

# ACCOUNTANY

## ADMISSION OF A PARTNER

(A) Fill In the Blanks:

1. With admission of a new partner, the old partners would like to collect a premium from the new partner as \_\_\_\_\_ to compensate for their SACRIFICE in profit – share.
2. Super Profit is the excess over the Normal Profit compared to the Average Expected \_\_\_\_\_ Profit for the Industry.
3. Journal Entry in the Books of the Firm is not required for goodwill paid \_\_\_\_\_ by the Incoming Partner.
4. The goodwill brought by a New Partner is to be credited to the old Partners' Capital A/cs in the Ratio of Profit \_\_\_\_\_.
5. The goodwill not brought in cash by a New Partner, is to be raised in the books at \_\_\_\_\_ Value and credited to old Partners' Capital A/cs in the \_\_\_\_\_ Profit – Share Ratio.
6. Appreciation in the Value of Assets and Decrease in the value of Liabilities is to be \_\_\_\_\_ to Revaluation A/c.
7. Depreciation in the Value of Assets and Increase in the Value of Liabilities is to be \_\_\_\_\_ to Revaluation A/c.
8. During admission of a New Partner, the Balance Profit/Loss in \_\_\_\_\_ A/c is to be transferred to old Partners in the old \_\_\_\_\_ Ratio.
9. Undistributed Profits and Losses as per Books, while admitting a partner, are to be transferred to \_\_\_\_\_ A/cs in Old-Profit Share Ratio.
10. \_\_\_\_\_ Assets and Liabilities noticed while admitting a partner are to be entirely credited to the Revaluation A/c.
11. Partners share Profits and Losses \_\_\_\_\_, if the Partnership Agreement/Deed is silent about it.

ANS: 1. Goodwill 2. Future 3. privately 4. sacrificed 5. Full, old 6. credited 7. debited 8. Revaluation, Profit – sharing 9. Old Partners' Capital 10. Unrecorded 11. equally.

(B) Choose the appropriate word (Multiple Choices):

1. Journal entry in the Books of the Firm is not required for goodwill paid privately by the \_\_\_\_\_ Partner (Outgoing, Dormant, Incoming, Active).
2. The goodwill brought by a New Partner is to be \_\_\_\_\_ to the Old Partners' Capital A/cs in the Ratio of profit sacrificed (debited, credited, given, communicated).
3. With admission of a new partner, the old partners would like to collect a premium from the new partner as GOODWILL to compensate for their \_\_\_\_\_ in Profit – Share (Sacrifice, Efforts, Gains, Donation)
4. \_\_\_\_\_ Profit is the excess over the Normal Profit compared to Average Expected Future Profit for the Industry. (Net, Super, Abnormal, Gross).
5. The goodwill not appearing in the Books and not brought in cash by a New Partner, is to be raised in the books at \_\_\_\_\_ Value and credited to old Partners Capital A/cs in the \_\_\_\_\_ Profit – Share Ratio. (Half, New, Old, Zero, Full, Average).
6. During admission of a New Partner, the Balance Profit/Loss in Revaluation A/c is to be transferred to old Partners in \_\_\_\_\_ Profit Share Ratio. (New, Old, Agreement, Secret)
7. Appreciation in the Value of Assets and Decrease in the Value of Liabilities is to be \_\_\_\_\_ to Revaluation A/c. (debited, credited, kept, added).
8. Undistributed Profits and Losses as per Books, while admitting a Partner are to be transferred to \_\_\_\_\_ A/cs in Old Profit – Share Ratio. (Drawings, Revaluation, Realisation, Current)
9. Unrecorded Assets and Liabilities noticed while admitting a partner are to be entirely credited to \_\_\_\_\_ A/c. (Drawings, Revaluation, Realisation, Current)
10. Depreciation in the Value of Assets and Increase in the Value of Liabilities is to be debited to \_\_\_\_\_ A/c. (Drawings, Revaluation, Realisation, Current)
11. Partners share Profits and Losses equally, if the Partnership \_\_\_\_\_ is silent about it. (deed, will, arrangement, understanding).

ANS: 1. Incoming 2. Credited 3. Sacrifice 4. Super 5. Full, Old 6. Old 7. credited 8. Current 9. Current 10. Revaluation 11. Deed.

(C) Substitute the following in a Single Word/Term/Phrase:

1. Compensation payable by the New Partner for the SACRIFICE in profit – share by Old Partners.
2. Ledger Account to debit Depreciation in the Value of Assets and Increase in the Value of Liabilities.
3. Excess of 'Expected Future Average Profit 'over' Normal Profit' for the Industry.
4. Ledger Account to credit unrecorded Assets noticed while Admitting a Partner.
5. Intangible Assets representing Monetary Value of Business reputation enjoyed.

ANS: 1. Goodwill 2. Revaluation A/c 3. Super Profit 4. Revaluation A/c 5. Goodwill.

(D) Match the following items in Column A and Column B:

1.

COLUMN A	COLUMN B
1 Unrecorded Assets in Books of A/c	a Profit-Share lost by Old Partners
2 Sacrifice Ratio	b Intangible
3 Increase in the Value of Liabilities	c Unrecorded Liabilities In Books of A/c
4 Goodwill	d Profit for Partners
5 Loss for Partners	e Debit Revaluation A/c

ANS: 1 – d 2 – a 3 – e 4 – b 5 – c

COLUMN A	COLUMN B
1 Appreciation in the Value of Assets	a Over 20 partners
2 Goodwill Raised in the Books	b Goodwill Valuation Method
3 Invalid Partnership	c No Journal Entry
4 Super Profit	d Full Value
5 Goodwill received privately	e Credit Revaluation A/c.

ANS: 1 – e 2 – d 3 – a 4 – b 5 – c

## RETIREMENT OR DEATH OF A PARTNER:

### I. RETIREMENT OF A PARTNER:

#### A. Fill in the Blanks:

- Journal entry in the Books of the Firm is not required for goodwill paid privately to \_\_\_\_\_ Partner.
- With Retirement of a partner, the continuing partners pay a premium to the Outgoing partner in \_\_\_\_\_ Ratio to compensate for the sacrifice by such Retiring Partner.
- Super Profit is the excess over the \_\_\_\_\_ Profit compared to Average Expected Future Profit for the Industry.
- The goodwill payable to Outgoing partner is to be \_\_\_\_\_ to old Partners Capital A/cs in the Ratio of profit gained.
- \_\_\_\_\_ in the Value of Assets and Increase in the Value of Liabilities are to be debited to Revaluation.
- Appreciation of Assets and Decrease in Liabilities while a partner goes out is to be entirely credited to \_\_\_\_\_ A/c.
- The goodwill not paid separately in cash to an Outgoing Partner, is to be raised in the Books at full Value by \_\_\_\_\_ Goodwill A/c to the extent of excess over the Book Value and crediting Goodwill A/c to the extent of \_\_\_\_\_ from the Book Value.

8. Appreciation in the Value of Assets and Decrease in the Value of \_\_\_\_\_ are to be credited to Revaluation A/c.
9. After death of a Partner, the Balance (Profit/Loss) in \_\_\_\_\_ A/c is to be transferred to all Partners Capital A/cs in old Profit – Share Ratio.
10. Undistributed Profits and Losses as per Books, in case of a Retirement of a partner, are to be transferred to \_\_\_\_\_ A/cs in Old Profit – Share Ratio.
11. Profit or Loss upto the Retirement/Death of a Partner. Are usually calculated on \_\_\_\_\_ i.e. proportionate period basis, to decide the dues payable to the Retired/Deceased partner.
12. \_\_\_\_\_ Loan A/c is to be maintained for the dues payable to the Legal Representative of the Expired Partner.

ANS: 1. Outgoing 2. Gain 3. Normal 4. debited 5. Depreciation/Decrease 6. Revaluation 7. debiting, Shortfall 8. Liabilities 9. Revaluation 10. Capital 11. Pro-rata 12. Executor's

B. Choose the appropriate word (multiple choices):

1. Appreciation of Assets and Liabilities while a partner goes out is to be entirely credited to \_\_\_\_\_ A/c (Current, Capital, Revaluation, Drawings).
2. The goodwill not paid separately in cash to an Outgoing Partner, is to be raised in the Books at full value by debiting Goodwill A/c to the extent of \_\_\_\_\_ over the Books Value and crediting Goodwill A/c to the extent of \_\_\_\_\_ from the Book Value (Width, Excess, Depreciation, Shortfall, Length).
3. Appreciation in the Value of Assets and Decrease in the Value of \_\_\_\_\_ are to be credited to the Revaluation A/c (Assets, Liabilities, Goodwill, Illwill).
4. After Death of a Partner, the Balance of Profit/Loss in the \_\_\_\_\_ A/c is to be transferred to all Partners Capital A/c in the old Profit – Share Ratio. (Personal, Assets, P & L Adjustment, Capital).
5. Undistributed Profits and Losses as per Books, in case of \_\_\_\_\_ partner, are to be transferred to the Capital A/cs in Old Profit – Share ratio. (Active, Retired, Sleeping, Minor).

6. Journal entry in the Books of the Firm is not required for goodwill paid privately to \_\_\_\_\_ Partner (Incoming, Dormant, Outgoing, Active).
7. With Retirement of a Partner, the continuing partners pay a premium to the Outgoing partner in \_\_\_\_\_ Ratio to compensate for the sacrifice by such Retiring Partner (Loss, Profit – Share, Gain, G. P.)
8. Super Profit is the excess over the \_\_\_\_\_ Profit compared to Average Expected Future Profit for the Industry. (Actual, Normal, Gross, Abnormal).
9. The goodwill payable to the Outgoing Partner is to be \_\_\_\_\_ to old Partners Capital A/cs in the Ratio of the Profit gained. (credited, transferred, debited, recorded)
10. \_\_\_\_\_ in the value of Assets and Increase in the value of Liabilities are to be debited to Revaluation A/c. (Growth, increase, decrease, appearance).
11. Profit or Loss upto the Retirement/Death of a Partner, is usually calculated on \_\_\_\_\_ i.e. proportionate period basis, to decide the dues payable to the Retired/Expired Partner. (Ad-hoc, Pro-Rata, Actual, Historical)
12. Executor's Loan A/c is to be maintained for the dues payable to the Legal \_\_\_\_\_ of the Expired Partner. (Heir, Nominee, Representative, Spouse)

ANS: 1. Revaluation 2. Excess, Shortfall 3. Liabilities 4. P & L Adjustment 5. Retired 6. Outgoing 7. Gain 8. Normal 9. debited 10. Decrease 11. Pro – rata 12. Representative.

C. Substitute the following in a single Word/ Term/ Phrase:

1. Ledger Account to credit Appreciation in the Value of Assets and Decrease in the Value of Liabilities.
2. A premium/Compensation payable to the Outgoing partner for the GAIN in profit – share to continuing Old Partners.
3. Ledger Account to debit unrecorded Liabilities noticed while admitting a partner.
4. Ledger Account for the dues payable to the Legal Representative of the Expired Partner.

ANS: 1. Revaluation A/c 2. Goodwill 3. Revaluation A/c 4. Executor's Loan A/c

D. Match the following items in Column A and Column B:

1.

COLUMN A		COLUMN B
1 Unrecorded Liabilities in Books of A/cs		a Profit - Share gained by continuing Partners
2 Gain Ration		b Intangible
3 Super Profit		c Unrecorded Assets in the Books of Account
4 Goodwill		d Loss for Partners
5 Profit for Partners		e Excess of Expected Profit over Normal Profit

ANS: 1 - d, 2 - a, 3 - e, 4 - b, 5 - c.

2.

COLUMN A		COLUMN B
1 Depreciation in the Value of Assets		a Banking/Insurance Business Impossible
2 Executor's Loan A/c		b Goodwill paid Privately
3 Credit Revaluation A/c		c Debit Revaluation A/c
4 Cricket Team's Partnership		d Decrease in the Value of Liabilities
5 No Journal Entry		e Representative - Expired Partner

ANS: 1 - c, 2 - e, 3 - d, 4 - a, 5 - b.

## DISSOLUTION OF A PARTNERSHIP FIRM:

A. FILL IN THE BLANKS:

1. In case of Dissolution of a Partnership Firm, after keeping aside the \_\_\_\_\_ Expenses, Government dues (taxes) are to be paid first and Partner's profit is to be paid last.

2. A Secured Creditors is to be settled \_\_\_\_\_ to an Unsecured Creditor, to dissolve a Partnership Firm.

3. Realisation A/c is \_\_\_\_\_ Account.

ANS: 1. Realisation 2. Prior 3. Normal

B: CHOOSE THE APPROPRIATE WORD OR (MULTIPLE CHOICES):

1. A Secured Creditor is to be settled \_\_\_\_\_ to an Unsecured Creditor, to dissolve a Partnership Firm. (Last, Prior, never, Amicably).
2. Realisation A/c is a \_\_\_\_\_ - Account (Real, personal, Nominal, Secret)
3. In case of Dissolution of a Partnership Firm, after keeping aside the \_\_\_\_\_ Expenses, Government dues (taxes) are to be paid first and Partner's Profit is to be paid last (Personal, Realisation, Office, Forwarding)

ANS: 1. Prior 2. Nominal 3. Realisation.

C SUBSTITUTE THE FOLLOWING IN A SINGLE WORD/TERM/PHRASE:

1. Ledger Account to understand profit or loss after Dissolution of a Partnership Business of Liabilities.
2. Excess of Credit over debit in Realisation A/c
3. Expenses incurred for Sale of Disposal of Assets and discharge or Payment of Liabilities.
4. Excess of debit over credit in Realisation Account.

ANS: 1. Realisation A/c 2. Realisation profit 3. Realisation Expenses 4. Realisation Loss

D MATCH THE FOLLOWING ITEMS IN COLUMN A AND COLUMN B:

1.

COLUMN A	COLUMN B
1 Unrecorded Liabilites in Books of A/c	a Credit Realisation A/c
2 Realisation Expenses	b Profit / Loss during Partnership Dissolution
3 Reserve for Doubtful Debts	c Assets taken over by Partners
4 Credit Realisation A/c	d Expenses to Discharge or Settle Liabilities
5 Realisation Account	e Debit Realisation A/c after payment

ANS: 1 – e, 2 – d, 3 – a, 4 – c, 5 – d.



2.

COLUMN A	COLUMN B
1 Liabilities taken over by Partners	a Realisation Expenses
2 Expenses for Sale / Disposal of Assets	b Nominal Account
3 Car taken over by a Partner	c Unrecorded Assets in Books of A/c
4 Realisation Account	d Debit Partner's Capital A/c
5 Credit Realisation A/c after Realisation	e Debit Realisation A/c

ANS: 1 – e, 2 – a, 3 – d, 4 – b, 5 – c.

## DISSOLUTION OF FIRM (PIECEMEAL DISTRIBUTION OF CASH):

A. FILL IN THE BLANKS:

1. Periodic Distribution of Cash at Short intervals to discharge liabilities in respect of a Partnership Firm being dissolved, to the extent of Cash as and when available is called as \_\_\_\_\_ Distribution.
2. While dissolving a Partnership Firm, \_\_\_\_\_ are realized periodically / gradually / in pieces.
3. Final Outcome (Profit / Loss) of the \_\_\_\_\_ Process, is understood only after the last item of Asset is sold / realized and Liabilities are settled / discharged.
4. A Secured Creditor is to be settled \_\_\_\_\_ to an Unsecured Creditor, to dissolve a Partnership Firm.
5. While dissolving a Partnership Firm, available cash is applied for payment of Liabilities in a \_\_\_\_\_ order. i.e. Payments to Suppliers / Partners are not kept pending (or held back) until all \_\_\_\_\_ are realized.
6. Secured Creditors are to be settle \_\_\_\_\_ Government Dues for Income Tax, Sales Tax are paid.
7. Where, a Single Security is given jointly to more than single Creditor, the cash realized is to be distributed in the \_\_\_\_\_ of Secured Debt Outstanding.
8. The \_\_\_\_\_ Capital Method compares the contribution of Capital by each partner as against the Profit – Share Ratio enjoyed.

9. While dissolving a Partnership Firm, in case of more than single Loan from Partners, these are to be refunded in the Ratio of \_\_\_\_\_ Outstanding.

10. The Excess Capital Method or the Surplus Capital Method compares the contribution of \_\_\_\_\_ - each partner as against the Profit – share Ratio enjoyed.

ANS: 1. Piecemeal 2. Assets 3. Realisation 4. Prior 5. Priority/preferential Assets 6. after 7. Ratio 8. Excess 9. Loans 10. Capital.

B CHOOSE THE APPROPRIATE WORD (OR MULTIPLE CHOICE):

1. Profit or Loss arising out of Dissolution process is to be transferred to respective Partners' \_\_\_\_\_ A/cs (Personal, Capital, Drawings, Secret).

2. Government dues for Income – Tax, Sales – Tax are paid \_\_\_\_\_ to settlement of the Secured Creditors. (Last, after, prior, never).

3. While dissolving a Partnership Firm, available cash is applied for payment of Liabilities in a \_\_\_\_\_ order. (reverse, chronological, priority, random).

4. While dissolving a Partnership Firm, \_\_\_\_\_ are realized periodically / gradually (in pieces). (Liabilities, Assets, Cash, Stock).

5. Where, a single security is given jointly to more than single \_\_\_\_\_, the cash realized is to be distributed in the Ratio of Secured Debt Outstanding. (Debtor, Creditor, Partner, Banker).

6. In case of more than single Loan from Partners, these are to be refunded in the Ratio of \_\_\_\_\_ Outstanding (Capitals, Creditors, Bills, Loans)

7. The Proportionate Capital Method or the Highest Relative Capital Method compares the contribution of Capital by each \_\_\_\_\_ as against the Profit – share Ratio enjoyed. (Creditor, Customer, Lender, Partner)

8. While dissolving a Partnership Firm, Assets are \_\_\_\_\_ periodically or gradually in pieces. (Purchases, Pledged, Realised, Hypothecated)

9. The \_\_\_\_\_ Capital Method compares the contribution of Capital by each partner as against the Profit – Share Ratio enjoyed. (Short, Current, Excess, Fixed)

ANS: 1. Capital 2. Prior 3. Priority 4. Assets 5. Creditor 6. Loans 7. Partner 8. Realised 9. Excess.

C. SUBSTITUTE THE FOLLOWING IN A SINGLE WORD / TERM / PHRASE:

1. Periodic Distribution of Cash at short intervals to discharge liabilities in respect of a Partnership Firm being dissolved, to the extent of Cash as and when available.
2. Method to compare the contribution of Capital by each partner as against the Profit – share Ratio.

ANS: (1) Piecemeal Distribution (2) Excess Capital or Surplus Capital Method.

D MATCH THE FOLLOWING ITEMS IN COLUMN A AND COLUMN B

COLUMN A	COLUMN B
1 Repayment of Partners' Loan	a Partners Capital A/c
2 Preference over unsecured Creditors	b First Preference to pay
3 Realisation Expenses	c Preference to pay after Realisation Expenses
4 Payment of Government Dues, etc	d 2nd Last in Queue (prior to Partners Capital A/c)
5 Last in Queue	e Secured Creditors

ANS: 1 – d, 2 – e, 3 – b, 4 – c, 5 – a

## PARTNERSHIP FINAL ACCOUNTS:

A. FILL IN THE BLANKS:

1. Partnership is a \_\_\_\_\_ between persons who have agreed to share the \_\_\_\_\_ of the business carried on by all or any one of them acting for all.
2. \_\_\_\_\_ is a legal relationship between persons created according to the Indian Partnership Act, 1932.
3. Maximum number of partners allowed in case of a Banking & Insurance business is \_\_\_\_\_ persons and in any other case \_\_\_\_\_ persons.
4. Partnership Agreement can be \_\_\_\_\_ or Written. It is also called the Partnership \_\_\_\_\_.
5. Partnership can be for sharing \_\_\_\_\_ only. Thus, certain partners as per Deed need not share losses.

6. In the \_\_\_\_\_ of a Partnership Agreement, the partners are having free access including inspection and copying of all partnership Records, Books and Accounts.
7. The persons who have agreed to carry on partnership Business are individually known as \_\_\_\_\_ and collectively called as \_\_\_\_\_.
8. In the absence of a Partnership \_\_\_\_\_ or if the Partnership Deed is silent, the Partners share profits and losses equally irrespective of the Capital contributed.
9. A \_\_\_\_\_ Partner is not personally liable to share the losses of the Firm.
10. It is not necessary for Partners to contribute \_\_\_\_\_ equally or in the proportion of the Profit – Sharing Ratio.
11. In the absence of a Partnership Agreement, no interest is payable on \_\_\_\_\_ contributed or is to be charged on \_\_\_\_\_ - by the partners.
12. It is possible to have \_\_\_\_\_ Capital contribution by the Partners, even though Profit – Sharing Ratio is \_\_\_\_\_.
13. It is possible to have unequal \_\_\_\_\_ Contribution by Partners, even though \_\_\_\_\_ is shared equally.
14. The Ratio to share profits could be \_\_\_\_\_ from Ratio to share Losses or a particular Partner may not share \_\_\_\_\_ at all.
15. In the absence of a Partnership Agreement, Interest on Capital and \_\_\_\_\_ can be paid to Partners, only if, adequate Profit is available.

ANS: 1. Relationship, Profits 2. Partnership 3. 10, 20 4. Oral, Deed 5. Profits 6. Absence  
 7. Partners, Firm, 8. Deed 9. Minor 10. Capital 11. Capital Drawings. 12. equal, unequal collectively 13. Capital, profit 14. different, Losses 15. Profit.

B. CHOOSE THE APPROPRIATE WORD OR (MULTIPLE CHOICES):

1. \_\_\_\_\_ is a legal relationship between persons created according to the Indian Partnership Act, 1932 (Consignment, Partnership, Warship, Proprietorship).
2. Partnership is a \_\_\_\_\_ between persons who have agreed to share the profit of the business carried on by all or any of them acting for all. (friendship, relationship, worship, blacksheep).

3. Partnership Agreement can be \_\_\_\_\_ or written. It is also called the Partnership \_\_\_\_\_. (Instrument, Oral, MoU, Black, Deed, Will, Blank)
4. The persons who have agreed to carry on Partnership Business are \_\_\_\_\_ known as partners and \_\_\_\_\_ called as a Firm (popularly, collectively, individually, usually, selectively)
5. \_\_\_\_\_ number of partners are allowed in case of Banking or Insurance business is \_\_\_\_\_ persons and in other cases 20 persons. (Minimum, 50, Maximum, 10, Average, 5)
6. Partnership Agreement can be for sharing \_\_\_\_\_ only. Thus, certain Partners as per Deed need not share Losses. (Surplus, Losses, Profits, Charity, Deficit).
7. In the absence of a Partnership Agreement, the Partners are having free \_\_\_\_\_, including inspection and copying of all Partnership Records, Books and Accounts. (exit, access, entry, pass – port, enjoyment).
8. A Minor Partner is not personally liable to share the \_\_\_\_\_ of the Firm. (Profits, Surplus, Deficit, Losses)
9. In the absence of a Partnership Agreement, no \_\_\_\_\_ is payable on Capital contributed or is to be charged on Drawings by the Partners. (Profit, Interest, Money, Advances)
10. In the absence of a Partnership Agreement or if the Partnership Deed is \_\_\_\_\_, the Partners share profits and losses equally irrespective of the Capital Contributed. (printed, stamped, vague, silent, oral).
11. It is not necessary for the Partners to contribute \_\_\_\_\_ equally or in the proportion of the Profit – Sharing Ratio. (money, funds, Capital, Interest)
12. It is possible to have \_\_\_\_\_ Capital Contribution from partners, even though Profit is share equally. (major, equal, minor, unequal, negligible).
13. It is possible to have \_\_\_\_\_ capital contribution from partners, even though Profit is shared equally. (major, equal, minor, unequal, negligible).
14. The Ratio to share Profits could be \_\_\_\_\_ - from Ratio to share Losses or a Particular Partner may not share Losses at all. (higher, different, same, lower)
15. In the absence of a Partnership Agreement, interest on Capital and Salary can be paid to the Partners, only if, adequate \_\_\_\_\_ is available. (Room, Loss, Profit, Security)

ANS: 1. Partnership 2. relationship 3. Oral, Deed 4. individually 5. Maximum, 10 6. Profits  
7. Access 8. Losses 9. Interest 10. silent 11. Capital 12. equal 13. unequal 14. different  
15. Salary.

C SUBSTITUTE THE FOLLOWING IN A SINGLE WORD/TERM/PHRASE:

1. Debit Balance in Trading A/c.
2. Written Agreement for Partners.
3. Credit Balance in Trading A/c.
4. List of Debit and Credit Balances from Ledger.
5. Debit Balance in P & L A/c.
6. Debit Balances not recoverable from Customers.
7. Part of Sundry Debtors irrecoverable.
8. Credit Balance in P & L A/c.
9. A Partner inactive in the conduct of the Partnership Business.
10. A Partner who contributes Capital only and ignores Partnership Business.
11. A Partner Active in the conduct of the Partnership Business.
12. A Statement showing Financial State of affairs of a business.
13. A Statement showing Financial Status of a Business.
14. A Partner who only lends his Name to the Firm.
15. Expenses due but not paid.
16. Expenses paid in advance.
17. Business reputation enjoyed in terms of Money value – Intangible Asset.
18. Expenses paid for the future period not expired.
19. A provision created for irrecoverable portion of Accounts Receivable.
20. A method in which the Partner's Current A/c is not required.

21. Excess of Expected Future Average Profit over Normal Profit.

ANS: 1. Gross Loss 2. Partnership Deed 3. Gross Profit 4. Trial Balance 5. Net Loss 6. Bad Debts 7. Bad Debts 8. Net Profit 9. Dormant / Sleeping Partner 10. Dormant / Sleeping Partner 11. Active Partner 12. Balance Sheet 13. Balance Sheet 14. Nominal Partner 15. Outstanding Expenses 16. Prepaid Expenses 17. Goodwill, Method 18. Prepaid Expenses 19. Provision for Bad & Doubtful Debts 20. Fluctuating Capital 21. Super Profit.

D MATCH THE FOLLOWING ITEMS IN COLUMN A AND COLUMN B:

1.

COLUMN A		COLUMN B	
1	Fixed Capital Method	a	Balance Sheet
2	Closing Stock	b	Intangible
3	Assets & Liabilities	c	G. P.
4	Goodwill	d	Next Period - Opening Stock
5	Trading A/c	e	Capital Balance remains unchanged/constant/fixed

ANS: 1 – e, 2 – d, 3 – a, 4 – b, 5 – c

2.

COLUMN A		COLUMN B	
1	Opening Stock	a	Sleeping
2	Partnership Agreement Silent	b	Invalid Partnership (11 Partners)
3	Banking business by a Cricket Team	c	1932
4	Partnership Act	d	Equal Profit Share
5	Dormant Partner	e	Trading A/c.

ANS: 1 – e, 2 – d, 3 – b, 4 – c, 5 – a

3.

COLUMN A		COLUMN B	
1	Active Partner	a	To share Profits only
2	Plant & Machinery	b	Capital Balance varies/fluctuates
3	Expenses paid in advance	c	Tangible
4	Fluctuating Capital Method	d	never Sleeps
5	Partnership	e	Prepaid Expenses

ANS: 1 – d, 2 – c, 3 – e, 4 – b, 5 – a

4.

COLUMN A	COLUMN B
1 Doubtful & Bad Debts	a Trading A/c
2 Partnership	b Unexpired Expenses - Assets Side
3 Wages & Salaries	c Outstanding Expenses - Liability
4 Accounts Payable	d Accounts Receivables
5 Expenses paid in advance	e Partner

ANS: 1 - d, 2 - e, 3 - a, 4 - c, 5 - b

5.

COLUMN A	COLUMN B
1 Trading A/c	a Unlimited Liability
2 Current Assets	b Trading A/c
3 Partnership	c Cash & Bank Balances
4 Outstanding Expenses	d Carriage Inward
5 Power & Fuel	e Liability

ANS: 1 - d, 2 - c, 3 - a, 4 - e, 5 - b

6.

COLUMN A	COLUMN B
1 Free Samples received	a Invalid Partnership (11 Partners)
2 Salaries & Wages	b Trading A/c
3 Samples distributed	c No Journal Entry
4 Insurance business by a Cricket Team	d Sales Promotion (P & L A/c)
5 Trade Expenses	e P & L A/c.

ANS: 1 - c, 2 - e, 3 - d, 4 - a, 5 - b

## PARTNERSHIP FINAL ACCOUNTS:

A FILL IN THE BLANKS:

1. The firms which decide to merge together to form a new entity are called as the \_\_\_\_\_ Firms.
2. The New Firm or the Merged Entity formed after amalgamation is called as \_\_\_\_\_ Firm.
3. For considering the current value of Assets and Liabilities it is necessary to get them \_\_\_\_\_.



4. After Amalgamation, due to economies of large scale operation, the Fixed Cost per unit would be \_\_\_\_\_.

5. If, one of the Firm continues in the future with the combined partnership business to enjoy Goodwill, then such Firm is an \_\_\_\_\_ Firm as well as an \_\_\_\_\_ Firm.

ANS: 1. Amalgamating 2. Amalgamated 3. revalued 4. reduced 5. Amalgamating, Amalgamated.

B. CHOOSE THE APPROPRIATE WORD (OR MULTIPLE CHOICES):

1. If, one of the Firm Continued in future with the \_\_\_\_\_ Partnership business to enjoy Goodwill, then such Firm is an Amalgamating Firm as well as an Amalgamated Firm. (combined, separated, closed, dormant).

2. After Amalgamation, due to economies of large scale operation, The Fixed cost per Unit would be \_\_\_\_\_. (increased, reduced, updated, separated).

3. The firms which decide to merge together to form \_\_\_\_\_ entity are called as Amalgamating Firms. (old, closed, fresh, new).

4. For considering the current value of Assets and Liabilities it is necessary to get them \_\_\_\_\_. (valued, closed, polished, revalued).

5. The New Firm or the Merged Entity formed after the amalgamation is called as the \_\_\_\_\_ Firm. (Amalgamating, Amalgamated, Lucky, Partnership).

ANS: 1. combined 2. reduced 3. new 4. revalued 5. Amalgamated.

C SUBSTITUTE THE FOLLOWING IN A SINGLE WORD/TERM/PHRASE:

1. The New Firm or the Merged Entity formed after amalgamation.

2. The firms which decide to merge together to form new entity.

3. Ledger account used to update Current value of Assets and Liabilities.

4. If, one of the Firm continued in future with the combined Partnership business to enjoy the Goodwill, then such firm is both.

5. Transfer to General PROFIT & LOSS A/c.

ANS: 1. Amalgamated Firm 2. Amalgamating Firms 3. Revaluation A/c 4. Amalgamating as well as Amalgamated Firm 5. Abnormal Loss / Profit.

D MATCH THE FOLLOWING ITEMS IN COLUMN A AND COLUMN B:

1.

COLUMN A		COLUMN B
1 Credit appreciation of Assets		a Amalgamating & Amalgamated Firm
2 The Firms deciding to merge		b Amalgamated Firm
3 Old Firm continues as New Merged Entity		c Update Current values
4 The Merged Entity after Amalgamation		d Amalgamating Firms
5 Revaluation A/c		e Revaluation A/c.

ANS: 1 – e, 2 – d, 3 – a, 4 – b, 5 – c