

Principles of Accounting - ICOM Part 2 Principles of Accounting Chapter 6 Short Questions Preparation

Q1. Define junior partner.

Ans 1: A partner of partnership who have less experience in the business and have small capital is known as junior partner,

Q2. Write some contents of partnership deed.

Ans 1: Some contents of partnership deed are given below:

1. Name of business
2. Nature of business
3. Capital of firm collectable by each other
4. Ration of profit and loss sharing
5. Rate of interest on capital
6. Salaries of partners
7. Commencement of partners.

Q3. Define Partnership at will.

Ans 1: A partnership at will may be dissolved at any time by partner serving notice to the other partner, Partnership at will means the partnership is formed at the will of other all the partners.

Q4. What rules are followers in absence of partnership deed?

Ans 1: In the absence of agreement in partnership ,the following rules are applicable.

1. The partner shall share the profits and losses equally.
2. No partner is entitled to interest on capital
3. No interest on drawing is to be charged by the firm.

Q5. What is endowment fund?

Ans 1: The Principle of this fund is not expendable and the income on investment made for a specified period can be used for general or specific purpose.

Q6. Define the term partnership agreement?

Ans 1: The agreement among the partners which sets out the term on which they have agreed to form a partnership is called "Partnership agreement".It is also called as partnership Deed.

Q7. What is fixed capital?

Ans 1: In fixed capital ,capitals of partners are credit with the actual contribution of the partner towards their capitals and balanced at the same year from year to year,In such a case all the adjustments and passed through current accounts of partners.

Q8. Define firm.

Ans 1: The partner in a partnership collectively known as firm and the name ,under which they carry on the business is called "Firm's name".

Q9. Define the term Partnership.

Ans 1: According to Partnership Act 1932,The relation between person who have agreed to share the profit of the business carried on by all or any them acting for all,A relation in which 2 or more persons are agreed to form a joint business, is called partnership.

Q10. Under capitalization method,how the value of goodwill is calculated?

Ans 1: In this method the whole whole value of business is calculated by capitalization the average or actual profits by the following formula.

Actual profit *100

The net assets of the firm are deducted from the value of business.
