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1)

What is the minimum number of partners required to commence a partnership business?

A) 20

B) 10

C) **2**

D) 4

2)

Partnership type of business is formed by the mutual agreement of partners. What kind of agreement is it?

A) Oral agreement_

B) Written agreement

C) **Oral or written agreement**

D) None of them

3)

In the general form of partnership, liabilities of partners are:

A) limited

B) **unlimited**

C) limited to the business capital

4)

Is partnership type of business considered as separate legal entity?

A) **No**

B) Yes

5)

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Can a partner transfer his/her share of business to a third party without other partners consent?

A) **No**

B) Yes

6)

Is it compulsory for all partners to contribute equal amount of capital in the business?

A) **No**

B) Yes

7)

Interest on drawings is:

A) Debited to partner’s current a/c

B) Credited to partner’s current a/c

C) Not shown in current account

8)

The written agreement of partnership is most commonly referred to as:

A) Agreement

B) **Partnership deed**

C) Partnership contract

D) Partnership Act

9)

Where there is no partnership agreement exists between partners, what will be the profit sharing ratio between the partners?

A) **Equal**

B) Unequal

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C) It will depend on partner's capital_

D) It will depend on the experience of partner_

10)

Salary of a partner is _________ to current account

A) Debited

B) **Credited**

11)

New investment by any partner in the partnership type of business is _______ to the partner's capital account

A) Debited

B) **Credited**

12)

Under fluctuation method of capital, what is the treatment of "interest on capital"?

A) **Credited to capital account_**

B) Debited to capital account_

C) No treatment or adjustment needed_

D) Credited to current account_

13)

Which of the following is NOT generally the characteristic of a partnership business?

A) Limited life

B) Ease of formation

C) Mutual agency_

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D) **Limited liability**

14)

In which of the following types of partnership the liability of at least one partner is unlimited whereas the liability of other partners is limited?

A) General partnership

B) Particular partnership_

C) Partnership-at-will_

D) **Limited partnership**

15)

In which of the following types of partnership there is no agreement regarding the duration of partnership?

A) General partnership_

B) **Partnership-at-will_**

C) Limited partnership_

D) Registered partnership_

16)

A&B are partners sharing profit or loss equally. A new partner enters in the partnership and invests a piece of land that had historical cost of $50,000, book value = $25000 and current market value = $30,000. By what amount the new partner's account should be increased?

A) $25000

B) $50,000_

C) **$30,000**

D) $75000_

17)

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X and Y are partners sharing profit and loss at the ratio of 1/3 and 2/3 respectively. The net income for this accounting period is $10 while salary of X = $2, interest on Y's drawings = $3 and interest on X's capital = $2. What is the X's share of profit or loss after the adjustment for partner's salary, interest on capital and interest on drawings?

A) **$3**

B) $6

C) $9

D) $11

18)

Which of the following is known as the value addition to a business because of business reputation, customers' loyalty, brand name etc

A) Assets

B) Market capitalization

C) **Goodwill**

D) Market penetration

19)

Which of following is the correct double entry for revaluation surplus

A) **Revaluation = Debit and Partners capital accounts = Credit**

B) Partners capital accounts = Debit and Revaluation surplus = Credit

20)

A and B share profit and loss in the ratio of 3/5 and 2/5 respectively and having capital account balances of $100,000 each. At the time of revaluation, the firm's total asset book value was $60,000 while they can only be sold for $40,000. Which of the following is the balance of A's capital account after revaluation of firm's assets?

A) $100,000

B) $112,000

C) **$88,000**

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D) $72,000

21)

Which one of the following double entries is correct regarding the cost of firm or partnership dissolution?

A) Credit realization a/c and Debit partners capital a/c

B) Credit realization a/c and Debit bank a/c

C) **Debit realization a/c and Credit bank/cash**

22)

Identify the correct double entry for realization profit at time dissolution of partnership

A) Debit realization a/c and Credit bank a/c

B) Debit bank a/c and Credit realization account

C) **Debit realization account and Credit partners' capital accounts**

23)

Partner 'A' took firm's vehicle worth $5000 without payment at the time of firm's disbanding. Identify the correct adjustment in the capital account of partner 'A'

A) **$5000 will be debited**

B) $5000 will be credited

C) No adjusted needed in capital a/c

24)

During the process of dissolution of partnership, the carrying value of machinery=$5000 and building = $20,000 while both fixed assets were disposed at the cumulative price of $10,000 and realization cost was up to $2000. Identify what total amount needed to credit or debit in the partners capital accounts

A) $12000 Debit

B) $13000 Credit

C) **$13000 Debit**

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C) $10,000 Debit

25)

A and B are the partners in a small firm, their profit or loss sharing ratio is 6:4. A new partner C admitted in the firm that will share profit or loss at the ratio of 1/4. Which of the following is the new profit or loss sharingratio among the partners A, B and C

A) 6:4:1

B) **18:12:10**

C) 10:12:18_

D) 6:4:4

26)

Which one of the following is the method of goodwill valuation?

A) Average capital method_

B) Super capital method_

C) Capital intensity method_

D) **Super profit method**

27)

Under capitalization method of goodwill valuation, which of the following formulas is used to calculate the “value of whole business”?

A) **Value of whole business=Profit / Reasonable rate of return X 100_**

B) Value of whole business= Total assets / Reasonable rate of return X 100_

C) Value of whole business= Equity-Net assets

28)

Which of the following is not recorded in the partners current accounts?

A) Drawings

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B) Interest on Drawings

C) Partners salaries

D**) Administrative expenses**

29)

A partner that doesn't take part in the management of business, but he/she has made investment in businessand liable to creditors of the business is known as:

A) Active partner

B) Nominal partner

C) Junior partner

D) **Dormant partner**