# Standard:- 12th Commerce
# Subject:- Book Keeping & Accountancy

# Retirement & Death of Of Partner

Q2 Total 10 Marks Practical Question   + At least 2 Marks Objective

# Retirement Of PARTNER

**Meaning: -** The procedure of one or more partners leaves the firm Due to some reasons like old age, poor health etc. and the remaining partners continue to do the business of the firm, it is known as retirement of a partner.

Apna     Sapna     Money money

**Old Partners
All partners**

Apna     Sapna

**Remaining Partners
Continue Partner**

Money money

**Retiring
Partner**

| | Admission of partner | Retirement / Death of partner |
|---|---|---|
| Total old Number of partner | 2 | 3 |
| Total New Number of partner | 3 | 2 |
| Old Ratio | Given In Question / Equal<br><br>1 : 1 | Given In Question / Equal<br><br>1 : 1 : 1 |
| New Ratio | R.P = 1- Share of New partner<br>New = R.P. * Old Ratio | E.g XYZ = 3:2:1<br><br>Y retired          XZ = 3:1 |
| Sacrifice Ratio / Gain Ratio | S.R. = O.R - N.R. | G.R. = N.R. - O.R. |
| Revaluation profit / Loss Distribution | Distributed between 2 partner | Distributed between 3 partner |
| General Reserve | Distributed between 2 partner | Distributed between 3 partner |

# Ratios which are use in Retirement of partner

## Old Ratio = Given in Question OR Equal

**Example :- Old Ratio XYZ = 3:2:1.   Z retired**

New Ratio
X : Y = 3:2

## New Ratio =

Amit suraj & Sachin are partners shairing Profit & loss in the ratio 5:3:2 & Suraj is retired from firm than NPSR = ?

Old = Amit : Suraj : Sachin = 5:3:2

Suraj Retired

New = Amit : Sachin = 5:2

## Gain Ratio = New Ratio - Old Ratio

By Sunil panda sir
8286987552

$$Amit = \frac{5}{7} - \frac{5}{10} = \frac{50-35}{70} = \boxed{\frac{15}{70}}$$

$$Sachin = \frac{2}{7} - \frac{2}{10} = \frac{20-14}{70}$$

$$\boxed{15:6}$$

$$\frac{6}{70}$$

**1) A,B and C share profits and losses in the ratio of 4:2:1, if B retires what will be the new ratio ?**

Old Partners = A : B : C = 4 : 2 : 1

B Retires

New Ratio = A : C = 4 : 1

**2)** A, B and C are sharing Profits and Losses in the ratio of 4:3: 2. B retires and A and C share future profits equally. Calculate gain ratio.

$$\text{Gain Ratio} = \text{New ratio} - \text{Old Ratio}$$

Old = A : B : C = 4 : 3 : 2

New = A : C = 1 : 1

$$A = \frac{1}{2} - \frac{4}{9} = \frac{9-8}{18} = \frac{1}{18}$$

1:5

$$C = \frac{1}{2} - \frac{2}{9} = \frac{9-4}{18} = \frac{5}{18}$$

**Q3** P,Q, and R and partners sharing Profits in the ratio of 2:2:1. Q retired. Calculate the gain ratio.

Old = PQR = 2:2:1
New = Not Given

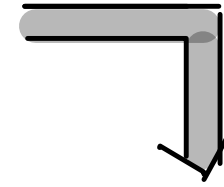When New Ratio is not given then

$$P : Q : R = 2 : 2 : 1$$

Q Retired

$$N.R / Gl.R = \boxed{P : R = 2 : 1}$$

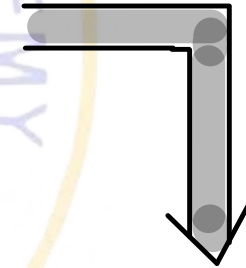findout same as New Ratio calculation

## Given In question

→ **Old Balance Sheet**

→ **Adjustments**
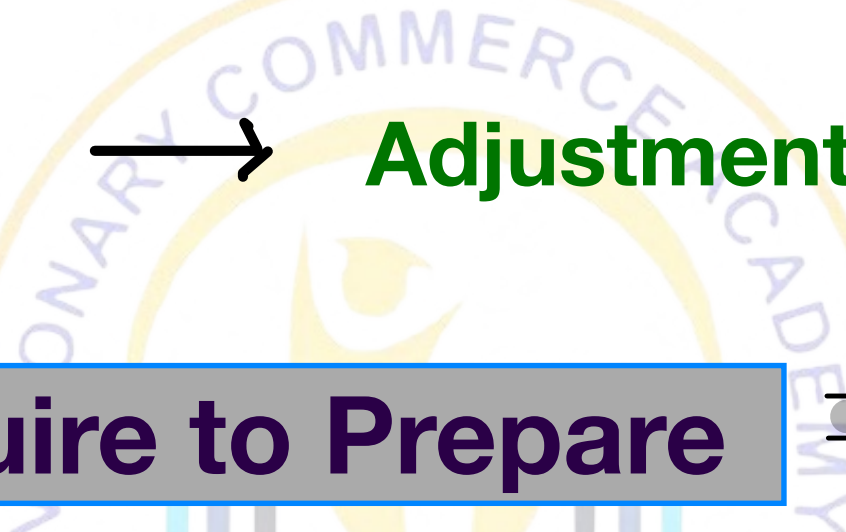
## Require to Prepare

→ **Journal Entries**

→ **Revaluation A/C / P&L Adjustment A/c**

→ **Partners Capital A/C**

→ **New or Closing Balance sheet**

# Retirement of Partner

## Goodwill posting

**If in Qus given**

### Goodwill share of Retiring Partner

**1st Effect**
Partner Capital A/c Cr. Side

| By Goodwill A/c | – | ₹ | – |
|---|---|---|---|

*Let Assume it's retiring partner column*

**2nd Effect**
Balance Sheet Assets side

| Goodwill | – | ₹ |
|---|---|---|

*Same amt on assets side outer column*

**OR**

### Total Goodwill / Total Firm Goodwill

**1st Effect**
Partner Capital A/c Cr. Side

| By Goodwill A/c | ₹ | ₹ | ₹ |
|---|---|---|---|

*Distributed in all partners*

**2nd Effect**
Balance Sheet Assets side

| Goodwill | – | ₹ |
|---|---|---|

*Same amt on assets side outer column*

**OR**

### Goodwill Amt already given in Question

**1st Effect**
Partner Capital A/c Cr. Side

| By Goodwill A/c | ₹ | ₹ | ₹ |
|---|---|---|---|

*Distributed in all partners*

**Difference amt of Given goodwill in balance sheet & Amt given in adjustment**

**2nd Effect**
Balance Sheet Assets side

| Goodwill | – | ₹ |
|---|---|---|

*Same amt on assets side outer column*

**Actual value of Goodwill / Adjustment value**

**OR**

**But In Question If Written or given :- Goodwill written off / Not show in the books / Not appear in the books than / Adjusted**

**1st Effect remain same**

**2nd effect of Goodwill will be changed**

**2nd Effect**
Partner Capital A/c Dr. Side

| To Goodwill A/c | ₹ | – | ₹ |
|---|---|---|---|

*Only on remaining or continuing partner column*

# Goodwill

## Share of Retiring partner
**(Only retired partner share amt)**

### 1) Goodwill raised
Goodwill A/c ...........................Dr.
   To Retiring Partner Capital A/c

### 2) Adjusted
Existing partners A/c........Dr.
   To goodwill A/c
   **(in gain ratio)**

## Goodwill of firm
**(Total Firm Goodwill Amt)**

### 1) Goodwill of the firm raised
Goodwill A/c ...............Dr
   To All partner

### 2) Adjusted
Existing partners A/c........Dr.
   To goodwill A/c
   **(in gain ratio)**

# Death of Partner

Goodwill

Profit & Loss Suspense A/c