

CBSE Important Questions (asked in previous year papers)

Class-12 Accountancy

Chapter 4 – Retirement/Death of Partner

1. How can a partner retire from firm?

[CBSE 2009]

Ans. A partner can retire from the firm with the consent of all the partners.

2. Define Gaining Ratio.

[CBSE 2008]

Ans. Share of Retiring partner is acquired by the Remaining partners, Ratio in which they acquire the Retiring partners share is known as Gaining Ratio. In simple words, after the retirement of a partner, his share is distributed by the Remaining partners, ratio in which they distribute the share of Retiring partner, is called Gaining ratio.

3. What is the formula of Gaining Ratio?

[CBSE 2009]

Ans. $\text{Gaining Ratio} = \text{New Ratio} - \text{Old Ratio}$

4. State any two deductions that have to be made from the amount payable to the legal representative of a deceased partner.

[CBSE 2009 Compartment Exam]

Ans. (i) Accumulated losses

(ii) Loss on Revaluation of assets and reassessment of liabilities.

5. State the need for treatment of Goodwill on retirement of a partner.

[CBSE 2010]

Ans. At the time of retirement of a partner, continuing partners will pay the due amount of goodwill to him in their gaining ratio.

6. When is Partner's Executors Account prepared?

[CBSE Sample Paper]

Ans. Partner's Executors Account is prepared at the time of death of a partner.

7. Give two circumstances in which the gaining ratio is applied.

[CBSE 1992]

Ans : 1. At the time of retirement or death

2. At the time of change in profit sharing ratio

8. Distinguish between Gaining Ratio and Sacrificing Ratio.**[CBSE 1995]****Ans :**

Basis	Gaining Ratio	Sacrificing Ratio
Meaning	In this ratio continuing partners get the share from the retiring partner	In this ratio old partners sacrifices their share in favour of new partner
Time of Calculation	It is calculated at the time of Retirement or death of a partner	It is calculated when a new partner is admitted
Formula	New Ratio - Old Ratio	Old Ratio - New Ratio

9. Who is an Executor?**[CBSE Compartment Exam]**

Ans : Executor is the person who is entitled to all rights or amounts due to the deceased partner. The Executor will be entitled to the balance of capital account (Capital Balance, share of profit, Interest on capital, Reserves and Accumulated profits etc.), and he will be debited for Drawings and Interest on drawings).

10. What Adjustments are to be done at the time of Retirement?**[CBSE Compartment Exam]**

Ans : following adjustments are to be done at the time of Retirement :

- Calculation of New Profit Sharing Ratio and Gaining Ratio
- Treatment of Goodwill (Calculation of Retiring partners share and adjustment of same)
- Revaluation of Assets and Reassessment of Liabilities
- Treatment of Accumulated profits and Reserves (General Reserves etc.)
- Adjustment of Interest on capital, Salary, commission payable to retiring partner
- Treatment of Joint Life Policy (if any)
- Payment to the Retiring partner in lump sum or in installment or may be treated as loan.
- Adjustment of Capital (Remaining partners)

11. For which share of goodwill a partner is entitled at the time of his retirement?**[CBSE Delhi 2012]**

Ans. According to his share of profit in a firm.

12. State the ratio in which the retiring partner's share of goodwill is debited to remaining partners.**[CBSE Compartment Exam 2010]**

Ans. At the time of retirement of a partner, his share of goodwill is debited to the existing partners in gaining ratio.

13. Give the Journal entry to distribute the 'Workmen Compensation Reserve' of Rs.60,000 at the time of retirement of Vinod, when there is no claim against it. The has three partners Kunwar, Vinod and Himanshu. [CBSE 2013 Modified]

Ans.	Workmen Compensation Reserve	Dr	60,000	
	To Kunwar's Capital A/c			20,000
	To Vinod's Capital A/c			20,000
	To Himanshu's Capital A/c			20,000

14. Give the Journal Entry to distribute the 'Workmen Compensation Reserve' of Rs.70,000 at the time of retirement of Neeti, when there is claim of Rs.25,000 against it. The firm has three partners Raveena, Neeti and Rajat. [CBSE 2013 Modified]

Ans.	Workmen Compensation Reserve	Dr	70,000	
	To Raveena's Capital A/c			15,000
	To Neeti's Capital A/c			15,000
	To Rajat's Capital A/c			15,000
	To Workmen Compensation Reserve			25,000