Admission of Partner

OBJECTIVE QUESTION SET 1

Choose the Best Alternate :

1. A new partner may be admitted into a partnership :
(A) With the consent of any one partner(B) With the consent of majority of partners(C) With the consent of all old partners(D) With the consent of 2/3rd of old partners
2. On die admission of a new partner :
(A) Old firm is dissolved(B) Old partnership is dissolved(C) Both old partnership and firm are dissolved
(D) Neither partnership nor firm is dissolved
3. A and B are partners sharing profit in the ratio of 3 : 2. They admit C as a partner by giving him 1/3 share in future profits. The new ratio will be :
(A) 12 : 8 : 5 (B) 8: 12 : 5 (C) 5:5:12 (D) None of the Above
4. Xand Yare partners sharing profit in the ratio of 3 : 2. Z was admitted with 1/4 share in profits which he acquires equally from Xand Y. The new ratio will be:
(A) 9: 6: 5 (B) 19: 11: 10 (C) 3 : 3 : 2 (D) 3 : 2 : 4
5. A and B share profits in the ratio of 2 : 1. C is admitted with 1/4 share in profits. C acquires 3/4 of his share from A and 1/4 of his share from B. The new ratio will be:
(A) 2:1:1 (B) 23 : 13 : 12 (C) 3:1:1 (D) 13 : 23 : 12
6. B and N are partners in a firm sharing profits in the ratio of 3 : 2. They admit S as a partner for 1/4th share in the profits. S acquires his share from B and N in the ratio of 2 : 1. The new profit-sharing ratio will be :
(A) 2:1:4 (B) 19:26: 15 (C) 3 :2:4 (B) 26:19: 15
7. A and B are partners sharing profits and losses in the ratio of 7 : 5. They agree to admit C, their manager, into partnership who is to get 1/6th share in the profits. He acquires this share as 1/24th from A and 1/8th from B. The new profit sharing ratio will be :
(A) 13:7:4 (B) 7:13:4 (C) 7 : 5 : 6 (D) 5:7:6
8. A and B share profits in the ratio of 3 : 2. They agreed to admit C on the condition that A will sacrifice $\frac{3}{25}$th of his share of profit in favour of C and Bwill sacrifice $\frac{1}{25}$th of his profits in favour of C. The new profit sharing ratio will be :
(A) 12 : 9 : 4 (B) 3 : 2 : 4 (C) 66 : 48 : 11 (D) 48 : 66 : 11
9. A and B are partners in a firm sharing profits and losses in the ratio of 3 : 2. Anew partner C is admitted. A surrenders 1/15th share of his profit in favour of C and B surrenders 2/15th of his share in favour of C. The new ratio will be :
(A) 8 : 4 : 3 (B) 42 : 26 : 7 (C) 4 : 8 : 3 (D) 26 : 42 : 7
10. A and B are partners sharing profit or loss in the ratio of 4 :1. A surrenders 1/4 of his share and B surrenders 1/2 of his share in favour of C, a new partner. What will be the C's share?
(A)$\frac{3}{4}$ (B) $\frac{1}{5}$(C)$\frac{1}{10}$ (d) $\frac{3}{10}$
11. A and B are partners in a business sharing profits and losses in the ratio of 7 : 3 respectively. They admit C as a new partner, A sacrificed 1/7th share of his profit and B sacrificed 1/3rd of his share in favour of C. The new profit sharing ratio of A, B and C will be :
(A)3:1:1 (B)2:1:1 (C) 2:2: 1 (D) None of the above
12. A and B are partners sharing profit or loss in the ratio of 3 : 2. C isadmittedinto partnership as a new partner. A sacrifices 1/3 of his share of B sacrifices 1/4 of his share in favour of C. What will be the C's share in the firm?
(A) $\frac{1}{5}$ (B) $\frac{2}{10}$ (C)$\frac{3}{10}$(D) None of the above

13. Niyati and Aisha were partners in a firm sharing profit and losses in the-ratio of 4 : 3. They admitted Bina as a new partner. Niyati sacrificed $\frac{1}{4}$th from her share and Aisha sacrificed $\frac{1}{7}$th from her share in favour of Bina. Bina's share in the profits of the firm will be :
(A) $\frac{2}{7}$ (B) $\frac{10}{49}$(C)$\frac{11}{28}$ (D)$\frac{7}{16}$
14. A and B are partners in a firm sharing profits and losses in the ratio of 2 : 3. C is admitted for 1/5 share in the profits of the firm. If C gets it wholly from A, the new profit sharing ratio after C's admission will be :
(A) 1 : 3 : 3 (B) 3 : 1 : 1 (C) 2:2:1 (D) 1 : 3 : 1
15. A and B are partners sharing profits in the ratio of 4 : 3. They admitted C as a new partner who gets I /5th share of profit, entirely from A. The new profit sharing ratio will be :
(A) 20:8:7 (B) 13 : 15 : 15 (C) 13 : 15 : 7 (D) 15 : 13 : 5
16. A, B, C, D are in partnership sharing profits and losses in the ratio of 9 : 6 : 5 : 5. E joins the partnership for 20% share. A, B. C and D would in future share profits among themselves as 3/10 : 4/10 : 2/10 : 1/10. The new profit sharing ratio will be:
(A) 3 : 4 : 2 : 1 : 5 (B) 9 : 6 : 5 : 5 : 5 (C)6:8:4:2:5 (D) 8 : 6 : 4 : 2 : 5
17. A and B are in partnership sharing profits and losses as 3 : 2. C is admitted for 1/4th share. Afterwards D enters for 20 paisa in the rupee. The new profit sharing ratio after D's admission will be :
(A) 9 : 6 : 5 : 5 (B) 6 : 9 : 5 : 5 (C)3:2:4:5 (D) 3 : 2 : 5 : 5
18. The formula for calculating the sacrificing ratio is :
(A) New share - Old share (B) Old share - New share(C) Gaining Ratio - Old Ratio (D) Old Ratio - GainingiRatio
19. X and Y are partners sharing profits in the ratio of 3 : 2. Z is admitted as a partner. Calculate sacrificing ratio if new profit sharing ratio is 9 : 7 : 4.
(A)3 : 1 (B) 3 : 2 (C) 1 : 3 (D) 9 : 7
20. Bishan and Sudha were partners in a firm sharing profits and losses in the ratioof 5 : 3. Alena was admitted as a new partner. It was decided that the new profit sharing ratio of Bishan, Sudha and Alena will be 10 : 6 : 5. The sacrificing ratio of Bishan and Sudha will be : .
(A) 5 : 3 (B) 25 : 78 (C) 6 : 5 (D) 2 : 1
21. A and B are partners sharing profits in the ratio of 5 : 3. A surrenders$\frac{1}{4}$th of hisshare and B surrenders $\frac{1}{5}$ of his share in favour of C, a new partner. What is the sacrificing ratio?
(A) 4:5 (B) 5 : 4 (C) 12 : 25 (D) 25 : 12
22. A and B are partners sharing profits in the ratio of 11 : 4. C was admitted. A surrendered $\frac{1}{11}$th of his share and B$\frac{1}{4}$ of his share in favour of C. Thesacrificing ratio will be :
(A) 11 : 4 (B) 1 : 1 (C)4: 11 (D) 7 : 4
23. P and Q are partners sharing profits in the ratio of 9 : 7. R is admitted asa partner with $\frac{9}{20}$th share in the profits, which he takes $\frac{1}{5}$th from P and $\frac{1}{4}$thfrom Q. Sacrificing ratio will be :
(A) 5 : 4 (B) 9 : 7 (C) 7 : 9 (D) 4 : 5
24. A, B and C are partners sharing in the ratio of 5 : 4 : 3. They admit D for $\frac{1}{7}$thshare. It is agreed that B would retain his original share. Sacrificing ratio will be :
(A) A, B and C — 5:4:3 (B) A and C — 4:3 (C) A and C — 5:4 (D) A andC — 5:3
25. A and B are partners sharing profits and losses in the ratio of 5 : 4. C is admitted for $\frac{1}{5}$th share. A and B decide to share equally in future. Sacrificing ratio will be :
(A) 5 : 4 (B) 2 : 7 (C) 7 : 2 (D) 1 : 1

26. A and B are partners. They admit C for $\frac{1}{3}$rd share. In future the ratio.betweenA and B would be 2 : 1. Sacrificing ratio will be :
(A) 2 : 1 (B) 1 : 1 (C) 5 : 1 (D) 1 : 5
27. Aditya and Shiv were partners in a firm with capitals of Rs.3,00,000 andRs.2,00,000,respectively. Naina was admitted as a new partner for $\frac{1}{4}$th share inthe profits of the firm. Naina brought Rs. 1,20,000 for her share of goodwill premium and Rs.2,40,000 for her capital. The amount of goodwill premium credited to Aditya will be :
(A) Rs.40,000 (B) Rs.30,000(C) Rs.72,000 (D) Rs.60,000
28. A and B are partners sharing profits and losses as 2 : 1. C is admitted and profit sharing ratio becomes 4:3:2. Goodwill is valued at Rs.94,500. C brings required goodwill in cash. Goodwill amount will be Credited to :
(A) A Rs. 14,000 and B Rs.7,000 (B) A Rs. 12,000 and B Rs.9,000 (C) A Rs.21,000 (D) A Rs.94,500
29. Xand Yare partners sharing profits and losses in the ratio of 3 : 2. They admitZ into partnership with $\frac{1}{5}$th share in profits which he acquires equally from Xand Y. Z brings in Rs.40,000 as goodwill in cash. Goodwill amount will be credited to :
(A) X Rs.20,000; Y Rs.20,000 (B) X Rs.25,000; Y Rs. 15,000 (C) X Rs.24,000; Y Rs. 16,000 (D) X Rs. 4,000; YRs. 4,000
30. A and B are partners sharing profits and losses in the ratio of 3 : 2. C isadmitted into partnership for $\frac{1}{5}$th share in profit. He pays Rs. 1,00,000 asgoodwill. The ratio of the partners A, B and C in the new firm would be 3:1:1. Goodwill will be credited to:
(A) Only A Rs. 1,00,000 (B) Only B Rs. 1,00,000 (C) A Rs.60,000; B Rs.40,000 (D) A Rs.75,000; B Rs.25,000
31. A and B are partners in a firm sharing profits in the ratio of 2 : 1. C is admittedas a partner. A and B surrender $\frac{1}{2}$ of their respective share in favour of C. C isto bring his share of premium for goodwill in cash. The goodwill of the firm is estimated at Rs. 60,000. Credit will be given to :
(A) A Rs. 15,000; B Rs. 15,000 (B) A Rs.40,000; B Rs.20,000 (C) A Rs.30,000; B Rs.30,000 (D) A Rs.20,000; B Rs. 10,000
32. P and S are partners sharing profits in the ratio of 3 : 2. R is admitted with $\frac{1}{5}$thshare and he brings in Rs.84,000 as his share of goodwill which is Credited to the Capital Accounts ofP and S respectively with Rs.63,000 and Rs.21,000. New profit sharing ratio will be :
(A) 3 : 1 : 5 (B) 9:7:4 (C) 3 : 2 : 5 (D) 7:9:4
33. Partners A, B and C share the profits of a business in the ratio of 3 : 2 : 1 respectively. They admit D who brings in Rs.60,000 for his share of goodwill. A, B, C and D decide to share the profits respectively in the ratio of 5 : 3 : 2 : 2. Credit will be given to :
(A) A Rs. 6,000; B Rs.6,000 (B) A Rs.30,000; B Rs. 18,000; C Rs.12,000(C) A Rs.30,000; B Rs.20,000; C Rs. 10,000 (D) ARs.30,000; B Rs.30,000
34. Anita and Babita were partners sharing profits and losses in the ratio of 3 : 1. Savita was admitted for $\frac{1}{5}$th share in the profits. Savita was unable to bring hershare of goodwill premium in cash. The journal entry recorded for goodwill premium is given below :

Date	Particulars		L.F.	Dr. (Rs.)	Cr. (Rs.)
	Savita's Current A/c	Dr.		24,000	
	To Anita's Capital A/c				8,000
	To Babita's Capital A/c				16,000
	(Adjustment of goodwill premium on Savita's Admission)				

The new profit sharing ratio of Anita, Babita and Savita, will be
(A) 41 : 7 : 12 (B) 13 : 12 : 10(C) 3 : 1 : 1 (D) 5 : 3 : 2

35. A and B are partners sharing profits and losses as 2 : 1. C and D are admitted and profit sharing ratio becomes 3 : 2 : 4 : 1. Goodwill is valued at Rs.90,000. C and D bring required goodwill in Cash. Credit will be given to :
(A) A Rs.30,000; B Rs. 15,000 (B) A Rs.66,000; B Rs.24,000 (C) A Rs.33,000; B Rs. 12,000 (D) A Rs.27,000; B Rs. 18,000

36. A and B are partners sharing profits and losses in 3 : 2. They admit C into partnership for $\frac{3}{10}$th share in the profits. A surrenders $\frac{1}{3}$rd of his share and Bsurrenders $\frac{1}{4}$th of his share in favour of C. Goodwill of the firm is valued at Rs.3,00,000 but C is unable to bring his share of goodwill in cash. Credit will be given to :
(A) A Rs. 54,000; B Rs. 36,000 (B) A Rs. 60,000; B Rs. 30,000(C) A Rs.2,00,000; B Rs.1,00,000 (D) A Rs. 1,80,000; B Rs. 1,20,000

37. A and B are partners sharing profits in the ratio of 7 : 5. C is admitted into thepartnership for $\frac{1}{6}$th share which he acquires $\frac{1}{24}$th from A and $\frac{1}{8}$th from B. C does not pay anything for his share of goodwill. On C's admission firm'sgoodwill was valued at Rs. 1,80,000. Credit will be given to :
(A) A Rs. 22,500; B Rs. 7,500 (B) A Rs. 7,500; B Rs. 22,500(C) A Rs. 45,000; B Rs. 1,35,000 (D) A Rs. 1,35,000; B Rs. 45,000

38. X and Y are partners in a firm sharing profits in the ratio of 5 : 3. They admitted Z as a new partner. The new profit sharing ratio will be 4 : 3 : 2. The firm's goodwill on Z's admission was valued at Rs. 1,26,000. But Z could not bring any amount of goodwill in Cash. Credit will be given to :
(A) X Rs. 17,500; Y Rs. 10,500 (B) X Rs. 16,000; Y Rs. 12,000 (C)XRs. 22,750; Y Rs. 5,250 (D) X Rs. 1,02,375; Y Rs.23,625

39. A and B are partners sharing profits in the ratio of 3 : 2. They admit C into the partnership with $\frac{1}{4}$th share in future profits. The new profit sharing ratio is5:4:3. The firm's goodwill on C's admission was valued at Rs.1,44,000. But C could not bring any amount for goodwill in Cash. Credit will be given to :
(A) A Rs. 80,000; B Rs.64,000 (B) A Rs. 20,000; B Rs. 16,000 (C) A Rs. 1,05,600; BRs.38,400 (D) ARs. 26,400; B Rs. 9,600

40. P, Q and R share profits in the ratio of 5 : 3 : 2. S is entitled for $\frac{1}{5}$th share inprofits which he acquires equally from P, Q and R. Goodwill of the firm is to be valued at three year's purchase of last four year's profits which areRs.50,000; Rs.60,000; (-) Rs.30,000 and Rs.40,000. S cannot bring his share ofgoodwill in cash. Credit will be given to :
(A) P Rs.30,000; Q Rs.30,000; R Rs.30,000(B) P Rs. 6,000; Q Rs. 6,000; R Rs. 6,000(C) P Rs.45,000; Q Rs.27,000; R Rs. 18,000(D) P Rs. 9,000; Q Rs. 9,000; R Rs. 9,000

41. When a new partner brings his share of goodwill in cash, the amount is debited to:
(A) Goodwill A/c (B) Capital A/c of the new partner(C) Cash A/c (D) Capital A/cs of the old partners

42. When a new partner does not bring his share of goodwill in cash, the amount is debited to :
(A) Cash A/c (B) Premium A/c(C) Current A/c of the new partner (D) Capital A/cs of the old partners

43. If, at the time of admission, some profit and loss account balance appears in the books, it will be transferred to :
(A) Profit & Loss Adjustment Account(B) All partners' Capital Accounts(C) Old partners' Capital Accounts
(D) Revaluation Account

44. If at the time of admission, there is some unrecorded liability, it will be :
(A) Debited to Revaluation Account (B) Credited to Revaluation Account(C) Debited to Goodwill Account (D) Credited to partners' Capital A/c
45. If the new partner brings his share of goodwill in cash, it will be shared by old partners in :
(A) Ratio of sacrifice (B) Old profit sharing ratio(C) New profit sharing ratio (D) In Capital ratio
46. A and B share profits and losses equally. They have Rs.20,000 each as capital. They admit C as equal partner and goodwill was valued at Rs.30,000. C is to bring in Rs.30,000 as his capital and necessary cash towards his share ofgoodwill. Goodwill Account will not remain open in books. If profit on revaluation is Rs. 13,000, find the closing balance of the capital accounts.
(A) Rs.31,500; Rs.31,500; Rs.30,000 (B) Rs.31,500; Rs.31,500; Rs.20,000(C) Rs.26,500; Rs.26,500; Rs.30,000 (D) Rs.20,000; Rs.20,000; Rs.30,000
47. In the absence of an express agreement as to who will contribute to new partners' share of profit, it is implied that the old partners will contribute :
(A) Equally (B) In the ratio of their capitals(C) In their old profit sharing ratio (D) In the gaining ratio
48. When a new partner brings goodwill in Cash, it is credited to :
(A) His Capital A/c (B) Sacrificing Partner's Capital A/c(C) Old Partner's Capital A/c (D) All Partner's Capital A/c
49. If the incoming partner brings the amount of goodwill in Cash and also a balance exists in goodwill account, then this goodwill account is written off among the old partners in
(A) The new profit sharing ratio (B) The old profit sharing ratio(C) The sacrificing ratio (D) The gaining ratio
50. If, at the time of admission, the revaluation A/c shows a profit, it should be credited to :
(A) Old partners capital accounts in the old profit sharing ratio.(B) All partners capital accounts in the new profit sharing ratio.(C) Old partners capital accounts in the new profit sharing ratio.(D) Old partners capital accounts in the sacrificing ratio.
51. Revaluation Account or Profit and Loss Adjustment A/c is a
(A) Real Account (B) Personal Account(C) Nominal Account (D) Asset Account
52. In case of admission of a partner, the entry for unrecorded investments will be:
(A) Debit Partners Capital A/cs and Credit Investments A/c(B) Debit Revaluation A/c and Credit Investment A/c
(C) Debit Investment A/c and Credit Revaluation A/c(D) None of the above
53. When the balance sheet is prepared after the new partnership agreement, the assets and liabilities are recorded at:
(A) Historical cost (B) Current cost(C) Realizable value (D) Revalued figures
54. Goodwill of a firm of A and B is valued at Rs.30,000. It is appearing in the books at Rs. 12,000. C is admitted for 1/4 share. What amount he is supposed to bring for goodwill?
(A) Rs.3,000 (B) Rs.4,500 (C) Rs.7,500 (D)Rs.10,500
55. A and B are partners of a partnership firm sharing profits in the ratio of 3 : 2 respectively. C was admitted for 1/5th share of profit. Machinery would be appreciated by 10% (book value Rs.80,000) and building would be depreciated by 20% (Rs.2,00,000). Unrecorded debtors of Rs. 1,250 would be brought into books now and a creditor amounting to Rs.2,750 died and need not pay anything on this account. What will be profit/loss on revaluation?
(A) Loss Rs.28,000 (B) Loss Rs. 40,000(C) Profits Rs.28,000 (D) Profits Rs.40,000
56. Xand Y are partners sharing profits in the ratio 5:3. They admitted Z for 1/5th profits, for which he paid Rs.60,000 against capital and Rs.30,000 against goodwill. Find the capital balance for each partner taking Z's capital as base capital.

(A) Rs. 1,50,000; Rs.60,000 and Rs.60,000 (B) Rs. 1,50,000; Rs.60,000 and Rs.90,000 (C) Rs. 1,50,000; Rs.90,000 and Rs.60,000 (D) Rs. 1,50,000; Rs.90,000 and Rs.90,000

57. Ramesh and Suresh are partners sharing profits in the ratio of 2 : 1 respectively. Ramesh Capital is Rs. 1,02,000 and Suresh Capital is Rs.73,000. They admit Mahesh and agree to give him 1/5th share in future profit. Mahesh brings Rs. 14,000 as his share of goodwill. He agrees to contribute capital in the new profit sharing ratio. How much capital will be brought by Mahesh?

(A) Rs.43,750 (B) Rs.45,000 (C) Rs.47,250 (D) Rs.48,000

58. Disha and Abha were partners in a firm. Farad was admitted as a new partner for 1/5th share in the profits of the firm. Farad brought proportionate capital. Capitals of Disha and Abha after all adjustments were Rs.64,000 and Rs.46,000 respectively. Capital brought by Farad was:

(A) Rs.22,000 (B) Rs.27,500(C) Rs.55,000 (D) Rs.28,000

59. A and B are in partnership sharing profits in the ratio of 3 : 2. They take C as a new partner. Goodwill of the firm is valued at Rs.3,00,000 and C brings Rs.30,000 as his share of goodwill in cash which is entirely credited to the Capital Account of A. New profit sharing ratio will be :

(A) 3 : 2 : 1 (B) 6 : 3 : 1(C) 5 : 4 : 1 (D) 4:5:1

60. Xand Yare partners sharing profits in the ratio of 4 : 3. Z is admitted for 1/5th share and he brings in Rs. 1,40,000 as his share of goodwill in cash of which Rs. 1,20,000 is credited to X and remaining amount to Y. New profit sharing ratio will be :

(A) 4:3:5 (B) 2:2:1 (C) 1 : 2 : 2 (D) 2 : 1 : 2

61. A and B are partners sharing profits in the ratio of 2 : 3. Their Balance Sheet shows Machinery at Rs.2,00,000; Stock at Rs.80,000 and Debtors at Rs. 1,60,000. C is admitted and new profit sharing ratio is agreed at 6 : 9 : 5. Machinery is revalued at Rs. 1,40,000 and a provision is made for doubtful debts @5%. A's share in loss on revaluation amount to Rs.20,000. Revalued value of Stock will be :

(A) Rs.62,000 (B) Rs. 1,00,000 (C) Rs.60,000 (D) Rs. 98,000

62. A, B and C are partners sharing profits in ratio of 3 : 2 : 1. They agree to admit D into the firm. A. B and C agreed to give 1/3rd, 1/6th, 1/9th share of their profit. The share of profit of D will be :

(A) $\frac{1}{10}$ (B) $\frac{11}{54}$ (C) $\frac{12}{54}$ (D) $\frac{13}{54}$

63. Xand Y are partners sharing profits in the ratio 2:3. They admitted Z for 1/5th share of profits, for which he paid Rs. 1,20,000 against capital and Rs.60,000 as goodwill. Find the capital balances for each partner taking Z's capital as base capital.

(A) Rs.3,00,000, Rs. 1,20,000 and Rs. 1,20,000(B) Rs.3,00,000, Rs. 1,20,000 and Rs.1,80,000 (C) Rs.1,92,000, Rs.2,88,000 and Rs.1,20,000(D) Rs.3,00,000, Rs.1,80,000 and Rs.1,80,000

64. A, B, C and D are partners. A and B share 2/3rd of profits equally and C and D share remaining profits in the ratio of 3 : 2. Find the profit sharing ratio of A, B, C and D.

(A) 5 : 5 : 3 : 2 (B) 7 : 7 : 6 : 4(C) 2.5 : 2.5 : 8 : 6 (D) 3 : 9 : 8 : 3

65. Sacrificing ratio is used to distribute ………. in case of admission of a partner:

(A) Reserves (B) Goodwill(C) Revaluation Profit (D) Balance in Profit and Loss Account

66. X and Y are partners in a firm with capital of Rs. 1,80,000 and Rs.2,00,000. Z was admitted for 1/3rd share in profits and brings Rs.3,40,000 as capital, calculate the amount of goodwill :

(A) Rs.2,40,000~ (B) Rs. 1,00,000(C) Rs. 1,50,000 (D) Rs.3,00,000

67. A and B are partners sharing profits and losses in the ratio of 5 : 3. Onadmission, C brings Rs.70,000 as cash and Rs.43,000 against Goodwill. New profit ratio between A. B and C is 7 : 5 : 4. The sacrificing ratio of 4 and B is:

(A) 3 : 1 (B) 1 :3(C) 4 : 5 (D) 5 : 9

68. A and B are partners in a firm having capitals 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 Capital brought in by C would be :
(A) Rs.90,000 (B) Rs.45,000(C) Rs.54,000 (D) Rs.36,000
69. Mona and Tina were partners in a firm sharing profits in the ratio of 3 : 2.Naina was admitted with $\frac{1}{6}$th share in the profits of the firm. At the time ofadmission, Workmen's Compensation Reserve appeared in the Balance Sheet of the firm at Rs.32,000. The claim on account of workmen's compensation was determined at Rs.40,000. Excess of claim over the reserve will be :
(A) Credited to Revaluation Account. (B) Debited to Revaluation Account.(C) Credited to old partner's Capital Accounts.(D) Debited to old partner's Capital Accounts.
70. Sun and Star were partners in a firm sharing profits in the ratio of 2 : 1.Moon was admitted as a new partner in the firm. New' profit sharing ratio was 3:3:2. Moon brought the following assets towards his share of goodwill and his capital : ,
Machinery Rs.2,00,000; Furniture Rs. 1,20,000; Stock Rs.80,000; Cash Rs.50,000
If his capital is considered as Rs.3,80,000, the goodwill of the firm will be :
(A) Rs.70,000 (B) Rs.2,80,000 (C) Rs.4,50,000 (D) Rs. 1,40,000

1.	C	2.	B	3.	D	4.	B	5.	B
6.	D	7.	A	8.	C	9.	B	10.	D
11.	A	12.	C	13.	C	14.	D	15.	C
16.	C	17.	A	18.	B	19.	A	20.	A
21.	D	22.	B	23.	D	24.	D	25.	C
26.	D	27.	D	28.	C	29.	A	30.	B
31.	D	32.	B	33.	D	34.	A	35.	C
36.	B	37.	B	38.	C	39.	D	40.	B
41.	C	42.	C	43.	C	44.	A	45.	A
46.	A	47.	C	48.	B	49.	B	50.	A
51.	C	52.	C	53.	D	54.	C	55.	A
56.	C	57.	C	58.	B	59.	C	60.	B
61.	D	62.	D	63.	C	64.	A	65.	B
66.	D	67.	A	68.	B	69.	B	70.	B

OBJECTIVE QUESTION SET 2

Select the correct alternative:
1. The written agreement among the partners is called
(a) Partnership Deed. (b) Partnership buy laws. (c) Partnership Constitution. (d)a contract.
2. The liability of the partners in a partnership firm under Indian Partnership Act, 1932 is
(a) Limited. (b) Unlimited. (c) No Liability. (d) Depending on the situation..
3. Interest on Capital is allowed on
(a) the opening capital.(b) the capital at the year end. (c) average capital of the year.(d) the capital in the middle of the year.
4. In the absence of the Partnership Deed, Interest on Capital
(a) is allowed @ 6% per annum.(b) is allowed @ 10% per annum.(c) is allowed at the borrowing rate.(d) is not allowed.
5. In case of fixed capitals, partners will have
(a) credit balances in their Capital Accounts. (b)debit balances in their Capital Accounts.(c) may have credit or debit balances in their Capital Accounts. (d)credit balance or nil balance in their Capital Accounts.
6. In case of fixed capitals, interest on capital

(a) is credited to Partner's Capital Account. (b) is credited to Partner's Current Account .(c) may be credited to Partner's Capital or Current Account. (d) is debited to Partner's Capital Account.

7. In case of fluctuating capitals, interest on capital

(a) is credited to Partner's Capital Account. (b) is credited to Partner's Current Account. (c) may be credited to Partner's Capital or Current Account. (d) Interest Payable Account.

8. Current Accounts of partners are maintained if

(a) capitals are fixed. (b) capitals are fluctuating. (c) whether capitals are fixed or fluctuating.(d) as is decided by the Partners.

9. In the absence of Partnership Deed, profit of a firm is divided among the partners

(a) in the ratio of capital. (b) Equally. (c) in the ratio of time devoted for the firm's business. (d) According to the managerial abilities of the partners.

10.Interest on. Capitals of Partners under the Fluctuating Capital Accounts Method is credited to

(a) Interest Payable Account. (b) Profit and Loss Account. (c)Partners' Capital Accounts. (d) Partners' Current Accounts.

11. When guarantee is given to partner by some partners, deficiency on such guarantee will be borne by

(a)All of the other partners. (b) Partnership firm. (c) Partner who gave the guarantee. (d)None of the partners.

12. In the absence of an agreement to the contrary, the partners are

(a) entitled to 6% interest on their capitals, only when there are profits. (b) entitled to 9% interest on their capitals, only when there are profits. (c) entitled to interest on their capitals at the bank rate, only when there are profits. (d) not entitled to interest on their capitals.

13. Which of the following items will not be shown in Profit and Loss Appropriation Account?

(a) Interest on Capital (b) Commission to a partner(c) Interest on Drawings(d) Interest on Partner's Loan

14. Which of the following items will not be shown in the debit of Profit and Loss Appropriation Account?

(a) Interest on Capital (b) Commission to a partner (c) Interest on Drawings(d) Salary to partners

15. Which of the following is not an essential feature of partnership?

(a) An agreement, oral or written, should exist among the partners. (b) Agreement should be to carry on lawful business. (c) All the partners should contribute capital in the firm. (d) There should be at least two partners.

16. A manager gets 5% commission on net profit after charging such commission, gross profit Rs.5,80,000 and expenses of indirect nature other than manager's commission areRs.1,60,000. Commission amount will be

(a) Rs.21,000. (b) Rs.20,000. (c) Rs.15,000. (d) Rs.22,000.

17. If the Partnership Deed provides for payment of interest on capital of the partners, then interest can be paid only out of

(a) Accumulated Profits. (b) Past Profits. (c) Current Profits. (d) Total Profits.

18. As per Indian Partnership Act, 1932 if Partnership Deed does not exist partners are entitled to

(a) Salary. (b) Interest on Capital. (c) Equal Profit Share. (d) Commission.

19. Relationship between the partners is of

(a) Close relatives. (b) Agent and principal. (c)Junior-senior relationship. (d)Senior-subordinate Relationship.

20. There are two partners in a firm P and Q. R is admitted into the firm for 1/3rd share of profit with the guaranteed profit of Rs.18,000 p.a.The firm's total profit is Rs.42,000.1f P stood as guarantor of guaranteed profit to R, how much profit would be given to P?
(a) Rs. 20,000 (b) Rs. 15,000 (c) 10,000 (d) 18,000
21. In the absence of Partnership Agreement, interest on drawings of a partner is charged
(a) @ 8% per annum (b) @ 9% per annum (c) @ 12% per annum (d) No interest is charged
22. In the absence of Partnership; interest on loan of a partner is allowed
(a) @ 8% per annum (b) @ 6% per annum (c) No interest is allowed (d) @ 1 2 % per annum

Answer
1. (a); 2. (b); 3. (a); 4. (d); 5. (d); 6. (b); 7. (a); 8. (a); 9. (b); 10. (c); 11. (c); 12. (d); 13. (d); 14. (c); 15. (c); 16. (b); 17. (c); 18. (c); 19. (b); 20. (c); 21. (d); 22. (b).

OBJECTIVE QUESTION SET 3

1. XAnd Y are sharing profit and losses in the ratio of 3 :2. Z is admitted with 1/5th share in profits of the firm which he gets from X .

Find out the new profit sharing ratio?
(a) 12:8:5 (b) 8:12:5 (c) 2:2:1 (d) 2:2:2

2. A and B are partners sharing profits and losses in the ratio of 3 2. A's capital is Rs. 60,000 and B's capital is Rs. 30,-000. They admit for 1/5th share of profits. How much C should bring in towards his capital ?
(a) Rs 18,000 (b) Rs 24,000 (c) Rs 29,000 (d) Rs 22,500
3. A and B are partners sharing profits and losses in the ratio 5 : 3 on admission , C bring Rs. 70,000 cash and Rs. 48,000 against goodwill.

New profits sharing ratio between A,B,C is 7:5:4 the sacrificing ratio among A and B is:
(a) 3:1 (b) 4:7 (c) 5:4 (d) 2:1

4. X and y are partners sharing profits on the ratio 5:3. They admitted Z for 1/5th share of profits, for which he paid Rs. 1,20,000 against capital and 60,000 as goodwill. find the capital balance for each partners taking Z's capital as base capital:
(a) 3,00,000 ,1,20,000 and 1,20,000 (b) 3,00,000 ,1,20,000 and 1,80,000 (c) 3,00,000,1,80,000 and 1,80,000 (d) 3,00,000, 1,80,000 and 1,80,000
5. General revenue at time of admission of a new partner is transferred to:
(a) Profit and loss adjustment account. (b) Partners capital account (c) Revaluation account (d) Memorandum revaluation account
6. A and B are partners sharingprofit in the ratio of7:3 C is admitted as a new partner. A surrenders 1/7 of his share and B surrenders 1/3rd of his share in favour of C . the new profit sharing ratio will be:
(a) 6:2:2 (b) 4:1:1 (c) 3:2:2 (d) None

7. The balance of memorandum revaluation account (second part) is transferred to the capital accounts of the partners in:
(a) Capital ratio
(b) Old profit sharing ratio
(c) New profit sharingratio

(d) Sacrificing ratio

8. X and Yshare profit and losses in the ratio of 4:3 they admit Z I the firm it 3/7 share which he gets 2/7 from X and 1/7 from VC the new profit sharing ratio will be:
(a) 7:3:3
(b) 2:2:3
(c) 5:2:3
(d) 2:3:3

9. A and Bare partners, sharing profits in the ratio of 5:3 they admit C with acquires equally from both 1/10th from B. new profit sharing ratio will be.
(a) 21:11:8
(b) 20:10:4
(c) 15:10:5
(d) None

10. A firm has an unrecorded investment of rs 5,000. Entry in the firm's journal on admission of a partners will:
(a) Revaluation A/c dr. 5,000 to unrecorded investment A/C 5,000
(b) Unrecorded investment A/c dr. 5,000
(c) Partner's capital A/c dr. 5,000 to unrecorded investment 5,000
(d) None of these

11. A B and C share profit and losses in the ratio of 3 : 2: 1. D is admitted with 1/6 share which he gets entirely from A. new ratio will be:
(a) 1/3:1/3:1/6:1/6
(b) 3;1:1:1
(c) 2:2:2:1
(d) None

12. A B C are partners sharing profits in the ratio of 4:3:2 D is admitted for 2/9th share of profits and bring rs 30,000 as capital and 10,000 for his share of hgoodwill. The new profit sharing ratio between partners will be credited in the capital accounts of:
(a) A only
(b) A,B and C (equally)
(c) A and B (equally)
(d) A and C (equally)

13. A and B are partners of a firm shaaring profits in the ratio of 3:2 C was admitted for 1/5th share of profit machinery would be appreciated by 105 (book value rs 80,000) and building would be depreciated by 205 (RS 2,00,000) unrecorded debtors of Rs.1,250 would be bought to book and Creditor of Rs. 2,7500 died and needn't to pay anything . what will be the profit/loss in revaluation ?
(a) Loss Rs. 28,000
(b) LossRs 40,000
(c) Profit Rs 28,000
(d) Profits Rs 40,000

14. Amit and anil are partners sharing profits in the ratio of 5:3 with capital of Rs. 2,50,000 and Rs. 200,000. Atul was admitted and would pay Rs 0l,000 as capital and Rs. 16,000 as goodwill for 1/5th profit find the balance of capital accounts after admission of atul:
(a) 2,60,00:2,06,000:50,000
(b) 2,20,500:1,82,000:66,000
(c) 2,92,500:2,25,500:50,000

(d) 2,823,500:2,19,500:66,000

15. X and Y are partners sharing profits in the ratio of 3:1. They admit Z as apartner who pays rs 4000 as goodwill, the new profit sharing ratio being 2:1:1 among X,Y,and Z the amount of goodwill will be credit to:
(a) X and Y as rs 3,000 and rs 1,000
(b) X only
(c) Y only
(d) None

16. When balance sheet prepared after the new partnership assetsand liabilities are recorded at:
(a) Original value
(b) Revalued figure
(c) At current cost
(d) As realizablevalue

17. R and S are partners sharing profits in the ratio 5:3 T joins the firm. R gives 1/4 th of his share to the new partner. Find out new ratio:
(a) 75:48:37
(b) 45:32:27
(c) 13:7:4
(d) None

18. A,B,C are equal partners ,they wanted to changes the profits sharing ratio into 4:3:2 they raised the goodwill to rs 90,000 but want to write it off immediately. The effected accounts will be:
(a) C's capital A/c dr. 10,000 to A/s capital A/c 10,000
(b) B's capital A/c dr.10,000 to A's capital A/c 10.000
(c) C's capital A/c Dr. 10,000 to B's capital A/c 10,000
(d) A's capital A/c Dr. 10,000 to C's capital A/c 10,000

19. A,B,C are partners sharing profits in ratio of 3:2:1. Theyagree to admit D into the firm A B and C agreed to give 1/3rd ,1/6th ,1/9th share of their profit. The share profit of D will be:
(a) 1/10
(b) 13/54
(c) 12/54
(d) 10/55

20. A and B are partners sharing profits and losses in ratio of 3:2 A's capital is Rs. 30,000 B's capital is Rs. 15,000. They admit C and agree to give 1/5th share of profit to him. How much C should being in towards his capital?
(a) Rs 9,000
(b) Rs 12,000
(c) Rs 14,500
(d) Rs 11,250

21. Reserve appearing in the balance sheet will be divided among partners during admission in ______ ratio:
(a) Old
(b) New
(c) Sacrificing
(d) Gaining

22. X and Y are partners sharing profits equally. Z was admitted for 1/7th share calculate new profit sharing ratio.
(a) 2:3:1

(b) 3:3:1
(c) 6:5:2
(d) 1:1:1

23. A,B,C,D are partners sharing their profits and losses equally. They change theirprofit sharing ratio to 2:2:1:1. How much will C sacrifice?
(a) 1/6
(b) 1/12
(c) 1/24
(d) None

24. A and B share profit equally. They admit C with 1/7thshare. The new profit sharing ratio of A and B is
(a) 4/7,1/7
(b) 3/7,3/7
(c) 2/7,2/7
(d) None

25. A and B are partners C is admitted with 1/5th share C bring Rs. 1,20,000 as his share towards capital. The total net worth of the firm is:
(a) Rs 1,00,000
(b) Rs 4,00,000
(c) Rs 1,20,000
(d) Rs 6,00,000

26. A and B share profits in the ratio of 3:2 A's capital is Rs. 48,000 B's capital is Rs. 32,000. C is admitted for 1/5 share in profits. What is the amount of capital which C should bring ?
(a) Rs 20,000
(b) Rs 16,000
(c) Rs 1,00,000
(d) Rs 64,000

27. A and B share profit in the ratio of 3:4 c was admitted for 1/5th share. Calculated the new profit sharing ratio.
(a) 3:41
(b) 12:16:7
(c) 16:12:7
(d) None

28. A and b carry on business and share profits and losses in the ratio of 3:2. Their respectively capitals are Rs. 1,20,000 and Rs. 54,000. C is admitted for 1/3rd share in profit and brings Rs. 75,000 as his share of capital of A and B to be adjusted according to C's shar. Calculate the amount refund to A.
(a) Rs 30,000
(b) Rs 32,000
(c) Rs 15,000
(d) Rs 28,000

29. On account of admission, the assets are revalued and liabilities are reassessed in________ Account.
(a) Partner's capital A/c
(b) Revaluation A/c
(c) Realization A/c
(d) Balance sheet

30. The opening balance of partner's capital account is credit with :

(a) Interest on capital
(b) Interest on drawings
(c) Drawings
(d) Share in loss

31. X and Y shares proffer / loss in the ratio of 5:3. Z he is taking equallyfrom old partners New profit sharing ratio is:
(a) 21:11:8
(b) 20:8:7
(c) 20:12:8
(d) 10:5:5

32. A and B are partners C is admitted with a guarantee profit of Rs. 10,000 fro, A with a new profit sharing ratio of 3:2:1 profit for the year2009-10 is Rs. 1,20,000. How much profit C will get ?
(a) Rs 10,000
(b) Rs 20,000
(c) Rs 30,000
(d) None of these

33. On the admission of new partner which one of the following lying in the balance sheet should be transferred to the partner to the capital accounts of the partner in the old profit sharing ratio ?
(a) Bank Overdraft
(b) General reserve
(c) Bill payable
(d) Outstanding expenses

34. Which account will be prepared at the time of admission of a new partner for giving effects of revaluation of assets the value of assets and liabilities of old balance sheet?
(a) P & L adjustment A/c
(b) Revaluation A/c
(c) Memorandum revaluation A/c
(d) Realization A/c

35Sacrificing ratio is computer at the time of_____
(a) Retirement of a partner
(b) Admission of a partner
(c) Insolvency of a partner
(d) Death of a partner

36. Rahul and bjaj are partner s sharing profits and loss in the ratio of 1:2 birla is admitted in partnership for ½ share of profit is and their new profit sharing ratio is 1:2:3 Their sacrificing ratio will be:
(a) 1:3
(b) 2:1
(c) 3:1
(d) 1:2

37. A and B are partners sharing profit and loss in the ratio of 5:2 C admitted and on the date of admission brings in cash Rs. 70,000 as capital and Rs. 48,000 as goodwill. New profit sharing ratio of A, B and C are 7:5:4. The sacrificing ratio amongst A and B would be:
(a) 1:3(b) 3:1
(c) 5:4(d)3:5

38. Which assets is compulsorily revalued at the time of admission of a partner?
 (a) Goodwill
 (b) Land and Building
 (c) Plant and Machinery
 (d) Furniture and Fittings

39. Angola and Rangoli are partners sharing profits and losses in the ratio of 2:3. Mangola joins the firm, Angola gives 1/3rd of his share and Rangoli gives 1/4th of her share to Mangola. The new profit sharing ratio will be:
 (a) 17:26:17 (b) 75:38:37 (c) 16:27:17 (d) None of these

40. At the time of admission of a partner in a firm, the journal entry for an unrecorded investment of Rs. 30,000 will be :
 (a) Revaluation A/c Dr. 30,000
  To Unrecorded Investment A/c 30,000
 (b) Unrecorded Investment A/c Dr 30,000
  To Revaluation A/c 30,000
 (c) Partner's Capital A/c Dr: 30,000
  To Unrecorded Investment A/c 30,000
 (d) Unrecorded Investment A/c Dr. 30,000
  To Partner's Capital A/c 30,000

41. If an asset was earlier revalued upward and then later on it was revalued downward, then the downfall to the extent of earlier appreciation is:
 (a) Credited to Revaluation Reserve Account (b) Debited to Revaluation Reserve Account
 (c) Credited to Profit and Loss Account (d) Debited to Profit and Loss Account

42. A and B are partners sharing profits in the ratio of 5:3. They admitted C for 1/5th share of profits, for which he paid Rs. 1,20,000 against capital and Rs. 60,000 against goodwill. Find the capital balances for each partner taking C's Capital as base capital:
 (a) 3,00,000:1,20,000 :1,20,000 (b) 3,00,000 : 1,20,000 : 1,80,000
 (c) 3,00,000 : 1,80,000 : 1,20,000 (d) 3,00,000 : 1,80,000 : 1,80,000

43. Depreciation fund at the time of admission of a partner is:
 (a) Not to be transferred anywhere (b) Transferred to old partners capital account in old profit sharing ratio (c) Transferred to Profit & Loss Appropriation A/c (d) Transferred to old partner's capital A/c in sacrificing ratio.

44. Amit and Anil are partners of a partnership firm sharing profits in the ratio of 5 : 3 with capital of Rs. 2,50,000 and Rs. 2,00,000 respectively. Atul was admitted on the following terms, Atul would pay Rs. 50,000 as capital and Rs. 16,000 as goodwill for 1/5th share of profit. Find the balance of capital accounts after admission of Atul:
 (a) Rs. 2,60,000; Rs. 2,06,000; Rs. 50,000 (b) Rs. 2,20,000; Rs. 1,82,000; Rs. 66,000
 (c) Rs. 2,92,500; Rs. 2,25,500; Rs. 50,000 (d) Rs. 2,82,500; Rs. 2,19,500; Rs. 66,000.

45. X and Y are partners sharing profits and losses in the ratio of 2:1. Their capital on 31st March, 2014 was Rs. 1,05,000 and Rs. 75,000 respectively. Z was admitted as a new partner on April 1st, 2014 for 1/5th share. He contributes Rs. 20,000 as goodwill. He brings his capital in profit sharing ratio. What will be his share of capital?
 (a) Rs. 50,000 (b) Rs. 45,000 (c) Rs. 36,000 (d) None of the three.

46. P and Q are partner, sharing profits in the ratio 7 : 2. They admit R with 1/5th share in profits which he acquires equally from both i.e. 1/10th from P and 1/10th from Q.
 Now, profit sharing ratio will be:
 (a) 61 :11 :18 (b) 11 : 61 :18 (c) 18:11 :6 (d) None of the above.

Answer

1.(c)	2.(d)	3.(a)	4.(c)	5.(d)
6.(a)	7.(c)	8.(b)	9.(a)	10.(b)
11.(a)	12.(c)	13.(a)	14.(a)	15.(b)
16.(b)	17.(a)	18.(d)	19.(b)	20.(d)
21.(a)	22.(b)	23.(b)	24.(b)	25.(d)
26.(a)	27.(b)	28.(a)	29.(b)	30.(a)
31.(a)	32.(b)	33.(b)	34.(c)	35.(b)
36.(d)	37.(b)	38 (a)	39 (c)	40 (b)
41 (b)	42 (a)	43 (a)	44 (a)	45 (a)
46 (a)				

OBJECTIVE QUESTION SET 5

1. If partnership deed is silent or has not been formulated, then partners are entitled for
(a) salary (b) commission (c) interest on loan (d) profit share in capital ratio
2. In partnership business, partner's liability is
(a) in proportion to profit/loss (b) in proportion to capital (c) limited (d) unlimited
3. If a partner individually carries on any business of the same nature as competing with that of firm, he shall account for
(a) retire from partnership (b) all profits made by him (c) dissolve the firm (d) None of the above
4. In a partnership, manager's commission is shown in
(a) profit and loss account (b) profit and loss appropriation account(c) balance sheet (d) None of the above.
5. In a partnership, interest on partner's capital is
(a) debited to profit and loss appropriation account (b) credited to profit and loss appropriation account
(c) debited to profit and loss account (d) credited to profit and loss account
6. If a partner draws a fixed amount on the first day of every month, then for what period the interest on total drawings is calculated?
(a) 5.5 months (b) 6.5 months (c) 6 months (d) None of these
7. 'A' and 'B' were partners in a firm. They share their profits in the ratio of 2:1. 'A' withdraws an amount of Rs. 2,000 on 1st July, 2017. Journalise it.

(a) Profit and Loss Appropriation A/c	Dr	2,000	
To A's Capital A/c			2,000
(b) A's Capital A/c	Dr	2,000	
To Profit and Loss A/c			2,000
(c) A's Drawings A/c	Dr	2,000	
To Cash/Bank A/c			2,000
(d) A's Capital A/c	Dr	2,000	
To A's Drawings A/c			2,000

8. Gupta and Bansal are partners in a firm, Gupta withdraw Rs. 800 per month at the beginning of every month for 6 months ending on 31st December, 2017. Bansal withdraw Rs. 800 per month at

the end of every month for 6 months ending on 31st December, 2017. Calculate interest on drawings @ 15% per annum on 31st December, 2017.

(a) Gupta = Rs. 320, Bansal - Rs. 280 (b) Gupta =Rs. 180, Bansal = Rs. 220

(c) Gupta = Rs. 720, Bansal = Rs. 720 (d) Gupta = Rs. 210, Bansal = Rs. 150

9. When fluctuating capital method is used, which of the following items are shown in debit side of partners' capital account?

(a) Opening debit balance of capital account

(b) Drawings

(c) Interest on drawings

(d) All of the above

10. 'A'and'B' were partners in a firm. They share profits in the ratio of 2:3 Their capital account balance as on 1st April, 2017 was Rs. 10,00,000 and Rs. 20,00,000. Additional capital introduced by them, A = Rs. 3,00,000, .B = Rs. 2,00,000. Journalise it.

(a) Bank A/c	Dr	5,00,000
To A's Capital A/c		3,00,000
To B's Capital A/c		2,00,000
(b) A's Capital A/c	Dr	3,00,000
B's Capital A/c	Dr	2,00,000
To Bank A/c		5,00,000
(c) A's Capital A/c	Dr	3,00,000
To Bank A/c '		3,00,000
(d) B's Capital A/c	Dr	2,00,000
To Bank A/c		2,00,000

11. Asha and Bipasha are partners in a firm. They share profits in the ratio of 1:1. In this year, they suffered a loss. They maintain capital accounts under fluctuating account method. Pass journal entry to transfer the loss to the capital accounts of Asha and Bipasha.

(a) Profit and Loss Appropriation A/c	Dr
To Asha's Capital A/c	
To Bipasha's Capital A/c	
(b) Asha's Capital A/c	Dr
To Bipasha's Capital A/c	
(c) Asha's Capital A/c	Dr
Bipasha's Capital A/c	Dr
To Pofit and Loss A/c (d) None of the above	

12. 'R' and 'S' were partners in a firm. They share their profits and losses in 1:2 ratio. 'R' is hard working and dedicated to the affairs of the firm. As per contract or deed he is to receive Rs. 500 per month as salary. Journalise it if capital account is maintained under fixed capital method.

(a) Profit and Loss A/c	Dr	6,000
To R's Capital A/c		6,000
(b) Profit and Loss Appropriation A/c	Dr	6,000
To R's Current A/c		6,000
(c) Salary A/c	Dr	6,000
To Profit and Loss A/c		6,000
(d) Salary A/c	Dr	6,000
To R's Current A/c		6,000

13. Pass the journal entry to record salary of partner
(a) Profit and Loss Appropriation A/c Dr
To Partners' Capital A/c
(b) Profit and Loss A/c Dr
To Salary A/c
(c) Partner's Capital A/c Dr
To Salary A/c
(d) Salary A/c Dr
To Profit and Loss Appropriation A/c
14. 'X' and 'Y' are partners in a firm sharing profits in the ratio of 3:2. As per their agreement, 'X' will receive 5% per annum interest on his loan of Rs. 1,00,000 and 'Y' will receive 2% commission on sales affected by him, which were Rs. 1,00,000. Calculate X's share of profit when net profit as per profit and loss account is Rs. 1,00,000.
(a) Rs. 58,800 (b) Rs. 58,000
(c) Rs. 60,000 (d) Rs. 48,200
15. 'A' and 'B' are partners sharing profits in the ratio of 3:2. Calculate interess on A/s capital if profits for the year are Rs. 15,000 and interest on capital to all partners is Rs. 20,000 each.
(a) Rs. 20,000 (b) Rs. 12,500
(c) Rs. (7,500)(loss) (d) Rs. 7,500

ANSWERS

1. (c)	2. (d)	3. (b)	4. (a)	5. (a)	6. (b)	7. (c)	8. (d)	9. (d)	10. (a)
11. (c)	12. (b)	13. (a)	14. (a)	15. (d)					

OBJECTIVE QUESTION SET 6

1. When the incoming partner bring his share of goodwill in cash which of these methods of valuation of goodwill is appropriate.
   (a) Revaluation method
   (b) Memorandum Revaluation method
   (c) Premium method
   (d) Any of these methods
2. Profit or loss on revaluation of assets is transferred to partner's capital account in which ratio
   (a) Equally
   (b) Profit sharing ratio
   (c) Fixed capital ratio
   (d) Current capital ratio
3. To which account is accumulated balances of profit and loss account and general reserve account are transferred at the time of admission of a partner.
   (a) Partners current capital A/c
   (b) Partners fixed capital A/c
   (c) Revaluation A/c
   (d) Profit and loss adjustment A/c
4. Which of these accounts is opened for revaluation of assets and liability at the time of admission of a partner into a firm?
   (a) Profit and loss A/c

(b) Revaluation A/c
(c) Realization A/c
(d) Profit and loss appropriation A/c

5. Revaluation account is a____
(a) Real A/c
(b) Nominal A/c
(c) Personal A/c
(d) Suspense A;/c

6. Which of these terms is not true in respect of goodwill?
(a) Real Assets
(b) Intangible Assets
(c) Tangible Assets
(d) Fictitious Assets

7. To which account unrecorded assets/liabilities are transferred.
(a) Partners Capital A/c
(b) Revaluation A/c
(c) Profit and loss Appropriation A/c
(d) Any of these accounts

8. When goodwill is revalued at the time of admission of a partner how goodwill is distributed amongst the old partners.
(a) Equally
(b) In capital ratio
(c) In old profit sharing ratio
(d) In new profit sharing ratio

9. When goodwill is to be written off after the admission of a partner in which ratio it is transferred to capital account of the partner
(a) Sacrificing ratio
(b) Equally
(c) New profit sharing ratio
(d) Old profit sharing ratio

10. X and Y are partners with capital of Rs.9000 and Rs.10000 Z is admitted into the firm with 1/3rd share of profit and bring Rs.12000 as his share of capital . how the goodwill of the firm would be valued.
(a) Rs.5000
(b) Rs.6000
(c) Rs.10000
(d) Rs.12000

11. A and B are partners in a firm with profit sharing ratio of 2:3 they admit C as a partner for 1/4th share of profit. What would be the sacrificing ratio of A and B?
(a) 1:2
(b) 2:3
(c) 3:2
(d) 5:2

12. What is new profit sharing ratio in question No.11
(a) 6:9:5

(b) 9:6:5
(c) 5:6:9
(d) 6:5:9

13. A, B and C are sharing profit and loss in the ratio of 3:2:1 D is admitted into the firm with `1/7 share of profit which he takes equally form existing partners. What would be sacrificing ratio.
(a) 1:1:1
(b) 1:3:2
(c) 2:3:1
(d) 1:2:3

14. What would be new profit sharing ratio in Q .No.13?
(a) 19:12:5:6
(b) 18:11:7:6
(c) 18:7:11:6
(d) 11:18:7:6

15. If D purchases his share of profit form A. what would be new profit sharing ratio as per Q. No.13.
(a) 15:14:7:6
(b) 15:14:6:7
(c) 14:15:7:6
(d) 15:7:14:6

16. How the goodwill brought in by D would be distributed amongst the old partners on the facts given in question No.13.
(a) 3:2:1
(b) Equally
(c) In capital ratio
(d) Only a would get goodwill

17. Which of these statements is not true?
(a) Accumulated profit and loss General reserves are transferred to old partners capital account.
(b) If assets and liabilities are to be shown in the balance sheet at old value. Memorandum Revaluation account is opened
(c) Profit of revaluation is transferred to the capital account of all partners in equal ratio.
(d) Revaluation account is a nominal account.

18. At the time of admission when goodwill account is not being opened in the books of account credit is given to old partner in what ratio.
(a) Old profit sharing ratio
(b) New profit sharing ratio
(c) Sacrificing ratio
(d) Equally

19. X& Associates is a partnership firm it intends to revalue its goodwill average profit for the past five years is Rs.15000 per annum and goodwill is being valued 3 year purchase of average profit. What would be the value of the goodwill of the firm?
(a) Rs.45000
(b) Rs.15000

(c) Rs.30000
(d) Rs.60000

20. If normal profit is Rs.12000 and goodwill is to be valued at 5 years purchases of super profit what would be goodwill of the firm on the facts given on Q No.19.
(a) Rs.15000
(b) Rs.30000
(c) Rs.20000
(d) Rs.25000

21. Consequent upon admission of a new partner in a firm the value of the goodwill is valued at Rs.60000. But there exist a goodwill account in the balance sheet which stood at Rs.48000 what would be treatment of goodwill at the time of admission of a new partner if the firm follows revaluation method of goodwill.
(a) Debit goodwill A/c by Rs.12000
(b) Debit goodwill A/c by Rs.48000
(c) Debit goodwill A/c by Rs.60000
(d) Debit goodwill A/c by Rs.12000

22. If memorandum revaluation method is followed what accounting treatment will be of goodwill in partner's capital account after admission of a new partner as per Q.No.21?
(a) Rs.12000 would be debited to all the partners capital account in their new profit sharing ratio
(b) Rs.60000 would be debited to old partners capital account in their old profit sharing ratio
(c) Rs.48000 would be debited to all the partners capital account in their new profit sharing ratio
(d) Rs.48000 would be credited to all the partners capital account in their new profit

23. Mr. X is admitted into a partnership firm for 1/4th share of profit. The total capital of the old partner stood at Rs.45000 after carrying adjustment of goodwill revaluation assets and liabilities and transfer of reserves and surplus. What amount should be brought in by new partner as his share of capital at the time of admission?
(a) Rs.15000
(b) Rs.11250
(c) Rs.12250
(d) Rs.10000

24. In question 23 if X pays Rs.15000 as his share of goodwill to the existing partner privately what would be accounting treatment?
(a) Rs.65000
(b) Rs.80000
(c) Rs.56250
(d) Rs.60000

25. In Q No.23 if X pays Rs.15000 as his share of goodwill to the existing partner privately what would be accounting treatment?
(a) Goodwill A/c to be debited by Rs.15000
(b) Goodwill A/c to be debited by Rs.60000
(c) No accounting treatment
(d) Credit to goodwill A/c by Rs.15000

26 When a new partner is admitted into the firm the old partners stand to……….

(a) Gain in profit sharing ratio
(b) Loss in profit sharing ratio
(c) Not affected at all
(d) Only one partner gain other loose

27. Sacrificing ratio is………..
(a) Old profit sharing ratio new profit sharing ratio
(b) New profit sharing ratio old profit sharing ratio
(c) Equal to old profit sharing ratio
(d) Equal

28. When at the time of admission of new partner old partners inter se profit sharing ratio is not changed the sacrificing ratio is
(a) Equal to old profit sharing ratio
(b) Equal
(c) According to capital contributed
(d) According to seniority

29. Premium brought in by the new partner is meant to……………
(a) Appease the old partners
(b) To compensate the old partners
(c) No purpose but it is a custom
(d) Comply with legal requirement

30. Increase in value of assets at the time of admission of a partner is
(a) Credited to revaluation A/c
(b) Debited to revaluation A/c
(c) Credited to partners capital A/c
(d) Debited to profit and loss A/c

31. Decrease in value of assets at the time of admission of a partner is
(a) Credited to revaluation A/c
(b) Debited to revaluation A/c
(c) Credited to partners capital A/c
(d) Debited to profit and loss A/c

32. Increase in value of a liability at the time of admission of a partner is.
(a) Credited to revaluation A/c
(b) Debited to revaluation A/c
(c) Credited to partner capital A/c
(d) Debited to profit and loss A/c

33. Decrease in value of liability at the time of admission of a partner's
(a) Credited to revaluation A/c
(b) Debited to revaluation A;/c
(c) Credited to partners capita A/c
(d) Debited to profit and loss A/c

34. ABC are three partners in a firm sharing profit and loss in the ratio of 3:2:1 they agree to admit C into the firm A B and C are prepared to give 1/3rd , 1/6th and 1/9th share of their profit to C. The share of profit of C will be.
(a) 1/1/10th
(b) 13/54

(c) 12/54
(d) 10/55

35. In question No.34 the new profit sharing ratio of the partners will be
(a) 18:15:8:13
(b) 15:18:13:8
(c) 18:14:15:8
(d) 18:13:15

36. In question No.34 what is the sacrificing ratio
(a) 9:3:1
(b) 3:9:1
(c) 1:9:3
(d) 3:1:9

37. Choose the odd one.
(a) Revaluation A/c
(b) Realization of assets
(c) Distribution of goodwill
(d) Sacrificing ratio

38. Choose the odd one.
(a) Premium method
(b) Revaluation method
(c) Without raising goodwill A/c
(d) Revaluation of unrecorded assets

39. ABC are three partners in a firm they decided to admit D a fourth partner in the firm with $\frac{1}{4}$ share of profit and loss in the firm. Firm decides to revalue the goodwill of the firm on the basis of 3 years purchase of past 4year average profits. What would be the value of the firm if the past profits of the firm are as under.

001	Rs.18000
002	Rs.21000
003	Rs.20000
004	Rs.21000

(a) Rs.80000
(b) Rs.60000
(c) Rs.75000
(d) Rs.63000

40. If in question No.39 the firm decides to revalue of the firm based on 5 years super profit of the firm. The average profit of the industry during the last 4 years were Rs13000 per annum. What is the total goodwill of the firm.
(a) Rs.35000
(b) Rs.30000
(c) Rs.25000
(d) Rs.20000

41. If in question No.39 read with 40 the firm decides to value by capitalizing super profit@10% what is the goodwill of the firm?
(a) Rs.70000
(b) Rs.75000
(c) Rs.7000

(d) Rs.13000

42. AB are two partners in a firm having share capital of Rs.12000 and Rs.15000 respectively. C is admitted for 1/3 share of profit for which he is to bring Rs.18000 for his share of capital. What is the goodwill of the firm?
(a) Rs.10000
(b) Rs.9000
(c) Rs.8000
(d) Rs.11000

43. XY are two partners in a firm having share capital of Rs.10000 and Rs.1`5000 respectively. Z is admitted for 1/3 share of profit for which he is to bring Rs.15000 for his share of capital. What is the goodwill of the firm.
(a) Rs,10000 (b) Rs.9000 (c) Rs.5000 (d) Rs.11000

44. PO are two partners in a firm having share capital of Rs.15000 and Rs.15000 respectively R is admitted for 1/3 share of profit for which he is to bring Rs.20000 for his share of capital. What is the goodwill of the firm.
(a) Rs.10000 (b) Rs.9000 (c) Rs.8000 (d) Rs.11000

45. A and B are two partners sharing profit and loss equally. Their capital A/c stood at Rs.30000 and Rs.25000 respectively on 31st March 07. On 1st April C is admitted for 1/3rd share of profit for which he brings Rs.12000 as his share of goodwill. On the date of his admission, stock was appreciated by Rs.11000 and provisions for bad debts also increased by Rs.2000. Old partners decided that C's capital should be in accordance with his share of profit and capital of old partners. What amount C should bring as his share of capital in the firm.
(a) Rs.40000 (b) Rs.38000 (c) Rs.36000 (d) Rs.41000

46. In question No.45 what will be the total capital of the firm after admission of C.
(a) Rs.114000 (b) Rs.108000 (c) Rs.121000 (d) Rs.99000

47. In question No.45 read with question No.46 if it is decided that the capital of old partners should also be in accordance with their profit sharing ratio. What adjustment will be done to make their capital in proportion to their profit sharing ratio.
(a) A to bring Rs.2500 B to be refunded Rs.2500
(b) A to bring Rs.2500 B be bring Rs.2500
(c) A to bring Rs.5500 B to be refunded Rs.5500
(d) A to be refunded Rs.5500 B to bring Rs.5500

48. A and B are two partners sharing profit and loss in the ratio of 2:3 their capital A/c stood at Rs.20000 and Rs.30000 respectively on 31st March 07 and the balance sheet shows a general reserve of Rs.20000. On 1st April C is admitted for 1/3rd share of profit for which he brings Rs.12000 as his share of goodwill. On the date of his admission furniture and fitting is depreciated by Rs.2000 stock appreciated by Rs.8000 and provisions for bad debts also increased by Rs.2000. old partners decided that C' capital should be in accordance with his share of profit and capital of old partners. What amount C should bring as his share of capital in the firm.
(a) Rs.43000 (b) Rs.33000 (c) Rs.46000 (d) Rs.35000

49. In question No.48 what will be the total capital of the firm after admission of C.
(a) Rs120000 (b) Rs133000 (c) Rs129000 (d) Rs.190000

50. In question No.48 read with question No.49 if it is decided that the capital of old partners should also be in accordance with their profit sharing ratio what adjustment will be done to make their capital in proportion to their profit sharing ratio.

(a) A to bring Rs.8000 B to bring Rs.8000
(b) A to be refunded Rs.8000 B to bring Rs.8000
(c) A to bring Rs.5500 B to be refunded Rs.5500
(d) No adjustment required capital already in profit sharing ratio.

Q.51.The profits of last three years are Rs. 42,000; Rs. 39,000 and Rs. 45,000. find out the goodwill of two years purchase.
(a) Rs. 36,000 (b) Rs. 84,000(c) Rs. 1,26,000 (d) Rs. 45,000

Q.52.Find the goodwill of the firm using capitalization method from the following information:
Total Capital Employed in the firm Rs. 8,00,000
Reasonable Rate of Return 15%
Profit for the year Rs. 12,00,000.
(a) Rs. 42,00,000 (b) Rs. 12,00,000 (c) Rs. 72,00,000 (d) Rs. 85,00,000

Q.53. The profits for 1998-99 are Rs. 2,000; for 1999-2000 is Rs. 26,100 and for 2000 – 01 is Rs. 31,200. Closing stock for 1999-2000 and 2000-01 includes the defective items of Rs. 2,200 and Rs. 6,200 respectively which were considered as having market value Nil. Calculate goodwill on average profit method.
(a) Rs. 18,200 (b) Rs. 17,700(c) Rs. 12,200 (d) Rs. 15,700

Q.54.Under average profits basis goodwill is calculated by:
(a) No. of years purchased multiplied with average profit.
(b) Summation of the discounted value of expected future benefits.
(c) No. of year purchased multiplied with super profits. (d)None of these.

Q.55.Under super profit basis goodwill is calculated by:
(a) Super profit divided with expected rate of return.
(b) No. of years purchased multiplied with super profits.
(c) Summation of the discounted value of expected future benefits. (d)None of these.

Q.56.Under annuity basis goodwill is calculated by:
(a) No. of years purchased multiplied with average profits.
(b) Super Profits dividend with expected rate of return.
(c) Summation of the discounted value of expected future benefits.
(d) All of these.

Q.57..Under capitalization basis goodwill is calculated by:
(a) Summation of the discounted value of expected future benefits.
(b) No. of years purchased multiplied with normal profits.
(c) No. of years purchased multiplied with average profits.
(d) Super Profit divided with expected rate of return.

Q.58.The profits and losses for the last years are 2001-02 Losses Rs. 10,000; 2002-03 Losses Rs. 2,500; 2003-04 Profits Rs. 98,000 & 2004-05 Profits Rs. 76,000. The average capital employed in the business is Rs. 2,00,000. The rate of interest expected from capital
Invested is 12%. The remuneration of partners is estimated to be Rs. 1,000 per month Calculate the value of goodwill on the basis of four years purchase of super profits based on the annuity of the four years. Take discounting rate at 10%.
(a) Rs. 13,668 (b) Rs. 13,428 (c) Rs. 13,200 (d) Rs. 13,868

Q.59.Goodwill brought in by incoming partner in cash for joining is a partnership firm is taken away by the old partners in their …….. ratio.
(a) Old Profit Sharing (b) New Profit sharing (c)Sacrificing (d) None of these.

Q.60.Goodwill bought in by incoming partner in cash for joining in partnership firm is taken away by the old partners in:
(a) Capital Ratio (b) New Profit Sharing Ratio. (c) Sacrificing Ratio (d) None of these.

Q.61.Following factors affect goodwill except:
(a) Technical Know how. (b)Efficiency of management (c)Nature of business (d)Location of the customers.

Q.62.Weighted average method of calculating goodwill should be followed when:
(a) Profit are uneven (b) Profits has decreasing trend. (c)Profits has increasing trend.
(d) Either 'b' or 'c'

Q.63.In the absence of any provision in the partnership agreement, Profits and losses are shared
(a) In the ratio of loans given by them to the partnership firm. (b)Equally
(c) In the ratio of capitals. (d) None of these.

Q.64.A and B are partners sharing profits in the ratio 5: 3, they admitted C giving him 3/10 share of profit. If C acquires $1/5^{th}$ share from A and $1/10^{th}$ from B, new sharing ratio will be:
(a) 18 : 24 : 38 (b) 5: 4: 3 (c) 2: 3: 4 (d) 17 : 11: 12

Q.65.C was admitted in a firm with $1/4^{th}$ share of the profits of the firm. C contributes Rs. 15,000 as his capital, A and B are other partners with the profits sharing ratio as 3: 2 Find the required capital of A and B, if capital should be in profit sharing ratio taken C's as base capital:
(a) Rs. 32,000 and Rs. 25,000 for A and B respectively. (b) Rs. 27,000 and Rs. 18,000 for A and B respectively. (c) Rs. 32,000 and Rs. 21,000 for A and B respectively. (d) Rs. 22,000 and Rs. 12,000 for A and B respectively.

Q.66..A and B are partners sharing profits and losses in the ratio of 3: 2 (A's Capital is Rs. 30,000 and B's Capital is Rs. 15,000). They admitted C agreed to give $1/5^{th}$ share of profits to him How much C should bring in towards his capital?
(a) Rs. 14,250 (b) Rs. 13,000 (c) Rs. 12,000 (d) Rs. 11,250

Q.67.A and B are partners sharing the profit in the ratio of 3: 2. They take C as the new partner, who is supposed to bringsRs. 25,000 against capital and Rs. 10,000 against goodwill. New profit sharing ratio is 1: 1: 1 C is able to bring Rs. 30,000 only. How this will be treated in the books of the firm.
(a) Goodwill will be raised to Rs. 15,000 in old profit sharing ratio.
(b) A and B will share goodwill bought by C as 4,000: 1,000.

(c) C's current a/c will be debited by 5,000 & then 10,000 will be shared by A& B as 6000&4000.
(d) None of the above.

Q.68 A and B are partners sharing the profits in the ratio of 3: 2. They take C as the new partner, who is supposed to bring Rs. 25,000 against capital and Rs. 10,000 against goodwill. New profit sharing ratio is 1: 1: 1. C bought cash for his share of Capital and agreed to compensate to A and B outside the firm. How this will be treated in the books of the firm.
(a) Cash bought in by C will only be credited to his capital account.
(b) Cash bought by C will be credited to his account and debited with his share of goodwill, which will be debited to A and B's account in sacrificing ratio.
(c) Goodwill will be raised to full value in new ratio. (d) None of the above.

Q.69.Profit or loss on revaluation is shared among the partners in…….. ratio.
(a) Old profit sharing (b) Equal. (c) Capital. (d) None of these.

Q.70.A and B, who shares profits and losses in the ratio of 3: 2 has the following balances: Capital of ARs. 50,000; Capital of B Rs. 30,000; Reserve Fund Rs. 15,000. They admit C as a partner, who contributes to 1/6th share in the partnership from the existing partners A and B in the ratio of 3: 2 for Rs. 25,000, find closing capital of C.
(a) Rs. 17,500 (b) Rs. 19,000 (c) Rs. 18,500 (d) Rs. 24,000

Q.71.A and B shares profits and losses equally. They admit C as an equal partner and assets were revalued as follow: Goodwill at Rs. 30,000 (book value Nil). Stock at Rs. 20,000 (book value Rs. 12,000); Machinery at Rs. 60,000 (book value Rs. 55,000). C is to bring in Rs. 20,000 as his capital and the necessary cash towards his share of Goodwill. Goodwill Account will not remain in the books. Find the profit/loss on revaluation to be shared among A, B and C.
(a) 4,333: 4,333 : 4,333. (b) 6,500: 6,500:0 (c) 4,333: 4,333:0 (d) 20,000 : 20,000: 0

Q.72.Balance sheet prepared after the new partnership agreement, assets and liabilities are recorded at:
(a) At current cost. (b) Revalued Figure. (c) At realizable value (d) None of these.

Q.73.A and B are partners sharing Profits in the ratio of 2: 1 C is admitted to the partnership with effect from 1st April on the term that he will bring Rs. 20,000 as his capital for 1/4th share and pays Rs. 9,000 for goodwill, half of which is to be withdrawn by A and B. If profit on revaluation is Rs. 6,000 and opening capital of A is Rs. 40,000 and B is Rs. 30,000, find the closing balance of each capital.
(a) 47,000 : 33,500: 20,000 (b) 41,000 : 30,500: 29,000 (c) 35,000 : 25,000 : 15,000
(d) None of these.

Q.74.Which of the following assets is compulsory to revalue at the time of admission of a new partner:
(a) Investment. (b) Fixed Assets. (c) Debtors (d) Goodwill

Answer

1(c),2(b),3(a),4(b),5(b),6(d),7(b),8(c),9(c),10(a),11(b),12(a),13(a),14(a),15(a),16(b), 17(c),18(c),19(a),20(a),21(a),22(a),23(a),24(b),25(c),26(b),27(a),28(a),29(b),30(a),31(b) 32(b),33(a),34(b),35(a),36(a),37(b),38(d),39(b),40(a)41(a),42(b)43(c),44(a),45(b),46(a), 47(b),48(a),49(c),50(d).51.(b)52.(c)53.(b)54(a)55..(b)56.(c)57.(d)58.(d)59.(c),60.(c)61.(d)62.(d) 63.(b)64.(d),65.(b)66.(d)67.(c)68.(a)69.(a)70.(b)71.(b),72.(b)73.(a)74.(d).