

Admission of a Partner: Practice Problems

Six short problems covering every adjustment. Solve on paper first, then check the answers on page 2.

1. New and sacrificing ratio (old ratio)

X and Y share profits 5:3. Z is admitted for a $\frac{1}{4}$ share. Find the new ratio and the sacrificing ratio.

2. Taken equally

P and Q share profits 3:2. R is admitted for a $\frac{1}{5}$ share, which he takes equally from P and Q. Find the new ratio and the sacrificing ratio.

3. New ratio given

M and N share profits 2:1. O is admitted, and the new ratio of M, N and O is 3:2:1. Find the sacrificing ratio. O brings ₹30,000 as his share of goodwill in cash. Pass the journal entries.

4. Goodwill not brought in cash

L and K share profits 3:1. J is admitted for a $\frac{1}{4}$ share. The firm's goodwill is valued at ₹1,20,000, and J cannot bring his share of goodwill in cash. Pass the journal entry.

5. Hidden goodwill

A and B share profits 3:2, with capitals of ₹60,000 and ₹40,000 after all adjustments. C is admitted for a $\frac{1}{4}$ share and brings ₹50,000 as capital. Calculate the hidden goodwill and pass the entry for C's share of goodwill (C does not bring it in cash).

6. Revaluation

On D's admission, the old partners E and F (sharing 1:1) agree that Building of ₹2,00,000 is appreciated by 10%, Stock of ₹40,000 is depreciated by 15%, and an unrecorded creditor of ₹4,000 is to be recorded. Find the profit or loss on revaluation and each partner's share.

Answers

Show full working in the exam: ratios, journal entries with narrations, and ledger accounts where asked.

#	Answer
1	Old ratio applies. $X = \frac{5}{8} \times \frac{3}{4} = \frac{15}{32}$; $Y = \frac{3}{8} \times \frac{3}{4} = \frac{9}{32}$; $Z = \frac{8}{32}$. New ratio 15:9:8. Sacrificing ratio 5:3.
2	Each gives $\frac{1}{10}$. $P = \frac{3}{5} - \frac{1}{10} = \frac{1}{2}$; $Q = \frac{2}{5} - \frac{1}{10} = \frac{3}{10}$; $R = \frac{1}{5}$. New ratio 5:3:2. Sacrificing ratio 1:1.
3	M: $\frac{2}{3} - \frac{3}{6} = \frac{1}{6}$ (sacrifice); N: $\frac{1}{3} - \frac{2}{6} = 0$ (no sacrifice). Sacrificing ratio 1:0 — only M sacrifices. Cash A/c Dr. 30,000 To Premium for Goodwill A/c 30,000; Premium for Goodwill A/c Dr. 30,000 To M's Capital A/c 30,000.
4	J's share of goodwill = $1,20,000 \times \frac{1}{4} = ₹30,000$, sacrificing ratio = old ratio 3:1. J's Current A/c Dr. 30,000 To L's Capital A/c 22,500 To K's Capital A/c 7,500.
5	Total capital implied = $50,000 \times 4 = ₹2,00,000$. Actual combined capital = $60,000 + 40,000 + 50,000 = ₹1,50,000$. Hidden goodwill of the firm = ₹50,000; C's share = ₹12,500. C's Current A/c Dr. 12,500 To A's Capital A/c 7,500 To B's Capital A/c 5,000 (sacrificing ratio = old ratio 3:2).
6	Building +₹20,000; Stock –₹6,000; Unrecorded creditor –₹4,000. Revaluation profit ₹10,000, shared E ₹5,000 and F ₹5,000. Revaluation A/c Dr. 10,000 To E's Capital A/c 5,000 To F's Capital A/c 5,000.