CHANGE IN PROFIT /LOSS SHARING RATIO AMONG EXISTING PARTNERS

<table>
<tr><td>1</td><td>Why are assets and liabilities revalue at the time of change in profit sharing ratio among existing partners?</td><td>1</td></tr>
<tr><td>2</td><td>Why is it necessary to distribute Accumulated Profits/ Reserves at the time of reconstitution of partnership firm?</td><td>1</td></tr>
<tr><td>3</td><td>What is meant by reconstitution of a firm?</td><td>1</td></tr>
<tr><td>4</td><td>State any two occasions on which reconstitution of partnership firm can take place.</td><td>1</td></tr>
<tr><td>5</td><td>X, Y & Z are partners sharing profits in the ratio of 5:3:2. They decided to share future profits equally . Calculate Gaining ratio and sacrificing ratio.</td><td>1</td></tr>
<tr><td>6</td><td>X, Y & Z are partners sharing profits in the ratio of 3:2:1. From 1-04-14 they decided to share future profits in the ratio of 2:3:1. For the purpose goodwill of the firm be valued at three year purchase of the average profit of last five years. Profits of last five years are as follows:
2013-14- Rs 380000; 2012-13- Rs 300000; 2011-12- Rs 340000; 2010-11- Rs 140000 and 2009-10- Rs 120000. Pass journal.
OR
X, Y & Z are partners sharing profits in the ratio of 3:2:1. From 1-04-14 they decided to share future profits in the ratio of 2:3:1. For the purpose goodwill of the firm be valued at Rs 60000. Net profit for the year ended on 31-03-2015 amounted to Rs 36000. Pass journal.</td><td>3</td></tr>
<tr><td>7</td><td>X, Y & Z are partners sharing profits in the ratio of 5:3:2. They decided to share future profits in the ratio of 3:2:5 w.e.f 1-04-2014. They also decided to record the effect of following revaluations without affecting the book values of Assets and Liabilities by passing single adjusting entry.
<table>
<tr><td></td><td>Book value</td><td>Revalued Figure</td></tr>
<tr><td>Land and building -</td><td>Rs 100000</td><td>Rs 150000</td></tr>
<tr><td>Plant and Machinery-</td><td>Rs 150000</td><td>Rs 140000</td></tr>
<tr><td>Creditors -</td><td>Rs 50000</td><td>Rs 45000</td></tr>
<tr><td>Outstanding Expenses-</td><td>Rs 45000</td><td>Rs 60000</td></tr>
</table>
Pass single adjustment entry.</td><td>3</td></tr>
<tr><td>8</td><td>X, Y & Z are partners sharing profits in the ratio of 5:3:2. They decided to share future profits in the ratio of 4:3:3 w.e.f. 1-04-2014.The following balances appear in the Balance sheet as at 31-03-2014:
Reserve -Rs 30000; Contingency Reserve-Rs 5000; Profit/ Loss- Rs 15000 and Advertisement Suspense -Rs 2000.
Pass journal.</td><td>3</td></tr>
<tr><td>9</td><td>X, Y & Z are partners sharing profits in the ratio of 5:3:2. They decided to share future profits in the ratio of 3:3:4 w.e.f. 1-04-2014.The following balance appear in the Balance sheet as at 31-03-2014: Workmen compensation Reserve -Rs 30000;
Show accounting treatment in the following cases:(journal)
If there is no information.
Liability against workmen compensation reserve determined at Rs 20000.
Liability against workmen compensation reserve determined at Rs 36000.</td><td>3</td></tr>
<tr><td>10</td><td>X, Y & Z are partners sharing profits in the ratio of 5:3:2. They decided to share future profits in the ratio of 2:3:5 w.e.f. 1-04-2014.An extract of their Balance sheet as at 31-03-2014 is as follows:
<table>
<tr><th>Liabilities</th><th>Amount</th><th>Assets</th><th>Amount</th></tr>
<tr><td>Investment fluctuation fund</td><td>15000</td><td>Investment</td><td>200000</td></tr>
</table>
Show the accounting treatment (journal) in the following cases:
If no information is given.
If market value of Investment is Rs 200000.
If market value of investment is Rs 160000.
If market value of Investment is Rs 240000.</td><td>3</td></tr>
<tr><td>11</td><td>X, Y & Z are partners sharing profits in the ratio of 5:3:2. They decided to share future profits in the ratio of 4:3:3 w.e.f. 1-04-2014.The following balances appear in the Balance sheet as at 31-03-2014: Reserve -Rs 30000; Contingency Reserve-Rs 5000; Profit/ Loss- Rs 15000 and Advertisement Suspense -Rs 2000.
Pass single adjusting entry to record the above arrangement.</td><td>4</td></tr>
<tr><td>12</td><td>A, B & C are partners in a firm Sharing profits in ratio of 2:3:1. Their Balance sheet on 31-03-2014 stood as follows:
<table>
<tr><th>Liabilities</th><th>Amount</th><th>Assets</th><th>Amount</th></tr>
<tr><td>A'S capital</td><td>100000</td><td>Goodwill</td><td>12000</td></tr>
<tr><td>B's capital</td><td>200000</td><td>Land & Building</td><td>250000</td></tr>
<tr><td>C's capital</td><td>300000</td><td>Stock</td><td>80000</td></tr>
<tr><td>Investment fluctuation fund</td><td>10000</td><td>Debtor</td><td>300000</td></tr>
</table></td><td>6</td></tr>
</table>

Provision for doubtful debts Creditors Employees provident fund Workmen compensation fund	10000 300000 60000 20000	Bank Advertisement suspense Investment(Market value Rs 46000)	296000 12000 50000
	1000000		1000000

They decide to share future profits in ratio of 3:2:1 w.e.f. 1-04-2014. For the purpose it was agreed that:
Land and building found undervalued by Rs 20000' Stock was found overvalued by Rs 38000.
Provision for doubtful debts is to be made equal to 5% of the debtors.
Claim on account workmen compensation fund is Rs 8000.
10% of Creditors be written back as no longer payable.
Out of insurance which was debited entirely to P/L account Rs 5000 be carried forward as an unexpired Insurance.
Goodwill is to be valued at 2 years purchase of average profits of last 3 years which are as follows:
2013-14- Rs 138000; 2012-13- Rs 93000 and 2011-12- Rs 48000.
Prepare Revaluation account, Partners capital account and Balance sheet.

OR

A, B & C are partners in a firm Sharing profits in ratio of 2:3:1. Their Balance sheet on 31-03-2014 stood as follows:

Liabilities	Amount	Assets	Amount
A'S capital B's capital C's capital Investment fluctuation fund Provision for doubtful debts Creditors Employees provident fund Workmen compensation fund	100000 200000 300000 10000 10000 300000 60000 20000	Goodwill Land & Building Stock Debtor Bank Advertisement suspense Investment(Market value Rs 46000)	12000 250000 80000 300000 296000 12000 50000
	1000000		1000000

They decide to share future profits in ratio of 3:2:1 w.e.f. 1-04-2014. For the purpose it was agreed that:
Land and building found undervalued by Rs 20000' Stock was found overvalued by Rs 38000.
Provision for doubtful debts is to be made equal to 5% of the debtors.
Claim on account workmen compensation fund is Rs 8000.
10% of Creditors be written back as no longer payable.
Out of insurance which was debited entirely to P/L account Rs 5000 be carried forward as an unexpired Insurance.
Goodwill is to be valued at 2 years purchase of average profits of last 3 years which are as follows:
2013-14- Rs 138000; 2012-13- Rs 93000 and 2011-12- Rs 48000.
You are required to pass single adjusting entry