

# QB365 Question Bank Software Study Materials

## Accounts of Partnership Firms-Fundamentals 50 Important 1 Marks Questions With Answers (Book Back and Creative)

12th Standard

Accountancy

Total Marks : 50

Multiple Choice Question

50 x 1 = 50

- 1) In the absence of a partnership deed, profits of the firm will be shared by the partners in  
**(a) Equal ratio** (b) Capital ratio (c) Both (a) and (b) (d) None of these
- 2) In the absence of an agreement among the partners, interest on capital is  
**(a) Not allowed** (b) Allowed at bank rate (c) Allowed @ 5% per annum (d) Allowed @ 6% per annum
- 3) As per the Indian Partnership Act, 1932, the rate of interest allowed on loans advanced by partners is  
(a) 8% per annum (b) 12% per annum (c) 5% per annum **(d) 6% per annum**
- 4) Which of the following is shown in Profit and loss appropriation account?  
(a) Office expenses (b) Salary of staff **(c) Partners' salary** (d) Interest on bank loan
- 5) When fixed capital method is adopted by a partnership firm, which of the following items will appear in capital account?  
**(a) Additional capital introduced** (b) Interest on capital (c) Interest on drawings (d) Share of profit
- 6) When a partner withdraws regularly a fixed sum of money at the middle of every month, period for which interest is to be calculated on the drawings on an average is  
(a) 5.5 months **(b) 6 months** (c) 12 months (d) 6.5 months
- 7) Which of the following is the incorrect pair?  
(a) Interest on drawings – Debited to capital account (b) Interest on capital - Credited to capital account  
**(c) Interest on loan - Debited to capital account** (d) Share of profit - Credited to capital account
- 8) In the absence of an agreement, partners are entitled to  
(a) Salary (b) Commission **(c) Interest on loan** (d) Interest on capital
- 9) Pick the odd one out  
(a) Partners share profits and losses equally **(b) Interest on partners capital is allowed at 7% per annum**  
(c) No salary or remuneration is allowed to partners (d) Interest on loan from partners is allowed at 6% per annum
- 10) Profit after interest on drawings, interest on capital and remuneration is Rs. 10,500. Geetha, a partner, is entitled to receive commission @ 5% on profits after charging such commission. Find out commission.  
(a) Rs. 50 (b) Rs. 150 (c) Rs. 550 **(d) Rs. 500**
- 11) The name under which the business of a firm is carried on is called the \_\_\_\_\_  
(a) Company name **(b) Firm name** (c) Partnership firm (d) Partner's name
- 12) The profit or loss arising from the partnership business is shared by the partners in the \_\_\_\_\_  
(a) old ratio (b) new ratio **(c) agreed ratio** (d) sacrifice ratio
- 13) In India, partnership firms are governed by the Indian partnership Act \_\_\_\_\_  
**(a) 1932** (b) 1930 (c) 1992 (d) 1986

- (a) 1500 (b) 1000 (c) 1500 (d) 1000
- 14) The maximum number of partners in a partnership firm is \_\_\_\_\_  
 (a) 25 (b) 10 (c) 30 **(d) 50**
- 15) In sole proprietorship, the profit or loss in the profit and loss account is transferred directly to the sole proprietor's \_\_\_\_\_  
 (a) drawings account **(b) capital account** (c) loan account (d) salary account
- 16) The balance in the appropriation account is transferred to the partner's capital account in the \_\_\_\_\_  
 (a) agree ratio (b) sacrifice ratio **(c) profit sharing ratio** (d) old ratio
- 17) Amount invested by partners in the partnership business is called \_\_\_\_\_  
 (a) Owner's capital **(b) Partner's capital** (c) Profit and loss appropriation (d) None of these
- 18) Which of the following method, the capital of the partners is not altered and it remains generally fixed?  
**(a) Fixed capital method** (b) Fluctuating capital method (c) Both 'a' and 'b' (d) None of these
- 19) All the transactions between the partner and the firm are recorded in the \_\_\_\_\_  
**(a) capital account** (b) drawings account (c) profit and loss account (d) revaluation account
- 20) Period of interest refers to the period from the date of drawings to the closing date of the \_\_\_\_\_  
 (a) opening year (b) closing year (c) previous year **(d) accounting year**
- 21) Product method can be used in all situations as an alternative to \_\_\_\_\_  
 (a) average period **(b) direct method** (c) both 'a' and 'b' (d) none of these
- 22) In a partnership business, agreement is \_\_\_\_\_  
 (a) compulsory **(b) optional** (c) not necessary (d) none of these
- 23) Interest on capital is calculated on the \_\_\_\_\_  
**(a) Opening capital** (b) Closing capital (c) Average capital (d) None of these
- 24) Current accounts for partners will be opened under, \_\_\_\_\_  
**(a) Fixed capital method** (b) Fluctuating capital method (c) Either fixed capital method or fluctuating capital method  
 (d) None of these
- 25) X and Y are partners sharing the profits and losses in the ratio of 2:3 with capitals of Rs. 1,20,000 and Rs. 60,000 respectively. Profits for the year are Rs. 9,000. If the partnership deed is silent as to interest on capital. Show how profit is shared among X and Y  
 \_\_\_\_\_  
 (a) Profit X - Rs. 6,000; Y - Rs. 3,000 **(b) Profit X - Rs. 3,600; Y - Rs. 5,400** (c) Profit X - Rs. 3,000; Y - Rs. 6,000  
 (d) Profit X - Rs. 2,000; Y - Rs. 2,600
- 26) Under fixed capital method salary payable to a partner is recorded \_\_\_\_\_  
**(a) in current account** (b) in capital account (c) either in current account or capital account (d) none of these
- 27) In the absence of any specific agreement partner's loan to the firm will carry an interest of \_\_\_\_\_  
**(a) 6%** (b) 10% (c) 12% (d) 10%
- 28) Amount is drawn regularly at the end of every month during the year, interest is calculated for \_\_\_\_\_  
**(a)  $\frac{11}{24}$  months** (b)  $\frac{12}{24}$  months (c)  $\frac{13}{24}$  months (d)  $\frac{6}{24}$  months
- 29) When a fixed amount is withdrawn in the beginning of every month the period calculated for interest on drawings is \_\_\_\_\_  
 (a)  $\frac{11}{24}$  (b)  $\frac{12}{24}$  **(c)  $\frac{13}{24}$**  (d)  $\frac{10}{24}$

30) Match List I with List II and Select the Correct Answer using the Codes given below

LIST I		LIST II	
(i)	Partnership Act	1.	2013
(ii)	Agreement	2.	50
(iii)	Indian companies Act	3.	Oral or written
(iv)	Maximum Number	4.	1932

(a)	(b)	<b>(c)</b>	(d)
(i)(ii)(iii)(iv)	(i)(ii)(iii)(iv)	<b>(i)(ii)(iii)(iv)</b>	(i)(ii)(iii)(iv)
2 3 1 4	1 2 3 4	<b>4 3 1 2</b>	3 4 2 1

31) Match List I with List II and Select the Correct Answer using the Codes given below

LIST I		LIST II	
(i)	Remuneration to partners	1.	Section 13(c)
(ii)	Profit Sharing ratio	2.	Section 13(d)
(iii)	Interest on capital	3.	Section 13(b)
(iv)	Interest on loan	4.	Section 13(a)

(a)	<b>(b)</b>	(c)	(d)
(i)(ii)(iii)(iv)	<b>(i)(ii)(iii)(iv)</b>	(i)(ii)(iii)(iv)	(i)(ii)(iii)(iv)
1 2 3 4	<b>4 3 2 1</b>	3 4 2 1	2 1 4 3

32) \_\_\_\_\_ is a form of organization where two or more persons carry on some business acting on the basis of agreement among them.

- (a) Partnership firm** (b) Sole proprietorship (c) Joint Hindu Family (d) Company

33) \_\_\_\_\_ is a document in writing that contains the terms of the agreement among the partners.

- (a) Partnership deed** (b) Partnership at will (c) Both 'a' and 'b' (d) None of these

34) Capital account will always show credit balance under \_\_\_\_\_ method.

- (a) Partner's current account **(b) Partner's capital account** (c) Both 'a' and 'b' (d) None of these

35) \_\_\_\_\_ method, only capital account is maintained for each partner

- (a) Fixed capital **(b) Fluctuating capital** (c) Both 'a' and 'b' (d) None of these

36) \_\_\_\_\_ is the interest allowed on capital of the partners.

- (a) Interest on drawings **(b) Interest on capital** (c) Both 'a' and 'b' (d) None of these

37) \_\_\_\_\_ can be computed by direct method or product method.

- (a) Interest on drawings** (b) Interest on capital (c) Partners salary (d) Partner's commission

38) \_\_\_\_\_ intervals refers to withdrawal made monthly, quarterly, half-yearly, once in 2 months and once in 4 months.

- (a) Fixed time** (b) Current time (c) Average time (d) None of these

39) \_\_\_\_\_ is a type of partnership in which the liability of the partners is limited to the extent of their capital contribution.

- (a) Limited liability partnership** (b) Limited assets (c) Partnership deed (d) None of these

40) Under fluctuating capital method, profit or loss in a year, will be transferred to the respective \_\_\_\_\_ accounts.

- (a) capital** (b) profit and loss (c) drawings (d) none of these

41) Under \_\_\_\_\_ capital arrangement, current accounts will not be maintained.

- (a) Fixed **(b) Fluctuating** (c) Both 'a' and 'b' (d) None of these

42) The debit balance of the current account, will be shown in the \_\_\_\_\_ side of the balance sheet.

- (a) liabilities **(b) assets** (c) debit (d) credits

- 43) Interest on partner's capital is allowed, only when the \_\_\_\_\_ specifically provides for i  
(a) partnership Act (b) **partnership agreement** (c) both 'a' and 'b' (d) none of these
- 44) Indian partnership Act was enacted in the year \_\_\_\_\_  
(a) 1932 (b) **1956** (c) 1991 (d) 1992
- 45) Under fixed capital system, the capitals of the partners \_\_\_\_\_ years after year.  
(a) keep changing (b) **remain fixed** (c) both are possible (d) none of these
- 46) under fluctuating capital systems, the capitals of the partners \_\_\_\_\_ year after years.  
(a) **keep changing** (b) remain fixed (c) Both are possible (d) Both are impossible
- 47) Under fixed capital system, the profit and loss of partners will be transferred to their \_\_\_\_\_ accounts.  
(a) **current** (b) drawings (c) both (d) capital A/c
- 48) The persons who have entered into partnership are collectively known as \_\_\_\_\_  
(a) Partnership (b) partners (c) **firm** (d) company
- 49) Which of the following items does not appear in the profit and loss Appropriation Accounts?  
(a) Salaries to partners (b) Interest on capital (c) Interest on drawings (d) **Drawings**
- 50) Under fixed capital method, partner's salary, commission and interest on capital will be credited in \_\_\_\_\_  
(a) Drawings Account (b) Capital Account (c) **Current Account** (d) Loan Account