



INDIAN SCHOOL AL WADI AL KABIR

Class: XII Accountancy	Department: Commerce
Worksheet: 2	Topic: Change in profit sharing ratio

1. K, L and M shared profit and losses in the ratio of 3:2:1 respectively. With effect from 1.4.2025, they agreed to share profits equally. The goodwill of the firm was valued at ₹18,000. The goodwill already existing in the books of the firm ₹12,000. Pass the necessary journal entries.

2. X and Y are partners in a firm sharing profits and losses in the ratio of 3:2. With effect from 1st April, 2025, they decided to share future profits equally. On the date of change in the profit-sharing ratio, the Profit and Loss Account showed a credit balance of ₹1,50,000 and General reserve was ₹50,000.

Case A: Record the necessary Journal entry for the distribution of these amounts.

Case B: Pass adjusting entry.

3. Surya, Sanju and Shivam are presently sharing profit in the ratio of 5:3:2 and they decide to change the ratio to 2:3:5.

Pass the journal entry to distribute Workmen compensation Reserve of ₹1,20,000 at the time of change in profit sharing ratio in the following cases:

- when there is no claim.
- when there is a claim of ₹1,20,000 against it.
- when there is a liability of ₹80,000 against it.
- when there is a claim of ₹1,40,000 against it.

4. A, B and C sharing profit and losses in the ratio of 4:3:2, decide to share future profit and losses in the ratio 2:3:4 with effect from 1st April 2024.

An extract of Balance sheet as at 31.3.2024 is:

Liabilities	₹	Assets	₹
Investment Fluctuation Reserve	12,000	Investments (At cost)	1,50,000

Pass the journal entry in each case:

Case (a): The Market value of investment is ₹1,47,000

Case (b): The Market value of investment is ₹1,32,000

Case (c): The Market value of investment is ₹2,18,000.

Case (d): There is no change in the value of investment.

5. S, T and U share profits as 5:3:2. They decide to share their future profits as 4:3:3 with effect from 1st April, 2025. On this date the following revaluations have taken place:

	Book Values (₹)	Revised Values (₹)
Investments	22,000	25,000
Plant and machinery	25,000	20,000
Land and Building	40,000	50,000
Outstanding Expenses	5,600	6,000
Sundry Debtors	60,000	50,000

Trade Creditors 70,000 60,000
 Prepare Revaluation A/c and pass the journal entries to be made because of the above changes in the values of assets and liabilities.

6. Vinod, Brijesh and Prakash are partners sharing profits and losses in the ratio of 3:3:2. Their balance sheet as on March 31st 2024 was as follows:

Liabilities	₹	Assets	₹
Sundry creditors	48,000	Bank	74,000
Employees Provident Fund	72,000	Sundry Debtors	88,000
Capital: Vinod- 4,00,000		Stock	2,40,000
Brijesh- 3,00,000		Machinery	3,18,000
Prakash- 3,00,000		Building	4,00,00
	1,00,000		
	11,20,000		11,20,000

Partners decided that with effect from April 1, 2024, they would share profits and losses in the ratio of 4:3:2. It was agreed that:

- (i) Stock is overvalued by ₹20,000.
 - (ii) Machinery is to be depreciated by 10%
 - (iii) A provision for doubtful debts is to be made on debtors at 5%.
 - (iv) Building is to be appreciated by 20%
 - (v) A liability for ₹5,000 included in sundry creditors is not likely to arise.
- Prepare Revaluation A/c.

7. Nisha, Uma and Sulekha are partners sharing profits and losses in the ratio of 3:2:1. Their balance sheets as on 31st Mar 2025 were as follows:

Liabilities	₹	Assets	₹
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	
Nisha 3,00,000			60,000
Uma 3,00,000		Stock	
Sulekha 50,000		Furniture	1,80,000
	6,50,000	Plant	30,000
	8,00,000	Building	2,00,000
			3,00,000
			8,00,000

The Partners agreed that from 1st April 2025 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 ₹1,500. (iii) Furniture is to be depreciated by 20% and plant by 15%. (iv) ₹3,500 are outstanding for salaries. (v) Building is to be valued at ₹3,50,000. (vi) Goodwill is valued at Rs. 45,000.

Prepare Revaluation A/c and Partners Capital A/c.

8. Kaushik, Chandan and Akashdeep were partners in a firm sharing profits in 2:1:3 ratio. Their Balance Sheet as on 31st March, 2025 was as follows:

Liabilities	₹	Assets	₹
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
Kaushik 2,00,000		Debtors	60,000
Chandan 1,00,000		Bank	10,000
Akashdeep 50,000			
	3,50,000		
	5,50,000		5,50,000

From 1st April, 2025 Kaushik, Chandan and Akashdeep decided to share the future profits equally. For this purpose, it was decided that:

- Goodwill of the firm be valued at ₹3,00,000.
- Land be revalued at ₹1,60,000 and building be depreciated by 6%.
- Creditors of ₹12,000 were not likely to be claimed and hence be written off.

Prepare Revaluation Account, Partners' Capital Account.

9. Ranbeer, Samar, Mahesh and Ganesh are partners in a firm sharing profits in the ratio of 2:2:3:3.

Balance Sheet as on 1.4.2025

Liabilities	₹	Assets	₹
Capitals:		Fixed Assets	6,00,000
Ranbeer 1,00,000		Current assets	3,45,000
Samar 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 ₹90,000. The partners also agreed for the following:

- The claim for workmen compensation has been estimated at ₹70,000 and fixed assets depreciated by 10%.
- 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 Account.

10. 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, 2024 was as follows

Liabilities	₹	Assets	₹
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		
	9,00,000		9,00,000

Partners decided that with effect from 1st April, 2024 they would share profits and losses equally. It was agreed that:

- (i) Stock is to be valued at ₹2,00,000.
- (ii) Value of Machinery is to be decreased by 10%.
- (iii) A Provision for Doubtful Debts is to be made on Sundry Debtors @ 5%.
- (iv) Building to be appreciated by ₹50,000

Pass the necessary journal entries.