SmartKalike

CBSE Class 12 · Accountancy

Reconstitution of a Partnership Firm

10 most probable questions for Boards 2027

Q1. 0.5 marks · Very short answer

In what ratio is General Reserve transferred to the partners' Capital Accounts when a partner retires?

Answer

General Reserve is transferred to all partners' Capital Accounts in the old profit-sharing ratio on retirement.

Q2. 1 mark · Multiple choice

If continuing partners acquire the outgoing partner's share in their old profit-sharing ratio —or no acquisition ratio is stated—which rule applies?
(a) They continue to share future profits in their old ratio.
(b) The outgoing partner's share is divided equally in all cases.
(c) The new ratio must be specified by a court.
(d) The partner with the largest old share acquires the entire share.

Answer

(a) They continue to share future profits in their old ratio — when no acquisition ratio is stated, the outgoing partner's share is assumed to be acquired in the old ratio.

Q3. 2 marks · Short answer

What is the new profit-sharing ratio after a partner retires or dies, and how is a continuing partner's new share made up?

Answer

The new profit-sharing ratio is the ratio in which the remaining partners share future profits after a partner's retirement or death. Each continuing partner's new share consists of that partner's own share in the firm plus the share acquired from the retiring or deceased partner.

Q4. 2.5 marks · Medium answer

In the example, debtors are Rs. 20,000 and the provision for doubtful debts is Rs. 3,000. State the amount at which debtors appear in the balance sheet and briefly explain why.

Answer

1. Debtors appear at Rs. 17,000, calculated by deducting the provision for doubtful debts of Rs. 3,000 from gross debtors of Rs. 20,000 in the balance sheet.

2. The provision comprises the existing provision of Rs. 1,000 and an additional provision of Rs. 2,000. Deducting it shows the net amount of debtors as an asset.

Q5. 3 marks · Medium answer

Explain how to determine each continuing partner’s new share when the outgoing partner’s share is acquired in a specified proportion different from the old ratio. State how the acquired share is used in working out each new share.

Answer

1. When continuing partners acquire the outgoing partner’s share in a specified proportion different from their old ratio, calculate each acquired share according to that specified proportion.
2. Add each acquired share from the outgoing partner to the respective partner’s old share; the resulting shares determine the new profit-sharing ratio. For example, shares of 7/10 and 3/10 give a new ratio of 7:3.

Q6. 4 marks · Long answer

Explain how the death of a partner reconstitutes a firm. In your answer, describe the effect on the existing partnership deed, how the amount due is determined, and to whom it is payable.

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Q7. 5 marks · Long answer

A, B and C share profits in the ratio 3:2:1. B retires, goodwill is valued at ₹60,000, and A and C continue in the ratio 3:1. Goodwill is not to appear in the books. Record the journal entry for the goodwill adjustment, showing how the amounts are allocated in the gaining ratio.

Full answer on SmartKalike: https://smartkalike.com/cbse/class-12/accountancy/reconstitution-of-a-partnership-firm

Q8. 6 marks · Very long answer

Deepa, Neeru and Shilpa share profits in the ratio 5:3:2. Neeru retires, and Deepa and Shilpa agree to share future profits in the ratio 2:3. Goodwill is valued at ₹1,20,000. Calculate the gaining or sacrificing share of each continuing partner, determine the amounts payable to Neeru and to Deepa for their respective shares of goodwill, and record the necessary journal entry in the books of Deepa and Shilpa.

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Q9. 0.5 marks · Very short answer

Which account is debited when a retiring partner’s share of intervening-period profit is recorded?

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Q10. 1 mark · Very short answer

If the continuing partners agree on a specified new profit-sharing ratio, what becomes their new ratio?

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