1. Ram and	d Shyam are	partners w	vith the	capital of	f rs.25000	/- and Rs.	15000/-
respectively	. Interest pa	yable on ca	apital is	10% p.a	. Find the	interest or	n capital
for both the	partners whe	n the profits	s earne	d by the fi	rm is Rs.2	400/-	

A] Rs.2500/- and	B] Rs.1500/- and	C] No interest will	D] None
Rs.1500/-	Rs.900/-	be paid	

As per section 13 of the Partnership Act 1932, interest will be allowed out of profit only to the extent of available profit.

2. A, V and C are equal partners. D is admitted to the firm for one fourth share. D brings Rs.20000/- capital and Rs.5000 being half of the premium for goodwill. The value of goodwill of the firm is

A] Rs.10000/-	Rs.20000/-	C] Rs.40000/-	D] None
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5000 /1 x4 =20000 (half) full value =20000 x 2 = 40000

3. A and B are partners sharing profits in the ratio 5:3. They admitted C giving him $3/10^{th}$ share of profit. If C acquires $1/5^{th}$ share from A and $1/10^{th}$ from B. New profit sharing ratio will be

A] 5: 6 :3	B] 2:`4 :6	C]18: 24: 38	D] 17: 11: 12
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A's share = 5/8-1/5 = 17/40 B's Share 3/8-1/10 = 22/80 or 11/40

4. The goodwill brought in by incoming partner in cash for joining in a partnership firm is taken away by the old partners in theirratio

A] capital ratio B] New ratio	C] old ratio	D] sacrificing ratio
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5. A and B are partners sharing profits and losses in the ratio 5:3. They admitted C and agreed to give him $3/10^{th}$ of the profit. What is the new ratio after C's admission?

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C's share 3/10 balance 1-3/10 = 7/10 A's new share $7/10 \times 5/8 = 35/80$ B's new share $7/10 \times 3/8 = 21/80$ C's share $3/10 \times 8 = 24/80$

6. Fixed capital account is credited with

A]	interest	on	B]	profit	of	the	C]	salary	of	the	D] none	
capi	tal		yea	ar			par	tner				

In case of fixed capital, all adjustment will be done in current account

7] Outgoing partner is compensated for parting with firm's future profits in favour of remaining partners. In what ratio do the remaining partners contribute to such compensation amount?					
A] gaining ratio	B] capital ratio	C] sacrificing ratio	D] profit sharing		
In case of admission = sacrificing ratio		In case of retirement	= gaining ratio		
8] In the absence of	an agreement, partr	ners are entitled to			
A] salary	B] commission	C] interest on loan And advance	D] profit share in capital ratio		
9] Seetha and Geeta are partners sharing profits and losses in the ratio of 4:1. Meeta was the manager who received salary of Rs.4000/- per month in addition to a commission of 5% on net profits after charging such commission. Profits for the year is Rs.678000/- before charging salary. The total remuneration of meeta is					
A] 78000	B] 88000	C] 87000	D] 76000		
4000 x 12 = 48000 + 678000-48000/105 x 5 = 30000 10] In the absence of agreement, partners are liable to receive interest on their loans @					
A] 12% simple interest	B] 9% simple interest	C] 10% compound interest annually	D] 6% simple interest p.a.		
11] X and Y are partners sharing profits in equal ratio. Z is admitted into the firm for 50% share in the profit which he acquires from X and Y equally. The profit sharing ratio will be					
A] 1/3 : 1/3 : 1/3	B] 1 : 1: 2	C] 2:1:1	D] none		
X new ratio 1 -1/4 = 2/4 y new ratio 1 -1/4 = 2/4 z new ratio $\frac{1}{2}$ new ratio 1:1:2 12] A and B are partners sharing profits and losses in the ratio of 5:3. On admission C brings Rs.70000/- cash and Rs.48000/- against goodwill. New profit sharing ratio between A, B and C is 7:5:4. Find the sacrificing ratio					
A] 3:1	B] 4:7	C] 5 : 4	D] 2: 1		

Sacrificing ratio = Old ratio - new ratio A 5/8-7/16 = 3 B 3/8 - 5/16 = 1

13] A, B and C are partners with profit sharing ratio 4:3:2. B retires and Goodwill Rs.10800 was shown in the books of account. If A and C shares profits of B in the ratio of 5:3, then find the value of goodwill shared between A and C

A] 1850/- & 1950/-	B] 1650/- & 1750/-	C] 1950/- & 1650/-	D]2000/- & 1600/-	
Gaining ratio = New ratio - old ratio				

14. A and B are partners sharing profits and losses in the ratio of 3:2 (A's capital is Rs.30000 and B's capital is Rs.15000). They admitted C and agreed to give 1/5th share of profits to him. How much C should bring in towards his capital?

A] 9000	B] 12000	C] 14500	D] 11250

If C's share is 1/5 then balance is 4/5 if 4/5 is 45000(30000+15000) then 1/5 is $45000/4 \times 1 = 11250$

15] X and Y are partners sharing profits in the ratio of 3:1. They admit Z as a partner who pays Rs.4000/- as goodwill. The new profit sharing ratio being 2:1:1 among X, Y, Z respectively. The amount of goodwill be credited to

A] X 3000 Y 1000	Bl X only	C] Y only	Dl none
/1] / 0000 1 1000			D] HOHO

on admission goodwill to be shared in sacrificing ratio SR = OR - NR X = 3/4 - 2/4 + 1 $Y = \frac{1}{4} - \frac{1}{4} = 0$

16. A, B and C are partners sharing profits and losses in the ratio 2:1:1. Firm has a joint life policy of Rs.120000/- and in the balance sheet it is appearing at the surrender value Rs.20000/-. On the death of A, how this Joint life policy (JLP) will be shared among partners

A] 50000:	B]60000:	C]40000:	D] whole of Rs.120000/-
25000:25000	30000:30000	35000:25000	will be paid to A

120000 -20000(surrender value) 100000 according to profit sharing ratio

17. A, B and C are partners in a firm. A took insurance on his life, for and on account of partnership and the premium in respect of insurance policy is paid out of the partnership fund. A designated B as nominee of the insurance. Who will be beneficiary of insurance policy?

A] A	B] B	C] And B jointly	D] Partnership firm of A, B & C
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18. A and B are partners sharing profits in the ratio of 5:3. They admit C and the new profit sharing Raito is agreed at 4:2:1. The sacrificing ratio will be

A] 5:3	B] 1:1	C] 2:1	D]	3:5		
SR - OR - NR A 5/8 - 1/7 - 3 R 3/8 - 2/7 - 5						

19. A and B are partners sharing profits in the ratio of 4:1. C is admitted for ¼th share in the profits which he acquires wholly from A. The new profit sharing ratio will be

	A] 4:11:5	B] 10:5:5	C] 8:7:5	D] 11:4:5
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 $C = \frac{1}{4}$ A = $\frac{4}{5}$ - $\frac{1}{4}$ = $\frac{11}{20}$ B] $\frac{1}{5}$ to convert to 20 $\frac{4}{20}$

20. Interest payable on the capital of the partners is charged in

A] P and L A/c.	B] P and L	C] P and L	D]	Realisation
	(Adjustment) A/c.	(Appropriation) A/c.	accou	nt

21] X and Y partners sharing profits in the ratio of 3:1. They admit Z as a partner who pays Rs.8000 as goodwill the new profit sharing ratio being 2:1:1 among X, Y and Z respectively. The amount of goodwill be credited to

A] X 6000 Y 2000 B] X only	C] Y only	D] None
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Goodwill be shared on SR. SR= OR – NR for $X = 3/4 - 2/4 = 1 Y = \frac{1}{4} - \frac{1}{4} = 0$

- 22. in the absence of an agreement to the contrary
- A] An active partner is entitled for salary and a sleeping partner for interest on capital @ 6% per annum
- B] An active partner is entitled for salary and each partner for interest on capital @ 6% p.a
- C] All partners are entitled for salary and interest on capital @ 6 % p.a.
- D] No partner is entitled for salary or interest on capital
- 23. An ordinary partnership firm can have

A] not more than	B] not more than	C] not less than 3	D] any number of
20 members	50 members	partners	partners

24. A, B and C are partners sharing profits in the ratio of 3:2:1. D is admitted. The new profit sharing ratio among A, B, C and D will be 3:3:2:2. The gain or sacrifice will be

A] A sacrificed 6/30	B] A sacrificed 1/	C] C gained 1/30D	D] Both a and
B sacrificed 1/30	30 B sacrificed 6/30	gained 2/10	С

- 25. When interest is to be allowed on the capitals of the partners, it is calculated on the basis of the
- A] Capital at the end of the year
- B] Capital at the end of the year less drawing if any
- C] Capital in the beginning of the year
- D] Average capital

26. In case revaluation account is prepared, the assets and liabilities appears in the books of reconstituted firm at their

A	D1 1 4 1	01 1 10	D1 1: 11 1
A] old book value	B] market value	C] revalued figure	D] realizable value

27. A and B are partners sharing profits in the ratio of 3:2. C is admitted into the firm for 1/5th shared in the profit which he acquires equally from A and B. The new profit sharing ratio will be

1 0.0.2 0 0.2.2	A] 3:5:2	B] 4:4:2	C] 5:3:2	D] 6:2:2
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C is share 1/5 A is new share 3/5-1/10=5/10 B = 2/5-1/10=3/10

- 28. Which of the following is true?
- A] An incoming partner acquires his share from all the old partners in their profit sharing ratio
- B] An incoming partner acquires his share from all the old partners in some agreed ratio
- C] An incoming partner acquires his share from one or more of the old partners in some agreed ratio.
- D] None of the above.
- 29] A and B are partners sharing profits and losses in the ratio of 3:2(A capital Rs.54000 and B Rs.36000). They admitted C agreed to give 1/5th share of profits to him. How much C should bring in towards his capital?

7] 1000 5] 21000 5] 22000	A] 18000	B] 24000	C] 29000	D] 22500
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4/5 = 90000 therefore $1/5 = 90000/4 \times 1 = 22500$

30] A and B are partners sharing profits and losses in the ratio of 3:2. They admit C into partnership for one fourth share of the profits while A and B as between themselves sharing profits and losses equally. The new profit sharing (NR) ratio and sacrificing ratio (SR) will be

A] NR3:3:2 SR1:9 B] NR4:2:2 SR9:	1 C] NR3:3:2 SR9:1	D]None
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New ratio 1-1/4 = $\frac{3}{4}$ A $\frac{1}{2}$ of $\frac{3}{4}$ = 3/8 B $\frac{1}{2}$ of $\frac{3}{4}$ = 3/8 C convert 1/4 = 2/8 3:3:2 Sacrificing ratio = OR – NR A = 3/5-3/8 = 9 B = 2/5-3/8 = 1

31] Which of the following items are added to previous year profit for the purpose of goodwill valuation?

A] loss due to fire	B] loss on sale of	C] loss due to sale	D] all of the above
	fixed assets	of invoice	

32]X and Y shared profits and losses in the ratio of 3:2. With effect from 01/04/2009 they agreed to share profit equally. The goodwill of the firm valued at Rs.30000/-. The necessary single adjusting entry will involve

A] Debit Y and	B]	Debit	Χ	and	C Debit Y and credit	D]	Debit	Χ	and
credit X by Rs.3000	credit Y by Rs.3000		3000	X by Rs.300	credit Y by Rs.300				

Old share of goodwill = X 30000x 3/5 = 18000 Y = 30000 x 2/5 = 12000New share of goodwill = $X 30000 x \frac{1}{2} = 15000 Y = 30000 x \frac{1}{2} = 3000$

1] b	2] c	3] d	4] d	5] b	6] d	7] a	8] c	9] a	10] d
11] b	12] a	13]	14] d	15] b	16] a	17] d	18] d	19] d	20] c
21] b	22] d	23] a	24] d	25] a	26] c	27] c	28] c	29] d	30] c
31] a	32] b								