

## Principles of Accounting - ICOM Part 2 Principles of Accounting Chapter 8 Short Questions Preparation

Q1. What is holding out partner?

**Ans 1:** A person who represent himself or may knowingly permit himself to be represented as a partner of the firm is called Holding out partner.

Q2. Who is active partner?

**Ans 1:** Active partner is a person ,who has capital in the business and also take part in the conduct of the business is called active partner.  
It is known by the general public as partner.

Q3. What is Insolvent Partner?

**Ans 1:** Insolvent Partner is a partner ,whose debts are more than his income,Such partner cannot pay his debts fully and become out of the partnership, His personal property also sold for his debts.

Q4. Define Senior partner.

**Ans 1:** A senior partner contributes large amount of capital,He is entitled to large amount of profits,He is associated with business for so many years.  
A partner who has rich experience about the business and who have larger capital in partnership is called senior partner.

Q5. What is meant by minor partner?

**Ans 1:** Minor partner is that partner who has not attained the age of 18 years and therefore he can not contact or bind anymore.  
Minor partner is just entitled for the only profit of business but not in loss on business.

Q6. Write different method of calculating goodwill.

**Ans 1:** 1.Average profit method  
2.Super Profit method  
3.Capitalization method.

Q7. Define the term Sacrifice Ratio.

**Ans 1:** Sacrifice ratio is calculated on the admission of new member in partnership for distribution of goodwill among the old partner,if goodwill bring is in cah by new partner.  
It is calculated with help of following equation

Sacrifice ratio=old share -new share.

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Q8. What is meant by retirement of partner?

**Ans 1:** A partner of business who want to give up form the business ,gave notice to other partners to br retire ,such a step of partner is called retirement of partner.  
Retirement of any partner dissolves the partnership.

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Q9. What is Sleeping Partners?

**Ans 1:** A person who has capital in the business but does not taken part in the management of the partnership is called sleeping partner.It is also known as "Dormant ".  
It is not known by the general public as a partner.

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Q10. What is profit and loss appropriate?

**Ans 1:** Profit and loss appropriation account merely an extension of profit and loss account and it is prepared to know,how the net profit has been distributed among the partners.

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