Class 12 Accountancy Vol 1
Chapter 6 - Retirement/Death of a Partner

TS Grewal Solutions for Class 12 Accountancy Chapter 6 - Retirement/Death of a Partner is a fundamental concept to be learnt by the students. Here, we have provided TS Grewal Accountancy solutions for class 12 in a simple and a step by step method, which is beneficial for the students to score well in their upcoming board exams.

Board	CBSE
Class	Class 12
Subject	Accountancy
Chapter	Chapter 6
Chapter Name	Retirement/Death of a Partner
Number of questions solved	06
Category	TS Grewal

Chapter 6 - Retirement/Death of a Partner explains the below-mentioned concepts:

- Adjustment for Revaluation of Assets and Liabilities
- New profit sharing and gaining ratio
- Adjustment of the partners capital and death of a partner
- Treatment of Goodwill

TS Grewal Solutions for Class 12 Accountancy Chapter 6 - Retirement/Death of a Partner

Question 1

01. X, Y and Z were partners, sharing profits in the ratio of 1/2, 2/5 and 1/10. Now, find the new profit sharing ratio of the remaining partners, if -

- X retires
- Y retires
- Z retires

2. P, Q and R are partners sharing profits in the ratio of 5:4:1. Now, find the new profit sharing ratio of the remaining partners, if -

- P retires
- Q retires
- R retires

Solution:

1. **Step 1** - Find out the ratio in a simple figure by taking LCM. the ratio is 1/2:2/5:1/10 can be restated as 5:4:1 (considering 10 as LCM)

   Step 2 - Calculate the new profit sharing ratio of the remaining partners by striking out the share of the outgoing partner. Hence,

   - If X retires, then the new profit sharing ratio between Y and Z = 4:1 i.e., 4/1:1/5
   - If Y retires, then the new profit sharing ratio between X and Z = 5:1 i.e, 5/6:1/6
   - If Z retires, then the new profit sharing ratio between X and Y = 5:4 i.e, 5/9:4/9

2. Profit sharing ratio between P, Q and R = 5:4:1

   - If P retires, then the new profit sharing ratio between Q and R = 4:1 = 4/5:1/5
   - If Q retires, then the new profit sharing ratio between P and R = 5:1 = 5/6:1/6
   - If R retires, then the new profit sharing ratio between P and Q = 5:4 = 5/9:4/9

Question 2

D, E and F are partners sharing profits in the ratio of 1/2, 3/10 and 1/5. E retires from the firm and D & F agree to share the future profits in the ratio of 3:2. Compute the gaining ratio.

Solution:

	A	**C**
• Their new shares	3/5	2/5
• Their old shares	1/2	1/5
• Gain of a partner (New share-Old share)	3/5-1/5=1/10	2/5-1/5=2/10

Hence, gaining ratio of A and C = 1/10:2/10 = **1:2**

Question 3

Amar, Akbar and Antony are partners sharing profits in the ratio of 3:2:1. Amar retires from the firm and it is ascertained that the profit sharing ratio between Akbar and Antony will be the same as existing between Amar and Akbar. Compute New ratio and Gaining ratio.

Solution:

The ratio between Amar and Akbar = 3:2. The new ratio between Akbar and Antony also will be 3:2.

Gaining Ratio =

The gain of a partner = New share - Old share

Akbar's share = 3/5 - 2/6 = 8/30

Antony's share = 2/5 - 1/6 = 7/30

Hence, the gaining ratio of Akbar and Antony = 8/30: 7/30

= 8:7

Question 4

Rahul, Sachin and Sourav were partners sharing profits in the ratio of 3:2:1. Sourav retired from the firm on 1st April 2018, on which date goodwill of the enterprise was valued at ₹. 2,50,000/-. Rahul and Sachin decided to share the future profits equally from the date. Pass necessary journal entries giving effect to the goodwill on Sourav's retirement raising goodwill at its current value.

Solution:

JOURNAL ENTRIES

Date	Particulars	L.F.	Debit	Credit
April 1, 2018	Goodwill A/c Dr. To Rahul's A/c To Sachin's A/c To Sourav's A/c (Being the goodwill a/c debited with the current value of goodwill)		2,50,000	 1,25,000 83,333 41,667
	Rahul's capital A/c Dr. Sachin's capital A/c Dr. To Goodwill A/c (Being goodwill A/c written off in new profit sharing ratio of the continuing partners)		1,25,000 1,25,000	 2,50,000

Question 5

Roger, Andy and Pete were partners sharing profits in the ratio of 3:2:1. Pete retired from the firm on 1st April 2018 on which date goodwill of the enterprise was valued at ₹. 1,20,000/-. Pass the necessary journal entries raising goodwill for the retiring partners to share in the current value of goodwill giving effect to it on Pete's retirement.

Solution:

JOURNAL ENTRIES

Date	Particulars	L.F.	Debit	Credit
April 1, 2018	Goodwill A/c Dr. To Pete's A/c (Being the goodwill A/c debited with Pete's share in the current value of goodwill)		20,000	20,000
	Roger's capital A/c Dr. Andy's capital A/c Dr. To Goodwill A/c (Being goodwill A/c written off in new profit sharing ratio of the continuing partners)		12,000 8,000	20,000

Question 6

A, B and C were partners sharing profits in the ratio of 2:3:5. Goodwill is appearing in their books at a value of ₹. 50,000/-. A retires and on the day of A's retirement, goodwill is valued at ₹. 45,000/-. B and C decided to share future profits equally.

Solution:

JOURNAL ENTRIES

Date	Particulars	L.F.	Debit	Credit
April 1, 2018	A's capital A/c Dr. B's capital A/c Dr. C's capital A/c Dr. To goodwill A/c (Being goodwill appearing in the books written off in the old ratio)		10,000 15,000 25,000	50,000
	B's capital A/c Dr. To A's capital A/c [2/10 X 45,000] (Being A's share of goodwill debited to B's capital A/c, as he alone has gained on A's retirement) [Working Note]		9,000	9,000

Working Note -

Gain of a partner = New share - old share

B gains = 1/2-3/10 = 5-3/10 = 2/10

C gains = 1/2-5/10 = 5-5/10 = 0

The above-provided solutions are considered to be the best solutions for 'TS Grewal Solutions Class 12 Accountancy Vol 1 Chapter 6 - Retirement/Death of a Partner'. Stay tuned to BYJU'S to learn more and score well in the upcoming board examinations.