QB365 Question Bank Software Study Materials

Admission of a Partner Important 2 Marks Questions With Answers (Book Back and Creative)

12th Standard

Accountancy

Total Marks : 40

2 Marks

20 x 2 = 40

1) Mahesh and Dhanush are partners sharing profits and losses in the ratio of 2:1. Arun is admitted for 1/4 share which he acquired equally from both Mahesh and Dhanush. Calculate the new profit sharing ratio and sacrificing ratio.

Answer : Computation of sacrificing ratio and new profit sharing ratio
Arun's share = $\frac{1}{4}$
Proportion of share sacrificed = 1:1(equally) i.e. $\frac{1}{2} : \frac{1}{2}$
Share sacrificed = New partner's share × Proportion of share sacrificed
Mahesh = $\frac{1}{4} \times \frac{1}{2} = \frac{1}{8}$
Dhanush = $\frac{1}{4} \times \frac{1}{2} = \frac{1}{8}$
Sacrificing ratio of Mahesh and Dhanush is $\frac{1}{8} : \frac{1}{8}$ that is, 1:1
New share of old partner = Old share - Share sacrificed
Mahesh = $\frac{2}{3} - \frac{1}{8} = \frac{16-3}{24} = \frac{13}{24}$
Dhanush = $\frac{1}{3} - \frac{1}{8} = \frac{8-3}{24} = \frac{5}{24}$
Share of new partner Arun = $\frac{1}{4}$
In order to equate, multiply and divide Arun's share by 6
= $\frac{1}{4} \times \frac{6}{6} = \frac{6}{24}$
New profit sharing ratio of Mahesh, Dhanush and Arun = $\frac{13}{24} : \frac{5}{24} : \frac{6}{24}$ that is, 13:5:6.

2) Amudha and Bhuvana are partners who share profits and losses in the ratio of 5:3. Chithra joins the firm on 1st January, 2019 for 3/8 share of profits and brings in cash for her share of goodwill of Rs. 8,000. Pass necessary journal entry for adjusting goodwill on the assumption that the fluctuating capital method is followed and the partners withdraw the entire amount of their share of goodwill.

Answer : As the sacrifice made by the existing partners is not mentioned, it is assumed that they sacrifice in their old profit sharing ratio 5:3. Therefore, sacrificing ratio is 5:3.

DATE	PARTICULARS		L.F.	DEBIT RS.	CREDIT RS.
2019		Dr..		8,000	
January 1	To Amudha's capital A/c (5/8)				5,000
	To Bhuvana's capital A/c (3/8)				
	(Cash brought for goodwill credited to Amudha and Bhuvana in sacrificing ratio)				3,000
	Amudha's capital A/c	Dr.		5,000	
	Bhuvana's capital A/c	Dr.		3,000	
	To Bank A/c (Amount withdrawn by the partners)				8,000

Journal Entry

3) Vasu and Devi are partners sharing profits and losses in the ratio of 3:2. They admit Nila into partnership for 1/4 share of profit. Nila pays cash Rs. 3,000 towards her share of goodwill. The new ratio is 3:3:2. Pass necessary journal entry on the assumption that the fixed capital system is followed.

Answer : Calculation of sacrificing ratio
Sacrificing ratio = Old share – New share
Vasu = $\frac{3}{5} - \frac{3}{8} = \frac{24-15}{40} = \frac{9}{40}$
Devi = $\frac{2}{5} - \frac{3}{8} = \frac{16-15}{40} = \frac{1}{40}$
Therefore, sacrificing ratio is 9:1

DATE	PARTICULARS		L.F.	DEBIT RS.	CREDIT RS.

				Rs.	Rs.
	Bank A/c	Dr.		3,000	
	To Vasu's current A/c (9/10)				2,700
	To Devi's current A/c (1/10)				
	(Cash brought for goodwill credited to old partners'				300
	capital account in sacrificing ratio)				

Journal entry

4) How are accumulated profits and losses distributed among the partners at the time of admission of a new partner?

Answer : Profits and losses of previous years which are not distributed to the partners are called accumulated profit and losses. Any reserve and accumulated profits and losses belong to the oldpartners and hence these should be distributed to the old partners in the old profit sharing ratio.

5) Oviya and Kavya are partners in a firm sharing profits and losses in the ratio of 5:3. They admit Agalya into the partnership. Their balance sheet as on 31st March, 2019 is as follows:

LIABILITIES		RS.	ASSETS	RS.
Capital accounts:			Buildings	40,000
Oviya	50,000		Plant	50,000
Kavya	40,000	90,000	Furniture	30,000
Profit and loss appropriation A/c		40,000	Debtors	20,000
General reserve		8,000	Stock	10,000
Workmen's compensation fund		12,000	Cash	20,000
Sundry creditors		20,000		
		1,70,000		1,70,000

Balance Sheet as on 31st March 2019

Pass journal entry to transfer the accumulated profits and reserve on admission.

Answer :

DATE	PARTICULARS	L.F	DEBIT RS.	CREDIT RS.
2019 Apr 1	Profit and loss appropriation A/c Dr		40,000	
	General reserve A/c Dr		8,000	
	Workmen's compensation fund A/c Dr		12,000	
	To Oviya's capital A/c(60,000 × 5/8)			37,500
	To Kaviyas capital A/c(60,000 × 3/8)			22,500
	(Accumulated profit and reserve transferred to Old partner's capital account in the old profit staring ratio)			

Journal Entry

6) Ananth and Suman are partners sharing profits and losses in the ratio of 3:2. They admit Saran for 1/5 share, which he acquires entirely from Ananth. Find out the new profit sharing ratio and sacrificing ratio.

Answer : Computation of sacrificing ratio and new profit sharing ratio

Share sacrificed by old partners

Ananth = $\frac{1}{5}$

Suman = 0

Sacrificing ratio = 1 : 0

Old profit of Ananth and Suman is 3 : 2 that is $\frac{3}{5}:\frac{2}{5}$

New share of old partner = Old share - Share sacrificed

Ananth $=\frac{3}{5}-\frac{1}{5}=\frac{3-1}{5}=\frac{2}{5}$

Suman = $\frac{2}{5}$

Share of new partner Saran = $\frac{1}{5}$

New profit sharing ratio of Ananth, Suman and saran is $\frac{2}{5}:\frac{2}{5}:\frac{1}{5}$ that is 2:2:1

7) Vimala and Kamala are partners, sharing profits and losses in the ratio of 4:3. Vinitha enters into the partnership and she acquires 1/14 from Vimala and 1/14 from Kamala. Find out the new profit sharing ratio and sacrificing ratio.

Answer : Computation of sacrificing ratio and new profit sharing ratio

Share sacrificed $=\frac{1}{14}:\frac{1}{14}$

Sacrificing ratio of Vimala and Kamala is 1 : 1

Old ratio is 4: 3 that is $\frac{4}{7}:\frac{3}{7}$

New share of old partner = Old share - Share sacrificed

Vimala $=\frac{4}{7}-\frac{1}{14}=\frac{8-1}{14}=\frac{7}{14}$

Kamala $=\frac{3}{7}-\frac{1}{14}=\frac{6-1}{14}=\frac{5}{14}$

Share of new partner:

Vinitha = Sum of shares sacrificed by old partners

$=\frac{1}{14}+\frac{1}{14}=\frac{2}{14}$

New profit sharing ratio of Vimala, Kamala and Vinitha is $\frac{7}{14}:\frac{5}{14}:\frac{2}{14}$ or 7:5:2

8) Karthik and Kannan are equal partners. They admit Kailash with 1/4 share of the profit. Kailash acquired his share from old partners in the ratio of 7:3. Calculate the new profit sharing ratio and sacrificing ratio.

Answer : Computation of sacrificing ratio and new profit sharing ratio

Kailash's share = $\frac{1}{4}$

Old ratio = 1:1 that is $\frac{1}{2}:\frac{1}{2}$

Proportion of share sacrificed 7 : 3 that is $\frac{7}{10}:\frac{3}{10}$

Share scarified = New partner's share x Proportion of share sacrificed

Karthik $=\frac{1}{4}:\frac{7}{10}=\frac{7}{10}$

Kannan $=\frac{1}{4}\times\frac{3}{10}=\frac{3}{40}$

Sacrificing ratio of Karthik and Kannan is $\frac{7}{10}$ and $\frac{3}{10}$ that is 7:3

New share of old partner = Old share - Share sacrificed

Karthik $=\frac{1}{2}-\frac{7}{40}=\frac{20-7}{40}=\frac{13}{40}$

Kannan $=\frac{1}{2}-\frac{3}{40}=\frac{20-3}{40}=\frac{17}{40}$

Share of new partner Kailash =$\frac{1}{4}$

In order to equate the denominator, multiply and divide Kailash's share by 10 $=\frac{1}{4}\times\frac{10}{10}=\frac{10}{40}$

Thus, the New profit sharing ratio $=\frac{13}{40}:\frac{17}{40}:\frac{10}{40}$ =13:17:10

9) Selvam and Senthil are partners sharing profit in the ratio of 2:3. Siva is admitted into the firm with 1/5 share of profit. Siva acquires equally from Selvam and Senthil. Calculate the new profit sharing ratio and sacrificing ratio.

Answer : Computation of sacrificing ratio and new profit sharing ratio

Siva's share = $\frac{1}{5}$

Proportion of share sacrificed = 1 : 1 (equally) i.e. $\frac{1}{2} : \frac{1}{2}$

Share scarified = New partner's share x Proportion of share sacrificed

Selvam $= \frac{1}{5} \times \frac{1}{2} = \frac{1}{10}$

Senthil $= \frac{1}{5} \times \frac{1}{2} = \frac{1}{10}$

Sacrificing ratio of Selvam and Senthil is $\frac{1}{10} : \frac{1}{10}$ that is 1:1

New share of old partner = Old share - Share sacrificed

Selvam $= \frac{2}{5} - \frac{1}{10} = \frac{4-1}{10} = \frac{3}{10}$

Senthil $= \frac{3}{5} - \frac{1}{10} = \frac{6-1}{10} = \frac{5}{10}$

Share of new partner

Siva = $\frac{1}{5}$

In order to equate, monthly and divide Siva's share by 2

$= \frac{1}{5} \times \frac{2}{2} = \frac{2}{10}$

New profit sharing ratio of Selvam, Senthil and Siva $= \frac{3}{10} : \frac{5}{10} : \frac{2}{10}$, that is 3:5:2

10) Ambika, Dharani and Padma are partners in a firm sharing profits in the ratio of 5:3:2. They admit Ramya for 25% profit. Calculate the new profit sharing ratio and sacrificing ratio.

Answer : Computation of sacrificing ratio and new profit sharing ratio

Old ratio of Ambika, Dharani and Padma $5 : 3 : 2 \quad or \quad \frac{5}{10} : \frac{3}{10} : \frac{2}{10}$

Ramya's share of profit = 25% or $\frac{25}{100} or \frac{1}{4}$

Let the total share be 1

Remaining share $= 1 - \frac{1}{4} = \frac{4-1}{4} = \frac{3}{4}$

New share of old partners = Remaining share $\times$ Old share

Ambika $= \frac{3}{4} \times \frac{5}{10} = \frac{15}{40}$

Dharani $= \frac{3}{4} \times \frac{3}{10} = \frac{9}{40}$

Padma $= \frac{3}{4} \times \frac{2}{10} = \frac{6}{40}$

Share of new partner

Ramya $= \frac{1}{4}$

In order to equalise the denominator, multiply and divide Ramya's share by 10

Rarnyas share $= \frac{1}{4} \times \frac{10}{10} = \frac{10}{40}$

New profit sharing ratio of Ambika, Dharani, Padma and Ramya $= \frac{15}{40} : \frac{9}{40} : \frac{6}{40} : \frac{10}{40}$, that is 15: 9: 6: 10

11) What is meant by admission of a partner?

Answer : A person may join as a new partner in an existing partnership firm. This is called admission of a partner.

12) Who is an incoming partner?

Answer : According to section 31 (1) of the Indian partnership Act 1932, a person can be admitted only with the consent of all the existing partners. A person who is admitted to the firm is known as an incoming or a new partner.

13) The amount of bills payable appearing in the balance sheet is understated by. Rs.10,000 State whether the revaluation account will be debited or credited to restore the amount of bills payable to its actual value. Also give reason for your answer.

Answer : Revaluation account will be debited. Increase in bills payable is a loss for the firm. Being a nominal account, to record this loss, revaluation account will have to be debited.

14) The value of Plant and machinery increased by 10%. State whether revaluation account will be debited or credited.

Answer : Revaluation account will be credited

15) What is meant by Admission of a Partner ?

Answer : According to section 31(1) of the Indian Partnership Act 1932, "a person can be admitted only with the consent of all existing partners. In the event of admission of a new partner technically there is a dissolution of old partnership and reconstitution of a new partnership firm".

16) What are rigts acquired by the new partner?

Answer : **(i) Right to share in assets** :- For this right, the partner brings an agreed amount of capital either in cash or kind.
(ii) Right to share in profits :- For acquiring this right this, the new partner brings some amount while is known as a premium (or share of goodwill)

17) Why revaluation account is to be opened ?

Answer : At the time of admission of a partner, the assets and liabilities are revalued so that the profit or arising on account of such revaluation mybe adjusted in the old partner's capital accounts in their profits sharing ratio and incoming partner may not be affected by the profit or loss on accorlnt of revaluation of assets & liabilities.

18) What are the items debited and credited to revaluation account ?

Answer : Revaluation account is created profit items
i) Increase in value of assets
ii) Decrease in the value of liabilities
iii) Unrecorded assets now recorded

19) Anbu end Raju are partners, sharing profits in the ratio of 3 : 2. Akshai is admitted as apartner. The new profit sharing ratio among Anbu, Raju and Akshai is 5 : 3 : 2. Find out the sacrificing ratio.

Answer : Old ratio of Anbu and Raju = 3:2 that is $\frac{3}{5} : \frac{2}{5}$
New ratio of Anbu, Raju and Akshai = 5 : 3: 2 that is $\frac{5}{10} : \frac{3}{10} : \frac{2}{10}$
Share sacrified = Old share - New share
$\text{Anbu } = \frac{3}{5} - \frac{5}{10} = \frac{6-5}{10} = \frac{1}{10}$
$\text{Raju} = \frac{2}{5} - \frac{3}{10} = \frac{4-3}{10} = \frac{1}{10}$
Sacrificing ratio of Anbu and Raju is = $\frac{1}{10} : \frac{1}{10}$ that is 1 : 1.

20) Kavitha and Radha are partners of a firm sharing profits and losses in the ratio of 4:3. They admit Deepa on 01.01.2022. On that date, their balance sheet showed debit balance of profit and loss account being accumulated loss of Rs. 70,000 on the asset side of the balance sheet. Give the journal entry to transfer the accumulated loss on admission.

Answer :

DATE	**PARTICULARS**		**L.F**	**DEBIT RS.**	**CREDIT RS.**
2019 January 1	Kavutha's capital A/c	Dr		80,000	
	Radha's capital A/c	Dr		60,000	
	To Profit and loss A/c				1,40,000
	(Accumulated loss transferred to old partner's capital account in the old profit sharing ratio)				

Journal entry