

UNIT 5

ADMISSION OF A PARTNER

STUDENT NAME

CLASS

Multiple Choice questions

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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 partner
 - (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 partner
 - (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 profits 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

- (i) Sacrificing ratio
- (ii) Old profit sharing ratio
- (iii) Revaluation Account
- (iv) Capital Account

List II

- 1. Investment fluctuation fund
- 2. Accumulated profit
- 3. Goodwill
- 4. 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 $\frac{1}{5}$ share of profits. 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