



Brain International School

Vikas Puri, New Delhi

ASSIGNMENT NO. 2

SUBJECT: ACCOUNTANCY

CLASS-XII

MAY,2025

Chapter 3: Change in Profit Ratio among Existing Partners

Q1. A and B were partners in a firm sharing profit or loss equally. With effect from 1st April 2019, they agreed to share profits in the ratio of 4:3. Due to change in profit sharing ratio, A's gain or sacrifice will be:

- a) Gain $\frac{1}{14}$
- b) Sacrifice $\frac{1}{14}$
- c) Gain $\frac{4}{7}$
- d) Sacrifice $\frac{3}{7}$

Q2. A, B and C are partners sharing profits in the ratio of 4:3:2 decided to share profits equally. Goodwill of the firm is valued at Rs.10,800. In adjustment entry for goodwill:

- a) A's Capital A/c Cr. by ₹4,800; B's Capital A/c Cr. by ₹3,600; C's Capital A/c Cr. by ₹2,400.
- b) A's Capital A/c Cr. by ₹3,600; B's Capital A/c Cr. By ₹3,600; C's Capital A/c Cr. by ₹3,600.
- c) A's Capital A/c Dr. by ₹1,200; C's Capital A/c Cr. by ₹1,200.
- d) A's Capital A/c Cr. by ₹1,200; C's Capital A/c Dr. by ₹1,200.

Q3. A, B and C are partner sharing profits in the ratio of 1:2:3. On 1-4-2019 they decided to share the profits equally. On the date there was a credit balance of ₹1,20,000 in their Profit and Loss Account and a balance of ₹1,80,000 in General Reserve Account. Instead of closing the General Reserve Account and Profit and Loss Account, it is decided to record an adjustment entry for the same. In the necessary adjustment entry to give effect to the above arrangement:

- a) Dr. A by ₹50,000; Cr. B by ₹50,000
- b) Cr. A by ₹50,000; Dr. B by ₹50,000
- c) Dr. A by ₹50,000; Cr. C by ₹50,000
- d) Cr. A by ₹50,000; Dr. C by ₹50,000

Q4. Vinod and Swami are partners in a firm sharing profits in the ratio 2:3. The balance sheet of the firm and additional information as on 31 March 2015 is given below:

The partners decided to share profits in equal ratio w.e.f. 1 April 2015. The following adjustments were agreed upon:

- a. Goodwill of the firm was valued at ₹4,00,000, but it was not to appear in the books.
- b. They decided to show the General Reserve in the new Balance Sheet without affecting its book value.

- c. Land was valued at ₹8,00,000, Plant at ₹7,20,000 and Furniture at ₹1,00,000 and were to appear at revalued amounts in the balance sheet.

Balance Sheet

Liabilities	Amount	Assets	Amount
Sundry Creditors	3,10,000	Land	5,00,000
Outstanding Expenses	70,000	Building	7,20,000
Capitals:		Plant	8,00,000
Vinod	8,00,000	Furniture	1,20,000
Swami	12,00,000	Stock	1,80,000
General Reserve	1,20,000	Sundry Debtors	1,50,000
		Cash in hand	30,000
	25,00,000		25,00,000

Pass necessary journal entries to give effect to the above and prepare the Balance Sheet.

Q5. A, B and C are partners sharing profits and losses in the ratio of 5:3:2. Their position on 31st March 2018 was as follows:

Liabilities	Amount	Assets	Amount
Bills Payable	22,000	Cash in hand	4,000
General Reserve	10,000	Cash at bank	11,000
Capital: A	1,40,000	Debtors	
		28,000	
		Less: Provision for Doubtful Debts (3,000)	25,000
B	1,40,000	Stock	1,40,000
C	50,000	Machinery	77,000
		Building	1,00,000
		P & L A/c	5,000
	3,62,000		3,62,000

It was decided that with effect from 1st April 2018 profit and loss sharing ratio will be 3:3:1. They agreed on the following terms:

- i. Goodwill of the firm be valued at ₹42,000
 - ii. Machinery be valued at ₹61,500
- Partners do not want to record the altered values of assets and liabilities in the books and general reserve. Pass an entry to give effect to the above.