



INDIAN SCHOOL MUSCAT

Senior Section

Department of Commerce and Humanities

Class : XII

Worksheet-No 4 :

Reference:

CH – 4: MCQs CHANGE IN PROFIT

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SHARING RATIO

Date of issue :

ACCOUNTANCY (055)

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submission

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Time:- 20 Minutes
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A. Multiple Choice Questions

1. Any change in the relationship of existing partners which results in an end of the existing agreement and enforces making of new agreement is called:
 - (a) Revaluation of partnership
 - (b) Reconstitution of partnership
 - (c) Realisation of partnership
 - (d) None of the above
2. The ratio in which a partner surrenders his share in favour of a partner is known as:
 - (a) New profit-sharing ratio
 - (b) Sacrificing Ratio
 - (c) Gaining Ratio
 - (d) Capital Ratio
3. The ratio in which a partner receives a rise in his share of profits is known as:
 - (a) New Ratio
 - (b) Sacrificing Ratio
 - (c) Capital Ratio
 - (d) Gaining Ratio
4. Reserves and accumulated profits are transferred to partners ' capital accounts at the time of reconstitution in:
 - (a) Old profit-sharing ratio

- (b) Sacrificing Ratio
 - (c) Gaining ratio
 - (d) New profit-sharing ratio
5. **Increase and decrease in the value of assets and liabilities are recorded through:**
- (a) Partners' Capital Account
 - (b) Revaluation Account
 - (c) Profit and Loss Appropriation Ne
 - (d) Balance Sheet
6. **In which of the following case, revaluation account is debited?**
- (a) Increase in value of asset
 - (b) Decrease in value of asset
 - (c) Decrease in value of liability
 - (d) No change in value of assets
7. **In which of the following cases, revaluation account is credited?**
- (a) Decrease in value of liability
 - (b) Increase in value of liability
 - (c) Decrease in value of asset
 - (d) No change in value of liability
8. **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
9. **Sacrificing ratio is the difference between :**
- (a) New ratio and old ratio
 - (b) Old ratio and new ratio
 - (c) New ratio and gaining ratio
 - (d) Old ratio and gaining ratio
10. **A and B are partners in a firm sharing profits in the ratio of 3 : 2. They decided to share future profits equally. Calculate A's gain or sacrifice**
- (a) 2/10 (sacrifice)
 - (b) 5/10 (gain)
 - (c) 1/10 (Gain)

- (d) 1/10 (sacrifice)
11. In case of change in profit-sharing ratio, the gaining partner must compensate the sacrificing partners by paying the proportional amount of
- capital
 - cash
 - goodwill
 - none of the above
12. In case of change in profit-sharing ratio, the accumulated profits are distributed to the partners in
- new ratio
 - old ratio
 - sacrificing ratio
 - equal ratio
- 13 R, S and T sharing profits and losses in the ratio of 1:2:3, decided to share future profit and losses equally. They also decided to adjust the following accumulated profits, losses and reserves without affecting their book figures, by passing a single adjustment entry:
- | | |
|----------------------|-------|
| General Reserve | 40000 |
| Profit and Loss A/c | 30000 |
| Share Issue expenses | 10000 |
- The necessary adjustment entry will be:
- Dr. R and Cr. T by ₹ 10,000
 - Dr. T and Cr. R by ₹ 10,000
 - Dr. S and Cr. R by ₹ 10,000
 - Dr. R and Cr. S by ₹ 10,000
14. U, V and W are partners sharing profits in the ratio of 2:3:5. They also decide to record the effect of the following revaluations and reassessments without affecting the book values of assets and liabilities by passing a single adjustment entry:

Particulars	Book Value (₹)	Revised Value (₹)
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Land and Building	3,00,000	3,50,000
Furniture	1,50,000	1,00,000
Sundry Creditors	60,000	20,000
Outstanding Salaries	10,000	15,000

The single adjustment entry will

- (a) Dr. W and Cr. U by ₹ 10,500
- (b) Dr. U and Cr. W by ₹ 10,500
- (c) Dr. V and Cr. U by ₹ 10,500
- (d) Dr. W and Cr. V by ₹ 10,500

15. X,Y and Z are partners sharing profits and losses in the ratio of 5:3:2.They decide to share the future profits in the ratio of 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 among the partners in old profit sharing ratio
- b) Distributed among the partners in new profit sharing ratio
- c) Distributed among the partners in capital ratio
- d) Carried forward to new balance sheet without any adjustment

16. A,B and C were are partners in a firm sharing profits in the ratio of 3:4:1 .They decided to share profits equally w.e.f from 1 .4.2019. On that date the profit and loss account showed the credit balance of 96,000.instead of closing the profit and loss account ,it was decided to record an adjustment entry reflecting the change in profit sharing ratio .In the journal entry:

- a) Dr. A by ₹ 4,000; Dr. B by ₹ 16,000; Cr C by ₹ 20,000
- b) Cr. A by ₹ 4,000; Cr. B by ₹ 16,000; Dr C by ₹ 20,000
- c) Cr. A by ₹ 16,000; Cr. B by ₹ 4,000; Dr C by ₹20,000
- d) Dr. A by ₹ 16,000; Dr. B by ₹ 4,000; Cr C by ₹ 20,000

17.should compensatein the case of reconstitution of the firm.

18. Increase in the value of assets and decrease in the value of liabilities result infor the existing partners and should beto P/L Adjustment a/c

State whether True or False

19. A partnership is reconstituted due to change in profit sharing ratio

20. A, B and C are sharing profits in the ratio of 3:2:1. They decided to share equally in future . B's has neither sacrificed nor gained .

PLEASE PRACTICE AND THAN CHECK ANSWER

ANSWERS :-

Q No	Answer	Q No	Answer
1	B	11	C
2	B	12	B
3	D	13	A
4	A	14	B
5	B	15	A
6	B	16	B
7	A	17	Gaining Partner, Sacrificing Partner
8	D	18	Gain, Credited
9	B	19	True
10	D	20	True

Marks Scored :-----/ 20