UNIT – III

ADMISSION OF PARTNER

1. A new partner may be admitted to a partnership :- **1**
(a) without the concent of old partners
(b) with the concent of all partners
(c) with the concent of any one partners
(d) with the concent of 2/3 of old partners

2. When a new partner bring his share of G/W in cash the amount is debited to : **1**
(a) premium A/C (b) cash A/C
(c) capital A/C of old partners (d) capital A/C of new partners

3. When a new partner does not bring his share of G/W in cash, the amount is debited to **1**
(a) premium A/C (b) cash A/C
(c) capital A/C of new partner (d) capital A/C of old partners

4. G/W brought in cash, will be shared by old partners in : **1**
(a) Sacrifing ratio (b) Capital ratio
(c) New profit sharing ratio (d) Old profit sharing ratio

5. The Sacrifing of old partners is equal to : **1**
(a) Their new ratio (b) Their old share
(c) New share – old share (d) Old ratio – New ratio

6. Profit & Loss on revaluation is transformed to partners capital A/Cs : **1**
(a) Old (b) New (c) All (d) Continuing

7. Revaluation A/C is – **1**
(a) Nominal A/C (b) Personal A/C (c) Real A/C (d) None of these

8. Capital brought in by the new partner at the time of admission is credited : **1**
(a) In cash A/C (b) In goodwill A/C (c) In new partners capital A/Cs
(d) In old partners capital A/Cs

9. If the share of profit taken by the new partner from old partner is not clear than old partners will give the shares : **1**
(a) In the capital ratio (b) In equal ratio (c) In there profit sharing ratio
(d) In any ratio

10. A and B divide profit in 5:3. C is admitted for ¼ share sacrificing ratio will be : **1**
(a) 5:3 (b) 3:5 (c) 10:6 (d) 15:9

11. On the admission of New partner increase in the value of assets is debited to : **1**
(a) revaluation A/C (b) assets A/C (c) old partners capital A/Cs
(d) None of these

12. On the admission of a new partner, the decrease in the value of assets is debited to : (a) profit & loss adjustment A/C (b) assets A/C **1**
(c) old partners capital A/Cs (d) None of these

13. General reserve at the time of admission of a new partner is transferred to : **1**
(a) revaluation A/C (b) old partner capital A/Cs
(c) profit & loss adjustment A/C (d) None of these

14. Profit or loss on Revaluation is borne by : **1**
(a) old partners (b) new partners (c) all partners (d) None of these

15. Share of Goodwill brought in cash by the new partner is called : **1**
(a) assets (b) profit (c) premium (d) loss

New Profit Sharing Ratio

16. X and Y who share profits in the ratio of 3:2, admit Z to give him 1/3 Share, Calculate the new profit sharing ratio. **3**

17. Ram and Shyam share profits in the ratio of 3:1 and Mohan is admitted taking 1/8 of profit from each partner. Calculate the new profit sharing ratio. **3**

18. A and B are partners sharing profit and losses in the ratio of 5:3. They admit C who will receive ¼ th share in future profits which he receive equally from A & B. Calculate new profit sharing ratio. **3**

Sacrificing Ratio

19. X, Y and Z are partners sharing profits in the ratio of 4:3:2. A is admitted for $1/3^{rd}$ share in future profits. What is the sacrificing ratio ? **3**

20. A and B are partners sharing profits in the ratio of 3:2. C is admitted as a partner. The new profit-sharing ratio among A, B and C is 4:3:2. Find out the sacrificing ratio. **3**

Recording of Goodwill

21. A and B are partners. They admitted C into partnership for $3/7^{th}$ share in profit which he acquires $2/7^{th}$ from A and $1/7^{th}$ from B. C brings 6,000 as premium for goodwill. Pass journal entries. **3**

22. A and B are partners sharing profit & loss in the ratio of 3:2, C is admitted for $1/5^{th}$ share and brings Rs. 25,000/- as capital, the goodwill of the entire firm is valued at Rs 60,000/-. He fails to bring in cash share of goodwill. Pass journal entries. **4**

23. A and B are partners sharing profits in the ratio of 3:2 goodwill appears in books at Rs. 5000. C is admitted into partnership. The new ratio is 5:3:2. Pan Journal entry for writing off goodwill. **4**

New Ratio and Sacrificing Ratio

24. A and B are partners in a firm sharing profit and losses in the ratio of 3:2, C is admitted for 1/5th share in profits of the firm which he gets it equally from A and B, Calculate the new ratio and sacrificing ratio. **4**

25. X and Y are partners in a firm sharing profit and losses in the ratio of 3:2. Z is admitted for 1/5th share in profit of the firm which he gets it 3/20 from X and 1/20 from B. Calculate the new ratio and sacrificing ratio. **4**

Distribution of Profits

26. The following is the Balance Sheet of X and Y. **3**

Creditors	40,000	Cash	30,000
General Reserve	10,000	Fixed Assets	1,40,000
PIL	20,000		
Capital X 45,000			
Y 25,000	70,000		
	1,70,000		**1,70,000**

The agreed to Admit Z into partnership. Pass necessary journal entries for distrusting reserve and PIL A/Cs an Z's admission.

Revaluation of Assets & Liabilities

27. A and B are equal partners in a firm. They decide to admit C as a new partner for 1/5th share in profit. **4**

On the date of admission the balance sheet of firm was as follows :

Creditor	60,000	Bank	40,000
B/P	30,000	Debtors	30,000
		Furniture	15,000
Capital A 45,000		Machinery	25,000
B 25,000	70,000	Building	50,000
	1,60,000		**1,60,000**

The terms of agreement on C's admission were as follows :-

(a) Building will be valued at Rs. 65,000 and machinery at Rs. 20,000

(b) Creditors included Rs. 1,000 no longer payable.

Pass necessary Journal entries for revaluation of assets and liabilities.

Theory

33. What is sacrificing ratio ? How it is calculated. Give formulae. **1+2**

34. Define Revaluation A/C. **3**

35. Distinguish between sacrificing ratio and new profit sharing ratio (Give only two points of difference.) **4**

36. What treat is made for accumulated losses on the admission of a new partner ? **4**

37. What is Revaluation A/C ? How Revaluation Account is prepared ? Draw an imaginary Revaluation A/C. **2+2+4**

38. A and B are partners in a firm, sharing profits and losses in the ratio of 5:3, on 31st December, 2009 their Balance sheet was as under : **2+3+3**

Balance Sheet
As on 31st Dec. 2009

Liabilities		Amount	Assets	Amount
Sundry Creditors		30,000	Machinery	1,20,000
Bills payable		30,000	Stork	80,000
Capitals			Sundry Debtors	70,000
A	1,00,000		Cash at Bank	7,000
B	1,20,000	2,20,000	Cash in Hard	3,000
		2,80,000		2,80,000

On the above date the decided to admit C as a partner on the following terms :

(a) A, B and C's new profit sharing ratio will be 7:5:4.
(b) C will bring Rs. 1,00,000 as his capital and Rs. 48,000 for his share of goodwill.
(c) Machinery is to be valued at Rs. 1,50,000, stork 1,00,000 and provision for bad debts of Rs. 10,000 is to be created.

Prepare Revaluation A/C, partners capital A/C and Balance Sheet.

39. Balance Sheet of A and B **4+4**
(As on 31.03.2008)

Liabilities		Amount (Rs.)	Assets	Amount (Rs.)
Creditors		36,000	Cash	10,000
Bills payable		20,000	Debtors	34,000
General Reserve		24,000	Stock	24,000
Capitals :			Machinery	42,000
A	1,50,000		Building	2,00,000
B	80,000	2,30,000		
		3,10,000		3,10,000

The other terms of agreements on C's admission were as follows :

(i) C will bring Rs. 12,000 for his share of goodwill.
(ii) Building will be valued at 1,85,000 and Machinery at Rs. 40,000.
(iii) A provision of 6% will be created on debtors for bad debts.
(iv) Capital A/C's of A B and C will Adjusted by new profit sharing ratio. prepare Revaluation Account and Partners Capital Accounts.

40. The following is the balance sheet of Ram and Shyam, who are sharing profit as 2/3 and 1/3 on 31st March 2011. **1+1+2 +2+2=8**

Liabilities	Amount (Rs.)	Assets	Amount (Rs.)
Capitals :		Building	25,000
Ram	15,000	Plant & Machinery	17,500
Shyam	10,000	Stock	10,850
		Sundry Debtors	4,000
Sundry Creditors	32,950	Cash at Bank	600
	57,950		57,950

They agree to admit into partnership on the following terms :-

(a) Mohan was to be given 1/3 share in the profit and to bring Rs. 7,500 as his capital and 3000 as his share of goodwill.
(b) That the value of stock and plant & Machinery were to be reduced by 5%.
(c) That a reserve of 10% was to be created in respect of Sundry Debtors.
(d) The buildings was to be depreciated by 10%. Pass necessary Journal Entries.