INDIAN SCHOOL AL WADI AL KABIR
DEPARTMENT OF COMMERCE

MCQ'S CHANGE IN PROFIT SHARING RATIO

1. What is the meaning of change in the profit-sharing ratio:

   (A)In which all partner including the deceased partner executor partner share future profit and loss
   (B)Purchase of shares of profit by one partner form another partner
   (C)In which all partner including the retired partner share future profit and loss
   (D)In which all partner including the new partner share future profit and loss

2. A, B and C were partners sharing profit or loss in the ratio of 7 : 3 : 2. From Jan. 1,2019 they decided to share profit or loss in the ratio of 8 : 4 : 3. Due to change in the profit-loss sharing ratio, B's gain or sacrifice will be :
   (A) Gain 1/60
   (B) Sacrifice 1/60
   (C) Gain 1/30
   (D) Sacrifice 1/20

3. A, B and C were partners sharing profits and losses in the ratio of 7 : 3 : 2. From 1st January, 2019 they decided to share profits and losses in the ratio of 8:4:3. Goodwill is ₹1,20,000. In Adjustment entry for goodwill:
   (A) Cr. A by ₹6,000; Dr. B by ₹2,000; Dr. C by ₹4,000
   (B) Dr. A by ₹6,000; Cr. B by ₹2,000; Cr. C by ₹4000
   (C) Cr. A by ₹6,000; Dr. B by ₹4,000; Dr. C by ₹2,000
   (D) Dr. A by ₹6,000; Cr. B by ₹4,000; Cr. C by ₹2,000

4. X Y and Z are partners sharing profits and losses in the ratio 5 : 3 : 2. They decide to share the future profits in the ratio 3 : 2 : 1. Workmen compensation reserve appearing in the balance sheet on the date if no information is available for the same will be :
   (A) Distributed to the partners in old profit sharing ratio
   (B) Distributed to the partners in new profit sharing ratio
   (C) Distributed to the partners in capital ratio
   (D) Carried forward to new balance sheet without any adjustment

5. E F and G are partners sharing profit in the ratio 2:3:2. G acquires 1/7 th share from E and F equally. What will be the new profit-sharing ratio?

   (A)3:5:6
   (B)1:3:4
   (C)3:3:2
   (D)None of these

6. Anubhav, Shagun and Pulkit are partners in a firm sharing profits and losses in the ratio of 2:2:1. On 1st April 2021, they decided to change their profit-sharing ratio to 5:3:2. On that date, debit balance of Profit & Loss A/c ₹30,000 appeared in the balance sheet and partners decided to pass an adjusting entry for it. Which of the undermentioned options reflect correct treatment for the above treatment?
(A) Shagun's capital account will be debited by ₹3,000 and Anubhav's capital account credited by ₹3,000
(B) Pulkit's capital account will be credited by ₹3,000 and Shagun's capital account will be credited by ₹3,000
(C) Shagun's capital account will be debited by ₹30,000 and Anubhav's capital account credited by ₹30,000
(D) Shagun's capital account will be debited by ₹3,000 and Anubhav's and Pulkit's capital account credited by ₹2,000 and ₹1,000 respectively.

7. Partner's capital account is credited when there is
(A) Profit on revaluation
(B) Transfer of general reserve
(C) Transfer of accumulated profits
(D) All of the above

8. A, B and C are partners sharing profits and losses in the ratio of 5 : 4 : 1. they decided to change their future profit-sharing ratio and agreed upon C acquiring 1/10th share of A and 1/2 share of B.
Calculate C's gain
(A) 7/20
(B) 5/20
(C) 1/20
(D) 4/20

9. X, Y and Z who are sharing profits in the ratio of 5 : 3 : 2, decide to share profits in the ratio of 2 : 3 : 5 with effect from 1st April, 2019. Workmen Compensation Reserve appears at ₹1,20,000 in the Balance Sheet as at 31st March, 2021. If Workmen Compensation Claim is estimated at ₹1,50,000.
(A) Debited to Revaluation A/c ₹1,50,000
(B) Credited to Revaluation A/c ₹1,20,000
(C) Shown on Liability side of the Balance Sheet ₹1,50,000
(D) Credited to Partners Capital A/c ₹1,20,000

10. Amar and Akbar are partners sharing profits in the ratio of 2 : 1. On 31st March, 2021,their Balance Sheet showed General Reserve of ₹ 60,000. It was decided that in future they will share profits and losses in the ratio of 3 : 2.
When General Reserve is not to be shown in the new Balance Sheet. Pass necessary Journal entry.
(A) Dr. General Reserve A/c ₹ 60,000; Cr. Amar's Capital A/c ₹40,000; Cr. Akbar's Capital A/c ₹20,000
(B) Dr. Amar's Capital A/c ₹40,000; Dr. Akbar's Capital A/c ₹20,000; Cr. General

Reserve A/c ₹ 60,000
(C) Cr. Amar's Capital A/c ₹60,000; Dr. Akbar's Capital A/c ₹60,000
(D) None of the above

Read the following question to answer question no, 11 to 15.

A, B and C were partners in a firm sharing profits in the ratio of 3 : 2 : 1. Their Balance Sheet as on 31st March, 2015 was as follows:

Liabilities	Rs	Assets	Rs
Creditors	50,000	Land	50,000
Bills Payable	20,000	Building	50,000
General Reserve	30,000	Plant	1,00,000
Capital A/c		Stock	40,000
A 1,00,000		Debtors	30,000
B 50,000		Bank	5,000
C 25,000			
	1,75,000		
	2,75,000		**2,75,000**

From 1st April, 2015, A, B and C decided to share profits equally. For this it was agreed that:
(i) Goodwill of the firm will be valued at ₹ 1,50,000.
(ii) Land will be revalued at ₹ 80,000 and building be depreciated by 6%.
(iii) Creditors of ₹ 6,000 were not likely to be claimed and hence should be written off.
Answer the following questions based on above case:

11.What is the entry for Building in Revaluation A/c?
(A) Debit 6,000
(B) Credit 6,000
(C) Debit 44,000
(D) Debit 3,000

12.Calculate the gain on Revaluation?
(A) ₹ 33,000
(B) ₹ 36,000
(C). ₹ 30,000
(D) None of the above

13.What will be the Land value shown in new Balance sheet?
(A) ₹ 30,000
(B) ₹ 50,000
©. ₹ 80,000
(D)₹ 1,30,000

14.What will be the Creditors value shown in new Balance sheet?
(A) ₹ 44,000
(B)₹ 50,000

© ₹ 56,000
(D) ₹ 6,000

15.What will be the journal entry for Goodwill?
(A) Dr. C's capital a/c ₹25,000; Cr. A's capital a/c ₹ 25,000
(B). Cr. C's capital a/c ₹25,000; Dr. A's capital a/c ₹ 25,000
©. Dr. C's capital a/c ₹1,50,000; Cr. A's capital a/c ₹ 1,50,000
(D) Cr. C's capital a/c ₹1,50,000; Dr. A's capital a/c ₹ 1,50,000

Read the following question to answer question no. 16 to 18

Shama, Seema and Sikha are partners sharing profits and losses in the ratio of 3:2:1. Their balance sheets as on 31st Mar 2020 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	60, 000
Shama 3, 00, 000			
Seema 3, 00, 000		Stock	1, 80, 000
Sikha 50, 000		Furniture	30, 000
	6, 50, 000	Plant	2, 00, 000
		Building	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.

Answer the following questions based on above case:

16. What will be the amount debited to Revaluation A/c for stock?

(A)Rs.18,000

(B) Rs.36,000

© Rs.1,44,000

(D)Rs.150,000

17.At what value Debtors would be shown in the Reconstituted Balance sheet.

(A)Rs.58,500 (B)Rs.60,500 (C)Rs.56,000 (D) Rs.57.500

18. What is the share of Reserve & Profit/Loss A/c credited to the partners?

(A)Shama- Rs.28,000; Seema-Rs.28,000; Sika- Rs.9,000

(B) Shama- Rs.31,500; Seema-Rs.21,000; Sika- Rs.10,500

© Shama- Rs.21,000; Seema-Rs.21,000; Sika- Rs.21,000

(D) Shama- Rs.17,500; Seema-Rs.14,000; Sika- Rs.31,000