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Class 12 commerce Sub. CCA Date 09.04.2021

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CHARTERED ACCOUNTANT INTERVIEW QUESTIONS & ANSWERS

1. 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.

Answer

Answer: D

2. Following are essential elements of a partnership firm except: (CPT; June 2012)

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

Answer

Answer: C

3. In case of partnership the act of any partner is : (C.S. Foundation Dec. 2012)

- (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

Answer

Answer: A

4. 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

Answer

Answer: B

5. 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

Answer

Answer: C

6. 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.

Answer

Answer: B

7. The relation of partner with the firm is that of:

(A) An Owner

(B) An Agent

(C) An Owner and an Agent

(D) Manager

Answer

Answer: C

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

(A) 2

(B) 7

(C) 10

(D) 20

Answer

Answer: A

9. Number of partners in a partnership firm may be :

(A) Maximum Two

(B) Maximum Ten

(C) Maximum One Hundred

(D) Maximum Fifty

Answer

Answer: D

10. Liability of partner is :

(A) Limited

(B) Unlimited

(C) Determined by Court

(D) Determined by Partnership Act

Answer

Answer: B

11. 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

Answer

Answer: D

12. X, Y and Z are partners sharing profits and losses equally. Their capital balances on March, 31, 2012 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 : (C.S. Foundation; June 2013)

- (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

Answer

Answer: B

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

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

Answer

Answer: D

(ii) Partnership Deed

14. Forming a Partnership Deed is :

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

Answer

Answer: C

15. Partnership Deed is also called

- (A) Prospectus
- (B) Articles of Association
- (C) Principles of Partnership
- (D) Articles of Partnership

Answer

Answer: D

16. Which of the following is not incorporated in the Partnership Act?

- (A) profit and loss are to be shared equally
- (B) no interest is to be charged on capital
- (C) all loans are to be charged interest @6% p.a.
- (D) all drawings are to be charged interest

Answer

Answer: D

17. When is the Partnership Act enforced?

- (A) when there is no partnership deed
- (B) where there is a partnership deed but there are differences of opinion between the partners

- (C) when capital contribution by the partners varies
(D) when the partner's salary and interest on capital are not incorporated in the partnership deed

Answer

Answer: A

18. In the absence of Partnership Deed, the interest is allowed on partner's capital: (CPT; June 2011)

- (A) @ 5% p.a.
(B) @ 6% p.a.
(C) @ 12% p.a.
(D) No interest is allowed

Answer

Answer: D

19. In the absence of a partnership deed, the allowable rate of interest on partner's loan account will be :

- (A) 6% Simple Interest
(B) 6% p.a. Simple Interest
(C) 12% Simple Interest
(D) 12% Compounded Annually

Answer

Answer: B

20. A and B are partners in partnership firm without any agreement. A has given a loan of ₹50,000 to the firm. At the end of year loss was incurred in the business. Following interest may be paid to A by the firm :

- (A) @5% Per Annum
(B) @ 6% Per Annum
(C) @ 6% Per Month
(D) As there is a loss in the business, interest can't be paid

Answer

Answer: B

21. A and B are partners in a partnership firm without any agreement. A has withdrawn ₹50,000 out of his Capital as drawings. Interest on drawings may be charged from A by the firm :

- (A) @ 5% Per Annum
(B) @ 6% Per Annum
(C) @ 6% Per Month
(D) No interest can be charged

Answer

Answer: D

22. A and B are partners in a partnership firm without any agreement. A devotes more time for the firm as compare to B. A will get the following commission in addition to profit in the firm's profit:

- (A) 6% of profit
(B) 4% of profit
(C) 5% of profit
(D) None of the above

Answer

Answer: D

23. In the absence of partnership deed, the following rule will apply :

- (A) No interest on capital
(B) Profit sharing in capital ratio

- (C) Profit based salary to working partner
- (D) 9% p.a. interest on drawings

Answer

Answer: A

24. In the absence of agreement, partners are not entitled to :

- (A) Salary
- (B) Commission
- (C) Equal share in profit
- (D) Both (a) and (b)

Answer

Answer: D

25. Interest on capital will be paid to the partners if provided for in the partnership deed but only out of: (C.S. Foundation; December, 2012)

- (A) Profits
- (B) Reserves
- (C) Accumulated Profits
- (D) Goodwill

Answer

Answer: A

26. Which one of the following items cannot be recorded in the profit and loss appropriation account?

- (A) Interest on capital
- (B) Interest on drawings
- (C) Rent paid to partners
- (D) Partner's salary

Answer

Answer: C

27. If any loan or advance is provided by partner then, balance of such Loan Account should be transferred to :

- (A) B/S Assets side
- (B) B/S Liability Side
- (C) Partner's Capital A/c
- (D) Partner's Current A/c

Answer

Answer: B

28. A, B and C were Partners with capitals of ₹50,000; ₹40,000 and ₹30,000 respectively carrying on business in partnership. The firm's reported profit for the year was ₹80,000. As per provision of the Indian Partnership Act, 1932, find out the share of each partner in the above amount after taking into account that no interest has been provided on an advance by A of ₹20,000 in addition to his capital contribution.

- (A) ₹26,267 for Partner B and C and ₹27,466 for Partner A.
- (B) ₹26,667 each partner.
- (C) ₹33,333 for A ₹26,667 for B and ₹20,000 for C.
- (D) ₹30,000 each partner.

Answer

Answer: A

29. X, Y, and Z are partners in a firm. At the time of division of profit for the year, there was dispute between the partners. Profit before interest on partner's capital was ₹6,000 and Y determined

interest @24% p.a. on his loan of ₹80,000. There was no agreement on this point. Calculate the amount payable to X, Y, and Z respectively.

(A) ₹2,000 to each partner.

(B) Loss of ₹4,400 for X and Z; T will take ₹14,800.

(C) ₹400 for A, ₹5,200 for Land ₹400 for Z.

(D) None of the above.

Answer

Answer: C