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Answers Key:

Multiple Choice Question

1. (c) Small sized sole trader business
2. (b) Statement of assets and liabilities
3. (a) Capital in the beginning of the year
4. (c) Capital
5. (c) Bills payable accepted during the year
6. (a) Total debtors account
7. (c) It is suitable for all types of organisations
8. (d) Rs. 64,000
9. (a) Rs. 9,000
10. (d) Rs. 20,000
11. (b) Real A/c
12. (c) Both revenue and capital nature
13. (d) Cash and bank balance as on the date
14. (a) Nominal A/c
15. (c) Surplus or deficit
16. (d) Sale proceeds of furniture
17. (a) An asset
18. (d) Capital receipt
19. (b) Capital receipt
20. (a) Rs. 50,000
21. (a) Equal ratio
22. (a) Not allowed
23. (d) 6% per annum
24. (c) Partners' salary
25. (a) Additional capital introduced
26. (b) 6 months
27. (c) Interest on loan - Debited to capital account
28. (c) Interest on loan
29. (b) Interest on partners capital is allowed at 7% per annum
30. (d) Rs. 500
31. (a) Goodwill is an intangible asset
32. (c) Average profit and normal profit
33. (b) Normal rate of return
34. (c) Super profit = Average profit – Normal profit
35. (c) Goodwill under Annuity method - Average profit × Present value annuity factor
36. (c) Rs. 10,000
37. (a) Rs. 36,000
38. (d) Rs. 30,000
39. (c) Date of his retirement
40. (b) Old profit sharing ratio
41. (a) Capital account of all the partners
42. (b) Loss
43. (c) To adjust goodwill
44. (c) Retiring partner's loan A/c
45. (d) A's Executor loan account
46. (b) Rs. 8,000 and Rs. 4,000
47. (c) 2:1
48. (b) Rs. 3,000
49. (b) Nominal A/c
50. (a) Gain
51. (a) The old partners

52. (b) Sacrificing ratio
53. (d) the sacrificing partne
54. (d) The existing agreement does not come to an end
55. (b)

(i)	(ii)	(iii)	(iv)
3	2	4	1

56. (c) Goodwill brought by new partner
57. (c) 5:3
58. (d) 1:2

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