

BCM SCHOOL ,BASANT AVENUE ,LUDHIANA

ACCOUNTANCY (055) ASSIGNMENT

XII COMMERCE

GOODWILL AND CHANGE OF PROFIT SHARING RATIO

MM15

	MCQ	
	<p>Q.1 When the balance sheet is prepared after Change in profit sharing ratio (after completing the Revaluation Account), _____ values are shown in it.                  (a) Historical value (b) Realisable value(c) Market value (d) Revalued value</p> <p>Q.2 If at the time of Change in profit sharing ratio, there is some unrecorded asset, it will be _____ to _____ Account.                  (a) Debited, Revaluation (b) Credited, Revaluation(c) Debited, Goodwill (d) Credited, Partners'Capital</p> <p>Q.3 Gaining partner will pay for his gained share in the firm's future profits in favour of sacrificing partners. The Sacrificing partners gets to such compensation amount in:                  (a) Gaining Ratio (b) Sacrificing Ratio(c) Capital Ratio (d) Profit Sharing Ratio</p> <p>Q.4 Sacrificing Ratio:                  (a)New Ratio – Old Ratio (b) Old Ratio – Gaining Ratio(c) Old Ratio – New Ratio (d) Gaining Ratio –Old Ratio</p> <p>Q.5 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</p> <p>Q.6 As per Accounting Standard_____ Goodwill is treated as an intangible asset.                  (a) 25 (b) 26(c) 27 (d) 27</p> <p>Q.7 If goodwill is already appearing in the books of accounts at the time of change in profit sharing ratio, then it should be written off in_____.                  (a) New Ratio (b) Gaining Ratio(c) Sacrificing Ratio (d) Old Ratio</p> <p>Q.8 When Goodwill treatment is made at the time of change in profit sharing ratio. goodwill account is_____.                  (a) Never be raised in the book (B) Be raised in the book(C) Be partially raised in the books (D) Be raised as per the agreement of the partners.</p>	10X1
	SHORT NUMERICAL	
Q9	<p>A, B and C were 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 a credit balance of 96,000. Instead of closing the profit and loss account, it was</p>	4

	decided to record an adjustment entry reflecting the change in profit sharing ratio.	
Q10	<p>Arman, Sharvan and Chintan are partners sharing profits and losses in the ratio of 5:3:2. Arman is a marketing person and does not understand the accounting issues. Therefore, when they discussed to share future profits and losses equally, he wanted to understand in concrete terms the profit share he will have to forego and whether he will be compensated for the loss in profit share or not. If he will be compensated, what will be the amount of compensation and how it will be calculated? He was clarified that for the loss of profit share, he will be paid compensation in the form of goodwill calculated on an accepted principle of goodwill valuation.</p> <p>Goodwill was to be valued at 3 years' purchase 5 years' average profit. Profits for the last 5 years were 1,20,000, 1,20,000 , 1,50,000 , 1,10,000 and 1,00,000. Based on the above information, choose the option to the questions.</p> <p>1 Gain or sacrifice of Sharvan and Chintan due to change in the profit sharing will be</p> <p>a. Sharvan's gain = <math>\frac{1}{30}</math> ; Chitntan's sacrifice = <math>\frac{4}{30}</math>  b. Sharvan's sacrifice = <math>\frac{1}{30}</math> ; Chitntan's gain = <math>\frac{5}{30}</math>  c. Sharvan's gain = <math>\frac{1}{30}</math> ; Chitntan's gain = <math>\frac{4}{30}</math>  d. Sharvan's gain = <math>\frac{5}{30}</math> ; Chitntan's sacrifice = <math>\frac{5}{30}</math></p> <p>2 Value of Goodwill is</p> <p>a. 3,00,000 b. 3,60,000  c. 3,72,000 d. 3,50,000</p> <p>3 Sharvan and Chintan will compensate Arman by paying goodwill as</p> <p>a. . 12,000 and 48,000 respectively  b. 24,000 and 24,000 respectively  c. 30,000 each  d. 60,000 each</p>	3