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Grade : XII	Subject : Accountancy	Worksheet
Date :	Empower 1	Ch-1 to 7

NON PROFIT ORGANISATION

1. What is the nature of income and expenditure account?
 - a) Real
 - b) Nominal
 - c) Personal
 - d) None of these
2. What is the main motive of non-profit organisation?
 - a) Profit
 - b) Both
 - c) Service
 - d) None of these
3. Receipt and Payment Account is prepared on on which basis?
 - a) Cash basis
 - b) Accrual basis
 - c) Hybrid basis
 - d) None of this
4. Which of following generally considered as a non-profit seeking organisation?
 - a) Insurance companies
 - b) Corporations
 - c) Charitable organisations.
 - d) Audit firms
5. Non-Profit organisation prepare all of the following accounts except the
 - a) Receipt and payment accounts.
 - b) Income and expenditure accounts
 - c) Balance sheet.
 - d) Income statement
6. Income greater than expenditure of a non-profit organisation give rise to a
 - a) Profit
 - b) deficit
 - c) Gain.
 - d) Surplus
7. For a sports club, Expenditure on the purchase of sports machinery /equipment's is a _____ expenditure.
8. Outstanding subscription at the end of accounting year represents _____.
9. Not for the profit organisation prepares _____ a/c instead of profit and loss a/c.
10. Purchase of machinery is a _____ expenditure.

11. Usually _____ is a major source of revenue income for not for profit organisation.
12. An income and expenditure account and a Balance sheet are prepared as final accounts by _____.
13. In non-profit organisation, only _____ receipt is consider as income.
14. The excess of total assets over total liabilities of a not for profit organisation is _____.
15. Name the account in which profit on sale of an old scrap an assets is credited?
16. Name the statement showing the financial position of a concern on a particular date?
17. Name the periodical payment made by the members to the concern for maintaining one's membership.
18. Name the account which always accompanied by balance sheet.
19. Amount given to a non-profit organisation for a specific purpose is called?
20. Closing Balance of income and expenditure account is transferred to _____ fund.
21. _____ Account is a summary of cash and bank transaction for a particular period.
22. Non-cash items are not recorded in
 - a) Income and expenditure
 - b) Receipt and payment
 - c) Balance sheet
 - d) Profit and loss account
23. Life membership fee is called.
 - a) Recurring Income
 - b) Non Recurring Income
 - c) Revenue Receipt
 - d) None of these
24. There is no difference between Receipts and Payment Account and Income and Expenditure Account.
True/False
25. In the Income and Expenditure Account, all incomes received during the year irrespective of the year for which they are received, are to be recorded. True/False

BASIC CONCEPT OF PARTNERSHIP

1. The relation between persons who have agreed to share the profits of a business carried on by all Or any one of them acting for all known as...
 - a) Company
 - b) Corporative society

- c) Partnership
 - d) Joint Hindu family business
- 2) Persons who have entered into partnership with one another are collectively called.....
- a) Partners
 - b) Firm
 - c) Shareholder
 - d) Creditor
- 3) Does partnership firm has its own separate legal entity?
- a) Yes
 - b) No.
 - c) Partly
 - d) In special cases it has
- 4) Under rule 10 of company's rules 2014, how many partners can be there in a partnership firm...
- a) 100
 - b) 30
 - c) 20
 - d) 50
- 5) Limited Liability Partnership is an incorporated partnership formed and registered under.....
- a) Partnership act 1932
 - b) Companies act 2013
 - c) Corporative society act 1912
 - d) Limited Liability partnership act 2008.
- 6) If the partnership Deed is silent about the profit sharing ratio profit and loss are to be shared
- a) Equally, irrespective of their capital
 - b) Equally, respective of their capital
 - c) In 3:2:1
 - d) Unequally

If the partnership Deed is silent about interest on capital,

- a) No interest on capital is payable
- b) Interest on capital payable @6%
- c) Interest on capital payable in their profit sharing ratio
- d) None of the above

- 8) If the partnership Deed is silent about interest on loan....
- a) No interest on loan will be payable
 - b) He is entitled to get 6% p. a
 - c) He is entitled to get 6%p.m
 - d) Interest is given only in the case of profit
- 9) If the partnership Deed is silent about remuneration of the partners
- a) 10% of the capital should be given as remuneration
 - b) 10% of the profit should be given to a partner as remuneration
 - c) No remuneration will be given
 - d) None of the above
- 10) It is better to have the agreement in writing to avoid any
- a) Dispute
 - b) Case
 - c) Loss
 - d) Audit
- 11) Salary paid to a partner will be shown in:
- a) Partners current A/c only
 - b) Profit and loss account
 - c) Profit & Loss appropriation A/c
 - d) Partners' capital account only
- 12) Current accounts of the partners should be opened when the capitals are:
- (a) Fluctuating
 - (b) Fixed
 - (c) Either fixed or fluctuating
 - (d) None of these
- (13) Investment in partnership is made by introducing:
- (a) Cash
 - (b) None – cash assets
 - (c) Cash or non – cash assets
 - (d) None of these.

(14) Under fixed capital methods, profit will be credited to:

- (a) Capital Account
- (b) Drawings
- (c) Current A/c
- (d) Profit & Loss

(15) Liability of partners in a partnership business is:

- (a) Limited
- (b) Un-limited
- (c) Limited & unlimited
- (d) None of these

(16) Capital of the partners is maintained by:

- (a) Fixed capital method.
- (b) Fluctuating capital methods.
- (c) By any two above methods.
- (d) None of them.

(17) Drawings of the partners are:

- (a) Debited to profit & loss A/c
- (b) Credited to profit & loss A/c
- (c) Credited to capital A/c
- (d) Debited to capital A/c

18) Which of the following not comes in profit and loss appropriation A/c

- a) Interest on capital
- b) Interest on drawings
- c) Interest on loan
- d) Salary to partner

19) A and B are partners with capital ₹150000 and ₹100000 respectively. They father introduced additional capital of ₹30000 and ₹20000 on July 2018. Calculate interest on capital if partnership deed is silent about interest on capital, year ended on 31 March every year.

- 1. 8250 and 5500
- 2. 8255 and 5550
- 3. No interest on capital will be charged
- 4. None of them

20) A and B are partners with capital ₹150000 and ₹100000 respectively. They father introduced additional capital of ₹30000 and ₹20000 on July 2018. Calculate interest on capital @5%, year ended on 31 March every year.

- e) 8250 and 5500
- f) 8255 and 5550

g) No interest on capital will be charged

h) None of them

21) Which of the following statement is incorrect?

(a) A person who receives the profits is always a partner.

(b) A person who receives the profits is not necessarily a partner.

(c) The true test of partnership is the mutual agency i.e., agency relationship among partners.

(d) The partnership comes into existence only an agreement.

22) A, a contractor, appointed B to manage his entire work. It was agreed that B would receive 50% of the profits as his remuneration and would bear all the losses, if any. Here, B is

(a) A's partner

(b) A's agent

(c) Sole proprietor

(d) None of these

23) What will be the interest on drawings of A @ 15 % per annum if A withdrew Rs. 6,000 per month in the beginning of every month?

a) 5250

b) 5850

c) 5350

d) 5450

24) What will be the interest on drawings of A @ 10 % per annum if A withdrew Rs. 10,000 per month in the end of every month?

a) 5500

b) 5600

c) 5050

d) 5060

25) What will be the interest on drawings of A @ 10 % per annum if A withdrew Rs. 10,000 per month in the middle of every month?

a) 5005

b) 6001

c) 6500

d) 6000

26) What will be the interest on drawings of A @ 10 % per annum if A withdrew Rs. 12,000 in the end of each quarter during the year?

a) 1830

b) 1850

c) 1800

d) 1810

- 27) What will be the interest on drawings of A @ 10 % per annum if A withdrew Rs. 10,000 in the middle of each quarter during the year.
- a) 2000
 - b) 2200
 - c) 2100
 - d) 2150
- 28). An incoming partner, who has been validly admitted in the firm, is
- (a) Liable for the past debts of the firm.
 - (b) Not liable for the past debts of the firm.
 - (c) Liable for debts of the firm incurred after his admission.
 - (d) Both (a) and (c).
- 30) .The firm is bound by an act of a partner done without any express or implied authority if such act is
- (a) Done in emergency
 - (b) Done to protect the firm from loss-threatened by the emergency.
 - (c) Reasonable in the circumstances
 - (d) All of these

ADMISSION OF NEW PARTNER

1. Revaluation account is debited for a decrease in the value of
 - A) Liabilities
 - B) Assets
 - C) Both liabilities and assets
 - D) None of liabilities and assets.
2. Profit on revaluation is transferred to which side of the partner's capital account
 - A) Debit side
 - B) Credit side
 - C) It is not posted in capital account
 - D) None of above.
3. Reserve should be distributed among the existing partners in which ratio.
 - A) Sacrificing ratio
 - B) Gaining ratio
 - C) Existing ratio
 - D) Not distributed.
4. Which is the main right of a partner?
 - A) Right to stop other partners for drawings
 - B) Right to share the Assets of the firm.
 - C) Right to share the old profits of the firm
 - D) Right to say no for goodwill.
5. According to Section 30 of Partnership Act 1932.
 - A) New partner will bring capital and Goodwill in cash
 - B) New partner will inspect the books of accounts
 - C) New partner is allowed to share old profits.
 - D) New partner is admitted by the consent of all partners.
6. The balance of revaluation account is transferred to the capital accounts of partner in which ratio.
 - A) capital ratio
 - B) old profit sharing ratio
 - C) new profit sharing
 - D) sacrificing ratio .
7. When a partner is given guarantee by the other partner loss on such guarantee will be Borne by.
 - A) Partnership firm.
 - B) all the other partner
 - C) partner who gave the guarantee
 - D) partner who have highest profit sharing ratio.
8. When a new partner is admitted to the partnership firm.
 - A) old partnership is dissolved
 - B) Old partnership firm is dissolved
 - C) both old partnership and firm are dissolved
 - D) Neither old partnership and firm are dissolved.
9. Capital employed formula is
 - A) Total asset -outstanding liabilities
 - B) Total liabilities- Capital .
 - C) Capitalised value of profit -Capital employed .
 - D) Average profit - normal profit .
10. When a partner so admitted to the existing partnership firm is called
 - A) Admission of a partner
 - B) Incoming of a partner
 - C) Change of partnership firm
 - D) Partnership change .

11. Revaluation account is debited for an increase in the value of .
- decrease in assets
 - decrease in liability
 - increase in assets
 - increase in liability
12. Revaluation account is credited for an increase in the value of
- decrease in assets
 - increase in liability
 - increase in assets
 - decrease in liability.
13. Goodwill given in the old balance sheet will be .
- Written off by the sacrificing partners
 - Distributed by the Gaining partner.
 - credited to old partners capital account
 - written off by the old partner .
14. A and B are partners in a firm sharing profits in the ratio of 2 : 1 . They admitted C as a new partner for $\frac{1}{5}$ th share new ratio will be 3 : 1 : 1. Sacrificing ratio will be
- 2:1
 - 1:7
 - 3:5
 - 1:2
15. Being new partner Chander brought Rs 20000 for his share of goodwill . Which amount should be debited.
- Profit account
 - Goodwill account
 - Partners account
 - Bank account.
16. A contractor appointed B to manage his entire work . It was agreed that B would receive 50% of the profit as his remuneration and would bear all the losses if any . Here B is.
- A's partner
 - A's Agent
 - Sole proprietor.
 - none of these.
17. Value of goodwill agreed-upon 30000 C an incoming partner purchases $\frac{1}{4}$ th share of total profit . what will be the goodwill raised in the book of accounts.
- 30000
 - 7500
 - 15000
 - 12000.
18. A and B are partners sharing in the ratio of 3 : 2 . C is admitted and he gets $\frac{3}{20}$ from A and $\frac{1}{20}$ from B. Calculate new and sacrificing ratio .
- 5:4:2
 - 3:2:1
 - 9:7:4
 - 3:4:2.
19. X and Y are partners sharing profits in the ratio of 5:3. The new partner gets $\frac{1}{5}$ th of X's share and $\frac{1}{3}$ rd of Y's share . Calculate new ratio .
- 1:2:3
 - 5 : 7 : 9
 - 2:2:1
 - 4:2:2
20. If incoming partner purchases share from an old partner it brings
- no change in ownership
 - It reduce total ownership
 - It increases in ownership
 - none of above.

21. Total proprietorship of the business is increased
- A) At the admission of new partner
 - B) Purchase of asset
 - C) Buy admission through investment
 - D) None of the above
22. Goodwill is valued at 2 years purchased of the average profit of previous years which are 15000, the value of goodwill will be .
- A) 10000
 - B) 30000
 - C) 15000
 - D) 20000.
23. Introduction of a new partner is due to
- A) Need to more capital
 - B) Fresh ideas and more contacts.
 - C) Obtaining of skilled person
 - D) All of above .
24. When a new partner brings cash for Goodwill the amount is credited to the
- A) Premium for Goodwill account
 - B) Capital account of the new partner
 - C) Cash account
 - D) None of above.
25. Revaluation account or profit and loss adjustment account is a
- A) Real account
 - B) Nominal account
 - C) Personal account
 - D) None of the above
- 26) Partnership is an agreement betweenpersons.
- A. one
 - B. Two
 - C .Two or more
 - D .Three
- 27) In what case reconstitution of firm is done?
- A. Admission of partner.
 - B. Change in profit sharing ratio
 - C .Retirement and death of partner
 - D .All of above
- 28) A new partner can be admitted in to the firm only with the.....of all partner.
- A .Dissent
 - B. consent
 - C .Forbid
 - D .None of above
- 29) At the time of admission, new partner can bring goodwill inform.
- A. In cash.
 - B .In form of goods
 - C .both.
 - D .none of above

- 30) The amount of goodwill brought by new partner, compensated the existing partners for
- Loss in their share in future profit
 - Loss in their share in past profit
 - Loss in their present profits
 - None of above
- 31) Share of new partner, which he will acquire from existing partners, decided by
- Old partners.
 - New partner.
 - Mutually
 - none of above
- 32) At the time of admission of a new partner, p&l a/c (cr) balance appearing in the old balance sheet is transferred to...
- All partner's capital a/c
 - New partner's capital a/c
 - Old partner's capital a/c
 - None of above
- 33) At the time of admission of a new partner decrease in the value of assets is debited to.....
- P&L adjustment a/c.
 - Old partner's capital a/c
 - Assets a/c.
 - None of above
- 34) When firm is reconstituted, revaluation of assets and reassessment of liabilities done through.....
- Partner's capital a/c.
 - Balance sheet.
 - P&L Appropriation A/C.
 - None of above
- 35) The nature of P&L Appropriation A/c is.....
- Real A/C.
 - Personal a/c.
 - Nominal a/c.
 - both real and personal a/c
- 36) When revaluation a/c has cr. balance then it indicate?
- Gain
 - Loss.
 - Neither gains nor loss.
 - both gain and loss
- 37) Balance of P&L Appropriation A/c transferred in to.....
- A. P&L a/c B. Balance Sheet. C. Partner's Capital a/c. D. None of Above
- 38) If incoming partner purchase share from an old partner it.....
- Reduce total ownership.
 - Increase ownership
 - Brings no change in ownership.
 - None of above
- 39) Goodwill is valued at two years purchase of average profits of three previous years which are Rs.15000
I've value of goodwill be:
- A. Rs.10000. B. Rs.20000. C. Rs.30000. D. Rs.40000

40 With regards to a partnership agreement which of the statements are correct.

A .Agreement may be an oral one.

B .The agreement may be inferred from the manner of t their past behaviour.

The agreement should be printed,legally attested and registered

The agreement may be a written one

- A) A&B. B) B&C&D. C) A&B&C. D) A&B&D

41) Amit and Kajal partner in a firm sharing profit in the ratio of 3:2.With effect from January 1,2019 they agree to share profits equally .For this purpose the goodwill of the firm was valued at Rs.60000.Pass the necessary journal entry.

A. Kajal capital A/C. Dr. 24000. B. Amit capital A/c. Dr. 6000
To Amit capital A/C 24000. To Kajal capital a/c. 6000

C.Kajal capital a/c. Dr. 6000
To Amit capital a/c. 6000.

D .None of these

42) A firm has an unrecorded investment of 5,000. Entry in the firm's journal on admission of a partners will:

A. Revaluation Account Dr. 5,000

To Unrecorded Investment A/c 5000

B. Unrecorded Investment A/c Dr. 5000

To Revaluation A/c 5000

C. Partner's Capital A/c Dr. 5000

To Unrecorded Investment A/c 5000

D. None of these

43) A and B are partners sharing profits and losses in the ratio 5:3. They admitted C and agreed to give him 3/10th of the profit. What is the new ratio after C's admission?

A. 35:42:17

B. 35:21:24

C. 49:22:29

D. 34:20:12

44) C was admitted in a firm with 1/4th share of the profits of the firm. C contributes 15,000 as his capital, A and B are other partners with the profit sharing ratio as 3:2. Find the required capital of A and B, if capital should be in profit sharing ratio taking C's as base capital:

A. 27,000 and 16,000 for A and B respectively.

B. 27,000 and 18,000 for A and B respectively.

C. 32,000 and 21,000 for A and B respectively.

D. 31,000 and 26,000 for A and B respectively.

45) X and Y are partners sharing profits in the ratio 5:3. They admitted Z for 1/5th share of profits, for which he paid 1,20,000 against capital and 60,000 against goodwill. Find the capital balances for each partner taking Z's capital as base capital.

A.3,00,000; 1,20,000 and 1,20,000

B. 3,00,000; 1,20,000 and 1,80,000

C. 3,00,000; 1,80,000 and 1,20,000

D. 3,00,000; 1,80,000 and 1,80,000

46) A and B are partners sharing the profit in the ratio of 3:2. They take C as the new partner, who brings in 25,000 against capital and 10,000 against goodwill. New profit sharing ratio is 1:1:1. In what ratio will the goodwill will be shared among the old partners A & B.

A. 8,000 : 2,000

B. 5,000 : 5,000

C. Old partners will not get any share in the goodwill bought in by C

D.6,000 : 4,000

47) A and B are partners sharing the profit in the ratio of 3 : 2. They take C as the new partner, who is supposed to bring 25,000 against capital and 10,000 against goodwill. New profit sharing ratio is 1:1:1. C is not able to bring his share of goodwill. How this will be treated in the books of the firm.

- A. A and B will share goodwill bought by C as 4,000:1,000
- B. Goodwill will be raised to 30,000 in old profit sharing ratio
- C. Both
- D. None

ANSWER KEY

- | | |
|-------|-------|
| 1. A | 11. D |
| 2. B | 12. C |
| 3. C | 13. D |
| 4. D | 14. D |
| 5. D | 15. D |
| 6. B | 16. B |
| 7. C | 17. B |
| 8. A | 18. C |
| 9. A | 19. C |
| 10. A | 20. A |
| 21. C | 22. B |
| 23. D | 24. A |
| 25. B | 26. C |
| 27. D | 38. C |
| 28. B | 39. C |
| 29. C | 40. C |
| 30. A | 41. C |
| 31. C | 42. C |
| 32. C | 43. C |
| 33. A | 44. B |
| 34. C | 45. B |
| 35. C | 46. C |
| 36. A | 47. A |
| 37. A | |

RETIREMENT

Question 1:- The partnership may come to an end due to the:

- a) Death of a partner
- b) Insolvency of partner
- c) By giving notice
- d) All of the above

Question 2:- Do in case of retirement of a partner full goodwill is credited to the accounts of :

- a) All the partners
- b) Only retiring partner
- c) Only remaining partner
- d) None of the above

Question 3:- Revaluation account is operated to find out gain or loss at the time of enter

- a) Admission of a partner
- b) Retirement of a partner
- c) Death of a partner
- d) all of the above

Question 4:- Partners equity is affected due to:

- a) Retirement of a partner
- b) Admission of partner
- c) Death of a partner
- d) all of the above

Question 5:- The accounting procedure at the retirement of partner is valued

- a) Revaluation of assets and liabilities
- b) Ascertaining his share of goodwill
- c) See finding the amount due to him
- d) All of the above

Question 6:- If the remaining partner wants to continue the business after the retirement of a partner a new partnership agreement is

- a) Necessary
- b) Not necessary;
- c) Optioned
- d) None of the above

Question 7:- An account operated to ascertain the loss or gain at the death of a partner is called

- a) Realization account
- b) Revaluation account
- c) Execution account
- d) Deceased partner account

Question 8:- Amount due to outgoing partner is shown in the balance sheet as his :

- a) Liability
- b) Asset
- c) Capital
- d) Loan

Question 9:- The loss or gain an account of revaluation at the time of retirement of a partner is shared by

- a) Remaining partners
- b) Retiring partner
- c) All partners
- d) One of the above

Question 10. On the retirement of a partner any reserve being should be transferred to the capital account of:

- a) All partners in the old profit sharing ratio
- b) Remaining partners in the new profit sharing ratio
- c) Neither the retiring partner for the remaining partner
- d) None of the above

Answers: 1.d 2.a 3. d 4.d 5.d 6.a 7. b 8.d 9.c 10a

Fill up on retirement and death

1. Amount due to retiring partner reduces due the _____ to him.
2. When a partner withdraws his _____ from the partnership firm it is called _____ of a partner.
3. Partnership is _____ on the retirement or death of a partner.
4. If remaining partners want to continue the business they should make new _____
5. At the time of retirement/ death profit sharing ratio among the remaining partners _____ or may _____ change.
6. Goodwill may be _____ if all the partners are agreed that it not remain in the books.
7. The payment made to the retiring partner in installment is known as _____.
8. Share of goodwill to retiring partner is debited to remaining partner's in _____ ratio.
9. Loan of deceased partner is given in _____ account.
10. Retirement and death is called _____ of partnership.

Answers: 1. capital, retirement 2. Dissolved 3. Agree 4. Liability 5. may, not 6. written off 7. annuity 8. gaining ratio 9. executor's loan 10. Reconstitution of partnership

One word answer questions

1. The loss or gain on account of revaluation at the time of retirement of a partner is shared by:
2. Amount due to outgoing partner is shown on the balance sheet as his:
3. An account operated to ascertain the loss or gain at the death of a partner is called:
4. What is the formula of finding out gaining ratio?
5. According to Section 37 of the Indian Partnership Act 1932 the interest payable to the representative of decrease partner on the amount left by him will:

**Answers: 1. Old partners
2. loan account
2. Revaluation account
4. New Ratio-Old Ratio
5. 6%**

True False

1. In event of death of a partner the amount of general reserve is transferred to partners capital account in Old profit sharing ratio.
2. At the time of retirement of a partner, if Goodwill appears in the balance sheet, it must be written off and the capital accounts of all partners are debited in new profit sharing ratio.
3. Increase in the value of assets should be debited to the revaluation account.
4. The method under which amount payable to the retiring partner is paid off at a time is called lump sum method.
5. Retirement of a partner leads to dissolution of the firm unless otherwise agreed upon.

Answers: 1.T 2.F 3.F 4.T 5.T

Dissolution of partnership firm

1. Unrecorded liability, when paid on dissolution of a firm is debited to
 - (a) Partner's capital A/C
 - (b) Realization A/C
 - (c) Liabilities A/C
 - (d) Asset A/c

2. Under Garner vs. Murray rule , the insolvency loss should be born by solvent partners according to
 - (a) Capital ratio
 - (b) Profit sharing ratio
 - (c) Final claims ratio
 - (c) Maximum loss ratio

3. A firm is unable to pay its Debt when
 - (a) A partner is insolvent
 - (b) A partner has Debit balance
 - (c) The firm is insolvent
 - d) None of the above

4. Realisation account is a
 - (a) Nominal account
 - (b) Real account
 - (c) Personal account
 - (d) None of the above

5. When Realisation expenses are to be born by a partner it is is credited to
 - (a) Partners capital account
 - (b) Cash account
 - (c) Realisation account
 - (d) Profit and loss account

6. At the time of dissolution of a firm assets taken by a partner should be
 - (a) Credited Realisation account
 - (b) Debited to Realisation account
 - (c) Realisation account should neither be debited nor credited

(d) None of the above

7. An unrecorded asset realized at the time of realization is credited to

- (a) Realisation A/c
- (b) Revaluation A/c
- (c) Capital A/C
- (d) Assets A/c

8. Unrecorded liability when paid on dissolution of a firm is debited to

- (a) Realisation A/c
- (b) Revaluation A/C
- (c) Partners Capital A/C
- (d) Liability A/C

9. Profit or loss on realisation should be divided among partners is the

- (a) Profit sharing ratio
- (b) Equally
- (c) Capital Ratio
- (d) New Ratio

10. Provision for doubtful debts appearing at the time of dissolution of a firm transferred to

- (a) Debtors A/C
- (b) Realisation A/C
- (c) Cash A/C
- (d) Revaluation A/C

11. General Reserve appearing at the time of dissolution is transferred to

- (a) Bank A/C
- (b) Realisation A/C
- (c) Capital A/C
- (d) Cash A/C

12. Goodwill is closed at the time of dissolution by transferring to

- (a) Realisation A/C (
- (b) Liability A/C
- (c) Capital A/C
- (d) Assets A/C

13. Joint life policy reserve appearing at the time of dissolution of a firm is transferred to

- (a) Capital A/C
- (b) Realisation A/C
- (c) Neither Two
- (d) Revaluation A/C

14. Realisation made in parts is called

- (a) Distribution of capital
- (b) Piece meal distribution
- (c) Equal Share
- (d) None of these

15. At the time of dissolution all the assets of the firm are transferred to the realisation A/C at value

- (a) Market
- (b) Book
- (c) Asset
- (d) None of these

16. On the insolvency of all the partners of firm, the loss should be borne by

- (a) All partners in their capital ratio
- (b) All partners in their profit sharing ratio
- (c) The creditors
- (d) None of these

17. The first step in the dissolution process is to

- (a) Prepare a balance sheet on the date of dissolution
- (b) Distribute the available cash to the creditors
- (c) Both
- (d) None of these

18. On dissolution of a firm creditors are paid out of
- (a) Profit on realisation
 - (b) Contribution by partners realised assets and profit
 - (c) Realised assets profit contribution by partners
 - (d) None of the above
19. On dissolution of a firm cash in hand is transferred to
- (a) Realisation A/C
 - (b) Partners Capital A/C
 - (c) Cash A/C
 - (d) Creditors A/C
20. A solvent partner will have to bear the deficiency of an partner when he has a
- (a) Credit Capital Balance
 - (b) Debit or nil capital balance
 - (c) None of these
 - (d) Both A and B

FILL IN THE BLANKS WITH THE APPROPRIATE WORD/WORDS

1. A partnership comes to an end when the activities of the firm become
2. When a firm decides to close its business, it is said to be
3. Dissolution of a..... Is Different from dissolution of
4. The firm is compulsorily when all the partners or expecting one partner die.
5. The firm is dissolved by court when a partner become.....
6. The firm is dissolved by..... When all the partner's give their consent.
7. If a partner takes over any liability which is not recorded the amount is to be credited to
8. The expenses of realisation are to realisation a/c.
9. Unrecorded liability paid at the time of dissolution is debited to account and credited to cash account.
10. Unrecorded assets realised toa/c and credited to realisation a/c.

Q – 1 Answer the following question. (Each of __ marks)

[__ marks]

1. A
2. A
3. A
4. A
5. A
6. A
7. A
8. A
9. A
10. A
- 11.

Q – 2 Answer the following question. (Each of __ marks)

[__ marks]

1. A
2. A
3. A
4. A
5. A
6. Aa
7. A
8. A
9. A

Q – 3 Answer the following question. (Each of __ marks)

[__ marks]

1. A
2. A
3. A
4. A
5. A
6. A
7. A
8. A
9. A

Q – 4 Answer the following question. (Each of __ marks)

[__ marks]

1. a
2. a
3. a
4. a
5. a
6. a

