INDIAN SCHOOL MUSCAT
Senior Section
Department of Commerce and Humanities

Class : XII

Practice Worksheet-No 3 :
ADMISSION OF A PARTNER

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1 MARK QUESTIONS

Q1. How can be a new partner admitted?

Q2. Give the two main rights acquired by the new partner.

Q3. Why is sacrificing ratio calculated?

Q4. Unless given otherwise, what will be the ratio of sacrificing of the old partner in the case of admission of a new partner?

Q5. Under what circumstances premium for goodwill paid by the incoming partner would never be recorded in the books of account?

Q6. Pawan and Jayshree are partner. Bindu is admitted for 1/4th share. What is the ratio in which Pawan and Jyayshree will sacrifice their share in favour of Bindu?

Q7 A,B and C word partners in the firm sharing profit in the ratio of 3:2:1. They admitted D as a new partner for 1/8thshare in the profit which he acquired 1/16th from B and 1/16th from C. Calculate the new profit sharing ratio of A, B, C and D.

Q8 Amit and Bina partners in in a farm sharing profit and loss in the ratio of 3:1. Chaman was admitted as a new partner for 1/6 share in the profit. Chaman acquired 2/5th share from Amit. How much share did Chaman acquire from Bina?

Q9 General reserve at the time of admission of a partner is transfer to_____________account of_ _______ partners.

Q10 Accumulated profits and losses at the time of admission of a partner are to be-transferred to Revaluation account. (True/ false)

3 MARKS QUESTIONS

Q1 A and B are partners in a firm sharing profits in the ratio of 3:1. They admitted C as a new partner. The New profit- sharing ratio of A, B and C will be 2:1:1. C brought ₹2,50,000 for his capital but could not bring his share of goodwill ₹10,000 in cash. Pass necessary journal entries in the books of the firm for the amount of capital brought in by C and for the treatment of goodwill. 3

Q2 The capital of A and B are ₹ 50,000 and ₹ 40,000. To Increase the Capital base of the firm to ₹ 1, 50,000, they admit C to join the firm; C is required to Pay a sum of ₹ 70,000 , what is the amount of premium of goodwill? 3

Q3 Saloni and Shrishti were partners in a firm sharing profits in the ratio of 7:3. Their capitals were ₹2,00,000 and ₹ 1,50,000 respectively. They admitted Aditi on 1st April, 2013 as a new partner for 1/6th share in future profits. Aditi brought ₹1,00,000 as her capital. Calculate the value of goodwill of the firm and record necessary entries for the above transaction on Aditi’s admission 3

Q 4 EK and FK were partners in a firm sharing profits in the ratio of 3 : 1. They admitted GK as a new partner on 1.3.2005 for 1/3rd share. It was decided that EK, FK and GK will share future profits equally. GK brought ₹50,000 in cash and Machinery worth ₹70,000 for his share of premium for goodwill. Showing your working clearly, give necessary entries 3

Q 5 The average profits for last 5 years of a firm are ₹ 20,000 and goodwill has been worked out ₹ 24,000 calculated at 3 years purchase of super profits. Calculate the amount of capital employed assuming the normal rate of interest is 8 %. 3

4 MARKS QUESTIONS

Q1. A and B were sharing profits in the ratio of 3 : 2. They decided to admit C into the partnership for 1/6th share of the future profits. Goodwill, valued at 4 times the average super profits of the firm, was ₹18,000. The firm had Assets worth ₹15,00,000 and Liabilities₹12,00,000. The normal earning capacity of such firms is expected to be 10% p.a. Find the Average Profits/Actual Profits earned by the firm during the last 4 years. 4

Q2. X and Y are partners in a firm sharing profits in the ratio of 4:3. On 1st January they admitted Z as a new partner. On the date of Z's admission the balance sheet of X and Y showed a General Reserve of ₹1,40,000 and a debit balance of ₹14,000 in Profit and Loss Account. Give journal entries for the treatment of these items on Z's admission. 4

Q3. Give Journal entries for the following on the admission of Vinod, as a partner in the Journal of Amit and Bobby: 4

(a) Unrecorded Investments worth ₹20,000
(b) Unrecorded Liabilities towards suppliers for ₹6,000

6 MARKS QUESTIONS

Q 1 X and Y are partners in a firm sharing profits in the ratio of 3:2. They admitted Z as a new partner for 1/5th share in future profits. At the time of admission of Z, Investment appeared at₹ 1,00,000 in the Balance Sheet. Half of the Investments to be taken over by X and Y in their profit sharing ratio at book value. Remaining investments were valued at ₹ 62,500. One month after Z's admission, X and Y decided to allow a salary of ₹ 50,000 per annum to Z for the extra efforts and time devoted by him to the business. 6

a. Pass necessary journal entries.
b. Calculate new profit sharing ratio.

Q2. A, B and C are partners in a firm sharing profits and losses in the ratio of 3:2:1. Their Balance Sheet as at 31st March, 2020 is as follows: 6

Balance Sheet

Liabilities	₹	*Liabilities*		₹
Sundry Creditors	36000	Cash		14000
Bank Overdraft	20000	Sundry Debtors	50000	
Reserve	15000	Less: Provisions.	2500	47500
Capital A/cs :		Stock		60000
A 60000		Patents		6000
B 60000		Fixed Assets		98500
C 50000	170000	Goodwill		15000
	241000			**241000**

On Ist April,2020, D is admitted into the firm with 1/4th share in the profits, which he gets 1/8 from A and 1/8th from B. Other terms of agreement are as under

a. D will introduce ₹60000 as his capital and pay ₹18000 as his share of goodwill.
b. 20% of the reserve is to remain as a provision against bad and doubtful debts.
c. A liability to the extent of ₹1000 to be created in respect of a claim for damages against the firm.
d. An item of ₹4000 included in sundry creditors is not likely to be claimed.
e. Stock is to be reduced by 30% and patents to be written off in full.
f. A is to pay off the Bank Overdraft. Prepare necessary Journal entries for above transactions.

Q 3 (i)A and B are partners share profit in the ratio Of 3:2 with capital of ₹ 80000 and ₹50,000 respectively. They admit C as partner with 1/5th share in the profits of the firm. C brings ₹ 60,,000 as his share of capital. Give journal entry to record goodwill on C's admission. 6

(ii) A and B were partners sharing profits in the ratio of 3:2. A surrenders 1/6th of his share and B surrenders 1/4th of his share in favour of C, a new partner. What is the new ratio and the sacrificing ratio

8 MARKS QUESTIONS

Q1. Rajat and Ravi are partners in a firm Sharing profit and losses in the ratio of 7:3 their balance sheet as at 31st march ,2020 is as follows- 8

Liabilities	Amount	Asset	Amount
Creditor	60,000	Cash	36000
Reserve	10,000	Bank	90,000
Capital		Debtors	44,000
Rajat	1,00,000	Furniture	30,000
Ravi	80,000	Stock	50,000
	2,50,000		**2,50,000**

On 1st April ,2020 they admit Rohan on the following tem:-

(i) Goodwill is valued at Rs 40,000 and Rohan is to be bring in the necessary amount in cash as premium for goodwill and Rs 60,000 as capital for ¼ share in profits.

(ii) Stock is to be reduced by 40% and furniture is to be reduced to 60%

Prepare Revaluation account and Capital account

Q2. A and B are partners in a firm sharing profits and losses in the ratio of 3:2. On 31st March, 2019, their Balance Sheet was as under: 8

Liabilities		(₹)	Liabilities	₹
Creditors		70,000	Bank	40000
Capital A/cs :			Debtor	120000
A	150000		stock	60000
B	80000	2,30,000	Furniture	50000
			goodwill	30000
		3,00,000		**3,00,000**

On the above date C is admitted as a partner. A surrendered 1/6th of his share and B 1/3rd of his share in favour of C. Goodwill is valued at ₹120000. C brings in only ½ of his share of goodwill in cash and ₹100000 as his capital. Following adjustment are agreed upon:

i. Stock is to be reduced to ₹56000 and furniture by ₹5000
ii. There is an unrecorded asset worth ₹20000.
iii. One month's rent of ₹15000 is outstanding.
iv. A creditor for goods purchased for ₹10000 had been omitted to be recorded although the goods had been correctly included in stock.

v. Insurance premium amounting to ₹8000 was debited to P&L A/c, of which ₹2000 is related to the period after 31st March, 2019.

You are required to prepare revaluation account, partners' capital account.

Also calculate the new profit sharing ratio.

Q3. A, B and C are partners in a firm sharing profits and losses in the ratio of 3:2:1. Their Balance Sheet as at 31st March, 2018 is as follows: 8

Balance Sheet

Liabilities	₹	*Liabilities*		₹
Sundry Creditors	36000	Cash		14000
Bank Overdraft	20000	Sundry Debtors	50000	
Reserve	15000	Less: Provisions	2500	47500
Capital A/cs :		Stock		60000
A 60000		Patents		6000
B 60000		Fixed Assets		98500
C 50000	170000	Goodwill		15000
	241000			**241000**

On Ist April,2018, D is admitted into the firm with 1/4th share in the profits, which he gets 1/8 from A and 1/8the from B. Other terms of agreement are as under:

a. D will introduce ₹60000 as his capital and pay ₹18000 as his share of goodwill.

b. 20% of the reserve is to remain as a provision against bad and doubtful debts.

c. A liability to the extent of ₹1000 to be created in respect of a claim for damages against the firm.

d. An item of ₹4000 included in sundry creditors is not likely to be claimed.

e. Stock is to be reduced by 30% and patents to be written off in full.

f. A is to pay off the Bank Overdraft.

Prepare Revaluation Account, Partners' Capital Accounts .

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