

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

A.VENNILA  
PRINCIPAL,  
MYDEEN MATRIC. HR.SEC. SCHOOL  
MELACAUVEY – KUMBAKONAM.  
CELL NO.: 8220179521  
8608481579

**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:  

List I		List II
(i) Sacrificing ratio	-	Investment fluctuation fund
(ii) Old profit sharing ratio	-	Accumulated profit
(iii) Revaluation Account	-	Goodwill
(iv) Capital Account	-	Unrecorded liability

Codes:

	(i)	(ii)	(iii)	(iv)
a)	1	2	3	4
b)	3	2	4	1
c)	4	3	2	1
d)	3	1	4	2

- 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  $\frac{1}{4}$  share of total profit Goodwill is brought is 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  $\frac{1}{4}$  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 in 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, new and old      b) Belongs only to the new partners who is going to be admitted      c) Belongs only to the old partner who have credited it      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) Debit 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 ..... on revaluation  
 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 ..... ratio  
 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

## ANSWERS

1	B	Nominal A/c	26	C	Sacrifice ratio
2	A	Gain	27	B	Liabilities
3	A	The old partners	28	A	Assets
4	B	Sacrificing ratio	29	D	Assets & Profits
5	D	The sacrificing partners	30	C	Share of profits
6	D	The existing agreement does not come to an end	31	A	Capital
7	B	3 2 4 1	32	C	In the ratio of their profits
8	C	Goodwill brought by new partner	33	A	Old profit sharing ratio
9	C	5:3	34	C	True Value
10	D	1:2	35	A	Asset A/c
11	A	Dissolved	36	B	Old profit sharing ratio
12	C	May or May not pay cash for goodwill	37	A	Profit sharing ratio
13	B	Rs.7,500	38	C	Both (a) & (b)
14	A	Rs.30,000	39	D	2
15	C	According to sacrificing ratio	40	B	Before
16	B	Credited to capital of old partners	41	C	Both (a) & (b)
17	A	With the consent of all partners	42	D	10500, 13500, 16500
18	C	Belongs only to the old partner who have credited it	43	A	Partners
19	A	Debit side	44	C	Both (a) & (b)
20	B	Credit side	45	C	17:3
21	B	New	46	C	by admission through investment
22	C	Assets & Liabilities	47	B	Incoming partner
23	B	Loss	48	A	The new investment
24	C	Profit or Loss	49	D	All of the above
25	A	Old ratio	50	C	Intangible Fixed Assets