

EXAM-DAY · 90-MIN REVISION CARD

## Reconstitution of Partnership: Retirement and Death of a Partner

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

### FORMULAS & KEY RESULTS

Gaining ratio = New – Old (for each continuing partner)

Sum of gains = retiring/deceased partner's share (arithmetic check)

Admission: Sacrifice = Old – New ; Retirement: Gain = New – Old — OPPOSITE

Goodwill on retirement:  
Continuing Capital A/cs Dr (gaining ratio); To Retiring Capital A/c

Retiring partner's goodwill = Firm goodwill × his OLD share

Revaluation profit/loss → ALL partners (incl. retiring) in OLD ratio

Reserves + accumulated P&L → ALL partners (incl. retiring) in OLD ratio

Sec 37: @ 6% p.a. on unpaid balance OR share of profits — outgoing partner's option

Time-basis share = Last year profit × (days lived ÷ 365) × his share

Turnover-basis share = (Sales till death ÷ Last year sales) × Last year profit × his share

JLP sum → ALL partners (incl. deceased) in OLD ratio

Amount due = Capital + Reserves + Reval profit + Goodwill – Drawings – Reval loss

AS-26: self-generated goodwill NEVER raised as asset

### TOP 5 PYQ PATTERNS

#### 1 Revaluation A/c + Capital A/cs + amount due

8 marks · 100% of years

Gain → Reval → reserves + goodwill → Capital A/cs → amount due + settlement.

#### 2 New ratio + gaining ratio

4 marks · 85% of years

Common denominator. Gain = New – Old. Sum of gains = retiring partner's share.

#### 3 Goodwill journal entries on retirement

4 marks · 75% of years

Dr gainers (gaining ratio); Cr retiring partner. Write off existing goodwill in old ratio.

#### 4 Share of profit up to date of death

4 marks · 65% of years

Identify basis (time/turnover). Apply formula. P&L Suspense A/c Dr; To Deceased Capital.

#### 5 Executor's A/c with Sec 37 interest

6 marks · 50% of years

Cr capital + period @ 6% p.a.; Dr instalments; close on final payment.

### 90-MIN REVISION FLOW

#### 0-15 min

Recite: gain = New – Old; Dr gainers Cr leaver; reserves/reval OLD ratio; Sec 37 = 6% p.a.; AS-26.

#### 15-35 min

Do 1 full Reval + Capital A/cs + amount due problem. Time ≤ 18 min.

#### 35-55 min

3 gaining-ratio + 2 goodwill journals + 2 share-of-profit-up-to-death problems.

#### 55-70 min

15-MCQ Quick Drill under 20 min.

#### 70-85 min

Review wrong answers. Draw an Executor's A/c with interest from scratch.

#### 85-90 min

Memorise 4 capital-credits vs 3 debits for retiring partner. Recite Sec 37.

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