

**QUICK DRILL · CBSE CLASS 12**

# Accounting for Partnership Firms — Fundamentals

Accountancy · Chapter 2 · 15 MCQs · 20 minutes · PYQ-tagged with time budgets

DATE	TOTAL MARKS	DURATION	MARKING	TARGET
_____	<b>15</b>	<b>20 min</b>	<b>+1 / 0</b>	<b>≥ 12/15</b>

**OBJECTIVES**

Reinforce the four core topics of Accounting for Partnership Firms — Fundamentals via 15 PYQ-derived MCQs. Identify weak sub-topics via concept-node IDs (see answer key). Build per-question time budget habit.

**INSTRUCTIONS**

Attempt all 15. Time budget shown per Q (use it as pacing guide). Mark answers (A/B/C/D) in the margin. Answer key + explanations on the last page. **Don't peek — score yourself honestly.**

**SECTION · QUICK DRILL**
**Q 1-15 · 20 MIN**

- Q1.** The maximum number of partners in a partnership firm (per current Indian law) is:  
**(A)** 20 **(B)** 30  
**(C)** 50 **(D)** Unlimited  
*PYQ 2022 · Delhi · 1m · ⌚ 30s*
- Q2.** In the absence of a partnership deed, partners are entitled to:  
**(A)** Equal profit-sharing and 6% interest on capital **(B)** Equal profit-sharing and NO interest on capital  
**(C)** Profit-sharing in capital ratio and 6% interest on capital **(D)** Profit-sharing in capital ratio and 6% interest on loans only  
*PYQ 2019 · Delhi · 1m · ⌚ 60s*
- Q3.** Partner's salary is debited to:  
**(A)** Profit & Loss A/c (as a business expense) **(B)** Profit & Loss Appropriation A/c  
**(C)** Trading A/c **(D)** Partner's Drawings A/c  
*PYQ 2018 · Delhi · 1m · ⌚ 30s*
- Q4.** Under Fluctuating Capital Method, drawings during the year are posted to:  
**(A)** Partner's Capital A/c (Dr) **(B)** Partner's Current A/c (Dr)  
**(C)** Drawings A/c only **(D)** P&L Appropriation A/c  
*PYQ 2020 · All India · 1m · ⌚ 30s*
- Q5.** Under Fixed Capital Method, the Capital A/c is debited for:  
**(A)** Drawings during the year **(B)** Interest on Drawings  
**(C)** Capital withdrawn permanently **(D)** Share of Loss  
*PYQ 2021 · Standard · 1m · ⌚ 45s*
- Q6.** A partner draws ₹4,000 at the END of each month for 12 months. The average period for interest is:  
**(A)** 6 months **(B)** 6.5 months  
**(C)** 5.5 months **(D)** 5 months  
*PYQ 2018 · Outside Delhi · 1m · ⌚ 45s*
- Q7.** A partner draws ₹6,000 at the BEGINNING of each month. Total drawings ₹72,000. Rate 10% p.a. Interest on Drawings is:  
**(A)** ₹3,600 **(B)** ₹3,900  
**(C)** ₹4,200 **(D)** ₹3,300  
*PYQ 2019 · All India · 2m · ⌚ 90s*
- Q8.** Interest on a partner's LOAN to the firm (no deed provision) is payable at:  
**(A)** 6% per annum **(B)** 8% per annum  
**(C)** 10% per annum **(D)** Whatever the partner demands  
*PYQ 2017 · Delhi · 1m · ⌚ 30s*
- Q9.** When a partner is GUARANTEED a minimum profit share, the deficiency (if any) is borne by:  
**(A)** The firm itself **(B)** The other partners in their agreed ratio (default: PSR of guarantors)  
**(C)** Equally by all other partners **(D)** The guaranteed partner's own future profits

**Q10.** Interest on Drawings is credited to:

- (A) Partner's Capital A/c (B) Profit & Loss A/c  
(C) Profit & Loss Appropriation A/c (D) Drawings A/c

PYQ 2020 · Delhi · 1m · 30s

**Q11.** Partnership Deed registration is:

- (A) Mandatory under the Indian Partnership Act 1932 (B) Optional but practically essential (Section 69 disabilities)  
(C) Required only if the firm has GST registration (D) Required only if turnover exceeds ₹1 crore

PYQ 2021 · Standard · 1m · 45s

**Q12.** Profit-sharing ratio (PSR) in the absence of any agreement is:

- (A) In the ratio of capital contributed (B) In the ratio of work performed  
(C) Equal among all partners (D) As determined by the Court

PYQ 2018 · All India · 1m · 30s

**Q13.** A partner introduces additional capital of ₹50,000 on 1 October. The firm's books close on 31 March. If interest on capital is 12% p.a., interest on this additional amount is:

- (A) ₹6,000 (B) ₹3,000  
(C) ₹2,500 (D) ₹1,500

PYQ 2022 · Delhi · 2m · 90s

**Q14.** Under Fixed Capital Method, a Dr balance in the Current A/c at year-end is shown in:

- (A) Liabilities side of Balance Sheet (B) Assets side of Balance Sheet  
(C) Netted against Capital A/c (D) Profit & Loss A/c

PYQ 2023 · Standard · 1m · 45s

**Q15.** The 'mutual agency' principle in partnership means:

- (A) Partners must consult each other before every decision (B) Each partner can bind the firm by his acts within the ordinary course of business  
(C) Partners are agents of the customers (D) Partners cannot act individually

PYQ 2024 · Standard Set 1 · 1m · 45s

## ANSWER KEY & EXPLANATIONS

Q 1-15 · MARK YOUR SCORE

**Q1. Answer: C**

Per the Companies (Miscellaneous) Rules 2014 issued under the Companies Act 2013, the maximum is 50 partners. The older 20-partner limit under the 1956 Act is obsolete.

**Q2. Answer: B**

Section 13 defaults: profit-sharing EQUAL regardless of capital, NO interest on capital, NO salary, 6% pa on LOANS (not capital). Option B is closest. (Option D's 'capital ratio' is wrong — defaults to EQUAL.)

**Q3. Answer: B**

Partner's salary is an APPROPRIATION of profit (partner is an owner, not an employee), so it is debited to the Appropriation A/c, not the P&L A/c. Credited to the Partner's Capital/Current A/c.

**Q4. Answer: A**

Under Fluctuating method (default), every transaction including drawings posts to the single Capital A/c. Current A/c does not exist under this method.

**Q5. Answer: C**

Under Fixed method, Capital A/c is touched ONLY for opening balance + additional capital introduced + capital withdrawn permanently. Drawings, interest, salary, profit share all go to Current A/c.

**Q6. Answer: C**

End-of-month drawings:  $AP = (11 + 0)/2 = 5.5$  months. (Beginning would be 6.5, middle would be 6.)

**Q7. Answer: B**

$AP = 6.5$  months. Interest =  $72,000 \times 10\% \times 6.5/12 = ₹3,900$ .

**Q8. Answer: A**

Section 13(d) proviso: Interest on partner loans (advances over and above capital) is 6% per annum in the absence of an explicit deed provision.

**Q9. Answer: B**

Guarantee is given by individual guarantor partners. Deficiency is borne by guarantors in agreed ratio; if no ratio specified, in their PSR inter se.

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**Q10. Answer: C**

Interest on Drawings is income to the firm (charged to partners) — debited to Partner's Capital/Current A/c and credited to the P&L Appropriation A/c.

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**Q11. Answer: B**

Registration is OPTIONAL under the 1932 Act but Section 69 imposes severe disabilities on unregistered firms (cannot sue third parties to enforce contracts). Hence practically essential.

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**Q12. Answer: C**

Section 13(b): partners share profits and losses EQUALLY regardless of capital contributed. Capital-ratio sharing is a common misconception.

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**Q13. Answer: B**

Time = 6 months (1 Oct to 31 Mar). Interest =  $50,000 \times 12\% \times 6/12 = ₹3,000$ .

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**Q14. Answer: B**

Dr balance in Current A/c means the partner has overdrawn — an asset of the firm, recoverable from the partner. Shown on Assets side as 'Partner's Current A/c (Dr)'.

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**Q15. Answer: B**

Mutual agency (Section 4 phrase 'acting for all'): each partner is simultaneously a principal AND an agent of the others, with authority to bind the firm in ordinary business acts (Section 19).