2. Change in Profit Sharing Ratio

OBJECTIVE QUESTION SET 1

1 Sacrificing Ratio :
(A) New Ratio - Old Ratio (B) Old Ratio - New Ratio(C) Old Ratio - Gaining Ratio (D) Gaining Ratio - Old Ratio

2. Gaining Ratio :
(A) New Ratio - Sacrificing Ratio (B) Old Ratio - Sacrificing Ratio(C) New Ratio - Old Ratio (D) Old Ratio - New Ratio

3. A and B were partners in a firm sharing profit or loss euqally. 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 $\frac{3}{7}$

4. 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, B's gain or sacrifice will be :
(A)Gain$\frac{1}{14}$(B)Sacrifice$\frac{1}{14}$ (C)Gain $\frac{4}{7}$(D)Sacrifice$\frac{3}{7}$

5.A and B were partners in a firm sharing profit or loss in the ratio of 3 : 5. With effect from 1st April, 2019, they agreed to share profits or losses equally. Due to change in profit sharing ratio, A's gain or sacrifice will be :
(A)Gain $\frac{3}{8}$ (B)Gain $\frac{1}{8}$(C) Sacrifice$\frac{3}{8}$(D)Sacrifice$\frac{1}{8}$

6.A and B were partners in a firm sharing profits and losses in the ratio of 2 : 1. With effect from 1st January, 2019 they agreed to share profits and losses equally. Individual partner's gain or sacrifice due to change in the ratio will be :
(A)Gain by A $\frac{1}{6}$;SacrificebyB$\frac{1}{6}$(B)Sacrificeby A$\frac{1}{6}$;GainbyB $\frac{1}{6}$ (C) Gain by A$\frac{1}{2}$;SacrificebyB$\frac{1}{2}$(D)Sacrificeby A$\frac{1}{2}$;GainbyB $\frac{1}{2}$

7.A and B share profits and losses in the ratio of 3 : 2. With effect from 1st January, 2019, they agreed to share profits equally. Sacrificing ratio and Gaining Ratio will be :
(A)Sacrifice by A$\frac{1}{10}$; Sacrifice by B $\frac{1}{10}$ (B)Gain by A $\frac{1}{10}$; Gain by B $\frac{1}{10}$(C)Sacrifice by A $\frac{1}{10}$; Gain by B $\frac{1}{10}$
(D)Gain by A $\frac{1}{10}$; Sacrifice by B $\frac{1}{10}$

8.A and B were partners in a firm sharing profit or loss in the ratio of 3 : 1. With effect from Jan. 1, 2019 they agreed to share profit or loss in the ratio of 2 : 1. Due to change in profit-loss sharing ratio, B's gain or sacrifice will be : (A)Gain $\frac{1}{12}$(B) Sacrifice $\frac{1}{12}$(C) Gain $\frac{1}{3}$(D) Sacrifice $\frac{1}{3}$

9.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 $\frac{1}{60}$(B) Sacrifice $\frac{1}{60}$(C) Gain $\frac{2}{60}$(D) Sacrifice $\frac{3}{60}$

10.X, Yand Z are partners in a firm sharing profits and losses in the ratio of 5:3:2. The partners decide to share future profits and losses in the ratio of 3:2:1. Each partner's gain or sacrifice due to change in the ratio will be :
(A)X Sacrifice $\frac{1}{30}$; YGain $\frac{1}{30}$; ZNil(B)X Gain $\frac{1}{30}$; Y Nil; Z Sacrifice $\frac{1}{30}$(C)X Nil; Y Sacrifice $\frac{1}{30}$; Z Gain $\frac{1}{30}$
(D)X Nil; Y Gain $\frac{1}{30}$; Z Sacrifice $\frac{1}{30}$

11.A, B and C were partners in a firm sharing profits and losses in the ratio of 3:2:1. The partners decide to share future profits and losses in the ratio of 2:2:1. Each partner's gain or sacrifice due to change in ratio will be :
(A)Sacrifice A $\frac{3}{30}$; Gain B $\frac{2}{30}$; Gain C $\frac{1}{30}$(B)Gain A $\frac{2}{30}$; Gain B$\frac{1}{30}$; Sacrifice C$\frac{3}{30}$(C)Sacrifice A $\frac{3}{30}$; Gain B $\frac{1}{30}$; Gain C $\frac{2}{30}$
(D)Gain A $\frac{1}{30}$; Gain B $\frac{1}{15}$; Sacrifice C $\frac{1}{10}$

12.A, B and C were partners in a firm sharing profits and losses in the. ratio of 4:3:2. The partners decide to share future profits and losses in the ratio of 2:2: 1. Each partner's gain or sacrifice due to change in the ratio will be :
(A)Sacrifice A $\frac{2}{45}$; Sacrifice B $\frac{1}{45}$; Gain C $\frac{3}{45}$(B)Gain A$\frac{2}{45}$; Sacrifice B $\frac{3}{45}$; Gain C $\frac{1}{45}$(
C)Sacrifice A$\frac{2}{45}$; Gain B $\frac{3}{45}$; Sacrifice C $\frac{1}{45}$(D)Gain A $\frac{2}{45}$; Gain B $\frac{1}{45}$; Sacrifice C $\frac{3}{45}$

13.A, B and C were partners in a firm sharing profits in 4 : 3 : 2 ratio. They decided to share future profits in 4 : 3 : 1 ratio. Sacrificing ratio and gaining ratio will be :
(A)A Sacrifice $\frac{4}{72}$; B Sacrifice$\frac{3}{72}$; C Gain$\frac{7}{72}$(B)A Gain $\frac{3}{72}$; B Gain $\frac{4}{72}$; C Sacrifice $\frac{7}{72}$
(C)A Sacrifice $\frac{3}{72}$; B Sacrifice $\frac{4}{72}$; C Gain $\frac{7}{72}$(D)A Gain $\frac{4}{72}$; B Gain $\frac{3}{72}$; C Sacrifice $\frac{7}{72}$

14.A, 7 and Z were partners sharing profits in the ratio 2:3:4 with effect from 1st January, 2019 they agreed to share profits in the ratio 3:4:5. Each partner's gain or sacrifice due to change in the ratio will be :
(A)X Gain $\frac{1}{36}$; Y Nil; Z Sacrifice $\frac{1}{36}$(B)XSacrifice $\frac{1}{36}$; Y Nil; Z Gain $\frac{1}{36}$(C)X Gain $\frac{1}{36}$;Y Sacrifice $\frac{1}{36}$; ZNil

(D)XSacrifice $\frac{1}{36}$; YGain $\frac{1}{36}$; ZNil
15.X, Yand Z were in partnership sharing profits in the ratio 4:3:1. The partners agreed to share future profits in the ratio 5:4:3. Each partner's gain or sacrifice due to change in ratio will be :
(A)X Sacrifice$\frac{2}{24}$; Y Sacrifice $\frac{1}{24}$; Z Gain $\frac{3}{24}$(B)X Gain $\frac{2}{24}$; Y Gain$\frac{1}{24}$;Z Sacrifice $\frac{3}{24}$
(C)X Sacrifice $\frac{1}{24}$; Y Sacrifice $\frac{2}{24}$; Z Gain$\frac{3}{24}$(D)X Sacrifice $\frac{2}{24}$; Y Gain $\frac{3}{24}$; Z Sacrifice $\frac{1}{24}$
16.A, B and C are equal partners in the firm. It is now agreed that they will share the future profits in the ratio 5:3:2. Sacrificing ratio and gaining ratio of different partners will be :
(A)A Sacrifice$\frac{5}{30}$; B Gain $\frac{1}{30}$; C Gain $\frac{4}{30}$(B)A Gain $\frac{5}{30}$; B Sacrifice $\frac{4}{30}$; C Sacrifice $\frac{1}{30}$
(C)A Gain $\frac{5}{30}$; B Sacrifice $\frac{1}{30}$; C Sacrifice $\frac{4}{30}$(D)A Sacrifice $\frac{5}{30}$; B Gain $\frac{4}{30}$; C Gain $\frac{1}{30}$
17.Which of the following is True in relation to goodwill?
(A)Goodwill is a fictitious asset(B)Goodwill is a current asset(C)Goodwill is a wasting asset
(D)Goodwill is an intangible asset
18. The excess amount which the firm can get on selling its assets over and above the saleable value of its assets is called : (A)Surplus(B)Super profits.(C) Reserve(D)Goodwill
19.Which of the following is NOT true in relation to goodwill?
(A)It is an intangible asset(B)It is fictitious asset(C) It has a realisable value(D)None of the above
20. When Goodwill is not purchased goodwill account can :
(A)Never be raised in the books(B)Be raised in the books(C)Be partially raised in the books
(D)Be raised as per the agreement of the partners
21.The Goodwill of the firm is NOT affected by :
(A)Location of the firm(B) Reputation of firm(C) Better customer service(D) None of the above
22.Capital employed by a partnership firm is Rs.5,00,000. Its average profit is Rs.60,000. The normal rate of return in similar type of business is 10%. What is the amount of super profits?
(A)Rs.50,000(B)Rs. 10,000(C) Rs.6,000(D)Rs.56,000
23 Weighted average method of calculating goodwill is used when :
(A)Profits are not equal(B) Profits show a trend(C) Profits are fluctuating(D) None of the above
24.The profits earned by a business over the last 5 years are as follows : Rs. 12,000; Rs. 13,000; Rs.14,000; Rs. 18,000 and Rs.2,000 (loss). Based on 2 years purchase of the last 5 years profits, value of Goodwill will be :
(A)Rs. 23,600(B)Rs. 22,000(C) Rs. 1,10,000(D)Rs. 1,18,000
25.The average profit of a business over the last five years amounted to Rs.60,000. The normal commercial yield on capital invested in such a business is deemed to be 10% p.a. The net capital invested in the business is Rs.5,00,000. Amount of goodwill, if it is based on 3 years purchase of last 5 years super profits will be :
(A)Rs. 1,00,000(B)Rs. 1,80,000(C) Rs. 30,000(D)Rs. 1,50,000
26.Tangible Assets of the firm are Rs. 14,00,000 and outside liabilities are Rs.4,00,000. Profit of the firm is Rs. 1,50,000 and normal rate of return is 10%. The amount of Capital employed will be
(A) Rs. 10,00,000(B) Rs. 1,00,000(C) Rs.50,000(D) Rs.20,000
27.Under the capitalisation method, the formula for calculating the goodwill is :
(A)Super profits multiplied by the rate of return(B)Average profits multiplied by the rate of return
(C)Super profits divided by the rate of return(D)Average profits divided by the rate of return
28.Total assets of a firm including fictitious assets of Rs.5,000 are Rs.85,000. The net liabilities of the firm are Rs.30,000. The normal rate of return is 10% and the average profits of the firm are Rs.8,000. Calculate the goodwill as per capitalisation of super profits.
(A) Rs.20,000(B)Rs.30,000(C) Rs.25,000(D)None of these
29.Total Capital employed in the firm is Rs.8,00,000, reasonable rate of return is 15% and Profit for the year is Rs. 12,00,000. The value of goodwill of the firm as per capitalization method would be :
(A) Rs.82,00,000(B)Rs. 12,00,000(C) Rs.72,00,000(D)Rs.42,00,000
30.The average capital employed of a firm is Rs.4,00,000 and the normal rate of return is 15%. The average profit of the firm is Rs.80,000 per annum. If the remuneration of the partners is estimated to be Rs. 10,000 per annum, then on the basis of two years purchase of super-profit, the value of the Goodwill willbe :
(A) Rs. 10,000(B) Rs.20,000(C) Rs.60,000(D) Rs.80,000
31. A firm earns Rs. 1,10,000. The normal rate of return is 10%. The assets of the firm amounted to Rs.11,00,000 and liabilities to Rs. 1,00,000, Value of goodwill by capitalisation of Average Actual Profits will be :

(A) Rs.2,00,000(B)Rs. 10,000(C) Rs. 5,000(D)Rs.1,00,000

32.Capital invested in a firm is Rs.5,00,000. Normal rate of return is 10%. Average profits of the firm are Rs.64,000 (after an abnormal loss of Rs.4,000). Value of goodwill at four times the super profits will be :

(A) Rs. 72,000(B)Rs. 40,000(C) Rs.2,40,000(D)Rs.1,80,000

33.P and Q were partners sharing profits and losses in the ratio of 3 : 2. They decided that with effect from 1st January, 2019 they would share profits and losses in the ratio of 5 : 3, Goodwill is valued at Rs.1,28,000. In adjustment entry :

(A)Cr. P by Rs.3,200;Dr.Q byRs.3,200(B)Cr. P by Rs.37,000;Dr.Q byRs.37,000

(C)Dr. P by Rs.37,000; Cr. Q by Rs.37,000(D)Dr. P by Rs. 3,200 Cr. Q by Rs. 3,200

34.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 adjusting entry for goodwill :

(A)A's Capital A/c Cr. by Rs.4,800; B's Capital A/c Cr. by Rs.3,600;
C's Capital A/c Cr. by Rs.2,400.

(B)A's Capital A/c Cr. by Rs.3,600; B's Capital A/c Cr. by Rs.3,600;
C's Capital A/c Cr. by Rs.3,600.

(C) A's Capital A/c Dr. by Rs. 1,200; C's Capital A/c Cr. by Rs.1,200;

(D) A's. Capital A/c Cr. by Rs.1,200; C's Capital A/c Dr. by Rs.1,200

35.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 Rs. 1,20,000. In Adjustment entry for goodwill:

(A)Cr. AbyRs.6,000;Dr.B byRs.2,000; Dr. C by Rs.4,000(B)Dr. AbyRs.6,000;Cr.B byRs.2,000; Cr. C by Rs.4000

(C)Cr. AbyRs.6,000;Dr.B byRs.4,000; Dr. C by Rs.2,000(D)Dr. AbyRs.6,000;Cr.B byRs.4,000; Cr. C by Rs.2,000

36.P, Q and R were partners in a firm sharing profis in 5 : 3 : 2 ratio. They decided to share the future profits in 2 : 3 : 5. For this purpose the goodwill of the firm was valued at Rs. 1,20,000. In adjustment entry for the treatment of goodwill due to change in the profit sharing ratio :

(A)Cr. P by Rs.24,000; Dr. R by Rs.24,000(B)Cr. P by Rs.60,000; Dr. R by Rs.60,000

(C)Cr. P by Rs.36,000; Dr. R by Rs.36,000(D)Dr. P by Rs.36,000; Cr. R by Rs.36,000

37.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 Rs.90,000.

The journal entry for the treatment of Goodwill on change in profit sharing ratio will be :

Particulars		Dr. (Rs.)	Cr. (Rs.)
(A) Kavya's Capital A/c To Avya's Capital A/c	Dr.	10,000	 10,000
(B) Divya's Capital A/c To Avya's Capital A/c	Dr.	10,000	 10,000
(C) Avya's Capital A/c To Kavya's Capital A/c	Dr.	90,000	 90,000
(D) Avya's Capital A/c To Kavya's Capital A/c	Dr.	10,000	 10,000

38.Red, Blue and White were partners in a firm sharing profits in the ratio of 1:2:2. They decided to share future profits in the ratio of 7 : 5 : 3 with effect from 1 st April, 2019. Their Balance Sheet as on that date showed a balance of Rs.22,500 in Deferred Revenue Expenditure Account. The amount to be debited respectively to the capital accounts of Red, Blue and White for writing off Deferred Revenue Expenditure will be :

(A)Rs.7,500, Rs.7,500 and Rs.7,500(B)Rs.4,500, Rs.9,000 and Rs.9,000(C)Rs. 10,500, Rs.7,500 and Rs.4,500

(D) Rs.11,250, Nil and Rs. 1 1,250

39.A, B and C are partners in a firm sharing profits in the ratio of 3 : 4 : 1. They decided to share profits equally w.e.f. 1st April, 2019. On that date the Profit and Loss Account showed the credit balance of Rs.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 Rs. 4,000; Dr. B by Rs. 16,000; Cr. C by Rs.20,000

(B)Cr. A by Rs. 4,000; Cr. B by Rs. 16,000; Dr. C by Rs.20,000

(C)Cr. A by Rs.16,000; Cr. B by Rs. 4,000; Dr. Cby Rs.20,000

(D)Dr. A by Rs. 16,000; Dr. B by Rs. 4,000; Cr. C by Rs.20,000

40.A, B and C are partner sharing profits in the ratio of 1 : 2 : 3. On 1-4-2019 theydecided to share the profits equally. On the date there was a credit balance of Rs. 1,20,000 in their Profit and Loss Account and a balance of Rs.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 Rs.50,000; Cr. B by Rs.50,000 (B)Cr. A by Rs.50,000; Dr. B by Rs.50,000
(C)Dr. A by Rs.50,000; Cr. Cby Rs.50,000 (D)Cr. A by Rs.50,000; Dr. Cby Rs.50,000

41.X, Y and Z are partners in a firm sharing profits in the ratio 4:3:2. Their Balance Sheet as at 31-3-2019 showed a debit balance of Profit & LossA/c Rs.1,80,000. From 1-4-2019 they will share profits equally. In the necessary journal entry to give effect to the above arrangement when X, Y and Z decided not to close the Profit & Loss Acccount:

(A)Dr. X by Rs.20,000; Cr. Zby Rs.20,000(B)Cr.Xby Rs.20,000; Dr. Zby Rs.20,000
(C)Dr. X by Rs.40,000; Cr. Zby Rs.40,000(D)Cr. Xby Rs.40,000; Dr. Zby Rs.40,000

42.Arun and Varun are partners sharing profits in the ratio of 4 : 3. Their Balance Sheet showed a balance of Rs.56,000 in the General Reserve Account and a debit balance of Rs. 14,000 in Profit and Loss Account. They now decided to share the future profits equally. Instead of closing the General Reserve Account and Profit and Loss Account, it is decided to pass an adjustment entry for the same. In adjustment entry :

(A)Dr. Arun by Rs.3,000; Cr. Varun by Rs.3,000(B)Dr. Arun by Rs.5,000; Cr. Varun by Rs.5,000
(C)Cr. Arun by Rs.5,000; Dr. Varun by Rs.5,000(D)Cr. Arun by Rs.3,000; Dr. Varun by Rs.3,000

43.X, Y and Z are partners in a firm sharing profits in the ratio of 3 : 2 : 1. They decided to share future profits equally. The Profit and Loss Account showed a Credit balance of Rs.60,000 and a General Reserve of Rs.30,000. If these are not to be shown in balance sheet, in the journal entry :

(A)Cr. X by Rs. 15,000; Dr. Zby Rs. 15,000 (B)Dr. Xby Rs. 15,000; Cr. Zby Rs. 15,000 (C)Cr. X by Rs.45,000; Cr. Y by Rs.30,000; Cr. Zby Rs. 15,000 (D)Cr. X by Rs.30,000; Cr. Y by Rs.30,000; Cr. Zby Rs.30,000

44.X, Yand 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

45. Any change in the relationship of existing partners which results in an end of the existing agreement and enforces making of a new agreement is called

(A) Revaluation of partnership. (B) Reconstitution of partnership.(C) Realization of partnership.(D) None OF ABOV

46. 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 Rs.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) Rs. 18,000, Rs. 18,000 and Rs.9,000(B) Rs. 15,000, Rs. 15,000 and Rs. 15,000
(C) Rs.21,000, Rs. 15,000 and Rs.9,000(D) Rs.22,500, Rs.22,500 and Nil

1.	B	2.	C	3.	A	4.	B	5.	B
6.	B	7.	C	8.	A	9.	A	10.	D
11.	A	12.	C	13.	D	14.	A	15.	A
16.	C	17.	D	18.	D	19.	B	20.	A
21.	D	22.	B	23.	B	24.	B	25.	C
26.	A	27.	C	28.	B	29.	C	30.	B
31.	D	32.	A	33.	D	34.	D	35.	A
36.	C	37.	D	38.	B	39.	B	40.	C
41.	A	42.	D	43.	C	44.	A	45.	B
46.	A								

OBJECTIVE QUESTION SET 2

1. in the event of change in profit-sharing ratio, General Reserve existing in the Balance Sheet is transferred to Capital Accounts of partners in their

(a) sacrificing ratio. (b) gaining ratio.(c)old profit-sharing ratio. (d)new profit-sharing ratio.

2» If the existing profit-sharing ratio among A, B and C of 3: 2: 1 is changed to 1: 2: 3, then the partner(s) whose share will be unaffected is/are

(a) A. (b) B.(c) C. (d) Aand C.

3. X and Y shared profits and losses in the ratio of 3: 2. With effect from 1st April, 2020, they agreed to share profits equally. Goodwill of the firm was valued at Rs. 60,000. The adjustment entry will be

(a) Dr. Y's Capital A/c and Cr.X's Capital A/c by Rs. 6,000

(b) Dr.X's Capital A/c and Cr. Y's Capital A/c by Rs. 6,000.

(c) Dr.Xs Capital A/c and Cr. Y's Capital A/c by Rs. 600.

(d) Dr. rs Capital A/c and Cr.X's Capital A/c by Rs. 600.

4. A, B and ,Care partners sharing profits in the ratio of 5: 3: 2. They decided to share future profits in the ratio of 2: 3: 5. What will be the accounting treatment of Workmen Compensation Reserve appearing in the Balance Sheet on that date when no other information is available for the same?

(a) Distributed among partners in their capital ration

(b) Distributed among partners in their new profit-sharing ratio.

(c) Distributed among partners in their old profit-sharing ratio.

(d) Carried forward to new Balance Sheet.

5. The ratio in which one or more partners of the firm forego, /.&, sacrifice their share of profits in favour of one or more partners of the firm is known

(a) Sacrificing Ratio. (b)Gaining Ratio(c)No change in ratio (d)Either (a) or (b).

6. Out of the following which is not a part of change in the Profit-sharing Ratio:

(a) Determination of Sacrificing Ratio and Gaining Ratio(b) Accounting of Goodwill

(c) Accounting of Reserves, Accumulated Profits and Losses (d)Dissolution of Partnership Firm

7. A and B were partners in a firm sharing profits equally. With effect from 1st April, 2020, they decidedto share profits in the ratio of 4:3. Due to change in profit-sharing ration's gain or sacrifice will be

(a) Gain 1/14. (b) Sacrifice 1/14. (c)Gain 3/4. (d)Sacrifice 3/7.

8. Assets are revalued and liabilities are reassessed at the time of change in profit-sharing ratio so that

(a) assets and liabilities are shown at their present values.

(b) gaining partner is not put to an advantage and sacrificing partner is not put to disadvantage and vice versa.

(c) Both (a) and (b). (d)Assets and liabilities are shown at their market values.

9. Raju and Gaurav were partners in a firm sharing profits and losses in the ratio of 2:1. With effect from 1st January, 2020, they decided to share profits and losses equally. Individual partner's gain or sacrifice due to change in the ratio will be

(a) Gain by Raju 1/6, Sacrifice by Gaurav 1/6.(b)Sacrifice by Raju 1 /6, Gain by Gaurav 1 /6.

(c) Gain by Raju 1/2, Sacrifice by Gaurav 1/2.(d)Sacrifice by Raju 1/2, Gain by Gaurav 1/2.

10. Raman and Rajan were partners in a firm sharing profits or losses in the ratio of 3:1 .With effect from 1st January, 2020, they agreed to share profits in the ratio of 2:1. Due to change in profit-sharing ratio, Rajan's gain or sacrifice will be

(a) Gain 1/12. (b) Sacrifice 1/12.(c) Gain 2/60.(d) Sacrifice 3/60.

11. Neha, Nisha and Yamini are partners in a firm sharing profits and losses in the ratio of 5:3: 2. They decided to share future profits and losses in the ratio of 3:2:1. Each partner's gain or sacrifice due to change in the ratio will be

(a) Neha Sacrifice 1/30; Nisha Gain 1/30;Yamini Nil.(b)Neha Gain 1/30; Nisha Nil;Yamini Sacrifice 1/30.

(c) Neha Nil; Nisha Sacrifice1/30;Yamini Gain 1/30.(d)Neha Nil; Nisha Gain 1/30;Yamini Sacrifice1/30.

12. At the time of change in profit-sharing ratio, sacrificing ratio is determined so that

(a) assets and liabilities are shown at their present values.

(b) gaining partner is not putto an advantage and sacrificing partner is not put to disadvantage and vice versa.

(c) gaining partner can compensate the sacrificing partner for the sacrifice of profit share.

(d) assets and liabilities are shown at their current estimated values.

13. Change in relationship among partners is called

(a) dissolution of firm(b) reconstitution of firm(c) insolvency of firm (d) None of these

14. Which of the following is used to find out sacrificing ratio?

(a) Old Share - New Share(b) New Share — Old Share(c) Old Share - Gain Share(d) None of the above

15. X, Y and Z are partners sharing profits and losses in the ratio of 5: 4 : 1. Calculate sacrificing or gaining share for each if Z acquires $\frac{1}{10}$th share of X and $\frac{1}{2}$ share of Y.

(a) X Sacrifice =$\frac{5}{100}$, Y Sacrifice = $\frac{20}{100}$,Z Sacrifice = $\frac{25}{100}$

(b) X Sacrifice =$\frac{5}{100}$, Y Sacrifice = $\frac{20}{100}$,Z Sacrifice = $\frac{25}{100}$

(c) X Gains = $\frac{5}{100}$, Y Gains = $\frac{20}{100}$, Z Sacrifice =$\frac{25}{100}$

(d) None of the above

16. 'P', 'Q' and 'R' are partners sharing profits and losses in the ratio of 5 :3:2. Their new profit sharing ratio will be equal. Which partner has sacrificed and by how much?

(a)Q = $\frac{4}{30}$(b) R = $\frac{1}{30}$(c) P = $\frac{5}{30}$ (d) Q = $\frac{1}{30}$ and R = $\frac{4}{30}$

Hint: Sacrificing Ratio = Old Share - New Share

$P=\frac{5}{10}-\frac{1}{3}=\frac{15-10}{30}=\frac{5}{30};Q=\frac{3}{10}-\frac{1}{3}=\frac{19-10}{30}$

$=\left(\frac{1}{30}\right);R=\frac{2}{10}-\frac{1}{3}=\frac{-6-10}{30}=\left(\frac{4}{30}\right)$

After the change in profit sharing ratio, only P has sacrificed 5/30 of his share. Q and R have gained.

17. Reserves are distributed in old partners in ratio.

(a) old (b) gain (c) new (d) sacrifice

Hint: At the time of reconstitution of firm, all reserves/profits are distributed in old partners in their old ratio, This is because it represents undistributed profits earned by old partners.

18. The entry to be passed for adjustment of goodwill when there is a change in profit (loss) sharing ratio of partners, without opening goodwill account is

(a) Sacrificing Partners' Capital A/c Dr

To Gaining Partners' Capital A/c

(b) Gaining Partners' Capital A/c Dr

To Sacrificing Partners' Capital A/c

(c) Gaining Partners' Current A/c Dr

To Sacrificing Partners' Current A/c

(d) Either (b) or (c)

Hint: If partners decide to change their profit sharing ratio, the gaining partner must compensate the sacrificing partner on the basis of goodwill. So, gaining partner's capital or current account is debited in gaining ratio and sacrificing partner's capital or current account is credited?

19. When a firm is reconstituted, reserves and accumulated profits are distributed among partners by passing the following journal entry.

(a) Reserves/Profit and Loss A/c Dr

Workmen's Compensation

Reserve A/c Dr

Investment Fluctuation

Reserve A/c Dr

To All Partner's Capital A/c

(b) Reserves/Profit and Loss A/c Dr

Workmen's Compensation

Reserve A/c Dr

Investment Fluctuation

Reserve A/c Dr

To All Partner's Current A/c

(c) Either (a) or (b)

(d) None of the above

Hint: Whenever partners share reserves or profits or any other incomes then their capital is increased, so it will be credited and the reserves or profits or incomes account is closed, so it is debited. When partners use fluctuating capital method, then their capital accounts and when they follow fixed capital method, their current accounts will be credited.

20 . If their is a change in profit sharing ratio of existing partners and the question is silent about investment fluctuation reserve, then it is distributed among partners in

(a) old ratio (b) new ratio(c) sacrificing ratio (d) gaining ratio

21. Revaluation account is ..... account innature.

(a) real(b) personal(c) nominal(d) None of the above

Hint: Since, revaluation account is only for revaluation of assets or liabilities, therefore it results in profit or loss to partners of firm. So,, it is not personai or real account. It is a nominal account.

22. Whenever revaluation account isprepared, the journal entry for unrecorded assets is

(a) Unrecorded Assets A/c Dr
To Revaluation A/c
(b) Revaluation A/c Dr
To Unrecorded Assets A/c
(c) Revaluation A/c Dr
To Partners Capital A/c
(d) None of the above

Hint: Unrecorded assets are debited as they are not recorded in books as it will cause assets of the firm to increase and revaluation account is credited.

23. Any change in the relationship of existing partners which results in an end of the existing agreement and enforces making of a new agreement is called: {CBSE, Sample Paper 2015}

(a) Revaluation of Partnership. (b) Reconstitution of Partnership.(c) Realisation of Partnership.
(d) None of the above.

24. Sacrificing Ratio:

(a) Old Ratio – Gaining Ratio (b) New Ratio – Old Ratio
(c) Gaining Ratio – Old Ratio (d) Old Ratio – New Ratio

25. A and B shared profit and losses in the ratio of 3:2. With effect from 1st April, they agreed to share profits equally. The goodwill of the firm was valued at Rs. 60,000. The necessary single adjusting entry will be:

(a) Debit B and Credit A by Rs. 6,000 (b) Debit A and Credit B with Rs. 6,000
(c) Debit B and Credit A with Rs. 600 (d) Debit A and Credit B with Rs. 600

26. X, Y and Z are partners sharing profits and losses in the ratio of 4:3:3. As per new agreement, Z acquires 1/10th share, equally from X and Y. Due to change in profit sharing ratio, Y's new share will be:

(a) 7 /20 (b) 8/20 (c) 5 /20 (d) 6/20

27. A and B are partners in a firm sharing profits and losses in the ratio of 2:1. With effect from 1st January, 2015, they agreed to share profits and losses equally. Individual partner's gain or sacrifice due to change in the ratio will be:

(a) A's Gain = 1/6B's Sacrifice = 1 /6 (b) A's Sacrifice = 1/6 B's Gain = 1/6
(c) As Gain = 1/3 B's Sacrifice = 1 /3 (d) A's Sacrifice = 1/3 B's Gain = 1/3

28. Sacrificing Ratio :

(A) New Ratio – Old Ratio (B) Old Ratio – New Ratio (C) Old Ratio – Gaining Ratio (D) Gaining Ratio – Old Ratio

29. Gaining Ratio :

(A) New Ratio – Sacrificing Ratio (B) Old Ratio – Sacrificing Ratio (C) New Ratio – Old Ratio (D) Old Ratio – New Ratio

30. 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 1/14 (B) Sacrifice 1/14(C) Gain 4/7(D) Sacrifice 3/7

31. 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, B's gain or sacrifice will be :

(A) Gain 1/14 (B) Sacrifice 1/14 (C) Gain 4/7 (D) Sacrifice 3/7

32. A and B were partners in a firm sharing profit or loss in the ratio of 3 : 5. With effect from 1st April, 2019, they agreed to share profits or losses equally. Due to change in profit sharing ratio, A's gain or sacrifice will be :

(A) Gain 3/8 (B) Gain 1/8 (C) Sacrifice 3/8 (D) Sacrifice 1/8

33. A and B were partners in a firm sharing profit or loss in the ratio of 3 : 1. With effect from Jan. 1, 2019 they agreed to share profit or loss in the ratio of 2 : 1. Due to change in profit-loss sharing ratio, B's gain or sacrifice will be : (A) Gain 1/12 (B) Sacrifice 1/12 (C) Gain 1/3 (D) Sacrifice 1/3

34. 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 2/60 (D) Sacrifice 3/60

35, The excess amount which the firm can get on selling its assets over and above the saleable value of its assets is called: (A) Surplus (B) Super profits (C) Reserve (D) Goodwill

36. Which of the following is NOT true in relation to goodwill?
(A) It is an intangible asset (B) It is fictitious asset (C) It has a realisable value (D) None of the above

37. When Goodwill is not purchased goodwill account can :
(A) Never be raised in the books (B) Be raised in the books (C) Be partially raised in the books
(D) Be raised as per the agreement of the partners

38. The Goodwill of the firm is NOT affected by :
(A) Location of the firm (B) Reputation of firm (C) Better customer service(D) None of the above

39 . Capital employed by a partnership firm is ₹5,00,000. Its average profit is ₹60,000. The normal rate of return in similar type of business is 10%. What is the amount of super profits?
(A) ₹50,000(B) ₹10,000(C) ₹6,000(D) ₹56,000

40. Weighted average method of calculating goodwill is used when :
(A) Profits are not equal(B) Profits show a trend(C) Profits are fluctuating(D) None of the above

41. The profits earned by a business over the last 5 years are as follows : ₹12,000; ₹13,000; ₹14,000; ₹18,000 and ₹2,000 (loss). Based on 2 years purchase of the last 5 years profits, value of Goodwill will be :
(A) ₹23,600(B) ₹22,000(C) ₹1,10,000(D) ₹1,18,000

42. The average profit of a business over the last five years amounted to ₹60,000. The normal commercial yield on capital invested in such a business is deemed to be 10% p.a. The net capital invested in the business is ₹5,00,000. Amount of goodwill, if it is based on 3 years purchase of last 5 years superprofits will be :
(A) ₹1,00.000(B) ₹1,80,000(C) ₹30.000(D) ₹1,50,000

43. Under the capitalization method, the formula for calculating the goodwill is :
(A) Super profits multiplied by the rate of return (B) Average profits multiplied by the rate of return
(C) Super profits divided by the rate of return (D) Average profits divided by the rate of return

44 . The net assets of a firm including fictitious assets of ₹5,000 are ₹85,000. The net liabilities of the firm are ₹30,000. The normal rate of return is 10% and the average profits of the firm are ₹8,000. Calculate the goodwill as per capitalization of super profits.
(A) ₹20,000 (B) ₹30,000 (C) ₹25,000 (D) None of these

45. Total Capital employed in the firm is ₹8,00,000, reasonable rate of return is 15% and Profit for the year is ₹12,00,000. The value of goodwill of the firm as per capitalization method would be :
(A) ₹82,00,000 (B) ₹12,00,000 (C) ₹72,00,000 (D) ₹42,00,000

46. The average capital employed of a firm is ?4,00,000 and the normal rate of return is 15%. The average profit of the firm is ?80,000 per annum. If the . remuneration of the partners is estimated to be ₹ 10,000 per annum, then on the basis of two years purchase of super-profit, the value of the Goodwill will be :
(A) ₹10,000 (B) ₹20,000 (C) ₹60,000 (D) ₹80,000

47. A firm earns ₹1,10,000. The normal rate of return is 10%. The assets of the firm amounted to ₹11,00,000 and liabilities to ₹1,00,000. Value of goodwill by capitalization of Average Actual Profits will be :
(A) ₹2,00,000 (B) ₹10,000 (C) ₹5,000 (D) ₹1,00,000

48. Capital invested in a firm is ₹5,00,000. Normal rate of return is 10%. Average profits of the firm are ₹64,000 (after an abnormal loss of ₹4,000). Value of goodwill at four times the super profits will be :
(A) ₹72,000 (B) ₹40,000 (C) ₹2,40,000 (D) ₹1,80,000

49 . P and Q were partners sharing profits and losses in the ratio of 3 : 2. They decided that with effect from 1st January, 2019 they would share profits and losses in the ratio of 5 : 3. Goodwill is valued at ₹ 1,28,000. In adjustment entry :
(A) Cr. P by ₹3,200; Dr. Q by ₹3,200 (B) Cr. P by ₹37,000; Dr. Q by ₹37,000
(C) Dr. P by ₹37,000; Cr. Q by ₹37,000 (D) Dr. P by ₹3,200 Cr. Q by ₹3,200

50 . 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 ₹ 10,800. In adjusting 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
51. 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
52. P, Q and R were partners in a firm sharing profis in 5 : 3 : 2 ratio. They decided to share the future profits in 2 : 3 : 5. For this purpose the goodwill of the firm was valued at ₹1,20,000. In adjustment entry for the treatment of goodwill due to change in the profit sharing ratio :
(A) Cr. P by ₹24,000; Dr. R by ₹24,000 (B) Cr. P by ₹60,000; Dr. R by ₹60,000 (C) Cr. P by ₹36,000; Dr. R by ₹36,000
(D) Dr. P by ₹36,000; Cr. R by ₹36,000
53. A, B and C are partners in a firm sharing profits in the ratio of 3 : 4 : 1. They decided to share profits equally w.e.f. 1 st April, 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
54 . 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. Cby ₹50,000 (D) Cr. A by ₹50,000; Dr. Cby ₹50,000
55. X, Y and Z are partners in a firm sharing profits in the ratio 4 : 3 : 2. Their Balance Sheet as at 31-3-2019 showed a debit balance of Profit & Loss A/c ₹1,80,000. From 1-4-2019 they will share profits equally. In the necessary journal entry to give effect to the above arrangement when A Y and Z decided not to close the Profit & Loss Acccount:
(A) Dr. X by ₹20,000; Cr. Z by ₹20,000 (B) Cr. X by ₹20,000; Dr. Z by ₹20,000
(C) Dr. X by ₹40,000; Cr. Z by ₹40,000 (D) Cr. X by ₹40,000; Dr. Z by ₹40,000
56 . Aran and Varan are partners sharing profits in the ratio of 4 : 3. Their Balance Sheet showed a balance of ₹ 5 6,000 in the General Reserve Account and a debit balance of ₹ 14,000 in Profit and Loss Account. They now decided to share the future profits equally. Instead of closing the General Reserve Account and Profit and Loss Account, it is decided to pass an adjustment entry for the same. In adjustment entry :
(A) Dr. Aran by ₹3,000; Cr. Varan by ₹3,000 (B) Dr. Aran by ₹5,000; Cr. Varan by ₹5,000
(C) Cr. Aran by ₹5,000; Dr. Varan by ₹5,000 (D) Cr. Aran by ₹3,000; Dr. Varan by ₹3,000
57. X, Y and Z are partners in a firm sharing profits in the ratio of 3 : 2 : 1. They decided to share future profits equally. The Profit and Loss Account showed a Credit balance of ₹60,000 and a General Reserve of ₹30,000. If these are not to be shown in balance sheet, in the journal entry :
(A) Cr. X by ₹15,000: Dr. Z by ₹15,000 (B) Dr. X by ₹15,000; Cr. Z by ₹15,000
(C) Cr. X by ₹45,000; Cr. Y by ₹30,000; Cr. Z by ₹15,000 (D) Cr. X by ₹30,000; Cr. Y by ₹30,000; Cr. Z by ₹30,000
58. 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
59. Any change in the relationship of existing partners which results in an end of the existing agreement and enforces making of a new agreement is called.
(A) Revaluation of partnership. (B) Reconstitution of partnership.

(C) Realization of partnership. (D) None of the above.

60. Goodwill is to be calculated at one and half year' purchase of average profit of last 5 years. The firm earned profits during 3 years as ₹ 20,000 ₹ 18,000 and ₹ 9,000 and suffered losses of ₹ 2,000 and ₹5,000 in last 2 years. The amount of goodwill will be :

(a) ₹ 12,000(b) ₹ 10,000(c) ₹ 15,000(d) None of these

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
C	B	A	C	A	D	A	B	B	A	D	C	B	A	B	C	A	D	C	A
21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40
C	A	B	D	A	C	B	B	C	A	B	B	A	A	D	B	A	D	B	B
41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60
B	C	C	B	C	B	B	D	A	D	A	C	B	C	A	D	C	A	B	A

OBJECTIVE QUESTION SET 3

1,:-A and B are partners in a Firm having a capital of 7 54,000 and 7 36,000 respectively. They admitted C For 1/3rd share in the profits C brought proportionate amount of capital. The Capital brought in by C would be:

(a) 7 90,000(b) 7 45,000(c) 7 5,400(d) 7 36,

2:- Any change in the relationship of existing partners which results at an end of the existing agreement and enforces making of a new agreement is called

(a) Revaluation of partnership (b) Reconstitution of partnership(c)Realisation of partnership

(d) None of the above

3 - When the new partner brings cash For goodwill, the amount is credited to:

(a) Realisation Account (b)Cash Account (c)Premium For Goodwill Account (d)Revaluation Account

4.- Goodwill is an Assets.

(a) Fixed (b) intangible (c) current (d) Fictitious

5.- Value of reputation of the Firm is:

(a) Royalty (b) Assets (c) Goodwill (d)Patents

6.- profit is excess of actual profits over normal profits.

(a) Net (b) Average (c)Super (d) Appropriated

7- Sacrifice Ratio =

(a) New Ratio - Old Ratio (b) Old Ratio - New Ratio (c) New Ratio + Old Ratio (d)Old Ratio + New Ratio

8.-Gaining Ratio =

(a) New Ratio - Old Ratio (b) Old Ratio - New Ratio (c)New Ratio + Old Ratio (d) Old Ratio + New Ratio

9 - Share of old Partners will if new partner admit in the Firm.

(a) increase (b)decrease (c)remains same (d) not changed

10 - Unrecorded liabilities will be in Revaluation Account.

(a) debited (b)credited (c) not shown (d) shown

11. Unrecorded Assets will be in Revaluation Account.

(a)debited (b)credited (c)not shown(d)shown

12.- New Partner can be admitted in the Firm with the consent of old partners.

(a)anyone (b) all (c)3/4 (d)1/2

13 - Old Partnership will dissolve iF

(a) profit sharing ratio changes(b)new partner admits(c) any partner retires(d) all of these

14.- If new partner brings goodwill in cash then Account will be debited

(a) cash (b)premium For goodwill (c)goodwill(d)capital

15 If new partner brings goodwill in cash then Account will be credited,

(a)cash (b)premium For goodwill(c)goodwill(d)capital

16.- Profit or loss represented by Revaluation Account will be transFerred to capital accounts of partners.

(a)all (b)new (c)old (d) remaining

17- Goodwill brought in cash by new partners will be transferred in old partners capital account in Ratio.

(a)new (b)old (c)sacrificing (d) gaining

18 Amount of old goodwill already appearing in the books will be written off:

(a) in old ratio (b)in new ratio (c) in sacrifice ratio (d) in gaining ratio

19 - An increase in the value of an assets will be recorded in the side of revaluation account.
(a)debit (b)credit (c)either debit or credit (d)debit and credit both

20. An increase in the value of a liability will be recorded on the side of revaluation -account.
(a)debit (b)credit (c)either debit or credit (d)debit and credit both

21. A decrease in the value of a liability will be recorded on the side of revaluation account.
(a)debit (b) either debit or credit (c)credit(d)debit and credit both

22 - An increase in the value of a liability will be recorded on the side of revaluation account.
(a)debit (b)either debit or credit (c)credit (d)debit and credit both

23 - At the time of admission of a partner, new ratio will be calculated by:
(a)Old Ratio - New Ratio (b)New Ratio - Old Ratio (c) Old Ratio - Sacrifice Ratio (d) Old Ratio + Sacrifice Ratio

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
B	B	C	B	C	C	B	A	B	A	B	B	D	A	B	C	C	A	B	A
21	22	23																	
C	A	C																	

OBJECTIVE QUESTION SET 4

Q.1) Which of the following is responsible for the Reconstitution of Partnership?
A. Retirement of an existing partner B. Change in existing profit sharing ratio C. Death of a partner D. All of these

Q.2) 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

Q.3) The circumstances when change in profit sharing ratio is needed:
A. All of these B. When new partner admitted
C. When existing partner's decide D. When existing partner retires

Q.4) On the reconstitution of a firm change in the value of assets is called ___
A. Revaluation of assets B.Reassessment of assets
C. Devaluation of assets D. Reassessment of liabilities

Q.5) Any change in the relations of partners without affecting the existing of partnership firm is called ____
A. Reassessment B.Retirement C.Revaluation D.Reconstitution

Q.6) The partner whose share has increased as a result of change is called
A. Sacrificing partner B.Sacrificing ratio C.Gaining partner D.Gaining ratio

Q.7) What is gaining ratio:
A. In which profit sharing ratio of sacrificing partners increase
B. In which profit sharing ratio of sacrificing partners decrease
C. In which profit sharing ratio of gaining partners increase
D. In which profit sharing ratio of gaining partners decrease

Q.8) How sacrificing ratio is calculated
A. All of these (B)Sacrificing ratio = Old ratio – Gaining ratio
C.Sacrificing ratio = New ratio – Old ratio (D)Sacrificing ratio = Old ratio – New ratio

Q.9) Who is a sacrificing partner :
A. Whose share has decrease as a result of change
B. Whose share has increase as well as decrease as a result of change
C. Whose share has does not get affected as a result of change
D. Whose share has increase as a result of change

Q.10) Reassessment of liabilities means :
A. Only increase in the values of liabilities B.Change in the values of liabilities
C. Change in the values of assets D. Only decrease in the values of liabilities

Q.11) Accounting Standard ____ requires goodwill should be recorded in the books of accounts only when some money or money's worth is paid for it.

A. 26 B. 23 C. 24 D.10

Q.12) An account prepared to carry out the scheme of revaluation of assets and reassessment of liabilities :

A. Devaluation account B. Memorandum of revaluation C. Memorandum of valuation D.Revaluation account

Q.13) Revaluation of assets on the reconstitution of partnership is necessary because their present value may be different from their _____

A. Market Value B. Net Value C. Place Value D. Book Value

Q.14) What adjustments are required when existing partners decide to change their profit sharing ratio:

A. Reserves B.Accumulated profits C.All D.Goodwill

Q.15) The purpose of revaluation account is to ascertain the

A. Reassessment B.None C.Both A and B D.Revaluation Profit/Loss

Q.16. A, B and C are partners sharing profits and losses in the ratio 6 : 3 : 3, they agreed to take D, as new partner with 1/8th Share of profits. The new profit sharing ratio will be:

(a) 14 : 7 : 7 : 4 (b) 1 : 1 : 1 : 1 (c) 12 : 27 : 36 : 42 (d) 12 : 36 : 27 : 42.

17. A,B,C and D are partners sharing their profits and losses equally. They change their profit sharing ratio to 2:2:1:1. How much will C sacrifice –

(a) 1/6 (b) 1/12 (c) 1/24 (d) $\frac{1}{2}$

18. A and B are partner sharing profits and losses in the ratio 5:3. On admission C brings Rs.. 70,000 cash and Rs.. 48,000 against goodwill. New profit sharing ratio between A,B,C is 7:5:4. The sacrificing ratio among A and B is –

(a) 3:1 (b) 4:7 (c) 5:4 (d) 2:1

19.X and Y are sharing profits and losses in the ratio of 3:2. Z is admitted with $1/5^{th}$ share in profits of the firm which he gets from X. Find out the new profit sharing ratio?

(a) 12:8:5 (b) 8:12:5 (c) 2:2:1 (d) 2:2:

20. A and B are partners sharing profits in the ratio of 7:3. C is admitted as a new partner. A surrendeRs. $1/7^{th}$ of his share and B surrendeRs. $1/3^{rd}$ of his share in favour of C. The new profit sharing ratio will be –

(a) 6:2:2 (b) 4:1:1 (c) 3:2:2 (d) none

21. X and Y share profits and losses in the ratio of 4:3. They admit Z in the firm with $3/7^{th}$ share which he gets $2/7^{th}$ from X and $1/7^{th}$ from Y. The new profit sharing ratio will be –

(a) 7:3:3 (b) 2:2:3 (c) 5:2:3 (d) 2:3:3

22. A and B are partners, sharing profits in the ratio of 5:3. They admit C with $1/5^{th}$ share in profits which he acquires equally from both A and B.
New profit sharing ratio will be –

(a) 21:11:8 (b) 20:10:4 (c) 15:10:5 (d) none of the above

23. A,B and C share profits and losses in the ratio, of 3:2:1. D is admitted with $1/6^{th}$ share which he gets entirely from A. New profit sharing ratio will be –

(a) 1/3:1/3:1/6:1/6 (b) 3:1:1:1 (c) 2:2:2:1 (d)none of the above

24. R and S are partners sharing profits in the ratio of 5:3. T joins the firm, R gives $1/4^{th}$ of his share and S gives $1/5^{th}$ of his share to the new partner. Find out the new profit sharing ratio –

(a) 75:48:37 (b) 45:32:27 (c) 13:7:4(d) none of the above

25. A,B,C are partners sharing profits in ratio of 3:2:1. They agree to admit D into the firm. A,B and C agreed to give $1/3^{rd}$, $1/6^{th}$, $1/9^{th}$ share of their profit, the share of profit of D will be:

(a) 1/10 (b) 13/54 (c) 12/54 (d) 10/55

26. X and Y are partners sharing profits equally. Z was admitted for $1/7^{th}$ share. Calculate new profit sharing ratio –

(a) 2:3:1 (b) 3:3:1 (c)6:5:2 (d) 1:1:1

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20

D	B	A	A	D	C	C	D	A	B	D	D	D	C	D	A	B	A	C	A
21	22	23	24	25	26														
B	A	A	A	B	B														