MULTIPLE CHOICE QUESTIONS

Set I

1. A partner may retire with the consent of:
   (a) majority of the partners
   (b) senior partners
   (c) all other partners
   (d) none of these
2. A partner may retire from an existing firm
   (a) with consent of all partners
   (b) as per express agreement
   (c) by written notice in partnership at will
   (d) all of the above.
3. A partner can retire on ___________
   (a) Reaching the age of superannuation
   (b) On the balance in the capital account reaching a certain amount
   (c) In accordance with the Partnership Deed
   (d) On the condition of his nominee becoming a partner
4. In case of a partnership at will, a partner may retire by giving:
   (a) an oral notice to that effect to any of the working partners
   (b) an oral notice to that effect to all other partners
   (c) a written notice to that effect to all other partners
   (d) a written notice to that effect to any of the working partners
   (e) a written notice to that effect to the registrar of firms
5. For firm's acts after retirement, a retiring partner:
   (a) is not liable to third party even if no public notice is given of his retirement
   (b) is not liable to third party who deals with the firm without knowing that he was a partner even if no public notice is given of his retirement
   (c) continues to be liable to every third party (whether or not having knowledge that he was a partner) if no public notice in give
   (d) None of these
6. Public notice of retirement must be given:
   (a) only by the retiring partner only
   (b) only by any partner other than retiring partner
   (c) by retiring partner or any of the other partners
   (d) none of these
7. Unless otherwise agreed, a retiring partner can:
   (a) carry on competing business
   (b) use the firm's name
   (c) represent himself as carrying on firm's business
   (d) solicit the old customers

8. Where a partner retires, and the remaining partners carry on the business with the firm's property without any final settlement of accounts, the outgoing partner is entitled to
   (a) interest at 6 per cent per annum on the amount due to him
   (b) such share of the profits as may be attributable to the use of his share of the firm's property
   (c) either of the above two at the option of the outgoing partner
   (d) interest at the rate of 15 per cent per annum on the amount due to him
9. Death of partner has the effect of _________
   (a) Dissolving the firm
   (b) Result in continuance of the business of the firm
   (c) His heirs joining the firm
   (d) Computation of profits upto the date of death
10. In case of death of a partner:
   (a) the firm is dissolved unless otherwise agreed
   (b) the estate of deceased partner is not liable for any act of the firm after the date of his death if no public notice is given
   (c) none of these
11. The heir of the deceased partner
   (a) Has a right to become a partner in the firm of the deceased partner.
   (b) Does not have a right to become a partner in the firm of the deceased partner.
   (c) Can become a partner in the firm of the deceased partner only if the surviving partners give their consent in this regard.
   (d) Both (b) & (c).
12. Retiring or outgoing partner.
   (a) Is liable for firm's liabilities incurred after his retirement.
   (b) Not liable for any liabilities of the firm.
   (c) Is liable for obligations incurred before his retirement.
   (d) Is liable for obligations incurred with his consent only.
13. Retiring Partner's share of goodwill is debited to remaining partners in their:
   (a) Capital Ratio (b) New Profit Sharing Ratio
   (c) Old Profit Sharing Ratio (d) Gaining Ratio
14. Profit/Loss on Revaluation of Assets & Liabilities on retirement of a partner is shared by the partners in their:
   (a) Capital Ratio (b) New Profit Sharing Ratio
   (c) Old Profit Sharing Ratio (d) Gaining Ratio
15. Accumulated Profits/Losses & Reserves on retirement of a partner are shared by the partners in their:
   (a) Capital Ratio (b) New Profit Sharing Ratio
   (c) Old Profit Sharing Ratio (d) Gaining Ratio
16. In case Revaluation Account is prepared, the assets & liabilities appear in the books of reconstituted firm at their:
   (a) Old Book Values (b) Market Values
   (c) Revalued Figures (d) Realizable Values
17. In case Revaluation Account is not prepared, the assets & liabilities appear in the books of reconstituted firm at their:
   (a) Old Book Values (b) Market Values
   (c) Revalued Figures (d) Realizable Values
18. Revaluation Account is debited:
   (a) On Increase in Provision for Doubtful Debts
   (b) On Increase in Value of Land & Buildings

(c) On Decrease in amount of Creditors
(d) To transfer loss on revaluation

19. Partner's Capital A/c is debited:
(a) To record the profit on revaluation
(b) To record the General Reserve
(c) To record the P & L A/c (Dr.)
(d) To record the shortage of capital brought in

20. Joint Life Policy is taken by the firm on the life (s) of .....
(a) All the partners jointly.
(b) All the partners severely.
(c) On the life of all the partners and employees of the firm.
(d) 'a' and 'b'

21. At the time of retirement of a partner, firm gets ..... from the insurance company against Joint Life Policy jointly for all the partners.
(a) Policy Amount (b) Surrender Value
(c) Policy Value for the retiring partner and Surrender Value for the rest
(d) Surrender Value for all the partners

22. At the time of retirement of a partner, firm gets ..... from the insurance company against the Joint Life Policy taken severely for each partner.
(a) Policy Amount (b) Surrender Value
(c) Policy Value for the retiring partner and Surrender Value for the rest
(d) Surrender Value for all the partners

23. Claim of the retiring partner is payable in the following form.
(a) Fully in cash
(b) Fully transferred to loan account to be paid later with some interest on it.
(c) Partly in cash and partly as loan repayable later with agreed interest
(d) Any of the above method

24. Outgoing Partner is compensated for parting with firm's future profits in favour of remaining partners. In what ratio do the remaining partners contribute to such compensation amount?
(a) Gaining Ratio (b) Capital Ratio
(c) Sacrificing Ratio (d) Profit Sharing Ratio

Set II

1. *X*, *Y* and *Z* are partners sharing profits & losses in the ratio of 4/9 : 1/3:2/9 respectively. *Y* retires. The gaining ratio and the new profit sharing ratio will be:
(a) 1 : 1, 1 : 1 (b) 1 : 2, 1 : 2
(c) 2 : 1, 2 : 1 (d) None of these

2. *A*, *B* and *C* share profits in the ratio of 4/9, 1/3 and 2/9. *B* retires. The new ratio if B's share is purchased by *A* will be.
(a) 4 : 2 (b) 2 : 7
(c) 7 : 2 (d) None of these

3. *A*, *B* and *C* are partners sharing profits in the ratio of 1/2, 2/5 and 1/10. B retires and his share is taken up by *A* and *C* in the ratio of 1 : 5. The new profit sharing ratio of *A* and *C* will be:
(a) $\frac{1}{2}:\frac{1}{10}$ (b) 13 : 17
(c) 17 : 13 (d) None of these

4. *A*, *B* and *C* share profits as 1/2 to *A*, 1/3 to *B*, 1/6 to *C*. *B* retires and his share is taken up by *A* and *C* in the ratio of 1: 3. The new profit sharing ratio will be:
(a) $\frac{1}{2}:\frac{1}{6}$ (b) 5 : 7
(c) 7 : 5 (d) None of these

5. *X*, *Y* and *Z* are partners sharing profits & losses in the ratio of 4/9 : 1/3:2/9 respectively. *Y* retires and his share is taken up by *X* and *Z* in the ratio of 13:11. The new profit sharing ratio will be:
   (a) 3 : 5 (b) 1 : 1
   (c) 5 : 3 (d) None of these
6. *A*, *B* and *C* are partners sharing profits in the ratio of 4: 3: 2. *B* retires. *A* and *C* decide to share profits in the future in the ratio of 5: 3. The gaining ratio will be:
   (a) 11 : 13 (b) 4 : 2
   (c) 3 : 5 (d) 13 : 11
7. *A*, *B* and *C* are partners sharing profits in the ratio of 1/2, 1/3 and 1/6. *B* retires. *A* and *C* decide to share future profits in the ratio of 3:2. The gaining ratio will be:
   (a) 3 : 2 (b) 2 : 3
   (c) 7 : 3 (d) 3 : 7
8. *A*, *B*, *C* & *D* are partners sharing profits & losses in the ratio of 3: 3: 2: 2. *D* retires and *A*, *B* & *C* decide to share the future profits in the ratio of 3: 2: 1. The gaining ratio will be:
   (a) 1 : 6 (b) 6 : 1
   (c) 1 : 1 (d) None of these
9. *X*, *Y*, *Z* are partners sharing profits and losses in the ratio of 1/2: 1/8: 3/8. Z retires and surrenders 4/9th of his share in favour of *X* and remaining in favour of *Y*. The new profit sharing ratio will be:
   (a) 1 : 2 (b) 2 : 1
   (c) 4 : 5 (d) 5 : 4
10. *A*, *B*, *C* are partners sharing profits and losses in the ratio of 4/9: 1/3: 2/9. *B* retires and surrenders 1/9th of his share in favour of *A* and remaining in favour of *C*. The new profit sharing ratio will be:
    (a) 13 : 14 (b) 14 : 13
    (c) 1 : 8 (d) 8 : 1
11. *X*, *Y* and *Z* are partners sharing profits & losses in the ratio of 4/9; 1/3:2/9 respectively. Y retires and surrenders 13/24th of his share in favour of *X* and the remaining in favour of Z. The gaining ratio will be:
    (a) 13 : 11 (b) 11 : 13
    (c) 5 : 3 (d) 3 : 5
12. *A*, *B*, *C* are partners sharing profits and losses in the ratio of 4/9: 1/3: 2/9. *B* retires and surrenders 1/9th from his share in favour of *A* and remaining in favour of *C*. The new profit sharing ratio will be:
    (a) 5 : 4 (b) 1 : 2
    (c) 4 : 5 (d) 2 : 1
13. *X*, *Y* and *Z* are partners sharing profits & losses in the ratio of 4/9:1/3:2/9 respectively. Y retires and surrenders 13/72nd from his share in favour of *X* and the remaining in favour of *Z*. The gaining ratio will be:
    (a) 13 : 11 (b) 11 : 13
    (c) 5 : 3 (d) 3 : 5
14. *X*, *Y* and *Z* are partners sharing the profits and losses in the ratio of 25: 15: 9. *Y* retires. It is decided that the profit sharing ratio between *X* and *Z* will be the same as existing between *Y* and *Z*. The gaining ratio will be:
    (a) 5 : 3 (b) 3 : 5
    (c) 1 : 2 (d) None of these

15. X, Y and Z share in the ratio of 9: 6: 4. Y retires. X and Z decide to share the future profits in the same ratio in which Y and Z shared. The gaining ratio will be:
(a) 3 : 2
(b) 2 : 3
(c) 1 : 1
(d) None of these

Set III

1. A, B and C are partners with profits sharing ratio of 4 : 3 : 2. B retires and Goodwill of Rs 10,800 was valued. If A & C share future profits in the ratio of 5 : 3, then the amount of goodwill to be shared between A and C will be:
(a) Rs 1,850 and Rs 1,950
(b) Rs 1,650 and Rs 1,750
(c) Rs 2,000 and Rs 1,600
(d) Rs 1,950 and Rs 1,650

2. C, D and E are partners sharing profits and losses in the proportion of 1/2 , 1/3 and 1/6. D retired and the new profit sharing ratio between C and E is 3 : 2 and the Reserves of Rs. 24,000 is divided amount the partners in the ratio:
(a) 4000 : 8000 : 12000
(b) 10000 : 10000 : 4000
(c) 8000 : 12000 : 4000
(d) 12000 : 8000 : 4000

3. The capitals of A, B and C are Rs 2,00,000; Rs 1,50,000 and Rs 1,00,000, profits are shared in the ratio of 3 : 2 : 1. B retires on the basis of his share purchased by other partners. The new ratio between A and C is 3 : 1. The capitals of A and C will be:
(a) Rs. 3,00,000 and Rs. 2,00,000
(b) Rs 2,92,500 and Rs 84,000
(c) Rs 3,12,500 and Rs 1,37,500
(d) Rs 1,72,500 and Rs 92,500

4. A, B and C takes a Joint Life Policy, after five years. B retires from the firm. Old Profit sharing ratio is 2 : 2 : 1 After retirement A and C decides to share profits equally. They had taken a Joint Life Policy of Rs 5,00,000 with the surrender value Rs 1,00,000. What will be the treatment in the partner's capital account on receiving the JLP amount if joint life premium is fully charged to revenue as and when paid?
(a) Rs 1,00,000 credited to all the partners in old ratio.
(b) Rs 5,00,000 credited to all the partners in old ratio.
(c) Rs 4,00,000 credited to all the partners in old ratio.
(d) No treatment is required.

5. A, B and C takes a Joint Life Policy, after five years B retires from the firm. Old Profit sharing ratio is 2 : 2 : 1 After retirement A and C decides to share profits equally. They had taken a Joint Life Policy of Rs 5,00,000 with the surrender value Rs 1,00,000. What will be the treatment in the partner's capital account on receiving the JLP amount if joint life policy is maintained at the surrender value?
(a) Rs 1,00,000 credited to all the partners in old ratio.
(b) Rs 5,00,000 credited to all the partners in old ratio.
(c) Rs 4,00,000 credited to all the partners in old ratio.
(d) No treatment is required.

6. A, B and C takes a Joint Life Policy, after five years B retires from the firm. Old Profit sharing ratio is 2 : 2 : 1 After retirement A and C decides to share profits equally. They had taken a Joint Life Policy of Rs 5,00,000 with the surrender value Rs 1,00,000. What will be the treatment in the partner's capital account on receiving the JLP amount if joint life policy is maintained at the surrender along with the reserve?
(a) Rs 1,00,000 credited to all the partners in old ratio.
(b) Rs 5,00,000 credited to all the partners in old ratio.
(c) Rs 4,00,000 credited to all the partners in old ratio.
(d) No treatment is required.

7. A, B and C are partners sharing profits in the ratio of 2 : 2 : 1. On retirement of B, goodwill was valued as Rs 60,000. The contribution of A and C to compensate B will be:

(a) Rs 24,000 and Rs 20,000 (b) Rs. 16,000 and Rs 8,000

(c) They will not contribute any thing.

(d) Information is insufficient for any comment.

8. A, B and C were partners in a firm sharing profits and losses in the ratio of 2 : 2 : 1 respectively with the capital balance of Rs 1,00,000 for A and B, for C Rs 50,000. B declared to retire from the firm and balance in reserve on the date was Rs 30,000. If goodwill of the firm was valued as Rs. 60,000 and profit on revaluation was Rs 14,100 then what amount will be transferred to the loan account of B .

(a) Rs 1,41,640 (b) Rs 1,01,640

(c) Rs 51,640 (d) Rs 1,17,640

9. A, B and C are partners sharing profits and losses in the ratio 3 : 2 : 1. C retires on a decided date and Goodwill of the firm is to be valued at Rs. 1,20,000. The amount payable to retiring partner on account of goodwill will be:

(a) Rs 60,000 (b) Rs 40,000

(c) Rs 20,000 (d) Rs 12,000

10. A, B and C were partners sharing profits and losses in the ratio of 3 : 2 : 1. A retired and Goodwill of the firm is to be valued at Rs 48,000 and Goodwill Account is to be raised which is not appearing in the balance sheet. What will be the treatment for goodwill?

(a) Credited to Revaluation Account at Rs 48,000

(b) Credited to Partner's Capital Accounts Rs 48,000 in profit sharing ratio.

(c) Only A's Capital Account credited with Rs 24,000

(d) Only A's Capital Account credited with Rs 48,000

11. A, B and C were partners sharing profits and losses in the ratio of 3 : 2 : 1. A retired and firm received the joint life policy as Rs 15,000 appearing in the balance sheet at Rs 20,000. JLP is credited and cash debited with Rs 15,000, what will be the treatment for the balance in Joint Life Policy?

(a) Credited to partner's current account in profit sharing ratio.

(b) Debited to revaluation account.

(c) Debited to partner's capital account in profit sharing ratio.

(d) Either 'b' or 'c'.

12. Balances of M/s. *A, B & C* sharing profits and losses in proportionate to their capitals, stood as follows: Capital Accounts: *A* Rs 6,00,000; *B* 4,00,000 and *C* 2,00,000. A desired to retire from the firm and the remaining partners decided to carry on, Joint life policy of the partners surrendered and cash obtained Rs. 1,20,000. What will be treatment for JLP?

(a) Rs 1,20,000 credited to Revaluation Account.

(b) Rs 1,20,000 credited to Joint Life Policy Account.

(c) Rs 1,20,000 debited to *A*'s Capital Account.

(d) Either 'a' or 'b'.

13. Balances of *A, B* and *C* sharing profits and losses in proportionate to their capitals, stood as follows: Capital Accounts: *A* Rs 4,00,000; *B* Rs 6,00,000 and *C* Rs 4,00,000; JLP Reserve Rs 1,60,000 and JLP Rs 1,60,000. A desired to retire from the firm and the remaining partners decided to carry on in equal ratio, Joint life policy of the partners surrendered and cash obtained Rs. 1,60,000. What will be the treatment for JLP?

(a) Cash received credited to Revaluation Account.

(b) JLP Reserve balance credited to Partner's Capital Account in old profit sharing ratio.

(c) JLP Reserve balance credited to Partner's Capital Account in new profit sharing ratio.

(d) Cash received credited to Partner's Capital Account in old profit sharing ratio.

14. Balances of A, B and C sharing profits and losses in proportionate to their capitals, stood as follows: Capital Accounts: A Rs 4,00,000; B Rs 6,00,000 and C Rs 4,00,000. A desired to retire form the firm, B and C share the future profits equally, Goodwill of the entire firm be valued at Rs 2,80,000 and no Goodwill account being raised.

(a) Credit Partner's Capital Account with old profit sharing ratio for Rs 2,80,000
(b) Credit Partner's Capital Account with new profit sharing ratio for Rs 2,80,000
(c) Credit A's Account with Rs 80,000 and debit B's Capital Account with Rs 20,000 and C's Capital Account with Rs 60,000.
(d) Credit Partner's Capital Account with gaining ratio for Rs 2,80,000

15. Balances of A, B and C sharing profits and losses in proportionate to their capitals, stood as follows: Capital Accounts: A Rs 4,00,000; B Rs 6,00,000 and C Rs 4,00,000. JLP Reserve and JLP at Rs. 1,60,000. A desired to retire form the firm. B and C share the future profits equally. Joint life policy of the partners surrendered and cash obtained Rs 1,60,000. Goodwill of the entire firm be value at Rs. 2,80,000 and no Goodwill account being raised. Revaluation Loss was Rs 20,000. Amount due to A is to be settled on the following basis: 50% on retirement and the balance 50% within one year. The total capital of the firm is to be the same as before capital retirement. Individual capital in their Profit sharing ratio. Find the balances of Partner's Capital Account.
(a) Rs. 7,00,000 each
(b) Rs 6,40,000
(c) Rs. 3,80,000 each
(d) Rs. 2,60,000

16. Balances of A, B & C sharing profits and losses in the ratio 2:3:2 stood as follows: Capital Accounts: A Rs. 20,00,000; B Rs. 30,00,000; C Rs. 20,00,000; Joint Life Policy Rs. 700,000. B desired to retire from the firm and the remaining partners decided to carry on with the future profit sharing ratio of 3:2. Joint Life Policy of the Partners surrendered and cash obtained Rs. 7,00,000. What would be the treatment for JLP?
(a) Rs. 7,00,000 credited to partner's capital account in new ratio.
(b) Rs. 7,00,000 credited to partner's capital account in old ratio.
(c) Rs. 7,00,000 credited to partner's capital account in capital ratio.
(d) Rs. 7,00,000 credited to JLP account.

Set IV

1. In the absence of proper agreement, representative of the deseased partner is entitled to the Dead partner's share in the following items.
(a) Profits till date, goodwill, joint life policy, interest on capital, share in revalued assets and liabilities.
(b) Capital, goodwill, joint life policy, interest on capital, share in revalued assets and liabilities.
(c) Capital, profits till date, goodwill, interest on capital, share in revalued assets and liabilities.
(d) Capital, profits till date, goodwill, joint life policy, share in revalued assets and liabilities.

2. As per Section 37 of the Indian Partnership Act, 1932, the executors would be entitled at their choice to the interest calculated from the date of death till the date of payment on the final amount due to the dead partner at . . .
(a) 7% p.a.
(b) 4% p.a.
(c) 6% p.a.
(d) 12% p.a.

3. To provide funds to pay to the retiring partner or to the representatives of a deceased partner, generally partners.
(a) Create a Sinking Fund
(b) Take Join Life Policy
(b) Create Reserve Fund
(d) Create a separate Bank Account

4. At the time of death of a partner, firm gets . . . . from the insurance company against the Joint Life Policy taken jointly for all the partners.
(a) Policy Amount
(b) Surrender Value
(c) Policy Value for the dead partner and Surrender Value for the rest.
(d) Surrender Value for all the partners.

5. At the time of death of a partner, firm gets . . . . . from the insurance company against the Joint Life Policy taken severely for each of the partner.
   (a) Policy Amount
   (b) Surrender Value
   (c) Policy Value for the dead partner and Surrender Value for the rest.
   (d) Surrender Value for all the partners.
6. When premium is paid on JLP taken up severely for each partner, the amount received on death of a partner would be firm's profit. It is also necessary to credit Partner's Capital Account with . . . . . of the policy on the lives of the remaining partners.
   (a) Policy Value
   (b) Lump-sum Value
   (c) Surrender Value
   (d) Actual Value
7. All of the following except one is the method of recording joint life policy.
   (a) Premium paid charged to revenue.
   (b) JLP Account maintained at the surrender value.
   (c) JLP Account maintained at the surrender value along with the Reserve.
   (d) Surrender value distributed among the partners in the profit sharing ratio.
8. On death of a partner, his executor is paid the share of profit of the dying partner for the relevant period. This repayment is recorded in Profit & Loss . . . . Account.
   (a) Adjustment
   (b) Appropriation
   (c) Suspense
   (d) Reserve
9. A, B and C are partners sharing profits and losses in the ratio 9 : 4 : 3. They took joint life policy of Rs 5,44,000. C died. What is the share of C in the JLP amount?
   (a) Rs. 36,000
   (b) Rs. 50,000
   (c) Rs. 1,02,000
   (d) Rs. 40,000
10. A, B and C are the partner sharing profits and losses in the ratio of 2 : 1 : 1. Firm has a joint life policy of Rs. 2,40,000 and in the balance sheet it is appearing at the surrender value i.e. Rs 40,000. On the death of A, how this JLP will be shared among the partners.
   (a) 1,00,000 : 50,000 : 50,000
   (b) 1,20,000 : 60,000 : 60,000
   (c) 80,000 : 70,000 : 50,000
   (d) Whole of Rs 2,40,000 will be paid to A
11. A, B and C are the partners sharing profits in the ratio 7 : 5 : 4. C died on 30th June 2006. It was decided to value the goodwill on the basis of three year's purchased of last five year average profits. If the Profits are Rs. 53,600; Rs 57,400; Rs 57,800; Rs 48,000 and Rs 26,800. What will be D's share of goodwill?
   (a) Rs 36,540
   (b) Rs 55,200
   (c) Rs 1,65,600
   (d) Rs 54,000
12. A, B and C are the partners sharing profits in the ratio of 7 : 5 : 4 C died on 30th June 2006 and profits for the accounting year 2005-2006 were Rs 48,000. How much share in profits for the period 1st April 2006 to 30th June 2006 will be credited to C Account.
   (a) Rs 12,000
   (b) Rs 3,000
   (c) Nil
   (d) Rs 4,000
13. If three partners A, B & C are sharing profits as 5 : 3 : 2, then on the death of a partner A, how much B & C will pay to A's executor on account of goodwill. Goodwill is to be calculated on the basis of 2 years' purchase of last 3 years average profits. Profits for last three year are: Rs 6,58,000; Rs 6,92,000 and Rs 8,10,000.
   (a) Rs. 4,32,000 & Rs 2,84,000
   (b) Rs 4,88,000 & Rs 4,32,000
   (c) Rs 7,20,000 & Rs 7,20,000
   (d) Rs 4,32,0000 & Rs 2,88,000
14. A, B and C takes a Joint Life Policy their profit sharing ratio is 2 : 2 : 1. On death of B, A and C decides to share profits equally. They had taken a Joint Life Policy of Rs 5,00,000 with the surrender value Rs 1,00,000. What will be the treatment in the partner's capital account on receiving the JLP amount if joint life policy is maintained at the surrender value?

(a) Rs 1,00,000 credited to all the partners in old ratio.
(b) Rs 5,00,000 credited to all the partners in old ratio.
(c) Rs 4,00,000 credited to all the partners in old ratio.
(d) No treatment is required.

15. A, B and C takes a Joint Life Policy, their profit sharing ratio is 2 : 2 : 1. On death of B, A and C decides to share profits equally. They had taken a Joint Life Policy of Rs 5,00,000 with the surrender value Rs 50,000. What will be the treatment in the partner's capital account on receiving the JLP amount if joint life policy is maintained at surrender value along with the reserve?
(a) Rs 5,00,000 credited to all the partners in old ratio.
(b) Rs 4,50,000 credited to all the partners in old ratio.
(c) Distribute JLP Reserve Account in old profit sharing ratio.
(d) 'b' and 'c'.

16. A, B and C are the partners sharing profits and losses in the ratio of 5 : 3 :2, took a joint life policy of Rs 60,000. On the death of B what amount will be payable to each partner.
(a) A – Rs 44,000 and B – Rs 16,000
(b) A – Rs 28,000 and B – Rs 32,000
(c) A – Rs 30,000, B – Rs 18,000 and C – Rs 12,000
(d) A – Rs 20,000, B – Rs 16,000 and C – Rs 20,000

ANSWERS

Set I

1. (c)	2. (d)	3. (c)	4. (c)	5. (b)	6. (c)	7. (a)
8. (c)	9. (a)	10. (a)	11. (d)	12. (c)	13. (d)	14. (c)
15. (c)	16. (c)	17. (a)	18. (a)	19. (c)	20. (a)	21. (b)
22. (d)	23. (d)	24. (a)				

Set II

1. (c)	2. (c)	3. (c)	4. (c)	5. (c)	6. (d)	7. (d)
8. (b)	9. (b)	10. (a)	11. (a)	12. (a)	13. (a)	14 (b)
15. (b)						

Set III

1. (d)	2. (d)	3. (c)	4. (a)	5. (d)	6. (d)	7. (b)
8. (a)	9. (c)	10. (b)	11. (d)	12. (d)	13. (b)	14. (c)
15. (a)	16. (d)					

Set IV

1. (d)	2. (c)	3. (b)	4. (a)	5. (c)	6. (c)	7. (d)
8. (c)	9. (c)	10. (a)	11. (a)	12. (b)	13. (d)	14. (c)
15. (d)	16. (c)					