



INDIAN SCHOOL AL WADI AL KABIR

Class: XII Accountancy	Department: Commerce
Worksheet No: 2 (Long Sums/Comprehensive Sums)	Topic: Change in Profit sharing ratio among existing partners

1. Shama, Seema and Sikha are partners sharing profits and losses in the ratio of 3:2:1. Their balance sheets as on 31st Mar 2021 were as follows:

Liabilities	Rs.	Assets	Rs.
Creditors	87,000	Cash	30,000
Reserves	42,000	Debtors 62,000	
Profit & Loss A/c	21,000	Less. Provision for	
Capital Accounts		Doubtful debts 2,000	
Shama 3,00,000			60,000
Seema 3,00,000		Stock	
Sikha 50,000		Furniture	1,80,000
	6,50,000	Plant	30,000
		Building	2,00,000
			3,00,000
	8,00,000		8,00,000

The Partners agreed that from 1st April 2021 they will share profits and losses in the ratio of 4:4:1. They agreed that: (i) Stock is to be valued at 20% less. (ii) Provision for doubtful debts to be increased by Rs. 1,500. (iii) Furniture is to be depreciated by 20% and plant by 15%. (iv) Rs.3,500 are outstanding for salaries. (v) Building is to be valued at Rs. 3,50,000. (vi) Goodwill is valued at Rs. 45,000.

Prepare necessary accounts and Balance Sheet of reconstituted firm.

2. Nardeep, Hardeep and Gagandeep were partners in a firm sharing profits in 2 : 1 : 3 ratio. Their Balance Sheet as on 31st March, 2021 was as follows:

Liabilities	Rs.	Assets	Rs.
Creditors	1,00,000	Land	1,00,000
Bills Payable	40,000	Building	1,00,000
General Reserve	60,000	Plant	2,00,000
Partners' Capital A/cs:		Stock	80,000
Nardeep 2,00,000		Debtors	60,000
Hardeep 1,00,000		Bank	10,000
Gagandeep 50,000			
	3,50,000		
	5,50,000		5,50,000

From 1st April, 2021 Nardeep, Hardeep and Gagandeep decided to share the future profits equally. For this purpose it was decided that: (a) Goodwill of the firm be valued at Rs.3,00,000. (b) Land be revalued at Rs.1,60,000 and building be depreciated by 6%. (c) Creditors of Rs.12,000 were not likely to be claimed and hence be written off.

Prepare Revaluation Account, Partners' Capital Accounts and the Balance Sheet of the reconstituted firm.

3. X, Y and Z are partners sharing profits in the ratio of 2 : 2 : 1. Their Balance Sheet as at 31st March, 2021 stood as follows:

Liabilities	Rs.	Assets	Rs.
Sundry Creditors	1,20,000	Cash in Hand	55,000
Outstanding Expenses	15,000	Cash at Bank	2,10,000
General Reserve	75,000	Bills Receivable	20,000
Profit and Loss A/c	50,000	Sundry Debtors	1,10,000
Capital A/cs:		Less: Provision for Doubtful Debts	10,000
X 3,00,000			1,00,000
Y 2,80,000		Stock	2,00,000
Z 2,20,000		Machinery	3,50,000
	8,00,000	Computers	1,00,000
	10,60,000	Furniture	25,000
			10,60,000

The partners agreed to share profits w.e.f. 1st April, 2021 in the ratio of 5 : 3 : 2.

They also agreed to the following:

- Value of stock be increased to Rs. 2,25,000.
- Provision for Doubtful Debts be written back, all debtors being good.
- Value of Machinery be reduced by 5%.
- Value of Computers be reduced to Rs. 82,500.
- Goodwill of the firm for the purpose was valued at Rs.1,00,000.

Prepare Revaluation A/c, Partners Capital A/c and Balance Sheet.

4. X, Y and Z are partners in a firm sharing profits and losses in the ratio of 2 : 2 : 1. Their Balance Sheet as at 31st March, 2020 was as follows

Liabilities	Rs.	Assets	Rs.
Sundry Creditors	50,000	Cash at Bank	1,01,000
General Reserve	50,000	Sundry Debtors	1,00,000
Capital A/cs:		Stock	2,10,000
X 3,00,000		Machinery	2,60,000
Y 3,00,000		Building	2,25,000
Z 2,00,000		Advertisement Suspense	4,000
	8,00,000	(Deferred Revenue Expenditure)	
	9,00,000		9,00,000

Partners decided that with effect from 1st April, 2020 they would share profits and losses equally. It was agreed that:

- Stock is to be valued at ` 2,00,000.
- Value of Machinery is to be decreased by 10%.
- A Provision for Doubtful Debts is to be made on Sundry Debtors @ 5%.

(iv) Building to be appreciated by ` 50,000.

(v) It was agreed that Z would carry out reconstituting the firm for which he will be paid remuneration of ` 5,000.

Pass necessary accounting entries.

5. S, T, U and V were partners in a firm sharing profits in the ratio of 4 : 3 : 2 : 1.

Balance Sheet of S, T, U and V as on 1-4-2021

Liabilities	Assets
Capitals :	Fixed Assets 4,40,000
S 2,00,000	Current assets 2,00,000
T 1,50,000	
U 1,00,000	
V 50,000	
	5,00,000
Sundry Creditors 80,000	
WCR 60,000	
6,40,000	6,40,000

From the above date partners decided to share the future profits in 3 : 1 : 2 : 4 ratio.

For this purpose the goodwill of the firm was valued at Rs.90,000. The partners also agreed for the following :

(i) The claim for workmen compensation has been estimated at Rs.70,000.

(ii) To adjust the capitals of the partners according to new profit sharing ratio by opening partners current accounts.

Prepare Revaluation Account, Partners' Capital Accounts and the Balance Sheet of the reconstituted firm.

6. Suresh, Ramesh, Mahesh and Ganesh are partners in a firm sharing profits in the ratio of 2 : 2 : 3 : 3.

Balance Sheet as on 1.4.2020

Liabilities	Assets
Capitals :	Fixed Assets 6,00,000
Suresh 1,00,000	Current assets 3,45,000
Ramesh 1,50,000	
Mahesh 2,00,000	
Ganesh 2, 50,000	7,00,000
Sundry Creditors 1,70,000	
Workmen Compensation Reserve 75,000	
9,45,000	9,45,000

From the above date partners decided to share the future profits equally.

For this purpose the goodwill of the firm was valued at Rs.90,000. The partners also agreed for the following :

(i) The claim for workmen compensation (i) has been estimated at Rs.70,000 and fixed assets depreciated by 10%.

(ii) The capitals of the partners were adjusted in the new profit sharing ratio. For this necessary cash will be brought in or paid to the partners as the case may be.

Prepare Revaluation Account, Partners' Capital Accounts and the Balance Sheet of the reconstituted firm.

7. Jaspal, Apoorv and Ankit are partners sharing profits and losses in the ratio of 5 : 3 : 2. Their Balance Sheet as at 31st March, 2021 was as follows:

Liabilities	Rs.	Assets	Rs.
Sundry Creditors	1,50,000	Cash in Hand	75,000
Salaries Payable	50,000	Cash at Bank	1,50,000
General Reserve	2,00,000	Sundry Debtors	2,00,000
Capital A/cs:		Stock	50,000
Jaspal 5,00,000		Land and Buildings	5,00,000
Apoorv 3,00,000		Machinery	2,00,000
Ankit 2,00,000		Computers	1,75,000
	10,00,000	Furniture	50,000
	14,00,000		14,00,000

Profit sharing ratio w.e.f. 1st April, 2021 was decided to be 2 : 2 : 1. It was agreed by partners to carry out following adjustments:

- (i) Stock is to be reduced by Rs.10,000.
- (ii) Provision for Doubtful Debts is to be created @ 5%.
- (iii) Land and Buildings to be appreciated by 10% and Machinery to be reduced to 90%.
- (iv) Goodwill of the firm is valued at Rs.1,00,000.
- (v) Total capital of the firm was to be Rs.10,00,000 and is to be in their profit-sharing ratio. Excess or short capital is to be adjusted through their Current Accounts.

Prepare the Revaluation A/c, Partner's capital A/c and Balance Sheet of the new firm.