2019 -2020
+2 ACCOUNTANCY
UNIT – V – ADMISSION OF A PARTNER

CHOOSE THE CORRECT ANSWER
1) Revaluation A/C is a
   a) Real A/c   b) Nominal A/c   c) Personal A/c   d) Impersonal A/c
2) On revaluation, the increase in the value of assets leads to
   a) Gain     b) Loss     c) Expense     d) None of these
3) The profit or loss on revaluation of assets and liabilities is transferred to the capital account of
   a) The old partners   b) The new partners   c) All the partners   d) The sacrificing partners
4) If the old profit sharing ratio is more than the new profit sharing ratio of a partner, the difference is called
   a) Capital ratio   b) Sacrificing ratio   c) Gaining ratio   d) None of these
5) At the time of admission, the goodwill brought by the new partner may be credited to the capital accounts of
   a) All the partners   b) The old partners   c) The new partners   d) The sacrificing partners
6) Which of the following statements is not true in relation to admission of a partner
   a) Generally mutual rights of the partners change
   b) The profit and losses of the previous years are distributed to the old partners
   c) The firm is reconstituted under a new agreement
   d) The existing agreement does not come to an end
7) Match List I with List II and select the correct answer using the codes given below:

<table>
<thead>
<tr>
<th>List I</th>
<th>List II</th>
</tr>
</thead>
<tbody>
<tr>
<td>(i) Sacrificing ratio</td>
<td>- Investment fluctuation fund</td>
</tr>
<tr>
<td>(ii) Old profit sharing ratio</td>
<td>- Accumulated profit</td>
</tr>
<tr>
<td>(iii) Revaluation Account</td>
<td>- Goodwill</td>
</tr>
<tr>
<td>(iv) Capital Account</td>
<td>- Unrecorded liability</td>
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</tbody>
</table>

Codes:

<table>
<thead>
<tr>
<th>(i)</th>
<th>(ii)</th>
<th>(iii)</th>
<th>(iv)</th>
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<tbody>
<tr>
<td>a)</td>
<td>1</td>
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<td>3</td>
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<td>b)</td>
<td>3</td>
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<tr>
<td>d)</td>
<td>3</td>
<td>1</td>
<td>4</td>
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</table>

8) Select the odd one out
   a) Revaluation Profit   b) Accumulated Loss   c) Goodwill brought by new partner   d) Investment fluctuation fund
9) James and Kamal are sharing profits and losses in the ratio of 5:3. They admit Sunil as a partner giving him 1/5 share of profit. Find out the sacrificing ratio.
   a) 1:3   b) 3:1   c) 5:3   d) 3:5
10) Balaji and Kamalesh are partners sharing profits and losses in the ratio of 2:1. They admit Yogesh into partnership. The new profit sharing ratio between Balaji, Kamalesh and Yogesh is agreed to 3:1:1. Find the sacrificing ratio between Balaji and Kamalesh.
    a) 1:3   b) 3:1   c) 2:1   d) 1:2

ADDITIONAL QUESTIONS

11) At the time of admission of a new partner the firm is :
    a) Dissolved b) Continued c) Not effected d) Re-organized
12) At the time of admission an incoming partner contributes as goodwill:
    a) In cash   b) Does not pay cash   c) May or may not pay cash for goodwill   d) None of these
13) Value of goodwill will agreed upon Rs.30,000 on C.’s admission and allowing him 1/4 share of total profit Goodwill is brought in cash, the amount of goodwill will be as:
    a) Rs.30,000   b) Rs.7,500   c) Rs.1,50,000   d) Rs.1,20,000
14) Goodwill of the firm is valued Rs.30,000. C an incoming partner purchase 1/4 share of total profit Goodwill be raised in the books.
    a) Rs.30,000   b) Rs.7,500   c) Rs.1,20,000   d) Rs.7,000
15) An incoming parent pays his share of goodwill in cash, and profit sharing ratio of old partner is changed. Goodwill be distributed among old partners.
    a) As their old profit ratio   b) According to new ratio   c) According to sacrificing ratio   d) None of these
16) At the time of admission of a new partner, general reserve is:
   a) Debited to capital of old partners
   b) Credited to capital of old partners
   c) Allowed to remain is balance sheet
   d) Debited to current account

17) A new partner may be admitted to a partnership:
   a) With the consent of old partners
   b) With the consent of two third of old partners
   c) With the consent of any one of the partner
   d) Without consent of old partners

18) At the time admission of a new partner Goodwill:
   a) Belongs to all partners, who are going to be admitted
   b) Belongs only to the new partners
   c) Belongs only to the old partner
   d) None of these

19) In the revaluation account a decrease in the value of plant and machinery:
   a) Debit side
   b) Credit side
   c) Debit side of goodwill A/c
   d) Does not appear at all

20) In the revaluation account an increase in the value of land and building:
   a) Debited side
   b) Credit side
   c) Credit side of goodwill A/c
   d) Does not appear at all

21) At the time of admission of a new partner, profit ratio should be found out:
   a) Old
   b) New
   c) Both (a) & (b)
   d) None of these

22) At the time of admission of a new partner, revaluation of ....... and ....... should be taken up:
   a) Capital & Assets
   b) Capital & Liabilities
   c) Assets & Liabilities
   d) Income & Expenses

23) When an unrecorded liabilities is brought into books, it results in:
   a) Profit
   b) Loss
   c) Income
   d) Expenses

24) The balance of revaluation account shows:
   a) Profit
   b) Loss
   c) Profit or Loss
   d) Surplus

25) The revaluation profit or loss is transferred to the old partner’s capital accounts, in their:
   a) Old ratio
   b) New ratio
   c) Sacrifice ratio
   d) Gaining ratio

26) The difference between old profit sharing ratio and new profit sharing ratio at time of admission is:
   a) Old ratio
   b) New ratio
   c) Sacrifice ratio
   d) Gaining ratio

27) Undistributed profits will appear on the ...... side of the Balance sheet:
   a) Assets
   b) Liabilities
   c) Both (a) & (b)
   d) None of these

28) Undistributed loss will appear on the ...... side of the Balance sheet:
   a) Assets
   b) Liabilities
   c) Both (a) & (b)
   d) None of these

29) The partner admitted into partnership firm acquires two rights, i.e., right to share in the ....... of the partnership and right to share in the ............
   a) Liabilities & Profit
   b) Liabilities & Loss
   c) Both (a) & (b)
   d) Assets & Profits

30) The new profit sharing ratio will be determined by how the new partner acquires ........... from the old partner:
   a) Liabilities
   b) Assets
   c) Share of profits
   d) All of these

31) Under revaluation method goodwill account is raised by crediting the old partner’s ....... accounts in the old profit sharing ratio:
   a) Capital
   b) Profit and Loss
   c) Liabilities
   d) Assets

32) When A and B sharing profits and losses in the ratio of 3:2, they admit C as a partner giving him 1/3 share of profits. This will be given by A and B:
   a) Equally
   b) In the ratio of their capitals
   c) In the ratio of their profits
   d) None of these

33) If new share of the incoming partner is given without mentioning the details of the sacrifice made by the old partners then, the presumption is that old partners sacrifice in the ......:
   a) Old profit sharing ratio
   b) Gaining ratio
   c) Capital ratio
   d) sacrificing ratio

34) In order to maintain fair dealings, at the time of admission, it is necessary to revalue assets and liabilities:
   a) Cost price
   b) Cost price less depreciation
   c) True value
   d) None of these

35) On admission of a new partner, increase in value of assets is debited to:
   a) Asset A/c
   b) Profit & Loss adjustment A/c
   c) Opening Statement of affairs
   d) Cash A/c

36) The old partners share all the accumulated profits and reserves in their:
   a) New profit sharing ratio
   b) Old profit sharing ratio
   c) Capital ratio
   d) None of these

37) The reconstitution of the partnership requires a revision of the ....... of the existing partners:
   a) Profit sharing ratio
   b) Capital ratio
   c) Sacrificing ratio
   d) Gaining ratio

38) On which reason(s) for revaluation of assets and liabilities are:
   a) To give a true and fair view of the state of affairs of the firm
   b) To share the gain arising from the revaluation of assets and liabilities as it is due to the old partners
   c) Both (a) & (b)
   d) None of the above
39) How many ways in which the revaluation of assets and liabilities may be dealt with in the accounts?
   a) 1   b) 5   c) 3   d) 2

40) The accumulated profits, losses and reserves ............... admission are to be distributed to the existing partners.
   a) After   b) Before   c) Later   d) Future

41) At what purpose of admission of a new partner may be to raise additional capital. Give reason (s):
   a) For expansion of business   b) For managerial skill of the new partner   c) Both (a) & (b)   d) None of these

42) A, B and C enter into a partnership investing Rs 35000, Rs 45000 and 55000. Find the their respective shares in annual profit of 40,500.
   a) 10500, 13500, 19500   b) 10500, 13500, 18500   c) 10500, 13500, 17500   d) 10500, 13500, 16500

43) Persons who have entered into partnership with one another are individually called:
   a) Partners   b) Directors   c) Sole trader   d) All of these

44) In partnership accounting, capital accounts are prepared under following method:
   a) Fluctuating   b) Fixed   c) Both (a) & (b)   d) None of these

45) Sumit and Ravi started a business by investing Rs 85000 and 15000 respectively. In what ratio the profit earned after 2 years be divided between Sumit and Ravi respectively.
   a) 17:1   b) 17:2   c) 17:3   d) 17:4

46) Total proprietorship of the business is increased:
   a) at the admission of a new partner   b) by the purchase of asset   c) by admission through investment   d) All of these

47) A partner who is newly admitted to the firm with the consent of all the parties is called
   a) Salaries Partner   b) Incoming partner   c) Junior partner   d) Minor partner

48) When a new partner is admitted under bonus method capital method of the firm increase by
   a) the new investment   b) less than the new investment   c) Zero   d) More than the new investment

49) Introduction of a new partner due to
   a) Need to more capital   b) Fresh ideas and more contacts   c) Obtaining of a skilled and reputable person   d) All of the above

50) Goodwill is a(n):
   a) Tangible Fixed Assets   b) Tangible Current Assets   c) Intangible Fixed Assets   d) Intangible Current Assets

***** All the Best *****
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<tbody>
<tr>
<td>1</td>
<td>B</td>
<td>Nominal A/c</td>
<td>26</td>
<td>C</td>
</tr>
<tr>
<td>2</td>
<td>A</td>
<td>Gain</td>
<td>27</td>
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<td>3</td>
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<tr>
<td>5</td>
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<td>The sacrificing partners</td>
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<td>31</td>
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<td>7</td>
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<td>3 2 4 1</td>
<td>32</td>
<td>C</td>
</tr>
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<td>8</td>
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<td>9</td>
<td>C</td>
<td>5:3</td>
<td>34</td>
<td>C</td>
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<td>10</td>
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<td>11</td>
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<td>B</td>
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<td>12</td>
<td>C</td>
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<td>A</td>
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<tr>
<td>13</td>
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<td>15</td>
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<td>16</td>
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<td>C</td>
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<tr>
<td>17</td>
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<td>With the consent of all partners</td>
<td>42</td>
<td>D</td>
</tr>
<tr>
<td>18</td>
<td>C</td>
<td>Belongs only to the old partner who have credited it</td>
<td>43</td>
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</tr>
<tr>
<td>19</td>
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