KENDRIYA VIDYALAYA SANGATHAN – AHMEDABAD REGION		
CH-3 & 4 – CHANGE IN PROFIT SHARING RATIO & ADMISSION OF A PARTNER		
TEST-1		
NAME OF STUDENT:		
DATE:		
1	State the ratio in which the partners share profits or losses on revaluation of assets and liabilities, when there is a change in profit sharing ratio amongst partners ?	1
A		
2	Kamal and Vimal were partners in a firm sharing profits in the ratio of 3 : 2. Ghosh was admitted as a new partner for 1/5th share in the profits. On Ghosh's admission the Balance Sheet of the firm showed a credit balance of Rs.10,000 in its Profit and Loss Account which was debited by the accountant of the firm in the accounts of Kamal and Vimal. Did the accountant give correct treatment to the balance of Profit and Loss Account ? If 'yes' give the reason and if 'not' give the correct treatment.	1
A		
3	Anurag and Bhawana entered into partnership on 1.4.2014. On 1.1.2015 they admitted Monika as a new partner for 3/10th share in the profits which she acquired equally from Anurag and Bhawana. The new profit sharing ratio of Anurag, Bhawana and Monika was 4 : 3 : 3. Calculate the profit sharing ratio of Anurag and Bhawana at the time of forming the partnership	1
A		
4	Geeta, Sunita and Anita were partners in a firm sharing profits in the ratio of 5 : 3 : 2. On 1.1.2015 they admitted Yogita as a new partner for 1/10th share in the profits. On Yogita's admission, the Profit and Loss Account of the firm was showing a debit balance of Rs. 20,000 which was credited by the accountant of the firm to the capital accounts of Geeta, Sunita and Anita in their profit sharing ratio. Did the accountant give correct treatment ? Give reason in support of your answer.	1
5	When a new partner is admitted, the balance of 'General Reserve' appearing in the Balance Sheet at the time of admission is credited to : (a) Profit and Loss Appropriation Account. (b) Capital Accounts of all the partners. (c) Capital Accounts of old partners. (d) Revaluation Account.	1
A		

6	Anant, Gulab and Khushbu were partners in a firm sharing profits in the ratio of 5 : 3 : 2. From 1.4.2014, they decided to share the profits equally. For this purpose the goodwill of the firm was valued at Rs. 2,40,000. Pass necessary journal entry for the treatment of goodwill on change in the profit sharing ratio of Anant, Gulab and Khushbu.	1
A		

D	Particulars	Dr. Amt	Cr. Amt

7	A, B, C and D were partners in a firm sharing profits in the ratio of 4 : 3 : 2 : 1. On 1-1-2015 they admitted E as a new partner for share in the profits. E brought Rs.10,000 for his share of goodwill premium which was correctly recorded in the books by the accountant. The accountant showed goodwill at Rs.1,00,000 in the books. Was the accountant correct in doing so ? Give reason in support of your answer.	1
A		
8	Kajal, Neerav and Alisha are partners in a firm sharing profits in the ratio of 3 : 2 : 1. They decided to admit Rajan, their landlord as a partner in the firm. Rajan brought sufficient amount of capital and his share of goodwill premium. The accountant of the firm passed the entry of rent paid for the building to Rajan in 'Profit and Loss Appropriation Account'. Is he correct in doing so ? Give reason in support of your answer.	1
A		
9	Abhay and Beena are partners in a firm. They admit Chetan as a partner with 1/4th share in the profits of the firm. Chetan brings Rs. 2,00,000 as his share of capital. The value of the total assets of the firm is Rs. 5,40,000 and outside liabilities are valued at Rs. 1,00,000 on that date. Give the necessary entry to record goodwill at the time of Chetan's admission. Also show your working notes.	4
A		

D	Particulars	Dr. Amt	Cr. Amt

10	Kumar, Gupta and Kavita were partners in a firm sharing profits and losses equally. The firm was engaged in the storage and distribution of canned juice and its godowns were located at three different places in the city. Each godown was being managed individually by Kumar, Gupta and Kavita. Because of increase in business activities at the godown managed by Gupta, he had to devote more time. Gupta demanded that his share in the profits of the firm be increased, to which Kumar and Kavita agreed. The new profit sharing ratio was agreed to be 1 : 2 : 1. For this purpose the goodwill of the firm was valued at two years purchase of the average profits of last five years. The profits of the last five years were as follows:	4

Year	I	II	III	IV	V
Profit (Rs)	4,00,000	4,80,000	7,33,000	(33,000)	2,20,000

	You are required to : (i) Calculate the goodwill of the firm. (ii) Pass necessary Journal Entry for the treatment of goodwill on change in profit sharing ratio of Kumar, Gupta and Kavita.	
A (i)		
A (ii)		

D	Particulars	Dr. Amt	Cr. Amt

11	Anu and Bhagwan were partners in a firm sharing profits in the ratio of 3 : 1. Goodwill appeared in the books at ` 4,40,000. Raja was admitted to the partnership. The new profit sharing ratio among Anu, Bhagwan and Raja was 2 : 2 : 1. Raja brought ` 1,00,000 for his capital and necessary cash for his goodwill premium. The goodwill of the firm was valued at Rs. 2,50,000. Record the necessary journal entries in the books of the firm for the above transactions.	4

D	Particulars	Dr. Amt	Cr. Amt

KENDRIYA VIDYALAYA SANGATHAN – AHMEDABAD REGION		
CH-3 & 4 – CHANGE IN PROFIT SHARING RATIO & ADMISSION OF A PARTNER		
WORKSHEET-2		
NAME OF STUDENT:		
DATE:		
1	Meera, Myra and Neera were partners sharing profits in the ratio of 2 : 2 : 1. They decided to share future profits in the ratio of 7 : 5 : 3 with effect from 1st April, 2019. Their Balance Sheet as on that date showed a balance of ₹ 45,000 in Advertisement Suspense Account. The amount to be debited respectively to the capital accounts of Meera, Myra and Neera for writing off the amount in Advertisement Suspense Account will be : (A) ₹ 18,000, ₹ 18,000 and ₹ 9,000 (B) ₹ 15,000, ₹ 15,000 and ₹ 15,000 (C) ₹ 21,000, ₹ 15,000 and ₹ 9,000 (D) ₹ 22,500, ₹ 22,500 and Nil	1
A		
2	Mona and Tina were partners in a firm sharing profits in the ratio of 3 : 2. Naina was admitted with th share in the profits of the firm. At the time of admission, Workmen's Compensation Reserve appeared in the Balance Sheet of the firm at ₹ 32,000. The claim on account of workmen's compensation was determined at ₹ 40,000. Excess of claim over the reserve will be : (A) Credited to Revaluation Account. (B) Debited to Revaluation Account. (C) Credited to old partner's Capital Account. (D) Debited to old partner's Capital Account.	1
A		
3	X and Y were partners in a firm sharing profits in the ratio of 7 : 3. Z was admitted for $1/5^{th}$ share in the profits which he took 75% from X and remaining from Y. Calculate the sacrificing ratio of X and Y.	1
A		
4	Sun and Star were partners in a firm sharing profits in the ratio of 2 : 1. Moon was admitted as a new partner in the firm. New profit sharing ratio was 3 : 3 : 2. Moon brought the following assets towards his share of goodwill and his capital : ₹ ₹ ₹ ₹ Machinery 2,00,000 Furniture 1,20,000 Stock 80,000 Cash 50,000 If his capital is considered as ₹ 3,80,000, the goodwill of the firm will be : (A) ₹ 70,000 (B) ₹ 2,80,000 (C) ₹ 4,50,000 (D) ₹ 1,40,000	1

5	Milan, Khilan and Silam were partners sharing profits in the ratio of 2 : 2 : 1. They decided to share future profits in the ratio of 7 : 5 : 3 with effect from 1st April, 2019. After the revaluation of assets and re-assessment of liabilities, Revaluation Account showed a loss of ₹ 15,000. The amount to be debited in the capital account of Milan because of loss on revaluation will be : (A) ₹ 15,000 (B) ₹ 6,000 (C) ₹ 1,000 (D) ₹ 5,000	1
A		
6	Reena and Raman are partners in a firm sharing profits in the ratio of 4 : 3. They admitted Roma as a new partner. The new profit sharing ratio between Reena, Raman and Roma was 3 : 2 : 2. Raman surrendered 1/3rd of his share in favour of Roma. Calculate Reena's sacrifice.	1
A		
7	A, B and C were partners in a firm sharing profits in the ratio of 3:2:1. They admitted D as a new partner for 1/8th share in the profits, which he acquired 1/16th from B and 1/16th from C. Calculate the new profit sharing ratio of A, B, C and D.	1
A		
8	Ram, Mohan and Sohan were partners in a firm sharing profits in the ratio of 5:3:2. They admitted Hari as a new partner for 1/5th share in the profit which he acquired from Ram and Mohan in the ratio of 3:2. Calculate, the new profit sharing ratio of Ram,Mohan, Sohan and Hari.	1
A		

9	A and B were partners in a firm sharing profits and losses in the ratio of 5 : 3. They admitted C as a new partner. The new profit sharing ratio between A, B and C was 3 : 2 : 3. A surrendered 1/5th of his share in favour of C. Calculate B's sacrifice.	1
A		
10	Durga and Naresh were partners in a firm. They wanted to admit five more members in the firm. List any two categories of individuals other than minors who cannot be admitted by them.	1
A		
11	A and B were partners in a firm sharing profits and losses in the ratio of 4 : 3. They admitted C as a new partner. The new profit sharing ratio between A, B and C was 3 : 2 : 2. A surrendered ¼ of his share in favour of C. Calculate B's Sacrifice.	1

<table>
<tr><td>12</td><td>State the ratio in which the partners share the gain or loss on revaluation of assets and liabilities.</td><td>1</td></tr>
<tr><td>A</td><td></td><td></td></tr>
<tr><td>13</td><td>Jay, Vijay and Ajay are sharing profits and losses in the ratio of 5:3:2. They decided to share profits and losses in the ratio of 2:3:5 with effect from 1st April, 2023. They also decide to record the effect of the following revaluations without affecting the book values of the assets and liabilities by passing and Adjustment Entry:
<table>
<tr><th></th><th>Book Values (₹)</th><th>Revised Values (₹)</th></tr>
<tr><td>Land and Building</td><td>10,00,000</td><td>11,00,000</td></tr>
<tr><td>Plant and Machinery</td><td>5,00,000</td><td>4,80,000</td></tr>
<tr><td>Sundry Creditors</td><td>1,20,000</td><td>1,10,000</td></tr>
<tr><td>Outstanding Expenses</td><td>1,20,000</td><td>1,50,000</td></tr>
</table>
Pass the necessary Adjustment Entry.</td><td>4</td></tr>
<tr><td>A</td><td>Journal
<table>
<tr><th>Date</th><th>Particulars</th><th>L.F.</th><th>Dr. ₹</th><th>Cr. ₹</th></tr>
<tr><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td></td><td></td><td></td><td></td><td></td></tr>
</table></td><td></td></tr>
<tr><td>14</td><td>Karan and Varun were partners in a firm sharing profits and losses in the ratio of 1 : 2. Their fixed capitals were ₹ 2,00,000 and ₹ 3,00,000 respectively. On 1st April, 2016 Kishore was admitted as a new partner for 1/4th share in the profits. Kishore brought ₹ 2,00,000 for his capital which was to be kept fixed like the capitals of Karan and Varun. Kishore acquired his share of profit from Varun.
Calculate goodwill of the firm on Kishore's admission and the new profit sharing ratio of Karan, Varun and Kishore. Also, pass necessary Journal Entry for the treatment of Goodwill on Kishore's admission considering that Kishore did not bring his share of goodwill premium in Cash.</td><td>4</td></tr>
<tr><td>A</td><td></td><td></td></tr>
</table>

Date	Particulars	L.F.	Dr. ₹	Cr. ₹

15 Pankaj and Naresh were partners in a firm sharing profits in the ratio of 3 : 2. Their fixed capitals were ₹ 5,00,000 and ₹ 3,00,000 respectively. On 1.1.2017, Saurabh was admitted as a new partner for 1/5th share in the profits. Saurabh acquired his share of profit from Pankaj. Saurabh brought ₹ 3,00,000 as his capital which was to be kept fixed like the capitals of Pankaj and Naresh. 4

Calculate the goodwill of the firm on Saurabh's admission and the new profit sharing ratio of Pankaj, Naresh and Saurabh. Also, pass necessary journal entry for the treatment of goodwill.

A

Date	Particulars	L.F.	Dr. ₹	Cr. ₹

16 S, T, U and V were partners in a firm sharing profits in the ratio of 4 : 3 : 2 : 1. On 1-4-2016 their Balance Sheet was as follows : 6

Balance Sheet of S, T, U and V as on 1-4-2016

Liabilities	Amount ₹	Assets	Amount ₹

Capitals : S 2,00,000 T 1,50,000 U 1,00,000 V 50,000	5,00,000	Fixed Assets Current Assets	4,40,000 2,00,000
Sundry Creditors	80,000		
Workmen Compensation Reserve	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 ` 90,000. The partners also agreed for the following :

(i) The claim for workmen compensation has been estimated at ₹ 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.

Revaluation A/c

Particulars	₹	Particulars	₹

Partners' Capital Accounts

Particulars	S	T	U	V	Particulars	S	T	U	V

Balance Sheet

Liabilities	₹	Assets	₹

KENDRIYA VIDYALAYA SANGATHAN – AHMEDABAD REGION		
CH-3 & 4 – CHANGE IN PROFIT SHARING RATIO & ADMISSION OF A PARTNER		
WORKSHEET-3		
NAME OF STUDENT:		
DATE:		
1	For which of the following situations, the old profit sharing ratio of partners is used at the time of admission of a new partner ? (A) When new partner brings only a part of his share of goodwill. (B) When new partner is not able to bring his share of goodwill. (C) When, at the time of admission, goodwill already appears in the balance sheet. (D) When new partner brings his share of goodwill in cash.	1
A		
2	Meera, Myra and Neera were partners sharing profits in the ratio of 2:2:1. They decided to share future profits in the ratio of 7:5:3 with effect from 1st April,2022. Their Balance Sheet as on that date showed a balance of ₹ 45,000 in Advertisement Suspense Account. The amount to be debited respectively to the capital accounts of Meera, Myra and Neera for writing off the amount in Advertisement Suspense Account will be: (A) ₹ 18,000, ₹ 18000 and ₹ 9,000 (B) ₹ 15,000, ₹ 15,000 and ₹ 15,000 (C) ₹ 21,000, ₹ 15,000 and ₹ 9,000 (D) ₹ 22,500, ₹ 22,500 and Nil	1
A		
3	Mona and Tina were partners in a firm sharing profits in the ratio of 3:2. Naina was admitted with 1/6th share in the profits of the firm. At the time of admission, Workmen's Compensation Reserve appeared in the Balance Sheet of the Balance Sheet of the firm at ₹ 32,000. The claim on account of workmen's compensation was determined at ₹ 40,000.Excess of claim over the reserve will be : (A) Credited to Revaluation Account (B) Debited to Revaluation Account. (C) Credited to old partner's Capital Account (D) Debited to old partner's Capital Account.	1
A		
4	Avya, Divya and Kavya were equal partners. They decided to change the profit sharing ratio to 4:3:2. For this purpose the goodwill of the firm was valued at ₹ 90,000. The journal entry for the treatment of Goodwill will be:	1

Date	Particulars	L.F.	Dr. Amt. ₹	Cr. Amt. ₹
	(a) Kavya's Capital A/c Dr. To Avya's Capital A/c		10,000	 10,000
	(b) Divya's Capital A/c Dr. To Avya's Capital A/c		10,000	 10,000
	(c) To Avya's Capital A/c Dr. To Kavya's Capital A/c		90,000	 90,000
	(d) To Avya's Capital A/c Dr. To Kavya's Capital A/c		10,000	 10,000

5	At the time of admission of a new partner in the firm, the new partner compensates the old partners for their loss of share in the _________ of the firm for which he brings in an additional amount which is known as Premium for goodwill. (A) Average profit (B) Normal profit (C) Super profit (D) Actual profit	1

A		
6	Samiksha, Ash and Divya were partners in a firm sharing profits and losses in the ratio of 5:3:2. With effect from 1st April,2022, they agreed to share future profits and losses in the ratio of 2:5:3. Their Balance Sheet showed a debit balance of ₹ 50,000 in the Profit and Loss Account and a balance of ₹ 40,000 in the Investment Fluctuation Fund. (i) Goodwill of the firm be valued at ₹ 3,00,000. (ii) Investments of book value of ₹ 5,00,000 be valued at ₹ 4,80,000. Pass the necessary journal entries to record the above transactions in the books of the firm.	3
A		

Date	Particulars	L.F.	Dr. ₹	Cr. ₹

7	Raka, Seema and Mahesh were partners sharing profit and losses in the ratio of 5:3:2. With effect from 1st April, 2022 they manually agreed to share profits and losses in the ratio of 2:2:1. On that date, there was a workmen's compensation fund of ₹ 90,000 in the books of the firm. It was agreed that goodwill of the firm be valued at ₹ 70,000. Claim for workmen's compensation amounted ₹ 40,000. Profit on revaluation of assets and re-assessment amounted to ₹ 40,000. Pass necessary journal entries for the above transaction in the book of the firm.	3
A		

Date	Particulars	L.F.	Dr. ₹	Cr. ₹

8	Yash and Karan were partners in an interior designer firm. Their fixed capitals were ₹ 6,00,000 and ₹ 4,00,000 respectively. There were credit balance in their current accounts of ₹ 4,00,000 and ₹ 5,00,000 respectively. The firm had a balance of ₹ 1,00,000 in General Reserve. The firm did not have any liability. They admitted Radhika into partnership for 1/4th share in the profits of the firm. The averge profits of the firm for the last five years were ₹ 5,00,000. Calculate the value of goodwill of the firm by capitalisation of average profits method. The normal rate of return in the business is 10%.	3
9	Badal and Bijli were partners in a firm sharing profits in the ratio of 3:2. Their Balance Sheet as at 31st March,2022 was as follows :	6

Liabilities		Amount ₹	Assets	Amount ₹
Capitals :			Building	1,50,000
Badal	1,50,000		Investments	73,000
Bijli	90,000	2,40,000	Stock	43,000
Badal's Current A/c		12,000	Debtors	20,000
Investment Fluctuation Reserve		24,000	Bank	22,000
Creditors		26,000	Bijli's Current A/c	2,000
		3,10,000		3,10,000

Raina was admitted on the above date as a new partners for 1/6th share in the profits. The terms of agreement were as follows :

	(i) Raina will bring ₹ 40,000 as her capitals of Badal and Bijli will be adjusted on the basis of Raina's capital by opening current accounts. (ii) Raina will bring her share of goodwill premium for ₹ 12,000 in cash. (iii) The building was overvalued by ₹ 15,000 and stock by ₹ 3,000. (iv) A provision of 10% was to be created on debtors for bad debts. Prepare the Revaluation Account and Current and Capital Account of Badal, Bijli and Raina.	

Revaluation A/c

Particulars	₹	Particulars	₹

Partners' Capital Accounts

Particulars				Particulars			

Partners' Current Accounts

Particulars				Particulars			

KENDRIYA VIDYALAYA SANGATHAN – AHMEDABAD REGION		
CH-3 & 4 – CHANGE IN PROFIT SHARING RATIO & ADMISSION OF A PARTNER		
WORKSHEET-4		
NAME OF STUDENT:		
DATE:		
1	Akshita and Anurag are partners in a firm sharing profits in the ratio of 2 : 1. Akshat is admitted in the firm with 1/3 share in profits. Akshat acquires 2/3 of his share from Akshita and 1/3 of his share from Anurag. The new profit sharing ratio of Akshita, Anurag and Akshat will be : (a) 3:2:4 (b) 4:3:2 (c) 2:1:1 (d) 4:2:3	1
A		
2	Rohit and Mohit were partners sharing profits and losses in the rtio of 2:1. Their capital accounts as on 31.03.2021 had a credit balance of ₹ 1,09,000 and ₹ 66,000 respectively.They admitted Sahil as a new partner on 1st April, 2021 for 1/5th share in profits. Sahil brought ₹ 25,000 as his share of goodwill premium. He agreed to contribute capital in new profit-sharing ratio. The amount of capital brought by Sahil was: (a) ₹ 40,000 (b) ₹ 32,000 (c) ₹ 12,50,000 (d) ₹ 50,000	1
A		
3	On the reconstitution of a firm the value of furniture increased from ₹ 7,00,000 to ₹ 8,00,000 and stock reduced to ₹ 4,00,000 from ₹ 4,20,000. Gain or loss on revaluation will be : (a) ₹ 80,000 (b) ₹ 80,000 (c) ₹ 8,00,000 (d) ₹ 1,20,000	1
A		
4	At the time of change in profit sharing ratio among existing partners, Reserves are transferred to Partners in the following ratio :: (a) Sacrificing ratio (b) Gaining ratio (c) Old profit sharing ratio (d) New profit sharing ratio	1
A		
5	Asha and Nisha were partners in a firm sharing profits and losses in the ratio 3:1. Charu was admitted as a new partner for 1/4th share in the	1

	profits of the firm which she acquired equally from Asha and Nisha. The new profit sharing ratio of Asha, Nisha and Charu will be : (a) 3:1:4 (b) 1:1:2 (c) 5:1:2 (d) 1:2:1	
A		
6	Anu, Manu, Tanu and Kanu were partners in a firm sharing profits and losses in the ratio of 2 : 1 : 2 : 1. They decided to share profits and losses in the ratio of 4 : 2 : 3 : 1 with effect from 1st April, 2022. On this date, goodwill of the firm was valued at ₹ 1,20,000 and General Reserve appeared in the books at ₹ 36,000. Pass necessary journal entries for the above transactions. Show your workings clearly.	3
A		

Date	Particulars	L.F.	Dr. ₹	Cr. ₹

7	Mita, Geeta and Mohit were partners in a firm sharing profits and losses in the ratio of 5:3:2. With effect from 1st April, 2022, they mutually agreed to share profits and losses in the ratio of 2:2:1. It was agreed that : (i) Goodwill of the firm was valued at ₹ 1,40,000. (ii) Profit on revaluation of assets and re-assessment of liabilities amounted to ₹ 1,20,000. Pass necessary journal entries for the above transactions in the books of the firm. Show your working notes clearly.	3
A		

Date	Particulars	L.F.	Dr. ₹	Cr. ₹

Working Notes :

8	Aruna and Karuna are partners in a firm. They admit Varuna on 1st April, 2023 for 1/4th share in the profits of the firm. On an average, profit earned by Aruna and Karuna is ₹ 1,00,000. Average capital employed by the firm is ₹ 8,00,000. Normal rate of return in a similar type of business is 10%. Value of firm's goodwill is to be determined on the basis of Capitalisation of Super Profit. You are required to: (*i*) Calculate goodwill of the firm. (*ii*) Pass the Journal entries in the books of the firm if Varuna brings her share of goodwill in cash.	3
	(i) .	

(ii)

Date	Particulars	L.F.	Dr. ₹	Cr. ₹

9 Yuv and Veer were partners in a firm sharing profits and losses in the ratio of 3 : 1. Their Balance Sheet as on 31st March, 2022 was as under : 6

Balance Sheet of Yuv and Veer as at 31st March, 2022

Liabilities	Amount ₹	Assets	Amount ₹
Creditors	41,000	Plant and machinery	60,000
General Reserve	80,000	Building	40,000
Outstanding Exp.	12,000	Investments	60,000
Capitals:		Stock	50,000
Yuv 79,000		Debtors 38,000	
Veer 48,000	1,27,000	Less : Prov. for	
		Dbt. Debts 4,000	34,000
		Cash	16,000
	2,60,000		2,60,000

They decided to admit Yash in the firm on 1st April, 2022 for ¼ share in profits on the following terms :

(i) Yash will bring in proportionate capital and ₹ 4,000 as his share of goodwill premium in cash.

(ii) Investments were valued at ₹ 68,000.

(iii) Plant and Machinery was to be depreciated by 10%.

Prepare Revaluation Accounts and Partners' Capital Accounts.

Revaluation A/c

Particulars	₹	Particulars	₹

Partners' Capital Accounts

Particulars	Yuv	Veer	Yash	Particulars	Yuv	Veer	Yash

<table>
<tr><td colspan="3">KENDRIYA VIDYALAYA SANGATHAN – AHMEDABAD REGION</td></tr>
<tr><td colspan="3">CH-3 & 4 – CHANGE IN PROFIT SHARING RATIO & ADMISSION OF A PARTNER</td></tr>
<tr><td colspan="3">TEST-1</td></tr>
<tr><td colspan="3">NAME OF STUDENT:</td></tr>
<tr><td colspan="3">DATE:</td></tr>
<tr><td>1</td><td>State the ratio in which the partners share profits or losses on revaluation of assets and liabilities, when there is a change in profit sharing ratio amongst partners ?</td><td>1</td></tr>
<tr><td>A</td><td></td><td></td></tr>
<tr><td>2</td><td>Kamal and Vimal were partners in a firm sharing profits in the ratio of 3 : 2. Ghosh was admitted as a new partner for 1/5th share in the profits. On Ghosh's admission the Balance Sheet of the firm showed a credit balance of Rs.10,000 in its Profit and Loss Account which was debited by the accountant of the firm in the accounts of Kamal and Vimal. Did the accountant give correct treatment to the balance of Profit and Loss Account ? If 'yes' give the reason and if 'not' give the correct treatment.</td><td>1</td></tr>
<tr><td>A</td><td></td><td></td></tr>
<tr><td>3</td><td>Anurag and Bhawana entered into partnership on 1.4.2014. On 1.1.2015 they admitted Monika as a new partner for 3/10th share in the profits which she acquired equally from Anurag and Bhawana. The new profit sharing ratio of Anurag, Bhawana and Monika was 4 : 3 : 3. Calculate the profit sharing ratio of Anurag and Bhawana at the time of forming the partnership</td><td>1</td></tr>
<tr><td>A</td><td></td><td></td></tr>
<tr><td>4</td><td>Geeta, Sunita and Anita were partners in a firm sharing profits in the ratio of 5 : 3 : 2. On 1.1.2015 they admitted Yogita as a new partner for 1/10th share in the profits. On Yogita's admission, the Profit and Loss Account of the firm was showing a debit balance of Rs. 20,000 which was credited by the accountant of the firm to the capital accounts of Geeta, Sunita and Anita in their profit sharing ratio. Did the accountant give correct treatment ? Give reason in support of your answer.</td><td>1</td></tr>
<tr><td></td><td></td><td></td></tr>
<tr><td>5</td><td>When a new partner is admitted, the balance of 'General Reserve' appearing in the Balance Sheet at the time of admission is credited to :
(a) Profit and Loss Appropriation Account.
(b) Capital Accounts of all the partners.
(c) Capital Accounts of old partners.
(d) Revaluation Account.</td><td>1</td></tr>
<tr><td>A</td><td></td><td></td></tr>
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6	Anant, Gulab and Khushbu were partners in a firm sharing profits in the ratio of 5 : 3 : 2. From 1.4.2014, they decided to share the profits equally. For this purpose the goodwill of the firm was valued at Rs. 2,40,000. Pass necessary journal entry for the treatment of goodwill on change in the profit sharing ratio of Anant, Gulab and Khushbu.	1
A		

D	Particulars	Dr. Amt	Cr. Amt

7	A, B, C and D were partners in a firm sharing profits in the ratio of 4 : 3 : 2 : 1. On 1-1-2015 they admitted E as a new partner for share in the profits. E brought Rs.10,000 for his share of goodwill premium which was correctly recorded in the books by the accountant. The accountant showed goodwill at Rs.1,00,000 in the books. Was the accountant correct in doing so ? Give reason in support of your answer.	1
A		
8	Kajal, Neerav and Alisha are partners in a firm sharing profits in the ratio of 3 : 2 : 1. They decided to admit Rajan, their landlord as a partner in the firm. Rajan brought sufficient amount of capital and his share of goodwill premium. The accountant of the firm passed the entry of rent paid for the building to Rajan in 'Profit and Loss Appropriation Account'. Is he correct in doing so ? Give reason in support of your answer.	1
A		
9	Abhay and Beena are partners in a firm. They admit Chetan as a partner with $1/4^{th}$ share in the profits of the firm. Chetan brings Rs. 2,00,000 as his share of capital. The value of the total assets of the firm is Rs. 5,40,000 and outside liabilities are valued at Rs. 1,00,000 on that date. Give the necessary entry to record goodwill at the time of Chetan's admission. Also show your working notes.	4
A		

D	Particulars	Dr. Amt	Cr. Amt

10	Kumar, Gupta and Kavita were partners in a firm sharing profits and losses equally. The firm was engaged in the storage and distribution of canned juice and its godowns were located at three different places in the city. Each godown was being managed individually by Kumar, Gupta and Kavita. Because of increase in business activities at the godown managed by Gupta, he had to devote more time. Gupta demanded that his share in the profits of the firm be increased, to which Kumar and Kavita agreed. The new profit sharing ratio was agreed to be 1 : 2 : 1. For this purpose the goodwill of the firm was valued at two years purchase of the average profits of last five years. The profits of the last five years were as follows:	4

Year	I	II	III	IV	V
Profit (Rs)	4,00,000	4,80,000	7,33,000	(33,000)	2,20,000

	You are required to : (i) Calculate the goodwill of the firm. (ii) Pass necessary Journal Entry for the treatment of goodwill on change in profit sharing ratio of Kumar, Gupta and Kavita.	
A (i)		
A (ii)		

D	Particulars	Dr. Amt	Cr. Amt

11	Anu and Bhagwan were partners in a firm sharing profits in the ratio of 3 : 1. Goodwill appeared in the books at ` 4,40,000. Raja was admitted to the partnership. The new profit sharing ratio among Anu, Bhagwan and Raja was 2 : 2 : 1. Raja brought ` 1,00,000 for his capital and necessary cash for his goodwill premium. The goodwill of the firm was valued at Rs. 2,50,000. Record the necessary journal entries in the books of the firm for the above transactions.	4

D	Particulars	Dr. Amt	Cr. Amt

<table>
<tr><td colspan="3">KENDRIYA VIDYALAYA SANGATHAN – AHMEDABAD REGION</td></tr>
<tr><td colspan="3">CH-3 & 4 – CHANGE IN PROFIT SHARING RATIO & ADMISSION OF A PARTNER</td></tr>
<tr><td colspan="3">TEST-2</td></tr>
<tr><td colspan="3">NAME OF STUDENT:</td></tr>
<tr><td colspan="3">DATE:</td></tr>
<tr><td>1</td><td>Meera, Myra and Neera were partners sharing profits in the ratio of 2 : 2 : 1. They decided to share future profits in the ratio of 7 : 5 : 3 with effect from 1st April, 2019. Their Balance Sheet as on that date showed a balance of ₹ 45,000 in Advertisement Suspense Account. The amount to be debited respectively to the capital accounts of Meera, Myra and Neera for writing off the amount in Advertisement Suspense Account will be :
(A) ₹ 18,000, ₹ 18,000 and ₹ 9,000
(B) ₹ 15,000, ₹ 15,000 and ₹ 15,000
(C) ₹ 21,000, ₹ 15,000 and ₹ 9,000
(D) ₹ 22,500, ₹ 22,500 and Nil</td><td>1</td></tr>
<tr><td>A</td><td></td><td></td></tr>
<tr><td>2</td><td>Mona and Tina were partners in a firm sharing profits in the ratio of 3 : 2. Naina was admitted with th share in the profits of the firm. At the time of admission, Workmen’s Compensation Reserve appeared in the Balance Sheet of the firm at ₹ 32,000. The claim on account of workmen’s compensation was determined at ₹ 40,000. Excess of claim over the reserve will be :
(A) Credited to Revaluation Account.
(B) Debited to Revaluation Account.
(C) Credited to old partner’s Capital Account.
(D) Debited to old partner’s Capital Account.</td><td>1</td></tr>
<tr><td>A</td><td></td><td></td></tr>
<tr><td>3</td><td>X and Y were partners in a firm sharing profits in the ratio of 7 : 3. Z was admitted for 1/5th share in the profits which he took 75% from X and remaining from Y. Calculate the sacrificing ratio of X and Y.</td><td>1</td></tr>
<tr><td>A</td><td></td><td></td></tr>
<tr><td>4</td><td>Sun and Star were partners in a firm sharing profits in the ratio of 2 : 1. Moon was admitted as a new partner in the firm. New profit sharing ratio was 3 : 3 : 2. Moon brought the following assets towards his share of goodwill and his capital :
Machinery ₹ 2,00,000 Furniture ₹ 1,20,000 Stock ₹ 80,000 Cash ₹ 50,000
If his capital is considered as ₹ 3,80,000, the goodwill of the firm will be :
(A) ₹ 70,000 (B) ₹ 2,80,000 (C) ₹ 4,50,000 (D) ₹ 1,40,000</td><td>1</td></tr>
<tr><td></td><td></td><td></td></tr>
</table>

5	Milan, Khilan and Silam were partners sharing profits in the ratio of 2 : 2 : 1. They decided to share future profits in the ratio of 7 : 5 : 3 with effect from 1st April, 2019. After the revaluation of assets and re-assessment of liabilities, Revaluation Account showed a loss of ₹ 15,000. The amount to be debited in the capital account of Milan because of loss on revaluation will be : (A) ₹ 15,000 (B) ₹ 6,000 (C) ₹ 7,000 (D) ₹ 5,000	1
A		
6	P and Q were partners in a firm sharing profits in the ratio of 5 : 3. R was admitted for 1/4th share in the profits, of which he took 75% from P and the remaining from Q. Calculate the sacrificing ratio of P and Q.	1
A		
7	A, B and C were partners in a firm sharing profits in the ratio of 3:2:1. They admitted D as a new partner for 1/8th share in the profits, which he acquired 1/16th from B and 1/16th from C. Calculate the new profit sharing ratio of A, B, C and D.	1
A		
8	Ram, Mohan and Sohan were partners in a firm sharing profits in the ratio of 5:3:2. They admitted Hari as a new partner for 1/5th share in the profit which he acquired from Ram and Mohan in the ratio of 3:2. Calculate, the new profit sharing ratio of Ram,Mohan, Sohan and Hari.	1
A		

9	A and B were partners in a firm sharing profits and losses in the ratio of 5 : 3. They admitted C as a new partner. The new profit sharing ratio between A, B and C was 3 : 2 : 3. A surrendered $1/5^{th}$ of his share in favour of C. Calculate B's sacrifice.	1
A		
10	Durga and Naresh were partners in a firm. They wanted to admit five more members in the firm. List any two categories of individuals other than minors who cannot be admitted by them.	1
A		
11	A and B were partners in a firm sharing profits and losses in the ratio of 4 : 3. They admitted C as a new partner. The new profit sharing ratio between A, B and C was 3 : 2 : 2. A surrendered ¼ of his share in favour of C. Calculate B's Sacrifice.	1

12	State the ratio in which the partners share the gain or loss on revaluation of assets and liabilities.	1
A		
13	Reena and Raman are partners in a firm sharing profits in the ratio of 4 : 3. They admitted Roma as a new partner. The new profit sharing ratio between Reena, Raman and Roma was 3 : 2 : 2. Raman surrendered 1/3rd of his share in favour of Roma. Calculate Reena's sacrifice.	4
A		
14	Karan and Varun were partners in a firm sharing profits and losses in the ratio of 1 : 2. Their fixed capitals were ₹ 2,00,000 and ₹ 3,00,000 respectively. On 1st April, 2016 Kishore was admitted as a new partner for 1/4th share in the profits. Kishore brought ₹ 2,00,000 for his capital which was to be kept fixed like the capitals of Karan and Varun. Kishore acquired his share of profit from Varun. Calculate goodwill of the firm on Kishore's admission and the new profit sharing ratio of Karan, Varun and Kishore. Also, pass necessary Journal Entry for the treatment of Goodwill on Kishore's admission considering that Kishore did not bring his share of goodwill premium in Cash.	4
A		

Date	Particulars	L.F.	Dr. ₹	Cr. ₹

15 Pankaj and Naresh were partners in a firm sharing profits in the ratio of 3 : 2. Their fixed capitals were ₹ 5,00,000 and ₹ 3,00,000 respectively. On 1.1.2017, Saurabh was admitted as a new partner for 1/5th share in the profits. Saurabh acquired his share of profit from Pankaj. Saurabh brought ₹ 3,00,000 as his capital which was to be kept fixed like the capitals of Pankaj and Naresh.
Calculate the goodwill of the firm on Saurabh's admission and the new profit sharing ratio of Pankaj, Naresh and Saurabh. Also, pass necessary journal entry for the treatment of goodwill. 4

A

Date	Particulars	L.F.	Dr. ₹	Cr. ₹

16 S, T, U and V were partners in a firm sharing profits in the ratio of 4 : 3 : 2 : 1. On 1-4-2016 their Balance Sheet was as follows : 6

Balance Sheet of S, T, U and V as on 1-4-2016

Liabilities	Amount ₹	Assets	Amount ₹
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		
Workmen Compensation Reserve	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 ` 90,000. The partners also agreed for the following :

(i) The claim for workmen compensation has been estimated at ₹ 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.	

Revaluation A/c

Particulars	₹	Particulars	₹

Partners' Capital Accounts

Particulars	₹	₹	₹	₹	Particulars	₹	₹	₹	₹

Balance Sheet

Liabilities	₹	Assets	₹

KENDRIYA VIDYALAYA SANGATHAN – AHMEDABAD REGION		
CH-3 & 4 – CHANGE IN PROFIT SHARING RATIO & ADMISSION OF A PARTNER		
TEST-3		
NAME OF STUDENT:		
DATE:		
1	For which of the following situations, the old profit sharing ratio of partners is used at the time of admission of a new partner ? (A) When new partner brings only a part of his share of goodwill. (B) When new partner is not able to bring his share of goodwill. (C) When, at the time of admission, goodwill already appears in the balance sheet. (D) When new partner brings his share of goodwill in cash.	1
A		
2	Meera, Myra and Neera were partners sharing profits in the ratio of 2:2:1. They decided to share future profits in the ratio of 7:5:3 with effect from 1st April,2022. Their Balance Sheet as on that date showed a balance of ₹ 45,000 in Advertisement Suspense Account. The amount to be debited respectively to the capital accounts of Meera, Myra and Neera for writing off the amount in Advertisement Suspense Account will be: (A) ₹ 18,000, ₹ 18000 and ₹ 9,000 (B) ₹ 15,000, ₹ 15,000 and ₹ 15,000 (C) ₹ 21,000, ₹ 15,000 and ₹ 9,000 (D) ₹ 22,500, ₹ 22,500 and Nil	1
A		
3	Mona and Tina were partners in a firm sharing profits in the ratio of 3:2. Naina was admitted with 1/6th share in the profits of the firm. At the time of admission, Workmen's Compensation Reserve appeared in the Balance Sheet of the Balance Sheet of the firm at ₹ 32,000. The claim on account of workmen's compensation was determined at ₹ 40,000.Excess of claim over the reserve will be : (A) Credited to Revaluation Account (B) Debited to Revaluation Account. (C) Credited to old partner's Capital Account (D) Debited to old partner's Capital Account.	1
A		
4	Avya, Divya and Kavya were equal partners. They decided to change the profit sharing ratio to 4:3:2. For this purpose the goodwill of the firm was valued at ₹ 90,000. The journal entry for the treatment of Goodwill will be:	1

Date	Particulars	L.F.	Dr. Amt. ₹	Cr. Amt. ₹
	(a) Kavya's Capital A/c Dr. To Avya's Capital A/c		10,000	 10,000
	(b) Divya's Capital A/c Dr. To Avya's Capital A/c		10,000	 10,000
	(c) To Avya's Capital A/c Dr. To Kavya's Capital A/c		90,000	 90,000
	(d) To Avya's Capital A/c Dr. To Kavya's Capital A/c		10,000	 10,000

5	At the time of admission of a new partner in the firm, the new partner compensates the old partners for their loss of share in the _________ of the firm for which he brings in an additional amount which is known as Premium for goodwill. (A) Average profit (B) Normal profit (C) Super profit (D) Actual profit	1

A

6 Samiksha, Ash and Divya were partners in a firm sharing profits and losses in the ratio of 5:3:2. With effect from 1st April,2022, they agreed to share future profits and losses in the ratio of 2:5:3. Their Balance Sheet showed a debit balance of ₹ 50,000 in the Profit and Loss Account and a balance of ₹ 40,000 in the Investment Fluctuation Fund. 3

(i) Goodwill of the firm be valued at ₹ 3,00,000.

(ii) Investments of book value of ₹ 5,00,000 be valued at ₹ 4,80,000.

Pass the necessary journal entries to record the above transactions in the books of the firm.

A

Date	Particulars	L.F.	Dr. ₹	Cr. ₹

7 Raka, Seema and Mahesh were partners sharing profit and losses in the ratio of 5:3:2. With effect from 1st April, 2022 they manually agreed to share profits and losses in the ratio of 2:2:1. On that date, there was a workmen's compensation fund of ₹ 90,000 in the books of the firm. It was agreed that goodwill of the firm be valued at ₹ 70,000. Claim for workmen's compensation amounted ₹ 40,000. Profit on revaluation of assets and re-assessment amounted to ₹ 40,000. 3

Pass necessary journal entries for the above transaction in the book of the firm.

A

Date	Particulars	L.F.	Dr. ₹	Cr. ₹

10	Yash and Karan were partners in an interior designer firm. Their fixed capitals were ₹ 6,00,000 and ₹ 4,00,000 respectively. There were credit balance in their current accounts of ₹ 4,00,000 and ₹ 5,00,000 respectively. The firm had a balance of ₹ 1,00,000 in General Reserve. The firm did not have any liability. They admitted Radhika into partnership for 1/4th share in the profits of the firm. The averge profits of the firm for the last five years were ₹ 5,00,000. Calculate the value of goodwill of the firm by capitalisation of average profits method. The normal rate of return in the business is 10%.	3
16	Badal and Bijli were partners in a firm sharing profits in the ratio of 3:2. Their Balance Sheet as at 31st March,2022 was as follows :	6

Liabilities		Amount ₹	Assets	Amount ₹
Capitals :			Building	1,50,000
Badal	1,50,000		Investments	73,000
Bijli	90,000	2,40,000	Stock	43,000
Badal's Current A/c		12,000	Debtors	20,000
Investment Fluctuation Reserve		24,000	Bank	22,000
Creditors		26,000	Bijli's Current A/c	2,000
		3,10,000		3,10,000

Raina was admitted on the above date as a new partners for 1/6th share in the profits. The terms of agreement were as follows :

	(i) Raina will bring ₹ 40,000 as her capitals of Badal and Bijli will be adjusted on the basis of Raina's capital by opening current accounts. (ii) Raina will bring her share of goodwill premium for ₹ 12,000 in cash. (iii) The building was overvalued by ₹ 15,000 and stock by ₹ 3,000. (iv) A provision of 10% was to be created on debtors for bad debts. Prepare the Revaluation Account and Current and Capital Account of Badal, Bijli and Raina.	

Revaluation A/c

Particulars	₹	Particulars	₹

Partners' Capital Accounts

Particulars				Particulars			

Partners' Current Accounts

Particulars				Particulars			