ACCOUNTS

BOOKS - ARYA ACCOUNTS (HINGLISH)

RETIREMENT OR DEATH OF A PARTNER

Multiple Choice Questions

1. Retring partner is compensated for parting with the firm's future profits in favour of remaining partners. The remaining partners contribute to such compensation amount in :

A. Gaining Ratio

B. Capital Ratio

C. Scrificing Ratio

D. Profit Sharing Ratio

Answer: A

Watch Video Solution

2. Gaining Ratio:

A. Old Ratio - New Ratio

B. New Ratio - Old Ratio

C. Old Ratio - Sacrificing Ratio

D. New Ratio - Sacrificing Ratio

Answer: B

Watch Video Solution

3. What treatment is made of accumulted profits and losses on the retirement of a partner ?

A. Credited to all partner's capital accounts in old ratio.

B. Debited to all partner's capital accounts in old ratio.

C. Credited to remaining partner's capital accounts in new ratio.

D. Credited to remaining partner's capital accounts in gaining ratio.

Answer: A

Watch Video Solution

4. At the time of retirement of a partner, profit on revaluation will be credited to :

A. Capital Account of retiring partner

B. Capital Accounts of all partners in the old profit sharing ratio.

C. Capital Accounts of the remaining partners in their old profit sharing ratio

D. Capital Accounts of the remaining partners in their new profit sharing ratio.

Answer: B

Watch Video Solution

5. What journal entry will be recorded for writing off the goodwill already existing in Balance Sheet at the time of retirement of a partner?

A. Retiring Partner's Capital A/c Dr.

To Goodwill A/c

B. All Partner's Capital A/cs(including retiring) Dr. (in old ratio)

To Goodwill A/c

C. Remaining Partner's Capital A/cs Dr.(in gaining ratio)

To Goodwill A/c

D. Remaining Partner's Capital A/cs Dr. (in new ratio)

To Goodwill A/c

Answer: B

Watch Video Solution

6. What journal entry will be recorded for deceased partner's share in profit from the closure of last balance sheet till the date of his death?

A. Profit and Loss A/c Dr.

To Deceased Partner's Capital A/c

B. Deceased Partner's Capital A/c Dr.

To Profit and Loss A/c

C. Deceased Partner's Capital A/c Dr.

To Profit and Loss Supense A/c

D. Profit and Loss Supense A/c Dr.

To Deceased Partner's Capital A/c

Answer: D

Watch Video Solution

7. On retirement of a prtner, goodwill will be credited to the Capital Account of :

A. Retiring Partner

B. Remaining Partners

C. All partners

D. None of the Above

Answer: A

Watch Video Solution

8. On the death of a partner, the amount due to him will be credited to :

A. All partner's Capital Accounts

B. Remaining partner's Capital Accounts

C. His Executor's Account

D. Governments' Revenue Account

Answer: C

Watch Video Solution

9. How goodwill is recorded on the retirement of a partner ?

A.

$$\begin{array}{ll} \text{Remaining Partner's Capital A/cs} & \text{Dr. (In Gaining Ratio)} \\ \quad \text{To Retiring Partner's Capital A/c} & \text{(with his share of goodwill)} \end{array}$$

B.

$$\begin{array}{ll} \text{Remaining Partner's Capital A/cs} & \text{Dr. (In New Ratio)} \\ \quad \text{To Retiring Partner's Capital A/c} & \text{(with his share of goodwill)} \end{array}$$

C.

$$\begin{array}{ll} \text{Goodwill A/c} & \text{Dr.} \\ \quad \text{To All Partner's Capital A/cs} & \text{(In Old Ratio)} \end{array}$$

D. $\begin{array}{ll} \text{Goodwill A/c} & \text{Dr.} \\ \quad \text{To Retiring Partner's Capital A/c} & \text{(with his share)} \end{array}$

Answer: A

Watch Video Solution

10. A, B and C partners in $3:4:2$ B wants to retire from the firm. The profit on revaluation on that date was Rs. 36,000. New ratio of A and C is $5:3$. Profit on revaluation will be distributed as:

A. A Rs. 16,000, B Rs. 12,000, C Rs. 8,000

B. A Rs. 12,000, B Rs. 16,000, C Rs. 8,000

C. A Rs. 22,500, C Rs. 13,500

D. A Rs. 23,625, C Rs. 12,375

Answer: B

Watch Video Solution

11. A, B and C are partners sharing profits in the ratio of $5:2:1$. If the ratio on the retirement of A is $3:2$, what will be the gaining ratio?

A. $11:14$

B. $3:2$

C. $2:3$

D. $14:11$

Answer: D

Watch Video Solution

12. P, Q and R are partners sharing profits in the ratio of $5:4:3$. Q retires and P and R decide to share future profits equally. Gaining Ratio will be:

A. $5:3$

B. $1:1$

C. $1:3$

D. $3:1$

Answer: C

Watch Video Solution

13. A, B and C are partners sharing profits in the ratio of $1/2:1/4:1/4$. New ratio on the retirement of B will be:

A. $2:4$

B. $1:2$

C. $2:1$

D. $1/4:1/2$

Answer: C

Watch Video Solution

14. A, B and C are partners sharing profits in the ratio of $1/4:3/10:9/20$. The New ratio on the retirement of C will be:

A. $6:5$

B. $5:6$

C. $4:3$

D. $4:10$

Answer: B

Watch Video Solution

15. X, Y and Z have been sharing profits in the ratio of $4:2:1$ Z retires. X and Y take Z's share equally. New profit sharing ratio will be:

A. $5:2$

B. $5:3$

C. $9:5$

D. $4:2$

Answer: C

Watch Video Solution

16. P, Q and R have been sharing profits and losses in the ratio of $5:3:2$. Q retires. His share is taken by P and R in the ratio of $2:1$. New profit sharing ratio will be:

A. $6:4$

B. $7:3$

C. $7:2$

D. $6:3$

Answer: B

Watch Video Solution

17. A, B and C share profits and losses of the firm equally. B retires from business and his share is purchased by A anc C in the ratio of $2:3$. New profit sharing ratio between A and C respectively would be:

A. $1:1$

B. $2:3$

C. 7:8`

D. $3:5$

Answer: C

Watch Video Solution

18. P, Q and R have been sharing profits in the ratio of $8:5:3$. P retires. Q takes $3/16$th share from P and R takes $5/16$th share from P. New profit sharing ratio will be :

A. $1:1$

B. $10:6$

C. $9:7$

D. $5:3$

Answer: A

Watch Video Solution

19. A, B and C are equal partners. C retires. He surrenders $3/5$th of his share in favour of A and $2/5$th in favour of B. New ratio will be:

A. $3:2$

B. $8:7$

C. $7:8$

D. $2:3$

Answer: B

Watch Video Solution

20. P, Q and R partners sharing profits in the ratio of $4:3:2$. Q retires and his share was taken up by P and R in the ratio $3:2$. New profit sharing ratio will be:

A. $16:29$

B. $29:16$

C. $3:2$

D. $2:3$

Answer: B

Watch Video Solution

21. L, P and G are three partners sharing profit in the ratio $15:9:8$. G Retires. L and P decided to share profits in equals ratio. Gaining ratio will be:

A. $15:9$

B. $9:15$

C. $7:1$

D. $1:7$

Answer: D

Watch Video Solution

22. On 1st April, 2019 A , B and C were partners sharing profits and losses in the ratio of $5:3:2$ respectively. On this date B retires. The new profit sharing ratio of A and C will be $3:2$. Gaming ratio will be:

A. $1:2$

B. $2:1$

C. $1:1$

D. $5:2$

Answer: A

Watch Video Solution

23. B, P and L sharing profits in the ratio $4:3:2$. B retires, P and L decided to share profits in future in the ratio of $5:3$. Gaining ratio will be:

A. $11:21$

B. $21:11$

C. $11:13$

D. $13:11$

Answer: B

Watch Video Solution

24. P, Q and R were partners sharing profits in the ratio $2:2:1$. Q retires and the new profit sharing ratio of P and R will be $3:1$. Gaining ratio will be :

A. $1:7$

B. $2:1$

C. $1:2$

D. $7:1$

Answer: D

Watch Video Solution

25. A, B and C are equal partners in a firm. B retires and the remaining partners decide to share the profits of the new firm in the ratio of $5:4$. Gaining ratio will be:

A. $1:1$

B. $1:2$

C. $2:1$

D. $5:4$

Answer: C

Watch Video Solution

26. A, B and c are partners sharing profit of loss in the ratio of $3:2:1$. B retires and after B's retirement A and C agreed to share profit or loss in the ratio of $3:2$ in future. Their gaining ratio will be:

A. $3:1$

B. $1:3$

C. $3:7$

D. None of the Above

Answer: C

Watch Video Solution

27. A, B and C are partners sharing profit or loss in the ratio of $4:3:2$. C retires and after C's retirement A and B agreed to share profit or loss in the ratio of $4:3$ in future. Their gaining ratio will be :

A. $3:2$

B. $4:3$

C. $3:4$

D. $1:1$

Answer: B

Watch Video Solution

28. A, B and C are partners sharing profit or loss in the ratio of $2:3:4$. A retires and after A's retirement B and C agreed to share profit or loss in the ratio of $3:4$ in future. Their gaining ratio will be :

A. $2:3$

B. $4:3$

C. $3:4$

D. $1:1$

Answer: C

Watch Video Solution

29. A, B and C were partners in a firm sharing profits and losses in the ratio of $2:2:1$. The capital balance are Rs. 50,000 for A, Rs. 70,000 for B, Rs. 35,000 for C. B decided to retire from the firm and balance in reserve on the date was Rs. 25,000. If goodwill of the firm was valued at Rs. 30,000 and profit on revaluation was Rs. 7,500 then, what amount will be payable to B?

A. Rs. 70,820

B. Rs. 76,000

C. Rs. 75,000

D. Rs. 95,000

Answer: D

Watch Video Solution

30. P, Q and R sharing profits and losses equally. R retires and the goodwill is appearing in the books at Rs. 30,000. Goodwill of the firm is valued at Rs. 1,50,000. Calculate the net amount to be credited to R's Capital A/c.

A. Rs. 60,000

B. Rs. 50,000

C. Rs. 40,000

D. Rs. 10,000

Answer: C

Watch Video Solution

31. Ram, Krishna and Ganesh were sharing profits and losses in the ratio of $5:3:2$. Ram retires and Krishna and Ganesh share the future profits and amount of goodwill of the firm is valued at Rs. 1,00,000. Calculate the amount of goodwill to be debited to Krishan's and Ganesha's Capital A/c.

A. Rs. 60,000 & Rs. 40,000

B. Rs. 20,000 & Rs. 30,000

C. Rs. 40,000 & Rs. 60,000

D. Rs. 30,000 & Rs. 20,000

Answer: B

Watch Video Solution

32. A, B and C are partners with profit sharing ratio $4:3:2$. B retires and goodwill was valued Rs. 1,08,000. If A & C share profits in $5:3$, find out the godwill shared by A anc C in favour of B.

A. Rs. 22,500 and Rs. 13,500

B. Rs. 16,500 and Rs. 19, 500

C. Rs. 67,500 and Rs. 40,500

D. Rs. 19,500 and Rs. 16,500

Answer: D

Watch Video Solution

33. A, B and C are sharing profits in the ratio of $3:2:1$. B retires and on the day of B's retirement Goodwill is valued at Rs. 60,000. A and C decided to share future profits in the ratio of $3:2$. Journal entry will be:

A. $\begin{array}{llll} \text{A's Capital A/c} & Dr. & 18{,}000 & \\ \text{C's Capital A/c} & Dr. & 42{,}000 & \\ \quad \text{To B's Capital A/c} & & & 60{,}000 \end{array}$

B. $\begin{array}{llll} \text{A's Capital A/c} & Dr. & 6{,}000 & \\ \text{C's Capital A/c} & Dr. & 14{,}000 & \\ \quad \text{To B's Capital A/c} & & & 20{,}000 \end{array}$

C. $\begin{array}{llll} \text{A's Capital A/c} & Dr. & 36{,}000 & \\ \text{C's Capital A/c} & Dr. & 24{,}000 & \\ \quad \text{To B's Capital A/c} & & & 60{,}000 \end{array}$

A's Capital A/c $\quad Dr. \quad$ 12,000

D. C's Capital A/c $\quad Dr. \quad$ 8,000

To B's Capital A/c $\quad$ 20,000

Answer: B

Watch Video Solution

34. P, Q and R share profits in the ratio of $5:4:3$. R retires and the new ratio is $5:3$. If R is given Rs. 6,000 as goodwill, journal entry will be:

A.

P's Capital A/c	Dr.	1,000	
Q's Capital A/c	Dr.	5,000	
To R's Capital A/c			6,000

B.

P's Capital A/c	Dr.	5,000	
Q's Capital A/c	Dr.	1,000	
To R's Capital A/c			6,000

C.

P's Capital A/c	Dr.	3,750	
Q's Capital A/c	Dr.	2,250	
To R's Capital A/c			6,000

D.

P's Capital A/c	Dr.	3,333	
Q's Capital A/c	Dr.	2,667	
To R's Capital A/c			6,000

Answer: B

Watch Video Solution

35. X, Y and Z were partners in a firm sharing profits in the ratio of $3:2:1$. X retired and the new profit sharing ratio between Y and Z will be $5:4$. On X's retirement the goodwill of the firm was valued at Rs. 54,000. Journal entry will be:

A.

Y's Capital A/c	$Dr.$	24,000	
Z's Capital A/c	$Dr.$	30,000	
To X's Capital A/c			54,000

B.

Y's Capital A/c	$Dr.$	15,000	
Z's Capital A/c	$Dr.$	12,000	
To X's Capital A/c			27,000

C.

Y's Capital A/c	$Dr.$	12,000	
Z's Capital A/c	$Dr.$	15,000	
To X's Capital A/c			27,000

D.

X's Capital A/c	$Dr.$	27,000	
To Y's Capital A/c			12,000
To Z's Capital A/c			15,000

Answer: C

Watch Video Solution

36. A, B and C are partners sharing profits in the ratio of $3:4:5$. B retires and the goodwill of the firm is valued at Rs. 42,000. A and C decide to share profits in the ratio of $3:4$. Journal entry will be:

A.

A's Capital A/c	$Dr.$	6,000	
C's Capital A/c	$Dr.$	8,000	
To B's Capital A/c			14,000

B.

A's Capital A/c	$Dr.$	7,500	
C's Capital A/c	$Dr.$	6,500	
To B's Capital A/c			14,000

C.

A's Capital A/c	$Dr.$	22,500	
C's Capital A/c	$Dr.$	19,500	
To B's Capital A/c			42,000

D.

B's Capital A/c	$Dr.$	14,000	
To A's Capital A/c			7,500
To C's Capital A/c			6,500

Answer: B

Watch Video Solution

37. P, Q and R were partners sharing profits in the ratio $5:3:2$ respectively. P Goodwill is valued at Rs. 50,000.

Adjustment entry for goodwill be:

Q's Capital A/c $Dr.$ 15,000

A. R's Capital A/c $Dr.$ 10,000

To P's Capital A/c 25,000

Q's Capital A/c $Dr.$ 20,000

B. R's Capital A/c $Dr.$ 30,000

To P's Capital A/c 50,000

Q's Capital A/c $Dr.$ 12,500

C. R's Capital A/c $Dr.$ 12,500

To P's Capital A/c 25,000

Q's Capital A/c $Dr.$ 10,000

D. R's Capital A/c $Dr.$ 15,000

To P's Capital A/c 25,000

Answer: D

Watch Video Solution

38. X,Y and Z are partners sharing profits in the ratio of $2:3:5$. Goodwill is already appearing in their books at a value of Rs. 60,000. X retires and Y and Z decided to share future profits equally. Journal entry will be :

A. Y's Capital A/c $Dr.$ 12,000
To X's Capital A/c 12,000

B. Y's Capital A/c $Dr.$ 60,000
To X's Capital A/c 60,000

	X's Capital A/c	$Dr.$	2,400	
C.	Y's Capital A/c	$Dr.$	3,600	
	Z's Capital A/c	$Dr.$	6,000	
	To Goodwill A/c			12,000
	X's Capital A/c	$Dr.$	12,000	
D.	Y's Capital A/c	$Dr.$	18,000	
	Z's Capital A/c	$Dr.$	30,000	
	To Goodwill A/c			60,000

Answer: D

Watch Video Solution

39. A, B and C are partners in a firm sharing profit/loss in the ratio of $2:2:1$. On March 31,2019, C died. Accounts are closed on Dec., 31 every year. The sales for the year 2018 was Rs. 6,00,000 and the profits were Rs. 60,000. The sales for the period from Jan. 1, 2019 to March 31,2019 were Rs. 2,00,000. The share of deceased partner in the current year's profits on the basis of sales is :

A. Rs. 20,000

B. Rs. 8,000

C. Rs. 3,000

D. Rs. 4,000

Answer: D

Watch Video Solution

40. A, B and C were partners sharing profits and losses in the ratio of $2:2:1$. Books are closed on 31st March every year. C dies on 5th November, 2018. Under the partnership deed, the executors of the deceased partner are entitled to his share of profit to the date of death, calculated on the basis of last year's profit.Profit for the year ended 31st March, 2018 was Rs. 2,40,000. C's share of profit will be :

A. Rs. 28,000

B. Rs. 32,000

C. Rs. 28,800

D. Rs. 48,000

Answer: C

Watch Video Solution

41. P, Q and R were partners sharing profits in the ratio of their Capital contribution which were Rs. 6,00,000, Rs. 4,00,000 and Rs. 5,00,000 respectively. Their books are closed on 31st March every year. P dies on 24th August, 2018. Under the partnership deed, deceased partner is entitled to his share of profit/loss to the date of death based on the average profits of preceding three years. Profits were 2015 Rs. 50,000, 2016 Rs. 1,20,000 (Loss), 2017 Rs. 30,000 and 2018 Rs. 60,000. P's share of profit/loss will be :

A. Rs. 3,200

B. Rs. 6,400

C. Rs. 12,000

D. Rs. 4,800

Answer: D

Watch Video Solution