INDIAN SCHOOL AL WADI AL KABIR

Class: XII Accountancy	**Department: Commerce**
Worksheet No: 1 (Short Sums)	**Topic: Change in Profit sharing ratio among existing partners**

1.X,Y and Z are partners sharing profits in the ratio 5:3:2. Calculate gaining or sacrificing share if X, Y and Z decide to share future profits and losses equally.

2. A and B are sharing profit and losses equally. With effect from 1st April 2021, they agree to share profits in the ratio 4:3. Calculate partners gain or sacrifice due to the change.

3. A, B and C were partners sharing profits in the ratio of 5 : 4 : 3. They decided to change their profit sharing ratio to 2 : 2 : 1 w.e.f. 1st April, 2021. Calculate the gain or sacrifice share due to change in PSR.

4. A, B and C shared profit and losses in the ratio of 3:2:1 respectively. With effect from 1.4.2021, they agreed to share profits equally. The goodwill of the firm was valued at Rs.18,000. The goodwill already existing in the books of the firm Rs.12,000. Pass the necessary journal entries.

5. X,Y and Z are partners sharing profits in the ratio 5:3:2, they decided to change the ratio and share future profit equally w.e.f from 1st April 2021. On that date goodwill appeared in the books at Rs.12,000. The goodwill was later valued at Rs.30,000. Pass the necessary journal entries.

6. Mandeep, Vinod and Abbas are partners sharing profits and losses in the ratio of 3 : 2 : 1. From 1st April, 2019 they decided to share profits equally. The Partnership Deed provides that in the event of any change in profit-sharing ratio, goodwill shall be valued at three years' purchase of average profit of last five years. The profits and losses of past five years are:
Profit − Year ended 31st March, 2015 – Rs. 1,00,000; 2016 – Rs. 1,50,000; 2018 – Rs. 2,00,000; 2019 – Rs. 2,00,000
Loss − Year ended 31st March, 2017 – Rs. 50,000.
Pass the Journal entry showing the working.

7. X and Y are partners in a firm sharing profits and losses in the ratio of 3 : 2. With effect from 1st April, 2019, they decided to share future profits equally. On the date of change in the profit-sharing ratio, the Profit and Loss Account showed a credit balance of Rs. 1,50,000 and General reserve was Rs.50,000. Record the necessary Journal entry for the distribution of the balance in the Profit and Loss Account immediately before the change in the profit-sharing ratio.

8.Surjit and Sanjit are partners sharing profits in the ratio 3:2. They decide to share future profit equally. On the date of change in profit sharing ratio, Profit and loss A/c showed a debit balance of Rs.50,000. Pass the journal entry for distribution of balance in Profit and loss Account immediately before change in the profit-sharing ratio.

9. X, Y and Z are presently sharing profit in the ratio of 5:3:2 and they decide to change the ratio to 2:3:5. Pass the journal entry to distribute Workmen compensation Reserve of Rs.1,20,000 at the time

of change in profit sharing ratio in the following cases:
A. when there is no claim.
B. when there is a claim of Rs.1,20,000 against it.
C. when there is a liability of Rs.80,000 against it.
D. when there is a claim of Rs.1,40,000 against it.

10. A, B and C sharing profit and losses in the ratio of 4:3:2, decide to share future profit and losses in the ratio 2:3:4 with effect from 1st April 2021. An extract of Balance sheet as at 31.3.2021 is :

Liabilities	Rs.	Assets	Rs.
Investment Fluctuation Reserve	18,000	Investments (At cost)	2,00,000

Pass the journal entry in each case:
Case (a):The Market value of investment is Rs.2,00,000.
Case (b):The Market value of investment is Rs.1,91,000.
Case (c):The Market value of investment is Rs.2,18,000.
Case (d):The Market value of investment is Rs.1,73,000.

11. X, Y and Z are sharing profits and losses in the ratio of 5 : 3 : 2. They decide to share future profits and losses in the ratio of 2 : 3 : 5 with effect from 1st April, 2020. They also decide to record the effect of the following accumulated profits, losses and reserves without affecting their book values by passing a single entry.

	Book value
General Reserve Rs.	6,000
Profit and Loss A/c (Credit) Rs.	24,000
Advertisement Suspense A/c Rs.	12,000

12. X, Y and Z share profits as 5 : 3 : 2. They decide to share their future profits as 4 : 3 : 3 with effect from 1st April, 2019. On this date the following revaluations have taken place:

	Book Values (Rs.)	Revised Values (Rs.)
Investments	22,000	25,000
Plant and machinery	25,000	20,000
Land and Building	40,000	50,000
Outstanding Expenses	5,600	6,000
Sundry Debtors	60,000	50,000
Trade Creditors	70,000	60,000

Prepare Revaluation A/c and pass the journal entries to be made because of the above changes in the values of assets and liabilities.

13. Virat, Rita and Praveen are partners sharing profits and losses in the ratio of 3:3:2. Their balance sheet as on March 31st 2021 was as follows :

Liabilities	Rs.	Assets	Rs.
Sundry creditors	48,000	Cash at bank	74,000
Bank Loan	72,000	Sundry debtors	88,000
Capital:		Stock	2,40,000
Virat 4,00,000		Machinery	3,18,000
Rita 3,00,000		Building	4,00,000
Praveen 3,00,000			
	10,00,000		
	11,20,000		**11,20,000**

Partners decided that with effect from April 1, 2021, they would share profits and losses in the ratio of 4:3:2. It was agreed that :
(i) Stock is overvalued by Rs.20,000.
(ii) Machinery is to be depreciated by 10%
(iii) A provision for doubtful debts is to be made on debtors at 5%.
(iv) Building is to be appreciated by 20%
(v) A liability for Rs. 5,000 included in sundry creditors is not likely to arise. Partners agreed that the revised value are to be recorded in the books.
Prepare Revaluation A/c and pass the entries for revaluation.

14. A, B and C sharing profit in the ratio of 5:3:2. They decided to share the profit and losses in the ratio of 2:3:5 with effect from 1^{st} April 2021. They also decided to record the effect of the following revaluations without affecting the book values of assets and liabilities by passing a Single adjustment entry.

	Book Value (Rs.)	Revised Value (Rs)
Land and Building	5,00,000	5,50,000
Plant and Machinery	2,50,000	2,40,000
Trade creditors	60,000	55,000
Outstanding Expenses	60,000	75,000

15. Bhavya and Naman were partners in a firm carrying on a tiffin service in Hyderabad. Bhavya noticed that a lot of food is left at the end of the day. To avoid wastage she suggested that it be distributed to the needy; Naman wanted that it should be mixed with the food being served the next day. Naman then gave a proposal that if his share in the profit is increased, he will not mind free distribution of left-over food. Bhavya happily agreed. So, they decided to change their profit sharing ratio to 1 : 2 with immediate effect. On that date revaluation of assets and reassessment of liabilities was carried out that resulted into a gain of Rs.18,000. On that date the goodwill of the firm was valued at Rs.1,20,000.
Pass an adjusting entry for the above in the books of the firm.

16. Radhika, Bani and Chitra were partners in a firm sharing profits and losses in the ratio of 2:3:1. With effect from 1st April, 2018 they decided to share future profits and losses in the ratio of 3:2: 1. On that date their Balance Sheet showed a debit balance of Rs.24,000 in Profit and Loss Account and a balance of Rs.1,44,000 in General Reserve.
It was also agreed that :
(a) The goodwill of the firm be valued at Rs.1,80,000.
(b) The Land (having book value of Rs. 3,00,000) will be valued at Rs.4,80,000.
Pass a single adjusting entry for the above changes.

17. A, B & C were partners in a firm sharing profits and losses in the ratio of 5:3:2. With effect from 1st April, 2020 they decided to share future profits and losses in the ratio of 3:2:5. On that date their Balance Sheet showed Rs.20,000 in Advertisement Suspense account and a balance of Rs.1,00,000 in Contingency Reserve.
It was also agreed that :
(a) The goodwill of the firm be valued at Rs.1,50,000.
(b) The Building with book value of 1,00,000 was valued at 80,000.
(c) Debtor of 30,000 which was written off as bad debt last year now paid 10,000
(d) Creditors of 40,000 are to written back.
Pass the necessary journal entries for the above changes.