

QB365 Question Bank Software Study Materials

Admission of a Partner 50 Important 1 Marks Questions With Answers (Book Back and Creative)

12th Standard

Accountancy

Total Marks : 50

Multiple Choice Question

50 x 1 = 50

- 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 partne**
- 6) Which of the following statements is not true in relation to admission of a part _____.
(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	List II
(i) Sacrificing ratio	1. Investment fluctuation fund
(ii) Old profit sharing ratio	2. Accumulated profit
(iii) Revaluation Account	3. Goodwill
(iv) Capital Account	4. Unrecorded liability

(a)	(b)	(c)	(d)
(i)(ii)(iii)(iv)	(i)(ii)(iii)(iv)	(i)(ii)(iii)(iv)	(i)(ii)(iii)(iv)
1 2 3 4	3 2 4 1	4 3 2 1	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 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**
- 11) A person may join as a new partner in an existing
(a) Partnership firm (b) Sole proprietorship (c) Hindu undivided Family (d) None of these

- 12) Revaluation account is also called
 (a) Accumulation profit and loss account (b) **Profit and loss adjustment account**
 (c) Profit and loss appropriation account (d) None of these
- 13) When an unrecorded liabilities is brought into books, is results in
 (a) profit (b) **loss** (c) income (d) expense
- 14) 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) Equality (b) In the ratio of their capitals (c) **In the ratio of their profits** (d) None of these
- 15) Old ratio of profit minus sacrifice ratio will be _____
 (a) **New ratio** (b) Old profit sharing ratio (c) Sacrifice ratio (d) None of these

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LIST I	LIST II
i) New share	1. Partner
ii) Sacrifice	2. Revaluation
iii) Treatment of Goodwill	3. Old share - Sacrifice
iv) Admission	4. Old share - New share

- (a) (i)(ii)(iii)(iv)
4 3 1 2
- (b) (i)(ii)(iii)(iv)
1 2 3 4
- (c) (i)(ii)(iii)(iv)
2 3 5 1
- (d) (i)(ii)(iii)(iv)
3 4 2 1

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LIST I	LIST II
i) Revaluation account	1. Credit side
ii) Unrecorded assets	2. Debit side
iii) Unrecorded liability	3. Revaluation account
iv) Memorandum revaluation account	4. Nominal account

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

- 18) _____ created out of profit to adjust the reduction in the market value of the investments.
 (a) **Invest fluctuation fund** (b) Capital fund (c) Fixed capital method (d) Fluctuating capital fund
- 19) A _____ account is opened to record the increase or decrease in assets and liabilities
 (a) Capital (b) Partners (c) **Revaluation** (d) None of these
- 20) 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) none of these
- 21) 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) gain ratio
- 22) 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) assets (d) revaluation
- 23) The new partner does not bring in cash for his share of goodwill under _____ method.
 (a) Memorandum revaluation (b) **Revaluation** (c) Premium (d) None of these
- 24) _____ is computed at the time of admission of a new partner.
 (a) Gaining ratio (b) Capital ratio (c) **Sacrificing ratio** (d) New ratio
- 25) The balance of revaluation account shows _____ on revaluation.
 (a) Profit (b) Loss (c) **Profit and loss** (d) None of these
- 26) At the time of admission of a new partner the firm is _____
 (a) **Dissolved** (b) Continued (c) Not effected (d) Re-organized
- 27) 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 in 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
- 28) An incoming partner 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
- 29) 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
- 30) 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
- 31) Undistributed loss will appear on the _____ side of the Balance sheet.
 (a) **Assets** (b) Liabilities (c) Both (a) & (b) (d) None of these
- 32) 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**
- 33) 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
- 34) 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
- 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 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
- 37) 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
- 38) How many ways in which the revaluation of assets and liabilities may be dealt with in accounts?
- (a) 1 (b) 5 (c) 3 **(d) 2**
- 39) The accumulated profits, losses and reserves _____ admission are to be distributed to the existing partners.
- (a) After **(b) Before** (c) Later (d) Future
- 40) A, B and C enter into a partnership investing Rs. 35000, Rs. 45000 and 55000. Find 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**
- 41) Persons who have entered into partnership with one another are individually called _____
- (a) Partners** (b) Directors (c) Sole trader (d) All of these
- 42) In partnership accounting, capital accounts are prepared under following method _____
- (a) Fluctuating (b) Fixed **(c) Both (a) & (b)** (d) None of these
- 43) 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
- 44) 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
- 45) 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
- 46) 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**
- 47) Goodwill is a(n):
- (a) Tangible Fixed Assets (b) Tangible Current Assets **(c) Intangible Fixed Assets** (d) Intangible Current Assets
- 48) At the time of admission of a partner calculation of new profit ratio is _____
- (a) Not necessary **(b) Necessary** (c) Optional (d) All the above
- 49) A person who is admitted to the firm is known as _____.
- (a) Outgoing partner **(b) Incoming partner** (c) Both (d) Working partner
- 50) At the time of admission of a new partner the following are revalued _____.
- (a) Assets (b) Liabilities **(c) Both** (d) None of these