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| Accountancy |
| Reconstitution of a Partnership Firm – Admission of a Partner |
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| Amit Kumar |
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| Concept Name |
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| 1. Introduction of Admission Of a Partner | 9 |
| 6. Introduction of Goodwill | 3 |
| Total | 12 |

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**Chapter Name: Reconstitution of a Partnership Firm – Admission of a Partner**

**Concept: Introduction of Admission of a Partner**

**Level: Skill: Time:**

**Easy (1-9) Remembering 30**

If the new partner brings his share of goodwill in cash, it will be shared by old partners in \_\_\_\_\_\_\_\_\_\_\_.@Old profit sharing ratio.@New profit sharing ratio.@In capital ratio.@Ratio of sacrifice.@0001

Any change in partnership is called \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.@ Dissolution of a partnership firm.@Reconstitution of partners.@Reconstitution of a partnership firm.@None of the options are correct.@0010

If at the time of admission, some profit and loss account balance appears in the books, it will be transferred to \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.@ All partners’ Capital Accounts.@Revaluation Account.@Old partners’ Capital Accounts.@Profit and Loss Adjustment Account@0010.

At the time of admission of a new partner, which adjustments are required ?@Accounting treatment of goodwill.@Accounting treatment of accumulated profits.@Calculation of new profit sharing ratio and sacrificing ratio.@All of the options are correct.@0010

In the absence of an express agreement as to who will contribute to new partners’ share of profit, it is implied that the old partners will contribute \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.@In the ratio of their capitals.@In their old profit sharing ratio.@In the gaining ratio.@Equally.@0100

Which clause should be mentioned in the partnership deed?@Description of the firm.@Nature of the business.@ Description of the partners.@All of the options are correct.@0001

If the incoming partner brings the amount of goodwill in cash and also a balance exists in the goodwill account, this goodwill account is written off among the old partners in \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.@The old profit sharing ratio.@The sacrificing ratio.@The gaining ratio.@The new profit sharing ratio.@0001

Under which circumstances a partnership firm may be reconstituted?@Admission of a partner.@Death or retirement of a partner.@ Change in profit sharing ratio.@All of the options are correct.@0001

In case of admission of a partner, the entry for unrecorded investments will be \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.@Debit Revaluation A/c and Credit Investment A/c.@Debit Investment A/c and Credit Revaluation A/c.@Debit Partners Capital A/cs and Credit Investments A/c.@None of the above options are correct.@0001

**Chapter Name: Reconstitution of a Partnership Firm – Admission of a Partner**

**Concept: Introduction of Goodwill**

**Level: Skill: Time:**

**Easy (1-3) Remembering 30**

**1. Goodwill is defined as which asset?**

1. Fictitious Asset
2. Current Asset
3. Liquid Asset
4. Intangible Asset

**Answer:** D) Intangible Asset

**2. What is an Intangible Asset?**

1. An asset that is not physical in nature
2. Assets that have no tangible existence
3. Assets of a company that are expected to be sold or used
4. An asset that can easily be converted into cash

**Answer:** A) An asset that is not physical in nature

**3. What is a fictitious asset?**

1. An asset that is not physical in nature
2. Assets that have no tangible existence
3. Assets of a company that are expected to be sold or used
4. An asset that can easily be converted into cash

**Answer:** B) Assets that have no tangible existence