

QB365 Question Bank Software Study Materials

Retirement and Death of a Partner 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) A partner retires from the partnership firm on 30th June. He is liable for all the acts of the firm up to the
(a) End of the current accounting period (b) End of the previous accounting period **(c) Date of his retirement**
(d) Date of his final settlement
- 2) On retirement of a partner from a partnership firm, accumulated profits and losses are distributed to the partners in the
(a) New profit sharing ratio **(b) Old profit sharing ratio** (c) Gaining ratio (d) Sacrificing ratio
- 3) On retirement of a partner, general reserve is transferred to the
(a) Capital account of all the partners (b) Revaluation account (c) Capital account of the continuing partners
(d) Memorandum revaluation account
- 4) On revaluation, the increase in liabilities leads to
(a) Gain **(b) Loss** (c) Profit (d) None of these
- 5) At the time of retirement of a partner, determination of gaining ratio is required
(a) To transfer revaluation profit or loss (b) To distribute accumulated profits and losses **(c) To adjust goodwill**
(d) None of these
- 6) If the final amount due to a retiring partner is not paid immediately, it is transferred to
(a) Bank A/c (b) Retiring partner's capital A/c **(c) Retiring partner's loan A/c** (d) Other partners' capital A/c
- 7) 'A' was a partner in a partnership firm. He died on 31st March 2019. The final amount due to him is Rs. 25,000 which is not paid immediately. It will be transferred to
(a) A's capital account (b) A's current account (c) A's Executor account **(d) A's Executor loan account**
- 8) A, B and C are partners sharing profits in the ratio of 2:2:1. On retirement of B, goodwill of the firm was valued as Rs. 30,000. Find the contribution of A and C to compensate B:
(a) Rs. 20,000 and Rs. 10,000 **(b) Rs. 8,000 and Rs. 4,000** (c) Rs. 10,000 and Rs. 20,000
(d) Rs. 15,000 and Rs. 15,000
- 9) A, B and C are partners sharing profits in the ratio of 4:2:3. C retires. The new profit sharing ratio between A and B will be
(a) 4:3 (b) 3:4 **(c) 2:1** (d) 1:2
- 10) X, Y and Z were partners sharing profits and losses equally. X died on 1st April 2019. Find out the share of X in the profit of 2019 based on the profit of 2018 which showed Rs. 36,000.
(a) Rs. 1,000 **(b) Rs. 3,000** (c) Rs. 12,000 (d) Rs. 36,000
- 11) When a partner leaves from a partnership firm, it is known as _____
(a) Admission **(b) Retirement** (c) dissolution (d) death
- 12) The profit or loss arising therefrom is transferred to the capital accounts of all the partners in the _____

- (a) New profit sharing ratio **(b) Old profit sharing ratio** (c) Gaining ratio (d) Sacrificing ratio
- 13) The policy amount received from the insurance company is used to settle the amount due to the _____
 (a) Increased partner **(b) Deceased partner** (c) Partnership at will (d) Partnership deed
- 14) At the time to retirement Balance Sheet items like profit and loss account and General reserve must be transferred to _____
 (a) Revaluation Alc **(b) Partners capital A/c** (c) Both 'a and 'b' (d) None of the above
- 15) If the goodwill account is raised for 50,000, the amount is debited to _____
 (a) The capital accounts of partners **(b) Goodwill account** (c) Cash account (d) Loan account
- 16) When the values of liabilities increases, it results in _____
 (a) Profit **(b) Loss** (c) Income (d) Expenses
- 17) Gaining ratio will be calculated by _____
(a) New ratio minus old ratio (b) Old ratio minus new ratio (c) Old ratio minus sacrificing ratio
 (d) Old ratio minus new ratio
- 18) O, P, and Q are partners sharing the profits in the ratio of 3:2: 1. If P retires the new profit ratio for O and Q will be _____
 (a) 3:2 **(b) 3:1** (c) 2:1 (d) 1: 3
- 19) _____ maybe dissolved at any time by a partner serving notice on the other partners
 (a) Partnership at deed (b) Dissolution of partnership **(c) Partnership at will** (d) All of the above
- 20) The net result of revaluation is adjusted through the _____ accounts of the partners
(a) Capital (b) Real (c) Nominal (d) None of these
- 21) _____ is the proportion of the profit which is gained by the continuing partners
 (a) Sacrificing ratio **(b) Gaining ratio** (c) New profit ratio (d) Old profit sharing ratio
- 22) _____ maybe taken on the life of the partners in a partnership firm
(a) Life policies (b) Insurance premium (c) Both 'a and 'b' (d) None of these
- 23) _____ is calculated to determine the amount of compensation to be paid by each of the continuing partners to the outgoing partners
 (a) Old ratio **(b) Gaining ratio** (c) New ratio (d) Sacrifice ratio
- 24) _____ ratio is calculated by taking out the difference between new profit sharing ratio and old profit sharing ratio
(a) Gaining (b) Sacrifice (c) Old (d) New
- 25) An account operated to ascertain the loss or gain at the death of a partner is called _____
 (a) Realization A/c **(b) Revaluation A/c** (c) Executors A/c (d) Decreased partner's A/c
- 26) Partner's equity is affected due to _____
 (a) Retirement of a partner (b) Admission of a partner (c) Death of a partner **(d) All of these**
- 27) The partnership may come to an end due to the _____
 (a) Death of a partner (b) Insolvency of a partner **(c) Both (a) & (b)** (d) None of these
- 28) A, B and C are partners sharing profits and losses in the ratio of $\frac{1}{2}$, $\frac{3}{10}$ and $\frac{1}{5}$. B retires from the firm. A and C decide to share the future profits and losses in 3 : 2. Calculate gaining ratio _____
(a) 1 : 2 (b) 3 : 2 (c) 2 : 3 (d) None of these
- 29) A, B and C are partners with capitals of Rs. 1,00,000; Rs. 75,000 and Rs. 50,000. On C's retirement his share is acquired by A and B in the ratio of 6 : 4. Gaining ratio will be _____

(a) **3 : 2** (b) 2 : 2 (c) 2 : 3 (d) None of these

- 30) When a partner dies, firm will receive the _____
(a) 1/2 amount of policy (b) 1/4 amount of policy (c) 3/4 amount of policy **(d) Full amount of policy**
- 31) Excess of actual capital over proportionate capital _____
(a) Surplus Capital (b) Deficit Capital (c) Share of profits (d) All of these
- 32) If the value off liabilities decrease, it results in _____ item.
(a) Profit (b) Loss (c) Expenses (d) None of these
- 33) The amount due to the retiring partner is either _____ or is paid in installments.
(a) Paid of immediately (b) Installment (c) Loan (d) None of these
- 34) Mani, Nagappan and Ulaganathan are partners sharing profits in the ratio of 4:3:3. Ulaganathan retires and his share is taken up by mani and Nagappan in the ratio of 3:2. Calculate the new ratio.
(a) 20:10 (b) 21:19 **(c) 29:21** (d) 19:21
- 35) At the time of retirement / death, income sharing ratio among the remaining partners may or _____ change.
(a) May **(b) May not** (c) Change (d) All of these
- 36) Partnership is _____ on the retirement or death of a partner
(a) Dissolved (b) Agreed (c) Retired (d) None of these
- 37) Retirement / death of a partner will not be dissolution if remaining partners are _____ to continue it.
(a) Dissolution (b) Optional **(c) Agreed** (d) All of the above
- 38) _____ If all partners mutually decide for the dissolution, it will be dissolution of the _____
(a) Firm (b) Corporation (c) Government (d) None of these
- 39) On the retirement of a partner reserves should be transferred to the capital Account of _____.
(a) Retiring Partner (b) Remaining partner **(c) All partners** (d) None of these
- 40) P, Q and R are partners sharing profits in the ratio of 4:3:1. P retires and his share is taken by Q and R equally. Calculate new profit sharing ratio of Q and R.
(a) 1:1 (b) 4:3 (c) 3 :4 **(d) 5:3**
- 41) In case of death of a partner the whole amount standing to the credit of his capital account is transferred to _____.
(a) Capital account of all partners (b) Capital accounts of remaining partners **(c) His executors account**
(d) Revenue account of the Government
- 42) A, Band C share profits in the ratio of $\frac{1}{2}$, 3110, $\frac{1}{5}$. G dies, the gaining ratio of A and B will be _____
(a) 1:1 (b) 1:3 **(c) 5:3** (d) 3:1
- 43) On retirement of a partner the continuing partner's capital accounts are debited with retiring parties share of goodwill in _____.
(b) Gaining ratio
(a) Old profit sharing ratio (c) New profit sharing ratio (d) Equal ratio
- 44) If at the time of retirement, there is some unrecorded liability, it will be _____
(a) Debited to Revaluation A/c (b) Credited to Revaluation the A/c (c) Transferred to old partners A/c
(d) Transferred to all Partners Capital A/c
- 45) The gain of remaining partners is equal to _____

- (a) Their new share (b) Their old share **(c) New share - Old share** (d) Old share- New share.
- 46) Which of the following is debited to partners Capital at the time of retirement of a partner?
(a) General Reserve (b) Profit on revaluation **(c) Accumulated losses** (d) Accumulated profits
- 47) At the time of retirement of a partner workmen Compensation Reserve after meeting the legal requirement is transferred to _____
(a) Revaluation Account **(b) All partners Capital A/c** (c) Sacrificing Partner's Capital A/c (d) Old partners capital A/c
- 48) On the retirement of a partner increase in the value of assets is recorded in _____
(a) Revaluation A/c (b) Cash A/c (c) Old partners capital A/c (d) None of the above
- 49) The purpose of preparation of revaluation account is_____
(a) To find out gross profit **(b) To find out net profit** (c) To find out financial position
(d) To find out results of revaluation of assets and liabilities
- 50) On the death of a partner, his, share in the profit of a firm till the date of his death is transferred to the _____
(a) Debit of profit and Loss account (b) Credit of profit and Loss account **(c) Debit of profit and Loss Suspense account**
(d) Credit of profit and Loss Suspense account