

**National Institute of Open Schooling (NIOS)
Senior Secondary**

Worksheet-23

L-23 ADMISSION OF A PARTNER

1. Virat and Rohit are partners sharing profit in the ratio of 4: 1. They admit Rahul as a new partner for $\frac{1}{5}$ share in profit. Calculate the new profit sharing ratio and sacrificing ratio.
2. “Goodwill is the value of the reputation of a firm in respect of the profit earned in future over and above the normal profit”. In the light of this statement explain the meaning of goodwill with the help of an example. Also, discuss the various factors affecting goodwill.
3. How do we calculate the goodwill according to average profit method?
4. Discuss the treatment of goodwill at the time of admission of a new partner when, the new partner brings his/ her share of goodwill in cash.
5. A, B and C are partners sharing profits in the ratio of 5: 3: 2. From April 1, 2019 they decided to share the profits equally. On that date their books showed a credit balance of Rs. 46, 00,000 in the Profit and Loss Account and a balance of Rs. 7, 00,000 in the General Reserve. Record the necessary journal entry for the distribution of profits and the general reserve.
6. Pooja and Ankit were partners in a firm sharing profits in the ratio of 4: 2. With effect from 31st March 2020 they agreed to share profits equally. For this purpose the goodwill of the firm was valued at Rs. 9, 00,000. Pass the necessary adjustment entry.
7. The profit for the last five years of a firm were as follows Year 2016 Rs. 1,10,000: Year 2017 Rs. 1,40,000: Year 2018 Rs. 1,50,000: Year 2019 Rs. 1,80,000: Year 2020 Rs. 2,20,000. Calculate goodwill of the firm on the basis of 3 years purchases of 5 years average profits.
8. In what ways goodwill is calculated under the Capitalisation Method.
9. State the purpose of preparing a Revaluation Account.

10. Discuss the adjustments of reserves and accumulated profit or losses appearing in the balance sheet at the time of admission of a new partner.