

INTERNATIONAL INDIAN SCHOOL BURAI DAH

Worksheet for the Academic Year 2025-26

CLASS: 12

SUBJECT: ACCOUNTANCY

(RETIREMENT & DEATH OF A PARTNER)

Chapter- (RETIREMENT OF A PARTNER)

Answer the following questions :

Q1. On retirement of a partner's the amount of General Reserve is transferred to all partner's capital account in :

- a. new profit sharing ratio b. capital ratio c. old profit sharing ratio d. none of these

Q2. X, Y and Z were partners sharing profits in the ratio of 5:3:2. Goodwill does not appear in the books but it is agreed to be worth Rs. 1,00,000. X retires from the firm and Y and Z decide to share profits equally. X's share of goodwill will be debited to Y's and Z's Capital A/cs in ratio :

- a. 1:1 b. 2:3 c. 3:2 d. None of these

Q3. X, y and Z are partners and share profits in the ratio of 5:3:2. Y retires and X takes $\frac{1}{10}$ from Y and Z takes $\frac{1}{5}$ from Y. The new profit sharing ratio will be :

- a. 7:13 b. 13:7 c. 3:2 d. 1:1

Q4. Ret iring partner is compensated by the continuing partners in their :

- a. gaining Ratio b. capital Ratio c. sacrificing Ratio d. profit sharing Ratio

Q5. Read the following statements : Assertion (A) and Reason (R). Choose one of the correct alternatives given below :

Assertion (A) : If the partners of the partnership firm wants, then the firm can pay money to retiring partner against his share in the firm's goodwill.

Reason (R) : The money paid to the retiring partner against his share in the firm's goodwill is called as his hidden goodwill.

- a. Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A).
b. Both Assertion (A) and Reason (R) are true but Reason (R) is not the correct explanation of Assertion (A).
c. Assertion (A) is true but Reason (R) is false. d. Assertion (A) is false but Reason (R) is true.

Q6. X, Y and Z are partners in a firm sharing profits in the ratio of 2:3:4. On 1st April, 2021, X retired and on that date, there was a debit balance of Rs. 1,80,000 in Profit and Loss Account. Y and Z decided to share future profits equally. Find out the missing values in the following : Journal entry :

X's Capital A/c Dr. 40,000

Y's Capital A/c Dr. _____

Z's Capital A/c Dr. _____

To Profit and Loss A/c 1,80,000

(Being Accumulated losses distributed among all partners)

Q7. Gain of revaluation is transferred to the _____ side of all Partner's Capital Accounts while loss is _____.

Q8. Journal entry will be recorded for writing off the goodwill already existing in Balance Sheet at the time of retirement of a partner is _____.

Q9. A, B and C are partners in 3:4:2. B wants to retire from the firm. The profit on revaluation on that date was Rs. 36,000. New ratio of A and C is 5:3. Profit on revaluation will be distributed as _____.

Q10. In case of retirement of a partner, profit or loss on revaluation of assets and re assessment of liabilities is distributed among _____ partners in the ratio.

Case Based Questions :

Q11. Read the following case study and answer the given questions :

Omax Limited is a partnership firm engaged in production and sales of electronic goods having Rahul, prem and Raj as partners. Their capital contribution were Rs. 12,00,000; Rs.15,00,000 and Rs. 9,00,000 respectively with the profit sharing ratio of 4:3:1. Due to some health problems, Prem is not able to work and focus on the business, so he decided to retire from the partnership firm. Prem retires from the firm by selling his share of profit to Rahul and Raj for Rs. 8,10,000, Rs. 3,60,000 being paid by Rahul and Rs. 4,50,000 by Raj. The goodwill of the firm at the time of Prem's retirement is Rs. 10,00,000. The profit for the year after Prem's retirement was Rs. 10,50,000.

i. What will be the new profit sharing ratio of Rahul and Raj?

a. 4:3 b. 2:1 c. 4:5 d. None of these

ii. What amount of goodwill will be transferred to prem's Capital Account?

a. Rs. 1,25,000 b. Rs. 3,33,333 c. Rs. 2,50,000 d. Rs. 3,00,000

iii. What will be correct journal entry for distribution of profit for the year after Prem's retirement?

a. Profit & Loss Appropriation A/c Dr. 10,50,000

To Rahul's capital A/c 7,00,000

To Raj's capital A/c 3,50,000

b. Profit & Loss Apprpriation A/c Dr. 10,50,000

To Rahul's capital A/c 6,00,000

To Raj's capital A/c 4,50,000

c. Rahul's capital A/c Dr. 7,00,000

Raj's capital A/c Dr. 3,50,000

To Profit & Loss Appropriation A/c 10,50,000

d. Rahul's capital A/c Dr. 6,00,000

Raj's capital A/c Dr. 4,50,000

To Profit & Loss Appropriation A/c 10,50,000

iv. What will be the correct journal entry for adjustment of goodwill on Prem's retirement?

a Prem's capital A/c Dr. 1,25,000

To Rahul's capital A/c 41,667

To Raj's capital A/c 83,333

b. Prem's capital A/c Dr. 1,25,000

To Rahul's capital A/c 55,556

To Raj's capital A/c 69,444

c. Rahul's capital A/c Dr. 41,667

Raj's capital A/c Dr. 83,333

To Prem's capital A/c 1,25,000

Rahul's capital A/c Dr. 55,556

Raj's capital A/c Dr. 69,444

To Prem's capital A/c 1,25,000

Q12. Why are assets and liabilities revalued on the retirement of a partner?

Q13. W, X and Z are partners sharing profits and losses in the ratio of $\frac{1}{3}$, $\frac{1}{6}$, $\frac{1}{3}$ and $\frac{1}{6}$ respectively. Y retires and W, X and Z decide to share the profits and losses equally in future. Calculate gaining ratio.

Q14. A, B and C are partners sharing profits and losses in the ratio of 4:3:2. C retires from the business. A is acquiring $\frac{4}{9}$ of C's share and balance is acquired by B. Calculate the new profit - sharing ratio and gaining ratio.

Q15. A, B and C are partners sharing profits in the ratio of $\frac{4}{9}$: $\frac{3}{9}$: $\frac{2}{9}$. B retires and his capital after making adjustments for reserves and gain (profit) on revaluation stands at Rs. 1,39,200. A and C agreed to pay him Rs. 1,50,000 in full settlement of his claim. Record necessary Journal entry for adjustment of goodwill if the new profit - sharing ratio is decided at 5:3.

16. The Balance sheet of A, B and C on 31st December 2015 was as under :

Liabilities	Amount	Assets	Amount
Capitals :-		Building	20,000
A	40,000	Motor Car	18,000
B	30,000	Stock	20,000
C	20,000	Investment	1,20,000
General reserve	17,000	Debtors	40,000
Sundry Creditors	1,23,000	Patents	12,000
	2,30,000		2,30,000

The partners share profits in the ratio of 8:4:5. C retires from the firm on the same date subject to the following terms and conditions : 2,30,000 i. ii. iii. iv. 20% of the general reserve is remain as a reserve for bad and doubtful debts. Motor car is to be decreased by 5%. Stock s to be revalued at Rs. 17500. Goodwill is to be valued at 2½ years purchase of the average profit of last 3 years. Profits were, 2012 : Rs. 11,000; 2013: Rs. 16,000 and 2014; Rs. 24,000 C was paid in full. A and B borrowed the necessary amounts from the bank on the security of motorcar and stock to pay off C. Prepare Revaluation account, Partner's Capital account

Q17. Akash, Vikas and Subhash are partners in a firm sharing profits and losses in the ratio of 4:5:6. On 31st March, 2021, Vikas retired. on that date, the capitals of Akash, Vikas and Subhash before the necessary adjustment stood at Rs. 2,00,000; Rs. 1,00,000 and Rs. 50,000 respectively. On Vikas's retirement, goodwill of the firm was valued at Rs. 1,14,000. Revaluation of assets and reassessment of liabilities resulted in a profit of Rs. 6,000. General Reserve in the books of the firm was. Rs. 30,000. The amount payable to Vikas was transferred to his loan Account. Akash and Subhash agreed to pay Vikas two yearly installments of Rs. 75,000 each including interest @ 10% p.a. on the outstanding balance during the first two years and the balance including interest in the third year. The firm closes its books on 31st March every year.

Q18. Himanshu, Gagan and Naman are partners sharing profits and losses in the ratio of 3:2:1 on March 31, 2010, Naman retires. The various assets and liabilities of the firm on the date were as follows Cash Rs. 10,000; Building Rs. 1,00,000; Plant and Machinery Rs. 40,000; Stock Rs. 20,000; Debtors Rs. 20,000 and Investments Rs. 30,000. The following was agreed upon between the partners on Naman's retirement i. Building to be appreciated by 20%. ii. iii. iv. Plant and Machinery to be depreciated by 10%. A provision of 5% on debtors to be created for bad and doubtful debts. Stock was to be valued at Rs. 18,000 and Investment at Rs. 35,000. Record the necessary journal entries to the above effect and prepare the revaluation account..

Q19. X, Y and Z are partners in a firm sharing profits and losses in the ratio of 3:2:1. Z retires from the firm 31st March, 2016. On the date of Z's retirement, the following balances appeared in the books of the firm General reserve Rs. 1,80,000

Profit and Loss Account (Dr.) Rs. 30,000

Workmen Compensation Reserve Rs. 24,000 which was no more required

Employee's Provident Fund Rs. 20,000

Pass necessary Journal entries for the adjustment of these items on Z's retirement.

CHAPTER - (DEATH OF A PARTNER)

Answer the following questions :

Q1. A, B and C are partners in a company sharing profit and loss in the ratio of 2:2:2. On March 31, 2018, C died. Accounts are closed on December 31st every year. The sale for the year 2017 was Rs. 6,00,000 and profits were Rs. 60,000. The sales for the period from Jan 1, 2018, to March 31, 2018, were Rs. 2,00,000. The share of the deceased partner in the current year's profits on the basis of sale is :

- a. Rs. 20,000 b. Rs. 8,000 c. Rs. 3,000 d. Rs. 4,000

Q2. A, B and C were partners sharing profit and loss in the ratio of 2:2:1. Books are closed on 31st March every year. C dies on the 5th of November 2018. Under the partnership deed, the executors of the deceased partner are entitled to his profit to the date of death, calculated on the basis of last year's profit. Profit for the year ended 31st March 2018 was Rs. 2,40,000. C's share of profit will be :

- a. Rs. 28,000 b. Rs. 32,000 c. Rs. 28,800 d. Rs. 48,000

Q3. The amount due to deceased partner is paid to

- a. his father b. his wife c. his legal heir d. remaining partners

Q4. What journal entry will be recorded for deceased partner's share in profit from the closure of last balance sheet till the date of his death?

- a. Profit and Loss A/c Dr.

To Deceased Partner's Capital A/c

- b. Deceased Partner's Capital A/c Dr.

To Profit and Loss A/c

- c. Deceased partner's Capital A/c Dr.

To Profit and Loss Suspense A/c

- d. Profit and Loss Suspense A/c Dr.

To Deceased Partner's Capital A/c

Q5. On the death of a partner, the amount due to him will be credited to :

- a. all partner's capital accounts b. his executor's account
c. remaining partner's capital accounts d. government's revenue account

Q6. After the death of an existing partner, shares of remaining partner will ____.

Q7. X, Y and Z were partners sharing profits in the ratio of 4:3:1 respectively. Y dies on 30th April, 2021. On Y's death, goodwill of the firm is valued at Rs. 4,50,000. Y's share is taken up by X and Z equally. Complete the following Journal entry :

X's Capital A/c Dr. ____

Z's Capital A/c Dr. ____

To Y's Capital A/c 1,68,750

(being share of goodwill is adjusted)

Q8. P, Q, and R were sharing profits equally. R died and goodwill existing in the books at Rs. 30,000. Amount to be debited to R's Capital Account will be ____.

Q9. Rex, Tex and flex are partners in a firm in the ratio of 5:3:2. As per their partnership agreement, The share of deceased partner is to be calculated on the basis of profits and turnover of previous Accounting year. Tex expired on 31st December, 2019. Turnover till the date of death was Rs. 18,00,000. Their profits and turnover for the year 2018-19 amounted to Rs. 4,00,000 and Rs. 20,00,000 respectively. An amount of Rs. ____ will be given to his executors as his share of profits till the date of death.

Q10. A, B and C were partners sharing profits in the ratio of $\frac{1}{2}$, $\frac{2}{5}$ and $\frac{1}{10}$. ____ new ratio of the remaining partners if C dies.

Q11. Veera, Dheera and Meera were partners in a firm sharing profit in ratio of 2:1:2. On 15th

February 2017, Veera died and new profit sharing ratio between Dheera and Meera was 4:1. On Veera's death the goodwill of the firm was valued at Rs. 45,000. Calculate gaining ratio and pass the journal entry for the treatment of goodwill on Veera's death without opening goodwill account.

Q12. Dinkar, Navita and Vani were partners sharing profits and losses in the ratio of 3:2:1. Navita died on 30th June, 2017. Her share of profit for the intervening period was based on the sales during that period which were Rs. 6,00,000. The rate of profit during the past four years had been 10% on sales. The firm closes its books on 31st March every year. Calculate Navita's share of profit.

Q13. Sujita, Vijita and Anita were partners sharing profits and losses in the ratio of 3:2:1. Vijita died on 30th September, 2020. Accounts of the firm are closed on 31st March every year. Sales for the year ended 31st March, 2020 was Rs. 6,00,000 and sales for the six months ended 30th September, 2020 was Rs. 3,00,000. Loss for the year ended 31st March, 2020 was Rs. 60,000. Calculate deceased partner's share of profit / loss from the beginning for accounting year up to 30th September, 2020.

Q14. A, B and C were partners in a firm sharing profits and losses in the ratio of 3:2:1. C died on 30th June, 2016. After all the necessary adjustments, his capital Account showed a credit balance of Rs. 70,600. C's executor was paid Rs. 10,600 on 1st July, 2016 and the balance in three equal yearly instalments starting from 30th June, 2017 with interest @ 10% p.a on the unpaid amount. The firm close its books

on 31st March every year. Prepare C's Executor's Account till the amount is finally paid.

15. Following is the Balance Sheet of Punita, Rashi and Seema who are sharing profits in the ratio of 2:1:2 as on 31st march, 2013.

Liabilities	Amount (Rs.)	Assets	Amounts (Rs.)
Capitals:			
Punita	1,44,000	Building	2,40,000
Rashi	92,000	P & L Account	60,000
Seema	1,24,000	Stock	65,000
Bills payable	2,000	Cash at bank	5,000
Sundry Creditors	38,000	Debtors	30,000
	4,00,00		4,00,000

Punita died on 30th September, 2013 she had withdrawn Rs. 44,000 from her capital on July 1, 2013. According to the partnership agreement, she was entitled to interest on capital @8% p.a. her share of profit till the date of death was to be calculated on the basis of the average profit of the last three years. Goodwill was to be calculated on the basis of three times the average profits of the last four years. The profits for the years ended 2009-10, 2010-11 and 2011-12 were Rs. 30,000; Rs. 70,000 and Rs. 80,000 respectively. Prepare Punita account to be rendered to her executors.