INDIAN SCHOOL AL WADI AL KABIR

DEPARTMENT OF COMMERCE

REVISION MCQ's: ADMISSION OF A PARTNER

1. At the time of admission of a new partner, general reserve appearing in the old Balance Sheet is transferred to:
(a) All Partner's Capital Accounts
(b) New Partner's Capital Account
(c) Old Partners'. Capital Accounts
(d) None of these

2. A, Band Care three partners sharing profits and losses in the ratio of 4:3:2. D is admitted for 1/10 share, the new ratio will be:
(a) 10 : 7 : 7 :4
(b) 5 : 3 : 2 : 1
(c) 4 : 3 : 2 : 1
(d) None of these

3. X and Y are partners sharing profits in the ratio of 1:1. They admit Z for 1/5 th share who contributed ₹25,000 for his share of goodwill. The total value of goodwill of the firm will be :
(a) ₹ 2,50,000
(b) ₹ 50,000
(c) ₹ 1,00,000
(d) ₹ 1,25,000

4. Identify the correct statement:
(a) Profit & Loss Adjustment A/c is prepared for revaluated of assets and liabilities on the admission of a partner
(b) The new partner is liable for the past losses of the firm
(c) In case the new partner is unable to bring in cash for goodwill, Goodwill Account may be raised in the firm's books as per AS-26
(d) When a partner is admitted, there is dissolution of firm

5. A and B share profits and losses in the ratio of 3 : 1.C is admitted into partnership for 1/4 share. The sacrificing ratio of A and B is:
(a) Equal
(b) 3 : 1
(c) 2 : 1
(d) 3 : 2

6. Formula of Sacrificing ratio is:
(a) New Ratio – Old Ratio
(b) Old Ratio – New Ratio

(c) Gain Ratio – Sacrificing Ratio
(d) New Ratio – Sacrificing Ratio

7. A, B and C are equal partners. D is admitted to the firm for one-fourth share. D brings ₹ 20,000 as capital and ₹ 5,000 being half of the premium for goodwill. The value of goodwill of the firm is:
(a) ₹ 10,000
(b) ₹ 40,000
(c) ₹ 30,000
(d) None of these

8. X and Y share profits in the ratio of 3 : 2. Z was admitted as a partner who gets 1/5 share. Z acquires 3/20 from X and 1/20 from Y. The new profit sharing ratio will be:
(a) 9 : 7 : 4
(b) 8 : 8 : 4
(c) 6 : 10 : 4
(d) 10 : 6 :4

9. Recording of an unrecorded asset on the reconstitution of a partnership firm will be:
(a) A gain to the existing partners
(b) A loss to the existing partners
(c) Neither a gain nor a loss to the existing partners
(d) None of these

10. **Which of the following is not true with respect to Admission of a partner?**
a. A new partner can be admitted if it is agreed in the partnership deed.
b. If all the partners agree, a new partner can be admitted.
c. A new partner has to bring relatively higher capital as compared to the existing partners.
d. A new partner gets right in the assets of the firm

11. **A, and B are partners sharing profits in the ratio of 2:3. Their balance sheet shows machinery at ₹2,00,000; stock ₹80,000, and debtors at ₹1,60,000. C is admitted and the new profit-sharing ratio is 6:9:5. Machinery is revalued at ₹1,40,000 and a provision is made for doubtful debts @5%. A's share in loss on revaluation amount to ₹20,000. Revalued value of stock will be:**
a. ₹62,000
b. ₹1,00,000
c. ₹60,000
d. ₹98,000

12. **If the incoming partner is to bring Premium for Goodwill in cash and also a balance exists in Goodwill Account, then this Goodwill Account is written among Old Partners in:**
(a) New Profit-Sharing Ratio
(b) Old Profit-Sharing Ratio
(c) Sacrificing Ratio
(d) None of the above

13. **The firm of P, Q and R with profit sharing ratio of 6:3:1, had the balance in General Reserve Account amounting Rs. 1,80,000. S joined as a new partner and the new profit-**

sharing ratio was decided to be 3:3:3:1. Partners decide to keep the General Reserve unchanged in the books of accounts. The effect will be:

a. P will be credited by Rs. 54,000
b. P will be debited by Rs. 54,000
c. P will be credited by Rs. 36.000
d. P will be credited by Rs. 36,000

14. Assertion (A): A Partnership firm suffering from shortage of funds or administrative in capabilities may decide to admit a partner.
Reason (R): Admission of a partner is one of the modes of reconstituting the firm.
(a) Both (A) and (R) are true and (R) is correct explanation of (A)
(b) Both (A) and (R) are true and (R) is not the correct explanation of (A)
(c) (A) is true, but (R) is false
(d) (A) is false, but (R) is true

15. Balaji and Kamlesh are partners sharing profits and losses in the ratio of 2:1. They admit Yogesh into partnership. The new profit-sharing ratio between Balaji, Kamlesh and Yogesh is agreed to 3:1:1. Find the sacrificing ratio between Balaji and Kamlesh.

(a)1:3

(b) 3:1

(c) 2:1

(d) 1:2

16. A and B are partners in a firm having a capital of Rs. 54,000 and Rs.36,000 respectively. They admitted C for 1/3rd share in the profits. C brought proportionate amount of capital. The amount of capital brought in by C would be ________

(a) Rs. 90,000

(b) Rs. 45,000

(c) Rs. 3,600

(d) Rs. 5,400

17. P and Q are partners in a firm having capital of Rs. 15,000 each. R is admitted for 1/3rd share for which he has to bring Rs. 20,000 for his share of capital. The amount of goodwill will be ______

(a) Rs. 8,000

(b) Rs. 10,000

(c) Rs. 9,000

(d) Rs. 11,000

18. When the new partner brings cash for goodwill, the amount is credited to ________

(a) Revaluation A/c

(b) Cash A/c

(c) Realisation A/c

(d) Premium for goodwill A/c

19. Increase in the value of liabilities at the time of admission of a partner is _______

(a) Debited to Revaluation A/c

(b) Credited to Partner's capital A/c

(c) Credited to Revaluation A/c

(d) Debited to Partner's capital A/c

20.

Read the following hypothetical Accountancy Case Study text and answer the given questions:

Amit and Mahesh were partners in a fast-food corner sharing profits and losses in ratio 3:2. They sold fast food items across the counter and did home delivery too. Their initial fixed capital contribution was ₹1,20,000 and ₹80,000 respectively.
At the end of first year their profit was ₹ 1,20,000 before allowing the remuneration of ₹.3,000 per quarter to Amit and ₹.2,000 per half year to Mahesh. Such a promising performance for first year was encouraging, therefore, they decided to expand the area of operations.
For this purpose, they needed a delivery van, a few Scotties and an additional person to support. Six months into the accounting year they decided to admit Sundaram as a new partner and offered him 20% as a share of profits along with monthly remuneration of ₹ 2,500. Sundaram was asked to introduce ₹1,30,000 for capital and ₹.70,000 for premium for goodwill. Besides this Sundaram was required to provide Rs.1,00,000 as loan for two years. Sundaram readily accepted the offer. The terms of the offer were duly executed and he was admitted as a partner.

Upon the admission of Sundaram the sacrifice for providing his share of profits would be done:
(a) by Amit only.
(b) by Mahesh only.
(c) by Amit and Mahesh equally.
(d) by Amit and Mahesh in the ratio of 3:2.

Remuneration will be transferred to____________ of Amit and Mahesh at the end of the accounting period.
(a) Capital account.
(b) Loan account.
(c) Current account.
(d) None of the above.

Sundaram will be entitled to a remuneration of ____________at the end of the year.

(a) ₹ 12,000

(b) ₹ 17,000

(c) ₹ 15,000

(d) ₹ 30,000

While taking up the accounting procedure for this reconstitution the accountant of the firm Mr. Suraj Marwaha faced a difficulty. Solve it be answering the following:
For the amount of loan that Sundaram has agreed to provide, he is entitled to interest thereon at the rate of _________________.

(a) 12% p.a.

(b) 6% p.a.

(c) Nil

(d) 10% p.a.

.