

EXAM-DAY · 90-MIN REVISION CARD

Reconstitution of a Partnership Firm – Admission of a Partner

Print this · Fold it · Carry to the exam-hall gate · Revise once · Then walk in.

FORMULAS & KEY RESULTS

New share of old partner = Old share – Share sacrificed to new partner

New partner's share = Σ (sacrifices made by old partners)

Sacrificing ratio = Old share – New share (for each old partner)

Gaining ratio = New share – Old share (retirement; NOT admission)

Premium for goodwill → credit OLD partners in SACRIFICING ratio (never old ratio if sacrifice is unequal)

Hidden goodwill = (New partner's capital ÷ his share) – Total adjusted capital of ALL partners

New partner's share of goodwill = Firm goodwill × his share

Revaluation: asset ↑ or liability ↓ = GAIN (credit); asset ↓ or liability ↑ = LOSS (debit)

Revaluation profit/loss → OLD partners in OLD ratio

Reserves + accumulated P&L → OLD partners in OLD ratio

AS-26: only purchased goodwill is recorded; self-generated goodwill is NEVER raised as an asset

TOP 5 PYQ PATTERNS

1 Revaluation A/c + Capital A/cs + Balance Sheet on admission

8 marks · 100% of years
Ratio + sacrifice first. Then Revaluation. Then reserves + premium. Then Capital A/cs. Then Balance Sheet — match totals.

2 New ratio + sacrificing ratio

4 marks · 85% of years
Common denominator. Sacrifice = Old – New. New partner's share = total sacrifice.

3 Goodwill premium journal entries

4 marks · 80% of years
Cash split into capital + premium; distribute premium in SACRIFICING ratio; AS-26 no asset.

4 Hidden goodwill

4 marks · 55% of years
Implied total capital = new capital ÷ share; subtract actual total; that gap is the firm's goodwill.

5 Adjustment of capitals in new ratio

3 marks · 50% of years
Take new partner's capital as base for total capital; allocate to old partners in new ratio; adjust surplus/deficit via cash or current accounts.

90-MIN REVISION FLOW

0-15 min

Recite: sacrifice = Old – New; premium in sacrificing ratio; revaluation/reserves in OLD ratio; AS-26 no self-goodwill. Draw the Revaluation A/c T-format from memory.

15-35 min

Do 1 full 'Revaluation + Capital A/cs + Balance Sheet' problem. Time yourself — aim ≤ 18 min.

35-55 min

Do 5 new-ratio/sacrificing-ratio computations + 3 goodwill premium journal sets. Each in ~3 min.

55-70 min

Take the 15-MCQ Quick Drill under a 20-min timer.

70-85 min

Review wrong answers. Re-derive one hidden-goodwill problem from scratch.

85-90 min

Memorise the 4 capital-account credit items vs the 4 debit items. Recite the AS-26 rule aloud.

Confidence, not anxiety. You've practised this all year. Trust your steps. Don't change strategy on exam morning.
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