

Multiple Choice Questions (MCQs)

1. Loan to the deceased partner by the firm is transferred to
 - (a) the debt of his Current Account.
 - (b) the credit of his Capital Account.
 - (c) the debit of Remaining Partners' Capital Accounts.
 - (d) the credit of Remaining Partners' Capital Accounts.

2. Raj, Manoj and Vasu are partners sharing profits and losses in the ratio of 3 : 2 : 1. Manoj died on 30th June, 2022. Loss from 1st April, 2022 to 30th June, 2022 was estimated at ₹ 45,000. Raj and Vasu decided to share future profits in the ratio of 3 : 2 with effect from 1st July, 2022. The Journal entry to record Manoj's share of loss till the date of death is:

(a) Manoj's Capital A/c	...Dr.	₹ 15,000	
To Raj's Capital A/c			₹ 4,500
To Vasu's Capital A/c			₹ 10,500
(b) Raj's Capital A/c	...Dr.	₹ 15,000	
To Vasu's Capital A/c			₹ 15,000
(c) Vasu's Capital A/c	...Dr.	₹ 15,000	
To Raj's Capital A/c			₹ 15,000
(d) Raj's Capital A/c	...Dr.	₹ 15,000	
To Manoj's Capital A/c			₹ 15,000

3. Pawan, Karman and Harman were partners sharing profits equally. Pawan died on 31st July, 2023. Journal entry passed for Pawan's share of estimated loss for the intervening period will be:

(a) Pawan's Capital A/c	...Dr.		
To Profit & Loss Suspense A/c			
(b) Pawan's Capital A/c	...Dr.		
To Karman's Capital A/c			
(c) Pawan's Capital A/c	...Dr.		
To Profit & Loss A/c			
(d) Profit & Loss Suspense A/c	...Dr.		
To Pawan's Capital A/c			

4. On the death of a partner, his share in the estimated profit of the firm till the date of his death is transferred to the
 - (a) Debit of Profit & Loss Account.
 - (b) Credit of Profit & Loss Account.
 - (c) Debit of Profit & Loss Suspense Account.
 - (d) Credit of Profit & Loss Suspense Account.

5. Amit, Sudhir and Aman were partners sharing profits in the ratio of 3 : 2 : 1. Sudhir died on 30th June, 2023. Journal entry passed for Sudhir's estimated share of profit from the beginning of the year up to the date of death will be:

(a) Profit & Loss A/c ...Dr.

To Sudhir's Capital A/c

(b) Profit & Loss Appropriation A/c ...Dr.

To Sudhir's Capital A/c

(c) Sudhir's Capital A/c ...Dr.

To Profit & Loss Suspense A/c

(d) Profit & Loss Suspense A/c ...Dr.

To Sudhir's Capital A/c

6. Raj, Manoj and Vasu are partners sharing profits and losses in the ratio of 3 : 2 : 1. Manoj died on 30th June, 2023. Loss from 1st April, 2023 to 30th June, 2023 was estimated at ₹ 45,000. Raj and Vasu decided to share future profits in the ratio of 3 : 2 with effect from 1st July, 2023. The Journal entry to record Manoj's share of estimated loss till the date of death is:

(a) Manoj's Capital A/c ...Dr. ₹ 15,000

To Raj's Capital A/c ₹ 4,500

To Vasu's Capital A/c ₹ 10,500

(b) Raj's Capital A/c ...Dr. ₹ 15,000

To Vasu's Capital A/c ₹ 15,000

(c) Vasu's Capital A/c ...Dr. ₹ 15,000

To Raj's Capital A/c ₹ 15,000

(d) Raj's Capital A/c ...Dr. ₹ 15,000

To Manoj's Capital A/c ₹ 15,000

7. The amount due to deceased partner is transferred to the credit of

- (a) his Current Account. (b) remaining partners' Capital Accounts.
(c) his Executor's Account. (d) None of these.

8. Aman, Manish and Karan were partners sharing profits in the ratio of 4 : 5 : 3. Karan died and remaining partners decided to share profits in the ratio of 7 : 8, the gaining ratio will be

- (a) 8 : 7. (b) 4 : 5.
(c) 1 : 1. (d) 2 : 1.

9. Choose the odd one:

- (a) Revaluation Account. (b) Adjustment of goodwill.
(c) Gaining ratio. (d) Realisation of assets.

10. Which of the following is true?

- (a) Revaluation Account is unaffected when an unrecorded asset is taken over by the executors of a deceased partner.
(b) Revaluation Account is debited with the decrease in the value of creditors on the death of a partner.
(c) Revaluation Account is credited when an unrecorded asset is sold on the death of a partner.
(d) Revaluation Account is unaffected when revaluation expenses are paid by a partner.

[Ans.: 1. (a); 2. (a); 3. (a); 4. (c); 5. (d); 6. (a); 7. (c); 8. (a); 9. (d); 10. (c).]

Assertion-Reason Based MCQs

1. **Assertion (A):** At the time of death of a partner and new partner is not admitted, the combined profit share of the remaining partners increases.

Reason (R): Remaining or Continuing partners take a part of profit share of the deceased partner. As a result, their individual profit share increases.

In the context of above two statements, which of the following is correct?

- (a) Assertion (A) and Reason (R) are correct and Reason (R) is the correct explanation of Assertion (A).
- (b) Assertion (A) and Reason (R) are correct but Reason(R) is not the correct explanation of Assertion (A).
- (c) Assertion (A) is correct but Reason (R) is not correct.
- (d) Assertion (A) is not correct but Reason (R) is correct.

2. **Assertion (A):** At the time of death of a partner, assets are revalued and liabilities are reassessed to ensure that the deceased partner is neither at an advantage nor at loss due to change in values of assets and liabilities.

Reason (R): As a principle, assets and liabilities are valued at their current values and gain (profit) or loss due to the change be credited or debited to the Capital Accounts of all the partners (including deceased partner) since it is for the period before his death.

In the context of above two statements, which of the following is correct?

- (a) Assertion (A) and Reason (R) are correct and Reason (R) is the correct explanation of Assertion (A).
- (b) Assertion (A) and Reason (R) are correct but Reason(R) is not the correct explanation of Assertion (A).
- (c) Assertion (A) is correct but Reason (R) is not correct.
- (d) Assertion (A) is not correct but Reason (R) is correct.

3. **Assertion (A):** Amount due to the deceased partner is never transferred to his Executors' Loan Account.

Reason (R): Amount due to the deceased partner may be paid immediately or later in instalments.

In the context of above two statements, which of the following is correct?

- (a) Assertion (A) and Reason (R) are correct and Reason(R) is the correct explanation of Assertion (A).
- (b) Assertion (A) and Reason (R) are correct but Reason(R) is not the correct explanation of Assertion (A).
- (c) Assertion (A) is correct but Reason (R) is not correct.
- (d) Assertion (A) is not correct but Reason (R) is correct.

4. **Assertion (A):** Sacrificing Ratio is always calculated at the time of death of a partner.

Reason (R): At the time of death of a partner, Gaining Ratio may or may not be calculated.

In the context of above two statements, which of the following is correct?

- (a) Assertion (A) and Reason (R) are correct and Reason (R) is the correct explanation of Assertion (A).
- (b) Assertion (A) and Reason (R) are correct but Reason (R) is not the correct explanation of Assertion (A).
- (c) Assertion (A) is correct but Reason (R) is not correct.
- (d) Both Assertion (A) and Reason (R) are incorrect.

5. **Assertion (A):** At the time of death of a partner, if the retiring partner is paid more amount than due to him, the difference amount is not termed as Hidden Goodwill.

Reason (R): Goodwill is not paid by the Gaining Partners to the Sacrificing Partners.

In the context of above two statements, which of the following is correct?

- (a) Assertion (A) and Reason (R) are correct and Reason (R) is the correct explanation of Assertion (A).
- (b) Assertion (A) and Reason (R) are correct but Reason (R) is not the correct explanation of Assertion (A).
- (c) Assertion (A) is correct but Reason (R) is not correct.
- (d) Both Assertion (A) and Reason (R) are incorrect.

[Ans.: 1. (a); 2. (a); 3. (d); 4. (d); 5. (d).]