

VERY SHORT ANSWER TYPE QUESTIONS

1. How is new partner admitted in a firm? (CBSE 2009)
2. State **any one** purpose of admitting a new partner in a firm. (CBSE 2012)
3. List **any two** matters that need adjustments at the time of admission of a partner.
4. A new partner acquires **two** main rights in the partnership firm which he joins. State **one** of these rights. (CBSE 2019)
5. State the other right which a newly admitted partner acquires besides the right to share the profit of the firm. (CBSE 2009 C)
6. State **any one** right acquired by a newly admitted partner. (CBSE 2020 C)
7. Why should a new partner contribute towards goodwill on his admission? (Delhi 2017 C)
8. If the new partner brings in his share of goodwill in cash and if goodwill also appears in books, how is existing amount of goodwill dealt with? (NCERT Modified)
9. What is meant by "Sacrificing Ratio"? (CBSE 2014 C)
10. At the time of admission of a partner, who decides what will be the share of profit of the new partner out of the firm's profit? (CBSE 2013 C)
11. Give **two** circumstances in which the sacrificing ratio is applied.
[Hints: (i) At the time of admission of a new partner for distributing goodwill brought in by him.
(ii) For adjusting goodwill in the case of change in the profit-sharing ratio of the existing partners.]
12. Define New Profit-Sharing Ratio in the case of admission of a partner.
13. Why are reserves, accumulated profits and losses distributed among the old partners?
14. List **any two** items that need adjustments in the books of account of a firm at the time of admission of a partner. (CBSE 2014 C)
15. Why is it necessary to revalue assets and liabilities of a firm in case of admission of a partner? (CBSE Sample Question Paper 2018)
16. A and B are partners in a firm sharing profits and losses in the ratio of 3 : 2. On 1st April, 2019, they decided to admit C. Their new ratio is decided to be equal. Pass the necessary Journal entry to distribute Investment Fluctuation Reserve of ₹ 60,000 at the time of C's admission, when Investment appears in the books at ₹ 2,10,000 and its market value is ₹ 1,90,000. (CBSE Sample Question Paper 2019)
[Hint: Dr. Investment Fluctuation Reserve A/c by ₹ 60,000;
Cr. Investment A/c by ₹ 20,000; A's Capital A/c by ₹ 24,000 and B's Capital A/c by ₹ 16,000.]
17. State whether Revaluation Account is debited or credited to record an unrecorded asset.
18. State whether Revaluation Account is debited or credited to record the increase in Provision for Doubtful Debts.
19. State the ratio in which the partners share the gain or loss on revaluation of assets and liabilities. (CBSE 2017 C)
20. A and B are in partnership sharing profits and losses in the ratio of 3 : 2. They admit C into partnership with 1/5th share which he acquires equally from A and B. Accountant has calculated new profit-sharing ratio as 5 : 3 : 2. Is accountant correct? (CBSE Sample Question Paper 2019)
[Hint: Yes, accountant is correct.]
21. A and B are partners in a firm. They admit C as a partner with 1/5th share in the profits of the firm. C brings ₹ 4,00,000 as his share of capital. Calculate the value of C's share of Goodwill on the basis of his capital, given that the combined capital of A and B after all adjustments is ₹ 10,00,000. (Sample Paper 2019)
[Hint: C's Share of Goodwill = ₹ 1,20,000.

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| Total capital of new firm as per C's share (₹ 4,00,000 × 5/1) | ₹ 20,00,000 |
| Less: Actual capital of A, B and C (₹ 10,00,000 + ₹ 4,00,000) | ₹ 14,00,000 |
| Value of Firm's Goodwill | <u>₹ 6,00,000</u>] |