MULTIPLE CHOICE QUESTIONS

MM:10

CHAPTER-2 – FUNDAMENTALS OF PARTNERSHIP

Q1. Assertion (A): Partnership firm is a form of organisation where two or more persons carry on some business activity on the basis of agreement among them.
Reason (R): The profit or loss arising from the partnership business is shared by the partners in the agreed ratio.
(a) Both (A) and (R) are true and (R) is the correct explanation of (A).
(b) Both (A) and (R) are true and (R) is not the correct explanation of (A).
(c) (A) is true, but (R) is false
(d) (A) is false, but (R) is true.

Q2. Assertion (A): A partnership deed covers all matters relating to mutual relationship among the partners.
Reason (R): But, in the absence of agreement, the following provisions of the Indian Partnership Act, 1932 shall apply for accounting purposes.
(a) Both (A) and (R) are true and (R) is the correct explanation of (A).
(b) Both (A) and (R) are true and (R) is not the correct explanation of (A).
(c) (A) is true, but (R) is false
(d) (A) is false, but (R) is true.

Q3. Assertion (A): Drawings is the amount withdrawn in cash or in kind, for personal purposes.
Reason (R): A Drawings Account is opened in the name of each partner and the drawings are debited to this account.
(a) Both (A) and (R) are true and (R) is the correct explanation of (A).
(b) Both (A) and (R) are true and (R) is not the correct explanation of (A).
(c) (A) is true, but (R) is false
(d) (A) is false, but (R) is true.

Q4. (i) Current accounts of the partners should be opened when the capitals are Either fixed or fluctuating.
(ii) Goodwill is the present value of a firm's anticipated excess earnings in future and the efforts had already made in the past.
(iii) Any partner who investments in the business but does not take active part in the business is Nominal partner.
(a) (ii) and (iii) are correct
(b) (i) and (ii) are correct
(c) (ii) is correct
(d) (i), (ii) and (iii) are correct.

Q5. Match the following:

Statement I	Statement II
1)P&L Appropriation A/c	a) Fixed Capital
2) Current A/c	b) Extension of P&L A/c
3) Interest on loan	c) Appropriation of profit
4) Partner Commission	d) Charge against profit.

LIVEWORKSHEETS

A) 1-b, 2-a, 3-d, 4-c B) 1-d, 2-b, 3-a, 4-c

C) 1-a, 2-b, 3-c, 4-d D) 1-c, 2-d, 3-c, 4-a.

Q6. A) Interest on loan is provided on loan amount with respect to the time period.

B) Interest on loan is debited to P&L Appropriation A/c.

C) Interest on loan is a charge against profit.

Which of the following option is correct?

a) A and C are correct b) B and C are correct

c) B is incorrect and A and C are correct

d) Only C is correct.

Q7. A) Profit is after deduction of all charges and appropriation.

B) Net profit is after deduction of Appropriation but before any charges.

C) Divisible profit is after deducting all charges and appropriation.

Which of the following option is correct?

a) Only C is correct b) Both B and C are correct

c) A, B and C all are correct d) A and B are correct.

Q8. Assertion (A) – Rent paid or payable to a partner is a charge against profit.

Reason (R) – Rent paid or payable to the partner is credited to the Profit & Loss A/c.

(a) Both (A) and (R) are true and (R) is the correct explanation of (A).
(b) Both (A) and (R) are true and (R) is not the correct explanation of (A).
(c) (A) is true, but (R) is false
(d) (A) is false, but (R) is true.

Q9. Match the following:

Statement I	**Statement II**
1. Assurance of profit	a) Rectifying the past errors
2. Managers Commission	b) Calculated on opening capital
3. Past Adjustment	c) Guarantee of profit
4. Interest capital	d) Debited to Profit & Loss A/c.

A) 1-b, 2-d, 3-c, 4-a B) 1-d, 2-c, 3-a, 4-b

C) 1-c, 2-b, 3-a, 4-d D) 1-c, 2-d, 3-a, 4-b

Q10. If a partner withdraws Rs.12,000 at the end of each six months in a year for how many months interest on drawings will be calculated?

a) 5 Months b) 6 Months c) 3 Months d) 2 Months.

LIVEWORKSHEETS