Admission of a partner	**Class-XIIth**	**Best in West**
Time: 1.30 hours	**Test paper –III**	**Max. Marks. 60**

Q1. (i) Define Goodwill. Explain the various methods of its valuation.
(ii) What do you understand by sacrificing ratio. [6+2]

Q2. (i) A and B are partners sharing profits in 2 : 3. C was admitted giving him a sixth share in future profits. A and B decided to share in 3:1 in future. ***Calculate*** New profit sharing ratio and sacrificing ratio.

(ii) P and Q were sharing profits equally. They admit R into partnership giving him ¼ th share in future profits which he acquires from P and Q in 2 : 3. ***Calculate*** the future profit sharing and also the sacrificing ratio. [3+3]

Q3. X and Y are partners sharing profits in 3: 2. They introduced Z into the firm giving him 1/5th share of profits. He is to bring Rs. 70,000/- as his share of capital and Rs. 30,000/- as goodwill. He is unable to bring the amount of goodwill. Goodwill account already appears at Rs.40,000. **Journalise.** [5]

Q4. R and S are partners sharing profits as 5: 4 . They admit T giving him 1/3 rd share which I sacrificed by R and S in 2:1. He is to pay Rs.50,000 as his share of capital and Rs. 15,000 as his share of goodwill. Old partners withdraw half the amount of goodwill. Goodwill account already appears at Rs.58,500. **Journalise.** [4]

Q5. A and B are partners sharing profit and losses as 3:2. On 1^{st} April 2015 they admit C as a partner for 1/5 share who pays Rs. 7,500 as goodwill privately. On 1^{st} April 2016 they take D as a partner for $1/6^{th}$ share who brings Rs. 9,000 as goodwill out of which half is withdrawn by existing partners. On 1^{st} April 2017 E is admitted as a partner for $1/8^{th}$ share who brings Rs. 12,000 as goodwill which is retained in the business. The final profit sharing ratio was agreed among the partners as 4:5:3:2:2. Journalise the above transactions in the books of the firm. [7]

Q6. Give six factors which effects the goodwill of the business. [3]

Q7. What do you understand by Guarantee of profits. State its various types. When it is exercisable. [6]

Q8. X,Y&Z are partners having Fixed capitals of Rs.4,00,000 ; Rs.3,00,000 & Rs.2,00,000 respectively. They allowed interest on capitals @ 5% p.a. for the last 3 years though there was no such provision in the deed. As per agreement X was to be given an annual salary of Rs. 40,000 but that was not provided.
The profit sharing ratio for the last 3 years were 2:3:5; 4:3:3 & 5:4:1 respectively. Make a single adjusting entry. [6]

Q9. X and Y were partners with profit sharing ratio of 1 : 1. Their balance sheet on 31.03.2018 was as follows:

Liabilities	**Amount** (Rs.)	**Assets**		**Amount** (Rs.)
Creditors	30,000	S. Debtors	37,500	
General Reserve	20,000	(--) provision	4,200	33,300
Bank Loan	15,000	Cash		18,750
B\P	18,750	Stock		22,500
Workmen's compensation Fund	11,250	Goodwill		22,750
		Building		52,500

Capitals:-		Patents	27,500
X 56,250		Investments	11,150
Y 45,000	1,01,250	Profit & Loss A/c	7,800
	1,96,250		1,96,250

They admitted Z into partnership on this date. The new ratio is agreed as 2 : 3 : 1. Z brings Rs.10,000 as his share of goodwill out of the required amount of Rs.12,000. He is to contribute the proportionate capital. The following adjustments were agreed upon:-

(i) Provision for doubtful debts is no more required.
(ii) Stock is appearing at 25 % below cost but is now to be recorded at cost.
(iii) Investments are taken by Mr. R a creditor at Rs.14,000.
(iv) Patents are now considered worthless.
(v) Value of Buildings is to be increased by 50%.
(vi)Liability on account of workmen's compensation fund is estimated at Rs. 12,000.
(vii) Reserve of Rs.15,000 is to be maintained in the books.
(viii) Bank loan is to be paid off.

Prepare Revaluation A/c, Cash A/c, Partners Capital A/c and the opening balance sheet of X,Y and Z. [15]