

Multiple Choice Questions

Q 1. In case of partnership the act of any partner is :

- (A) Binding on all partners
- (B) Binding on that partner only
- (C) Binding on all partners except that particular partner
- (D) None of the above

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Q 2. Which of the following statement is true?

- (A) a minor cannot be admitted as a partner
- (B) a minor can be admitted as a partner, only into the benefits of the partnership
- (C) a minor can be admitted as a partner but his rights and liabilities are same of adult partner
- (D) none of the above

Q 3. Oustensible partners are those who

- (A) do not contribute any capital but get some share of profit for lending their name to the business
- (B) contribute very less capital but get equal profit
- (C) do not contribute any capital and without having any interest in the business, lend their name to the business
- (D) contribute maximum capital of the business

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Q 4. Sleeping partners are those who

- (A) take active part in the conduct of the business but provide no capital. However, salary is paid to them.
- (B) do not take any part in the conduct of the business but provide capital and share profits and losses in the agreed ratio
- (C) take active part in the conduct of the business but provide no capital. However, share profits and losses in the agreed ratio.
- (D) do not take any part in the conduct of the business and contribute no capital. However, share profits and losses in the agreed ratio.

Q 5. The relation of partner with the firm is that of :

- (A) An Owner
- (B) An Agent
- (C) An Owner and an Agent
- (D) Manager

Q 6. What should be the minimum number of persons to form a Partnership :

- (A) 2
- (B) 7
- (C) 10
- (D) 20

Q 7. Number of partners in a partnership firm may be :

- (A) Maximum Two
- (B) Maximum Ten
- (C) Maximum One Hundred
- (D) Maximum Fifty

Q 8. Liability of partner is :

- (A) Limited
- (B) Unlimited
- (C) Determined by Court
- (D) Determined by Partnership Act

Q 9. Which one of the following is NOT an essential feature of a partnership?

- (A) There must be an agreement
- (B) There must be a business
- (C) The business must be carried on for profits
- (D) The business must be carried on by all the partners

Q 10 Match the following items :

| | |
|--------------------------------|--|
| (i) Permanent Drawings | (a) Credit side of Partner's Current A/c |
| (ii) Partner's Salary | (b) Debit side of Partner's Capital A/c |
| (iii) Fresh Capital Introduced | (c) Debit side of Partner's Current A/c |
| (iv) Interest on Drawings | (d) Credit side of Partner's Capital A/c |

Q 11. A firm does not have a Partnership Deed. Based on this fact, Match the following :

| | |
|---------------------------------------|---|
| (i) Interest will be allowed @6% p.a. | (a) Drawings of partners |
| (ii) Interest will not be allowed | (b) Net loss of the firm for an accounting year |
| (iii) No interest will be charged | (c) Capitals contributed by the partners |
| (iv) Partners shall share equally | (d) Loan given by a partner to the firm. |

Q 12 Match the following items :

| | |
|----------------------------------|-----------------------|
| (i) Partnership deed | (a) 50 |
| (ii) Maximum number of partners | (b) 6% p.a. |
| (iii) Interest on partners' loan | (c) a statement |
| (iv) Balance Sheet | (d) Written agreement |

Q 13. Features of a partnership firm are :

- (A) Two or more persons are carrying common business under an agreement.
- (B) They are sharing profits and losses in the fixed ratio.
- (C) Business is carried by all or any of them acting for all as an agent.
- (D) All of the above.

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Q 14 Following are essential elements of a partnership firm except :

- (A) Atleast two persons
- (B) There is an agreement between all partners
- (C) Equal share of profits and losses
- (D) Partnership agreement is for some business.

Q 15 X, Y and Z are partners sharing profits and losses equally. Their capital balances on March, 31, 2021 are ₹80,000, ₹60,000 and ₹40,000 respectively. Their personal assets are worth as follows : X — ₹20,000, Y — ₹15,000 and Z — ₹10,000. The extent of their liability in the firm would be :

- (A) X — ₹80,000 : Y — ₹60,000 : and Z — ₹40,000
- (B) X — ₹20,000 : Y — ₹15,000 : and Z — ₹10,000
- (C) X — ₹1,00,000 : Y — ₹75,000 : and Z — ₹50,000
- (D) Equal

Q 16 Every partner is bound to attend diligently to his in the conduct of the business.

- (A) Rights
- (B) Meetings
- (C) Capital
- (D) Duties

Q 17 Forming a Partnership Deed is :

- (A) Mandatory
- (B) Mandatory in Writing
- (C) Not Mandatory
- (D) None of the Above