Sheth T. J. Education Society's

Sheth N.K.T. T. College of Commerce & Sheth J.T. T. College of Arts, Thane (W)

Questions Bank

Class : SY.B.Com Sem- III Subject: Accountancy and Financial Management

Module – I Final Accounts of Partnership Firm

1. Partnership is a legal relationship between persons according the -----------------------
   a) Contract Act
   b) Companies Act
   c) The Indian partnership Act, 1932
   d) Income Tax Act 1961.
2. The profit-sharing ratio among the partner may be ------------- from the ratio to share losses.
   a) Equal
   b) Same
   c) In the Capital ratio
   d) Different
3. The maximum number of persons permitted to form a partnership for Banking business are -----------partners.
   a) 7
   b) 15
   c) 10
   d) 20
4. The partnership cannot be formed to share ----------------- only.
   a) profit
   b) losses
   c) profit & loss
   d) Reserves
5. The persons who have agreed to carry on the partnership business are individually known as ---------------
   a) firm
   b) partners
   c) Directors
   d) Creditors
6. It is a ---------------- relationship between persons created through the partnership Act, 1932.
   a) Natural
   b) Legal
   c) oral

d) Faithfull

7. The partnership agreement can be ------------- or written.
   a) Oral
   b) Written as well as oral
   c) Registered
   d) un registered.
8. In the partnership business the partners are collectively called as ------------------
   a) Company
   b) Association
   c) Firm
   d) Partners
9. To admit a new partner with consent to -------------- partners.
   a) Existing
   b) Majority
   c) Newly admitted
   d) One partner
10. In absence of agreement, partners share profit on loss in --------
    a) capital ratio
    b) Equally
    c) Current Account ratio
    d) Time devoted for business
11. --------- number of partners allowed in case of Retail business
    a) maximum 10
    b) maximum 20
    c) minimum 50
    d) minimum 10
12. The minor partner cannot be personally liable to share -------- of the firm
    a) commission
    b) profits
    c) losses
    d) Liability
13. In absence of agreement Interest on Loan, at ---------- % p.a. is payable by the firm
    a) 12% p.a.
    b) Nil
    c) 6%
    d) As per Bank rate.
14. Partners can contribute capital either in Cash/Bank or------------
    a) only cash
    b) in kind
    c) cash plus in kind
    d) by cheque

15. The essential elements of a firm are:

a) Equal share of the profit
b) Agreement
c) Minimum two partners
d) None of the above

Module – II Piecemeal Distribution

16. On dissolution, a secured creditor could only partly recover his dues out of the amounts realised from the concerned assets. The remaining amount is treated
    a) As Preferential Creditors
    b) As Secured Creditors
    c) As Unsecured Creditors
    d) As non - recoverable

17. Income Tax payable by a firm as on the date of dissolution is treated
    a) As Preferential Creditors
    b) As Secured Creditors
    c) As Unsecured Creditors
    d) As non – recoverable

18. Salaries and Wages payable by a firm as on the date of dissolution is treated
    a) As Preferential Creditors
    b) As Secured Creditors
    c) As Unsecured Creditors
    d) As non – recoverable

19. Excess Capital Method is different from
    a) Surplus Capital Method
    b) Highest Relative Capital Method
    c) Maximum Loss Method
    d) None of the above

20. When there are four partners, excess capital is to be computed
    a) Once
    b) Twice
    c) Thrice
    d) Four Times

21. After all Excess capitals are paid, the balance cash is paid to the partners
    a) in the ratio of their unit capitals
    b) in their profit-sharing ratio
    c) equally
    d) None of the above

22. In a piecemeal distribution, the liabilities of the partnership are paid before
   a) a revaluation of the assets
   b) distribution of cash to partners
   c) sales of assets
   d) Distribution of losses and gains on realisation

23. If cash is insufficient to pay off all partners loans, payment is made
   a) in the ratio of outstanding loan balances
   b) in the profit-sharing ratio
   c) in the ratio of capitals
   d) None of the above

24. Unsecured Creditors are paid in the following order
   a) Due to Employees, Due to Government, Other Creditors
   b) Due to Government, Due to Employees, Other Creditors
   c) All creditors pro-rata (proportionately)
   d) None of the above

25. If the amounts realised from the assets on dissolution of firm are not sufficient to pay all outside debts
   a) the earliest dues are paid first
   b) the largest dues are paid first
   c) the dues are paid in alphabetical order of the names of the parties
   d) the dues are paid proportionately

Module – III Amalgamation of Firms

26. The New firm formed after amalgamation is called as –
   a) partnership firm
   b) amalgamated firm
   c) amalgamating firm
   d) old firm
27. ------------------ A/c is opened to find profit / loss on closing of the old firm.
   a) profit & loss a/c
   b) Realisation a/c
   c) profit & loss suspense a/c
   d) profit & loss adjustment a/c

28. Provision for depreciation on fixed assets appearing in the Balance Sheet of vendor firm is credited to ------ a/c.
    a) new firm a/c
    b) partner's capital a/c
    c) Realisation a/c
    d) profit & loss a/c

29. On amalgamation of firms, unrecorded assets taken over by partner is debited ------- to a/c.
    a) Assets a/c
    b) partner's capital a/c
    c) Realisation a/c
    d) new firm a/c

30. On amalgamation of firm, accumulated losses of old firm are transferred to -------------
    a) credited to old partner' in old PSR
    b) debited to old partners in new PSR
    c) debited to old partners in old PSR
    d) none of the above.

31. On amalgamation of firm unrecorded liabilities taken over by the partner is credited to--------
    a) new firm a/c
    b) partner's capital a/c
    c) Realisation a/c
    d) profit & loss a/c

32. Debit balance in Realisation a/c indicates --------
    a) loss on realisation
    b) profit on realization
    c) net assets
    d) net liabilities

33. On amalgamation, expenses on dissolution of vendor firm paid by partner is to be credited to ------ a/c.
    a) new firm a/c
    b) partner's capital a/c
    c) Realisation a/c
    d) profit & loss a/c

34. Goodwill of amalgamated firm written off -------------
    a) Credited to old partners in old is PSR
    b) Debited to all new partners in new ratio

c) Goodwill a/c
d) New Firm account

35. In case of amalgamation-------------
a) Goodwill of both firms valued
b) valued goodwill is included in Purchase Consideration
c) old firm's goodwill to be written off
d) Goodwill amount is ignored

36. On amalgamation of firms, assets shown in the Balance Sheet of vendor firm transferred to Realisation a/c at-------
a) market value
b) Agreed value
c) Book Value
d) Realisable Value

IV Conversion/ Sale of a partnership firm into Company

37. On sale of firm to a company, the purchase consideration is calculated by___
a) Lump sum method
b) Payment Method
c) Net Assets Method
d) Any of the above

38. Shares or debentures received from company on sale of firm are distributed among the partners____
a) in specific ratio agreed by all partners
b) equitably
c) in ratio of capitals
d) Any of the above

39. In Equitable approach
a) Equity shares are divided in profit sharing ratio
b) Preference shares and debentures are divided in ratio of capitals
c) Both (a) and (b) above
d) None of (a) and (b) above

40. If purchase consideration is more than the net assets taken over, in the books of the company taking over the firm, the difference is
a) debit to Goodwill A/c
b) credited to Capital Reserves

c) debited to Security Premium
d) None of the above

41. Dissolution expense paid by the company to the firm on conversion are
a) debited to Deferred Revenue Expenditure A/c
b) credited to Capital Reserves A/c
c) debited to Goodwill A/c
d) None of the above

42. General reserve is distributed among the partners in the ratio of –

a) Profit Sharing
b) Capitals
c) Final Claims
d) None of the above

43. Fictitious assets are debited to partners' capital accounts in their –

a) Profit sharing ratio
b) Capital ratio
c) Final Claim ratio
d) None of the above

44. The form of organization suitable for large scale business is –
a) Sole Trader
b) Partnership Firm
c) Co-operative
d) Limited Company

45. Purchase consideration may be settled in__________
a) Cash only
b) Shares of Ltd. Company only
c) Debentures of Ltd. Company only
d) Cash/Shares/Debentures of Ltd. Company

References

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