



INDIAN SCHOOL MUSCAT

Senior Section

Department of Commerce and Humanities

Class : XII

Worksheet-No 6

Reference:

CH – 6: Multiple Choice Questions/Objective Type

T.S.Grewal

Questions: Retirement of a Partner

Date of issue :

ACCOUNTANCY (055)

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Time Allowed: 20 Minutes

Q. 1 P, Q and R are partners sharing profits in the ratio of 8:5:3. P retires. Q takes $\frac{3}{16}$ th share from P and R takes $\frac{5}{16}$ th share from P. What will be the new profit sharing ratio?

- a) 1:1
- b) 10:6
- c) 9:7
- d) 5:3

Q. 2 X, Y and Z are partners sharing profits and losses in the ratio of 4:3:2. Y retires and surrenders $\frac{1}{9}$ th of his share in favour of X and the remaining in favour of Z. The new profit sharing ratio will be:

- a) 1:8
- b) 13:14
- c) 8:1
- d) 14:13

Q. 3 Gaining ratio is used to distribute ----- in case of retirement of a partner.

- a) Goodwill
- b) Revaluation Profit or Loss
- c) Profit and Loss Account (Credit Balance)
- d) Both b and c

Q. 4 X, Y and Z are partners in a firm. Y retires and his claim including his capital and his share of goodwill is ₹ 1,20,000. He is paid partly in cash and partly in kind. A vehicle at ₹ 60,000 unrecorded in the books of the firm and the

balance in cash is given to him to settle his account. The amount of cash to be paid to Y will be:

- a) ₹ 80,000
- b) ₹ 60,000
- c) ₹ 40,000
- d) ₹ 30,000

Q. 5 At the time of retirement of a partner, share of retiring partner's goodwill will be credited to ----- Capital Account(s).

- a) Remaining Partner(s)
- b) Retiring Partner's
- c) Both Sacrificing and Gaining Partner(s)
- d) Gaining Partner(s)

Q. 6 A and B were partners. They shared profits as A- $\frac{1}{2}$; B- $\frac{1}{3}$ and carried to reserve $\frac{1}{6}$. B died. The balance of reserve on the date of death was ₹ 30,000. B's share of reserve will be:

- a) ₹ 10,000
- b) ₹ 8,000
- c) ₹ 12,000
- d) ₹ 9,000

Q. 7 If goodwill is already appearing in the books of accounts at the time of retirement, then it should be written off in -----.

- a) New Ratio
- b) Gaining Ratio
- c) Sacrificing Ratio
- d) Old Ratio

Q. 8 As per Section 37 of the Indian Partnership Act, 1932, interest @ ----- is payable to the retiring partner if full or part of his dues remain unpaid.

- a) 9% p.m.
- b) 12% p.m.
- c) 6% p.m.
- d) None of the above

Q. 9 "Retiring partner is not liable for firm's acts after his retirement". Is the statement True or False?

Q. 10 A, B and C were partners. Their partnership deed provided that they were to share profits as; A 26%; B 34%; C 40% ; and that if a partner retires, his capital should remain in the business for a stated period at a fixed rate of interest, but that the retiring partner's share should be credited with an amount for Goodwill, based upon one and a half year's average profits, for

the five years prior to his death, but be subject to deduction of 5 per cent from the book debts. C retired, and the profits of the firm for five years were agreed at ₹ 20,000; ₹ 30,000; ₹ 15,000 (loss); ₹ 5,000 (loss); and ₹ 45,000 respectively. Book Debts stood at ₹ 90,000. The share of Goodwill to be credited to C's Account will be:

- a) ₹ 2,700
- b) ₹ 6,300
- c) ₹ 7,200
- d) ₹ 3,600

Q. 11 When the balance sheet is prepared after retirement (subsequent to preparation of Revaluation Account), ----- values are shown in it.

- a) Historical
- b) Realisable
- c) Market
- d) Revalued

Q. 12 On retirement of a partner, debtors of ₹ 34,000 were shown in the Balance sheet. Out of this ₹ 4,000 became bad. One debtor became insolvent. 70% were recovered from him out of ₹ 10,000. Full amount is expected from the balance debtors. On account of this item loss in revaluation account will be:

- a) ₹ 10,200
- b) ₹ 3,000
- c) ₹ 7,000
- d) ₹ 4,000

Q. 13 If at the time of retirement, there is some unrecorded asset, it will be ----
----- to ----- Account.

- a) Debited, Revaluation
- b) Credited, Revaluation
- c) Debited, Goodwill
- d) Credited, Partners' Capital

Q. 14 Anil, Bimal and Chetan are partners sharing their profits and losses in the ratio of 4:3:2. On 1.7.2013, Chetan retired and on that date the capitals of Anil, Bimal and Chetan after all necessary adjustments stood at ₹ 75,000, ₹ 65,000 and ₹ 45,000 respectively. Anil and Bimal continued to carry the business for 6 months without settling Chetan's account. During the period of six months ending 31st December, 2013, a profit of ₹ 50,000 is earned by the firm. Keeping Chetan's interest in mind, the amount payable to Chetan will be:

- a) ₹ 1,350

- b) ₹ 13,362
- c) ₹ 12,162
- d) ₹ 1,362

Q. 15 X,Y and Z were partners in a firm sharing profits in ratio of 3:4:1 X retired and new profit sharing ratio between Y and Z will be 5 :4 .On X's retirement the goodwill of the firm was valued at ₹54,000 .journal entry will be:

A) Y's capital Dr.	24,000	
Z's capital Dr.	30,000	
X's capital	54,000	
B) Y's capital Dr.	15,000	
Z's capital Dr.	12,,000	
X's capital	27000	
C) Y's capital Dr.	12,000	
Z's capital Dr.	15,000	
X's capital	27,000	
D) X's capitals a/c Dr.	27,000	
To Y's capitals		12,000
To Z's capitals		15,000

Q. 16 Retiring partner is compensated for parting with the firm's future profits in favour of remaining partners. The remaining partners contribute to such compensation amount in:

- a) Gaining Ratio
- b) Sacrificing Ratio
- c) Capital Ratio
- d) Profit Sharing Ratio

Q. 17 As per section ----- of the Indian Partnership Act, a retiring partner becomes entitled to profits after retirement if his dues remain unpaid.

- a) Section 73
- b) Section 26
- c) Section 4
- d) Section 37

Q. 18 At the time of retirement, amount remaining in Investment Fluctuation Reserve after meeting the fall in value of Investment is:

- a) Credited in Sacrificing Ratio
- b) Credited in New Profit Sharing Ratio
- c) Credited in Old Profit Sharing Ratio
- d) Credited in Gaining Ratio

Q. 19 P, Q and R were partners in a firm in the ratio of 5:4:3. They admit S for 1/7 share. It is agreed that Q would retain his original share. ----- will be the sacrificing ratio between P and R.

- a) 5:4
- b) 1:1
- c) 5:3
- d) 4:3

Q. 20 Match the following with respect to the treatment of goodwill:

i.	Change in Profit Sharing Ratio	A	Gaining Partners Capital A/c Dr. To Retiring Partners Capital A/c
ii.	Admission of a Partner	B	Gaining Partners Capital A/c Dr. To Sacrificing Partners Capital A/c
iii.	Retirement of a Partner	C	Premium for Goodwill A/c Dr. To Sacrificing Partners Capital A/c

- a) i- C, ii-A, iii-B
- b) i- A, ii-B, iii-C
- c) i- B, ii-A, iii-C
- d) i- B, ii-C, iii-A

PLEASE PRACTICE AND THAN CHECK ANSWER

ANSWERS :-

Q No	Answer	Q No	Answer
1	A	11	D
2	B	12	C
3	A	13	B
4	A	14	C
5	B	15	C
6	C	16	A
7	D	17	D
8	D	18	C
9	False	19	C
10	C	20	D

Marks Scored :------/ 20