Principles of Accounting - ICOM Part 2 Principles of Accounting Chapter 7 Short Questions Preparation

Q1. Differentiate between dissolution of firm and dissolution of partnership.

Ans 1: The dissolution of partnership does not necessary involved the dissolution of the firm, whereas the dissolution of the firm involves dissolutionof partnership also.

Q2. Define about secret partner.

Ans 1: A secret partner provides capital to the firm.He share is profit and loss of the firm.He does not take active part in the business of the firm.He is liable to third parties in case of loss.
A secret partner may be a sleeping partner.

Q3. Define about the surrender value.

Ans 1: Surrender value is the amount which the insurance company is agreed to pay immediately in cash,in case of stoppage of further payment of premiums is called surrender value.

Q4. What is meant by nominal partner?

Ans 1: A person who neither contributes any capital nor take part in the but nearly lends his name to the firm,is called nominal partner.

Q5. Define deficiency.

Ans 1: In case of winding up a business,the excess of liabilities over the assets of the business,
Deficiency= Liabilities >Assets

Q6. What is new partner or additional partner?

Ans 1: A partner entered in a partnership with the consent of old partner is known as new partner or additional partner.

Q7. What is meant by "Revaluation Account"?

Ans 1: Revaluation account is prepared at the time of admission ,retirement or death of a partner for increase and decrease in the value of assets and liabilities. In the case of revaluation these assets and liabilities are shown in a new balance sheet at the revalued figures.

Q8. What is meant by "Major Partner"?

Ans 1: A partner of business whose age is 18 or more than 18 years is called major partner.A major partner is entitled for both of profit and loss of business.

Q9. What is meant by fluctuating capital?

Ans 1: In the case of fluctuating capital,capital of the partner fluctuates from year to year ,All adjustments with regards to intersect on capital ,profit or loss for the year ,as well as frawing are made in the capital account of partner.

Q10. In whihc situation the Garner vs. Murray rule is applicable?

Ans 1: Garner vs. Murray is applicable only when there is no agreement between the partners for sharing the deficiency in capital accounts of insolvent partners.
