

Multiple Choice Questions (MCQs)

1. New partner may be admitted to partnership
 - (a) with the consent of majority of the partners.
 - (b) with the consent of 3/4th of the old partners.
 - (c) with the consent of all the old partners.
 - (d) with the consent of 2/3rd of the old partners.
2. Goodwill brought by the incoming partner is distributed among the old partners in their
 - (a) Old profit-sharing ratio.
 - (b) New profit-sharing ratio.
 - (c) Sacrificing ratio.
 - (d) Gaining ratio.
3. Unrecorded assets or liabilities are transferred to
 - (a) Partners' Capital Accounts.
 - (b) Revaluation Account.
 - (c) Profit & Loss Account.
 - (d) Partners' Current Accounts.

[Ans.: 1. (c); 2. (c); 3. (b).]

Assertion-Reason Based MCQs

1. **Assertion (A):** Ashish and Deepak were partners sharing profits and losses equally. They admit Vinod as a partner for 1/5th share. Goodwill was valued at ₹ 1,00,000. Ashish and Deepak will be compensated by Vinod paying goodwill of ₹ 10,000 each.

Reason (R): Both Ashish and Deepak have sacrificed equally. Since Vinod has taken 1/5th share from Ashish and Deepak in equal proportion, i.e., 1/10th share each, he will compensate each by paying goodwill of ₹ 10,000 being equal to 1/10th of ₹ 1,00,000.

In the context of above two statements, which of the following is correct?

- (a) Assertion (A) and Reason (R) are correct but the Reason (R) is not the correct explanation of Assertion (A).
 - (b) Both Assertion (A) and Reason (R) are correct and Reason (R) is the correct explanation of Assertion (A).
 - (c) Assertion (A) is correct but the Reason (R) is not correct.
 - (d) Assertion (A) is not correct but the Reason (R) is correct.
2. **Assertion (A):** Gurman and Ravi are equal partners. They admitted Param as a partner and their new profit-sharing ratio was 2 : 2 : 1. They revalued the assets and reassessed their liabilities. They did so because new partner should not be at an advantage or disadvantage.

Reason (R): Assets and liabilities that exist before admission of Param are revalued/reassessed because increase in value of assets and decrease in value of liabilities and *vice versa* is for the period before admission of Param. If the change in values is accounted, Param will be at an advantage or disadvantage.

In the context of above two statements, which of the following is correct?

- (a) Assertion (A) and Reason (R) are correct but the Reason (R) is not the correct explanation of Assertion (A).
 - (b) Both, Assertion (A) and Reason (R) are correct and Reason (R) is the correct explanation of Assertion (A).
 - (c) Assertion (A) is correct but the Reason (R) is not correct.
 - (d) Assertion (A) is not correct but the Reason (R) is correct.

- 3. Assertion (A):** Ajay and Akansha are partners sharing profits in the ratio of 3:2. General Reserve existed in the books at ₹ 1,00,000. They admitted Amit as a partner for 2/5th share in profits. ₹ 50,000 was transferred to Workmen Compensation Reserve and balance was transferred to Capital Accounts of Ajay and Akansha in the ratio of 3 : 2.

Reason (R): General Reserve is not a free reserve and can not be used for any purpose as is decided by the partners.

In the context of above two statements, which of the above options is correct?

- 4. Assertion (A):** Parul and Paresh are partners sharing profits equally. They admit Purna for 1/4th share in future profits. On the date of admission, Workmen Compensation Reserve existed in the books at ₹ 1,00,000. A claim of ₹ 1,50,000 was made by a worker and was to be accounted. The existing reserve of ₹ 1,00,000 will be distributed between Parul and Paresh and ₹ 1,50,000 being the claim amount will be transferred to the debit of Revaluation Account.

Reason (R): Workmen Compensation Reserve of ₹ 1,00,000 will be transferred to Workmen's Compensation Claim Account. In addition, ₹ 50,000 be credited to Revaluation Account and debited to Workmen's Compensation Claim Account.

In the context of above two statements, which of the above options is correct?

[Ans.: 1. (b); 2. (b); 3. (c); 4. (d).]