

Multiple Choice Questions (MCQs)

- Loan to the deceased partner by the firm is transferred to
 - the debt of his Current Account.
 - the credit of his Capital Account.
 - the debit of Remaining Partners' Capital Accounts.
 - the credit of Remaining Partners' Capital Accounts.
- 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

[Ans.: 1. (a); 2. (a).]

Assertion-Reason Based MCQs

- 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?
 - Assertion (A) and Reason (R) are correct and Reason (R) is the correct explanation of Assertion (A).
 - Assertion (A) and Reason (R) are correct but Reason(R) is not the correct explanation of Assertion (A).
 - Assertion (A) is correct but Reason (R) is not correct.
 - Assertion (A) is not correct but Reason (R) is correct.
- 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?
 - Assertion (A) and Reason (R) are correct and Reason (R) is the correct explanation of Assertion (A).
 - Assertion (A) and Reason (R) are correct but Reason(R) is not the correct explanation of Assertion (A).
 - Assertion (A) is correct but Reason (R) is not correct.
 - 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).]