Admission of a Partner

TIME: 1Hr. **M.M 20**

Q.1 Choose the correct alternative – 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 account (b) new partner's capital account (c) old partner's capital account (d) none of the above. ***1***

Q.2 Asha and Nisha are partner's sharing profit in the ratio of 2:1. Asha's son Ashish was admitted for 1/4 share of which 1/8 was gifted by Asha to her son. The remaining was contributed by Nisha. Goodwill of the firm in valued at Rs. 40,000. How much of the goodwill will be credited to the old partner's capital account. (a) Rs. 2,500 each (b) Rs. 5,000 each (c) Rs. 20,000 each (d) None of the above. ***1***

Q.3 A, B and C are partner's in a firm. If D is admitted as a new partner: (a) old firm is dissolved (b) old firm and old partnership is dissolved (c) old partnership is reconstituted (d) None of the above. ***1***

Q.4 On the admission of a new partner increase in the value of assets is debited to: (a) Profit and Loss Adjustment account (b) Assets account (c) Old partner's capital account (d) None of the above. ***1***

Q.5 At the time of admission of a partner, undistributed profits appearing in the balance sheet of the old firm is transferred to the capital account of: (a) old partners in old profit sharing ratio (b) old partners in new profit sharing ratio (c) all the partner in the new profit sharing ratio. ***1***

Q.6 Amar and Bahadur are partners in a firm sharing profits in the ratio of 3:2. They admitted Marry as a new partner for 1/4 share. The new profit sharing ratio between Amar and Bahadur will be 2:1. Calculate their sacrificing ratio. ***2***

Q.7 Ashoo and Rahul are partners sharing profits in the ratio of 5:3. Gaurav was admitted for 1/5 share and was asked to contribute proportionate capital and Rs. 4,000 for premium (goodwill). The Capitals of Ashoo and Rahul, after all adjustments relating to revaluation, goodwill etc., worked out to be Rs. 45,000 and Rs. 35,000 respectively. Required: Calculate New Profit sharing ratio, capital to be brought in by Gaurav and record necessary journal entries for the same. ***4***

Q.8 Aslam, Jackab, Hari are equal partners with capitals of Rs. 1,500, Rs. 1,750 and Rs. 2,000 respectively. They agree to admit Satnam into equal partnership upon payment in cash of Rs. 1,500 for one-fourth share of the goodwill and Rs. 1,800 as his capital, both sums to remain in the business. The liabilities of the old firm amount Rs. 3,000 and the assets, apart from cash, consist of Motors Rs. 1,200, Furniture Rs. 400, Stock Rs. 2,650, Debtors of Rs. 3,780. The Motors and Furniture were revalued at Rs. 950 and Rs. 380 respectively, and the depreciation written-off. Ascertain cash in hand and prepare the balance sheet of the firm after Satnam's admission. ***5***

Q.9 A, B and C are partners in a firm sharing profits the ratio of 3:2:1. D is admitted into the firm for 1/4 share in profits, which he gets as 1/8 from A and 1/8 from B. The total capital of the firm is agreed upon as Rs. 1,20,000 and D is to bring in cash equivalent to 1/4 of this amount as his capital. The capitals of other partners are also to be adjusted in the ratio of their respective shares in profits. The capitals of A, B and C after all adjustments are Rs. 40,000, Rs. 35,000 and Rs. 30,000 respectively. Calculate the new capitals of A,B and C, and record the necessary journal entries. ***4***

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