A/c

C. Liabilities A/C

D. Asset A/c

Answer: B



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11. On dissolution of a partnership firm , profit or loss on realisation is distributed among the partners

- A. In capital ratio
- B. In profit sharing ratio
- C. Equally
- D. None of the above

Answer: D



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12. On Dissolution of the firm , amount received from sale of unrecorded asset is credited to :

A. Partner's Capital Accounts

B. Profit and Loss account

C. Realisation Account

D. Cash Account

Answer: C



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13. Realisation A/C is a :

A. Nominal A/C

B. Real A/C

C. Personal A/C

D. Real A/C as well as personal A/c

Answer: A



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14. In the event of dissolution of firm , the partner's personal assets are first used for payment of the :

- A. Firm 's liabilities
- B. the personal liailites
- C. None of the two
- D. Any of the two

Answer: B



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15. A partnership firm is compulsorily dissolved

):

A. When the business of the firm is
declared illegal

B. When a partner of the firm dies

C. When a partner of the firm becomes
insolvent

D. When a partner transfers his share to
some other person without the consent

of other partners

Answer: A



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16. At the time of firm 's dissolution , Balance of general Reserve shown in the Balance sheet is credited to :

A. Realisation Account

B. Creditor's Account

C. partner's Capital Account

D. Profit & Loss Account

Answer: C



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17. On dissolution , Goodwill account is transferred to):

A. In the Capital Accounts of partners

B. On the credit of cash Account

C. On the debit of Realisation Account

D. On the credit of Realisation Account

Answer: C



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18. At the time of dissolution of partnership firm , Fictitious assets are tranferred to :

A. Capital accounts of partners

B. Realisation Account

C. Cash Account

D. Partners' Loan Account

Answer: A



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19. At time of dissolution of partnership firm , the balance of profit and loss account shown in the assets side of balance sheet of the firm is transferred to :

A. Realisation Account

B. Cash Account

C. Capital Accounts of partners

D. Loan Accounts of partners

Answer: C



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20. At the time of dissolution of partnership firm , the amount of 'Bills Payable ' Shown in

the liability side of balance sheet is transferred to :

- A. Capital Accounts of partners
- B. Realisation Account
- C. Cash Account
- D. Loan Account of partners

Answer: B



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21. On dissolution , the final balance of capital accounts are transferred to :

- A. Realisation Account
- B. Cash Account
- C. Profit & Loss account
- D. Loan Account of partners

Answer: B



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22. Change in the existing agreement between the partners is called :

- A. Dissolution of Firm
- B. Dissolution of partnership
- C. Dissolution of Business
- D. All of the above

Answer: B



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23. At time of dissolution of partnership firm , the balance of profit and loss account shown in the assets side of balance sheet of the firm is transferred to :

A. On the debit of Realisation account

B. On the credit of Realisation Account

C. On the debit of partner's Capital accounts

D. On the credit of partners's Capital accounts

Answer: C



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24. On Dissolution of a firm , a partner paid Rs. 700 for firm 's Realisation expenses .

Which account will be debited ?

- A. Cash account
- B. Realisation Account
- C. Capital Account of the partner
- D. Profit & Loss A/c

Answer: B



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25. On taking responsibility of payment of Realisation expenses by a partner, the Account credited will be :

- A. Realisation account
- B. Cash Account
- C. Capital account of the partner
- D. None of the above

Answer: C



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26. On dissolution of firm .Loss calculate in realisation account is debited / Credited to which account ?

- A. Cash Accounts(credit)
- B. Partners'Capital Accounts(debit)
- C. Partners'Capital Accounts(credit)
- D. Realisation Account (drebit)

Answer: B



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27. Profit or loss of realisation account is transferred to :

- A. Profit & Loss Account
- B. Capital accounts of partners
- C. Balance sheet
- D. None of the above

Answer: B



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28. Which of the following is transferred to Realisation Account :

- A. Balance of Cash Account
- B. Balance of profit & Loss account
- C. Amount realised on sale of assets
- D. Reserves

Answer: C



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29. Which of the following is not transferred to Realisation Account:

- A. Balance of cash Account
- B. Balance of Reserves
- C. Balance of Profit & Loss Account
- D. All of the above

Answer: D



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30. On taking Responsibility of payment of a liability of Rs, 50,000 by Partner, the Account credited will be :

- A. Realisation Account
- B. Cash Account
- C. Capital account of the partner
- D. Liability Account

Answer: C



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31. Cash Balance shown in the Balance sheet is shown on dissolution of firm in :

- A. Realisation account
- B. Cash Account
- C. Capital account
- D. None of the above

Answer: B



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32. On Firm 's Dissolution , on realisation of goodwill (which was shown in Balance sheet) will be credited to :

- A. Cash A/C
- B. Realisation A/C
- C. Profit & Loss A/C
- D. None of the A/C

Answer: B



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33. On dissolution of a firm ,Its Balance sheet revealed total credotors Rs, 50,000 Total Capital Rs. 48,000 : Cash Balance Rs. 3,000 .Its assets were realised at 12% less .Loss on realisation will be :

A. Rs.6,000

B. Rs. 11,760

C. Rs.11,400

D. Rs. 3,600

Answer: C



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34. On Firm 's Dissolution ,when a partner voluntarily gives his personal asset to firms' Creditor As payment , the account credited will be :

A. Realisation A/C

B. Partner's Capital A/C

C. Cash A/c

D. None of the A/c

Answer: B



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35. On Dissolution of the firm , amount received from sale of unrecorded asset is credited to :

A. Capital account of the partner

B. Cash Account

C. Asset Account

D. Realisation Account

Answer: D



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36. On dissolution ,when a partner takes over an asset is debited

A. Realisation Account

B. Partner's capital Account

C. Cash Account

D. Asset Account

Answer: B



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37. In case of dissolution ,assets are transferred to realisation Account :

A. At Book value

B. At market Value

C. Cost or market Value , Whichever is
lower

D. None of the above

Answer: A



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38. On dissolution, the balance of a partner's capital account appearing on the assets side of a balance sheet is transferred to :

A. On the Debit of Realisation account

B. On the credit of Realisation account

C. On the debit of partner's Capital Account

D. On the credit of cash account

Answer: C





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39. On dissolution partner's Loan transferred to :

- A. Partner's Capital account
- B. Realisation account
- C. Partner's Loan Account
- D. Revaluation account

Answer: C



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40. Sundry creditors amounted to Rs, 8,000

These were paid at a discount of 5%

Realisation account will be debited by

A. Rs, 8,000

B. Rs ,7,600

C. Rs,400

D. Rs.8,400

Answer: B



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41. There was an Unrecorded asset of Rs, 2,000 which was taken over by a partner at Rs, 1,500 Partner's Capital Account will be debited by

A. Rs,2,000

B. Rs,1,500

C. Rs,500

D. Rs,3,500

Answer: B



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42. On Dissolution of a firm , an unrecorded furniture of the value of Rs, 5,000 was Taken up by a partner for Rs, 4,300 , which Account will be credited and by how much Amount ?

A. Cash account By Rs, 4,300

B. Realisation Account by Rs, 700

C. Partner's Capital Account by Rs, 5,000

D. Realisation Accounts by Rs,4,300

Answer: D



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43. On the basis of following data final payments to a partner on firm 's Dissolution will be made :

Debit Balance Of capital Account Rs, 14,000,
share of his profit on realisation Rs, 43,000,
Firm 's Assest taken over by him for Rs, 17,000

A. Rs, 31,000

B. Rs, 29,000

C. Rs, 12,000

D. Rs,60,000

Answer: C



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44. On payment of expenses of dissolution ,
account will be debited :

- A. Realisation Account
- B. Cash Account
- C. Profit & Loss account
- D. None of the above

Answer: A



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45. An Unrecorded asset was valued at Rs, 1,00,000. On firm 's Dissolution ,It was sold for 52% .Realisation account will be credited with :

A. Rs, 52,000

B. Rs,48,000

C. Rs,1,00,000

D. None of the above

Answer: A



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46. On firm 's Dissolution , a Partner undertook firm 's Creditors at Rs, 17,000 .In this case the account will be credited :

A. Creditors A/c

B. Cash A/c

C. Realisation A/c

D. Partner's Capital A/c

Answer: D



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47. On Dissolution , losses are first of all met :

A. Out of capital

B. Out of profits

C. Out of private assets of partners

D. Out of loan from Bank

Answer: B



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48.is prepared at the time of dissolution :

A. Realuation Account

B. profit & Loss account

C. profit and Loss appropriation account

D. Realisation Account

Answer: B



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49. While transferring assets to realisation account Is omitted to be transferred :

A. Patents

B. Goodwill

C. Cash

D. Investments

Answer: C



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50. If total assets are Rs, 2,00,000 total liabilities are Rs, 40,000 amount realised on sale of assets is Rs, 1,75,000 and realisation

expenses are Rs, 3,000 , the profit or loss on realisation will be:

A. Profit Rs,12,000

B. Loss Rs,68,000

C. Loss Rs,28,000

D. Loss Rs,25,000

Answer: C



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51. On dissolution of a firm , debtors were Rs. 17,000 Of these Rs, 500 became bad and the rest realised 60% which Account will be debited and by how much amount ?

A. Realisation Account by Rs, 16,500

B. Profit & Loss Account by Rs. 500

C. Cash Account by Rs, 9,900

D. Debtors Account by Rs,7,100

Answer: C



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52. In the Balance sheet Total debtors appear at Rs.50,000 and Provision for Doubtful debts appear at Rs,1,500 .How much amount will be realised from Debtors , if bad debts amount to Rs, 10,000 and Remaining debtors are realised at a discount of 5%

A. Rs, 38,000

B. Rs,36,500

C. Rs,36,750

D. Rs,39,500

Answer: A



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53. How much amount will be paid to creditors for Rs, 25,000 if Rs, 5,000 of the creditors are not to be paid and the remaining creditors agreed to accept 5% less amount ?

A. Rs, 18,750

B. Rs,19,000

C. Rs,19,750

D. Rs,20,000

Answer: B



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54. P, a partner , is to bear all expenses of realisation for which he is to be paid Rs, 2,000 . P had to pay realisation expenses of Rs, 2,500

.How much amount will be debited to Realisation Account ?

A. Rs, 500

B. Rs, 2,500

C. Rs,4,500

D. Rs,2,000

Answer: D



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55. How much amount will be paid to A , If his opening capital is Rs, 2,00,000 and his share of realisation profit amounts to RS. 10,000 and he has taken over assets valuing Rs, 25,000 from the firm ?

A. Rs, 2,35,000

B. Rs, 1,65,000

C. Rs,2,15,000

D. Rs,1,85,000

Answer: D



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56. Investments valued Rs, 2,00,000 were not shown in the books One of the creditors took over these investments in full satisfaction of his debt of Rs, 2,20,000 .How much amount will be deducted from creditors?

A. Rs,20,000

B. Rs,2,20,000

C. Rs,4,20,000

D. Rs,2,00,000

Answer: B



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57. If creditors are Rs, 25,000 ,Capital is Rs, 1,50,000 and cash balance is Rs. 10,000, what will be the amount of sundry assets ?

A. Rs, 1,75,000

B. Rs,1,85,000

C. Rs, 1,65,000

D. Rs, 1,40,000

Answer: C



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58. If opening capital of partners are A Rs, 3,00,000 ,B Rs, 2,00,000 and C Rs, 1,00,000 and their drawing during the year are A Rs, 50,000 ,B Rs, 40,000 and C Rs, 30,000 and creditors

are Rs, 60,000 , what will be the amount of assets of the firm ?

A. Rs, 5,40,000

B. Rs, 4,20,000

C. Rs,4,80,000

D. Rs,6,60,000

Answer: A



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59. If total assets of a firm are Rs, 12,00,000 and total liabilities are Rs, 2,40,000 what will be the capital of P, Q and R if they share profit in the ratio of their capitals and profit sharing ratio is 1:2:3

A. P Rs, 4,80,000; Q Rs, 3,20,000 ; R Rs, 1,60,000

B. P Rs, 1,60,000; Q Rs, 3,20,000 ; R Rs, 4,80,000

C. P Rs, 2,00,000 ,Q Rs, 4,00,000 ,R Rs,
6,00,000

D. P Rs, 6,00,000 ,Q Rs, 4,00,000 ,R Rs,
2,00,000

Answer: B



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60. On dissolution of a firm , a partner's capital account has a credit balance of Rs, 42,000 His share of profit in realisation account is Rs,

9,000 he has paid firm 's realisation expenses

Rs, 3,000 ,He will finally get a payment of :

A. Rs, 39,000

B. Rs,42,000

C. Rs,54,000

D. Rs,48,000

Answer: C



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61. On dissolution of a firm a partner took over Rs, 17,000 investments for Rs, 14,000 . Which one of the following account will be debited / credited with how much amount ?

Partner's capital account debit with Rs, 14,000

Partner's Capital Account credit with Rs, 17,000

Realisation Account credit with Rs, 17,000

Realisation Account credit with Rs, 3,000

A. Partner's capital account debit with Rs,

14,000

B. Partner's Capital Account credit with Rs,
17,000

C. Realisation Account credit with Rs,
17,000

D. Realisation Account credit with Rs, 3,000

Answer: A



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62. On dissolution of firm , which item is debited to the realisation account ?:

A. (a) Realisation expenses paid by partner

B. (b) Balance of reserve fund

C. (c) Amount of unrecorded asset

D. (d) Creditor's Balance shown in the
Balance sheet

Answer: A



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63. At the time of dissolution of a firm ,
Creditors are Rs,70,000 ,Partners ' Capital is Rs,
1,20,000 , Cash Balance is Rs, 10,000 Other
assets realised Rs, 1,50,000 Profit /Loss in the
Realisation account Will be :

A. Rs, 64,000 (Loss)

B. Rs,80,000(Profit)

C. Rs,40,000 (Loss)

D. Rs,30,000(Loss)

Answer: D



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64. On dissolution of a firm , Debtors Rs, 17,000 were shown in the Balance sheet. Out of this , Rs, 2,000 become bad ,One debtor become insolvent. 70% were recovered from him out of Rs 5000. Full amount was recovered from the balance debtors .On account of this item , Loss in Realisation account will be :

A. Rs, 5,100

B. Rs, 1,500

C. Rs,3,500

D. Rs,2,000

Answer: C



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65. X,Y,and Z are partners in a firm in the ratio of 4:3:2 On firm 's Dissoulation firm 's total assets are Rs, 70,000 creditors are Rs, 15,000

Realisation expenses paid Rs, 2,100 .Assets
Realised 15% more than the book - value
,Creditors were paid 2% more .For Profit /Loss
on realisation Y's capital account will be
debited credited with :

A. (a) Credit Rs, 8,100

B. (b) Credit Rs, 2,700

C. (c) Debit Rs, 2,700

D. (d) Debit Rs, 2,400

Answer: B



66. On dissolution of a firm , firm's Balance sheet total is Rs, 77,000 .On the assets side of the Balance sheet items were shown preliminary expenses Rs, 2,000, Profit & Loss Account (Debit)Balance Rs, 4,000 and cash Balance realised will be:

A. Rs, 69,200

B. Rs, 71,000

C. Rs,64,700

D. Rs, 62,900

Answer: C



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67. On dissolution of a firm , partners' Capital accounts balance was Rs, 63,000, Creditors Balance was Rs, 12,000 and profit & Loss account debit Balance was Rs, 6,000 profit on realisation of assets was Rs, 7,800 .Total amount realised from assets was :

A. (a) Rs, 81,000

B. (b) Rs,76,800

C. (c) Rs, 70,800

D. (d) Rs, None

Answer: D



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68. On Dissolution of firm ,a partner took- over the investments Of Rs, 19,000 at Rs, 15,000 . By

How much amount the realisation account will be credited ?

A. Rs, 4,000

B. Rs, 19,000

C. Nil

D. Rs, 23,000

Answer: D



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69. Anu, Bina and Charan are partners, the firm had given a loan of Rs, 20,000 to Bina. On the event of dissolution, the loan will be settled
By :

- A. Transferring it to side of realisation account .
- B. Transferring it to credit side of realisation account.
- C. Transferring it to debit side of Bina 's Capital account .

D. BinaPaying anu and charan privately .

Answer: C



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