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

CHOOSE THE CORRECT ANSWER

1) **A Partner retires from the partnership firm on 30th June. He is liable for all the acts of the firm up to the ....**
   a) End of the current accounting period
   b) End of the previous accounting period
   c) Date of his retirement
   d) Date of his final settlement

2) **On retirement of a partner from a partnership firm, accumulated profits and losses are distributed to the partners in the ....**
   a) New profit sharing ratio b) Old profit sharing ratio c) Gaining ratio d) Sacrificing ratio

3) **On retirement of a partner, general reserve is transferred to the ....**
   a) Capital account of all the partners
   b) Revaluation account
   c) Capital account of the continuing partners
   d) Memorandum revaluation account

4) **On revaluation, the increase in liabilities leads to ..**
   a) Gain b) Loss c) Profit d) None of these

5) **At the time of retirement of a partner, determination of gaining ratio is required .....**
   a) To transfer revaluation profit or loss
   b) To distribute accumulated profits and losses
   c) To adjust goodwill
   d) None of these

6) **If the final amount due to a retiring partner is not paid immediately, it is transferred to ......**
   a) Bank A/c b) Retiring partner's Capital A/c c) Retiring partner's Loan A/c d) Other partners' capital A/c

7) **'A' was a partner in a partnership firm. He died on 31st March 2019. The final amount due to him is Rs.25,000 which is not paid immediately. It will be transferred to ....**
   a) A's Capital A/c b) A's Current A/c c) A's Executor A/c d) A's Executor Loan A/c

8) **A,B and C are partners sharing profits in the ratio of 2:2:1. On retirement of B, goodwill of the firm was valued as Rs.30,000. Find the contribution of A and C to compensate B:**
   a) Rs.20,000 and Rs.10,000 b) Rs.8,000 and Rs.4,000 c) Rs.10,000 and Rs.20,000 d) Rs.15,000 and Rs.15,000

9) **A,B and C are partners sharing profits in the ratio of 4:2:3. C retires. The new profit sharing ratio between A and B will be ....**
   a) 4:3 b) 3:4 c) 2:1 d) 1:2

10) **X, Y and Z were partners sharing profits and losses equally. X died on 1st April 2019. Find out the share of X in the profit of 2019 based on the profit of 2018 which showed Rs.36,000.**
   a) Rs.1,000 b) Rs.3,000 c) Rs.12,000 d) Rs.36,000

ADDITIONAL QUESTIONS

11) **The loss or gain on account of revaluation at the time of retirement of a partner is shared by:**
   a) Remaining partners b) Retiring partners c) All partners d) None of these

12) **Amount due to outgoing partner is shown on the balance sheet as his:**
   a) Liability b) Asset c) Capital d) Loan

13) **An account operated to ascertain the loss or gain at the death of a partner is called:**
   a) Realization A/c b) Revaluation A/c c) Executors A/c d) Decreased partner's A/c

14) **If the remaining partner want to continue the business, after the retirement of a partner, a new partnership agreement is :**
   a) Revaluation of assets and liabilities b) Ascertaining his share of goodwill c) Finding the amount due to him d) All of these

15) **The accounting procedure at the retirement of a partner involves:**
   a) As their old profit ratio b) According to new ratio c) According to sacrificing ratio d) None of these

16) **Partner's equity is affected due to :**
   a) Retirement of a partner b) Admission of a partner c) Death of a partner d) All of these

17) Revaluation account is operated to find out gain or loss at the time of:
a) Admission of a partner b) Retirement of a partner c) Death of a partner d) All of these

18) The partnership may came to an end due to the:
a) Death of a partner b) Insolvency of a partner c) Both (a) & (b) d) None of these

19) How are unrecorded assets treated at the time of retirement of a partner?
a) Credited to revaluation A/c
b) Credited to capital account of retiring partner only
c) Debited to revaluation A/c
d) Credited to partner's capital A/c

20) X,Y,Z were partners sharing profits in the ratio of 5:3:2. Goodwill does not appear in books, but it is agreed to be worth Rs.1,00,000. X retires from the firm and Y and Z decide to share future profits equally. X's share of goodwill will be debited to Y's and Z's capital A/c's in ratio :
a) 1/2 : 1/2 b) 2:3 c) 3:2 d) None of these

21) A,B and C are partners sharing profits and losses in the ratio of ½, 3/10 and 1/5. B retires from the firm. A and C decide to share the future profits and losses in 3:2. Calculate gaining ratio:
a) 1:2 b) 3:2 c) 2:3 d) None of these

22) A, B and C are partners with capitals of Rs.1,00,000; Ea.75,000 and Rs.50,000. On C's retirement his share is acquired by A and B in the ratio of 6:4. Gaining ratio will be :
a) 3:2 b) 2:2 c) 2:3 d) None of these

23) Hari, Roy and Prasad are partners in the ratio of 3:5:1 respectively. Roy wants to retire. His share is being purchased by Prasad. What would be the new ratio of Hari and Prasad respectively?
a) 1:2 b) 2:1 c) 3:5 d) Equal

24) A, B and C were partners sharing profits and losses in the ratio of 3:2:1. On 1st April, B retired and the new profit sharing ratio between A and C decided to 3:2. On 31st March there were reserves of firm Rs.24,000. This reserve will be divided among partners as :
a) A-Rs.8000, b-Rs.12,000, C-Rs.4,000
b) A-Rs.8000, b-Rs.12,000, C-Rs.4,000
c) A-Rs.8000, b-Rs.12,000, C-Rs.4,000
d) A-Rs.8000, b-Rs.12,000, C-Rs.4,000

25) Old profit sharing ratio minus new profit sharing ratio is equal to:
a) Sacrificing Ratio b) Ratio of Gain c) Capital Ratio d) None of these

26) When a partner dies, firm will receive the :
a) ½ amount of policy b) ¼ amount of policy c) ¾ amount of policy d) Full amount of policy

27) At the time of dissolution all the assets of firm are transferred to the realization A/c:
a) Market Value b) Book Value c) Cost Value d) Bale Value

28) The proportion in which the continuing partners benefit due to retirement of partner :
a) Sacrificing Ratio b) Gaining Ratio c) Both (a) & (b) d) None of these

29) Debit balance of revaluation account is ....
a) Loss b) Profit c) Gain d) Income

30) Excess of actual capital over proportionate capital
a) Surplus Capital b) Deficit Capital c) Share of profits d) All of these

31) The method under which amount payable to the retiring partner is paid off at a time:
a) Immediately paid method b) Lump-sum method c) Both (a) & (b) d) None of these

32) Capital account of a retiring partner always shows balance:
a) Credit b) Debit c) Asset d) Liability

33) X, Y and Z are partners sharing profits I the ratio of 5:3:2. If Y retires then new ratio will be ....
a) 5:2 b) 5:3 c) 3:2 d) 1:1

34) If the goodwill is raised to the extent of retiring partners share .... account is to be debited.
a) Cash b) Goodwill c) All partner's capital d) Retiring partners capital

35) Find the correct formula ....
a) Gaining Ratio = New Ratio + Old Ratio
b) Gaining Ratio = Old Ratio + New Ratio
c) Gaining Ratio = New Ratio - Old Ratio
d) Gaining Ratio = Old Ratio - New Ratio

36) At the time of retirement of partners, the existing partners stand to ....
a) Gain b) Loss c) Sacrifice d) None of these

37) If the value off liabilities decrease, it results in ....item.
a) Profit b) Loss c) Expenses d) None of these

38) The amount due to the retiring partner is either .... or is paid in installments.
a) Paid of immediately b) Installment c) Loan d) None of these

39) Sacrificing ratio is the ratio in which the old partners (existing) have agreed to sacrifice their share of profit in favour of ....
a) Outgoing Partner b) Incoming Partner c) Both (a) & (b) d) None of these

40) If the amount due to the outgoing partner is transferred to loan account then he is entitled to interest at .... until it is paid out.
a) 9% b) 5% c) 6% d) 8%

41) Kayal, Mala and Neela are partners sharing profits in the ratio of 2:2:1. Kayal retires and the new profit sharing ratio between nila and neela is 3:2. Calculate the gaining ratio.
a) 2:1 b) 1:2 c) 1:1 d) 3:1

42) Mani, Nagappan and Ulaganathan are partners sharing profits in the ratio of 4:3:3. Ulaganathan retires and his share is taken up by mani and Nagappan in the ratio of 3:2. Calculate the new ratio.
a) 20:10 b) 21:29 c) 29:21 d) 19:21

43) Goodwill may be .... if all the partners are agreed, that it should not remain in the books.
a) Share b) Distribute c) Written off d) None of these

44) At the time of retirement / death, income sharing ratio among the remaining partners may or .... change.
a) May b) May not c) Change d) All of these

45) When a partner withdraws his capital from the partnership firm, it is called .... of a partner.
a) Admission b) Death c) Retirement d) All of these

46) Partnership is .... on the retirement or death of a partner
a) Dissolved b) Agreed c) Retired d) None of these

47) All the accounts are settled among partners and creditors at the time of .... of a business.
a) Dissolution b) Retirement c) Admission d) None of these

48) Retirement / death of a partner will not be dissolution if remaining partners are .... to continue it.
a) Dissolution b) Optional c) Agreed d) All of the above

49) .... of partner will be paid off, before the settlement of partner's capital.
a) Capital b) Loan c) Asset d) None of these

50) .... If all partners mutually decide for the dissolution, it will be dissolution of the ....
a) Firm b) Corporation c) Government d) None of these

***** All the Best *****

ANSWERS

1	C	Date of his retirement	26	D	Full amount of policy
2	B	Old profit sharing ratio	27	B	Book Value
3	A	Capital Account of all the partners	28	B	Gaining Ratio
4	B	Loss	29	A	Loss
5	C	To adjust goodwill	30	A	Surplus Capital
6	C	Retiring partner's Loan A/c	31	B	Lump-sum method
7	D	A's Executor Loan A/c	32	A	Credit
8	B	Rs.8,000 and Rs.4,000	33	A	5:2
9	C	2:1	34	B	Goodwill
10	B	Rs.3,000	35	C	Gaining Ratio = New Ratio – Old Ratio
11	C	All partners	36	A	Gain
12	D	Loan	37	A	Profit
13	B	Revaluation A/c	38	A	Paid of immediately
14	A	Necessary	39	B	Incoming Partner
15	A	Revaluation of assets and liabilities	40	C	6%
16	D	All of these	41	C	1:1
17	D	All of these	42	C	29:21
18	C	Both (a) & (b)	43	C	Written off
19	A	Credited to revaluation A/c	44	B	May not
20	B	2:3	45	C	Retirement
21	A	1:2	46	A	Dissolved
22	A	3:2	47	A	Dissolution
23	A	1:2	48	C	Agreed
24	C	A-Rs.8000, b-Rs.12,000, C-Rs.4,000	49	B	Loan
25	A	Sacrificing Ratio	50	A	Firm