

**QUICK DRILL · CBSE CLASS 12**

# Reconstitution of Partnership: Retirement and Death of a Partner

Accountancy · Chapter 4 · 15 MCQs · 20 minutes · PYQ-tagged with time budgets

DATE	TOTAL MARKS 15	DURATION 20 min	MARKING +1 / 0	TARGET ≥ 12/15
------	-------------------	--------------------	-------------------	-------------------

**OBJECTIVES**

Reinforce the four core topics of Reconstitution of Partnership: Retirement and Death of a Partner via 15 PYQ-derived MCQs. Identify weak sub-topics via concept-node IDs (see answer key). Build per-question time budget habit.

**INSTRUCTIONS**

Attempt all 15. Time budget shown per Q (use it as pacing guide). Mark answers (A/B/C/D) in the margin. Answer key + explanations on the last page. **Don't peek — score yourself honestly.**

**SECTION · QUICK DRILL**

Q 1-15 · 20 MIN

**Q1.** On retirement of a partner, the gaining ratio is calculated as:

- (A) Old share – New share  
(B) New share – Old share  
(C) Old share + New share  
(D) New share ÷ Old share

PYQ 2019 · Delhi · 1m · 25s

**Q2.** Retiring partner's share of goodwill is:

- (A) Debited to him, credited to gaining partners  
(B) Credited to him, debited to gaining partners in gaining ratio  
(C) Credited to all partners in old ratio  
(D) Debited to all partners in new ratio

PYQ 2022 · All India · 1m · 25s

**Q3.** Profit on revaluation at the time of retirement is shared by:

- (A) Only continuing partners in new ratio  
(B) All partners (incl. retiring) in old ratio  
(C) Retiring partner only  
(D) Continuing partners equally

PYQ 2020 · Delhi · 1m · 25s

**Q4.** Under Section 37 of the Indian Partnership Act 1932, the default rate of interest on the unpaid amount due to a retiring/deceased partner is:

- (A) 5% p.a.  
(B) 6% p.a.  
(C) 9% p.a.  
(D) 12% p.a.

PYQ 2023 · All India · 1m · 25s

**Q5.** A, B, C share 4:3:2. C retires; A and B take his share in old ratio. Gaining ratio of A:B is:

- (A) 4:3  
(B) 3:2  
(C) 1:1  
(D) 2:1

PYQ 2018 · Outside Delhi · 1m · 30s

**Q6.** A decrease in the value of a liability on retirement-day revaluation is:

- (A) Debited to Revaluation A/c  
(B) Credited to Revaluation A/c  
(C) Ignored  
(D) Debited to Capital A/c

PYQ 2021 · Delhi · 1m · 30s

**Q7.** General reserve appearing on the date of retirement is distributed among:

- (A) Continuing partners in new ratio  
(B) All partners (incl. retiring) in old ratio  
(C) Retiring partner only  
(D) Continuing partners in gaining ratio

PYQ 2023 · Delhi · 1m · 30s

**Q8.** Self-generated goodwill on retirement, under AS-26, is:

- (A) Raised in old ratio  
(B) Raised in gaining ratio  
(C) Not recorded; adjusted through capital accounts  
(D) Recorded as deferred asset

PYQ 2024 · Delhi · 1m · 30s

**Q9.** A, B, C share 5:3:2; firm's goodwill ₹1,50,000. C retires; gaining ratio A:B = 3:1. A pays C:

(A) ₹15,000

(B) ₹22,500

(C) ₹7,500

(D) ₹30,000

PYQ 2022 · Delhi · 1m · 60s

**Q10.** Last year's profit ₹90,000. C (share 2/9) died after 91 days of current year. His share on TIME basis:

(A) ₹5,000

(B) ₹4,986

(C) ₹20,000

(D) ₹2,494

PYQ 2019 · All India · 1m · 90s

**Q11.** Joint Life Policy sum received on the death of a partner is distributed among:

(A) Continuing partners in new ratio

(B) All partners (including deceased) in old ratio

(C) Deceased partner only

(D) Continuing partners in gaining ratio

PYQ 2021 · Delhi · 1m · 30s

**Q12.** Entry for share of profit up to date of death on time basis is:

(A) P&L A/c Dr; To Deceased's Capital A/c

(B) P&L Suspense A/c Dr; To Deceased's Capital A/c

(C) Deceased's Capital A/c Dr; To P&L Suspense A/c

(D) Executor's A/c Dr; To P&L A/c

PYQ 2018 · Delhi · 1m · 25s

**Q13.** Amount due to retiring partner, if not paid immediately, is transferred to:

(A) Capital A/c

(B) Retiring Partner's Loan A/c

(C) Bank A/c

(D) P&L A/c

PYQ 2020 · Outside Delhi · 1m · 25s

**Q14.** A, B, C share 5:3:2. C retires; A takes 3/4 and B takes 1/4 of C's share. Gaining ratio A:B is:

(A) 5:3

(B) 3:1

(C) 1:1

(D) 2:1

PYQ 2024 · All India · 1m · 60s

**Q15.** Retirement of a partner is governed by which section of the Indian Partnership Act 1932?

(A) Section 30

(B) Section 31

(C) Section 32

(D) Section 37

PYQ 2019 · Delhi · 1m · 25s

## ANSWER KEY & EXPLANATIONS

Q 1-15 · MARK YOUR SCORE

**Q1. Answer: B**

Continuing partners GAIN the retiring partner's share; Gain = New – Old.

**Q2. Answer: B**

Gainers pay, leaver receives — Cr retiring partner, Dr gainers in gaining ratio.

**Q3. Answer: B**

Pre-retirement value changes belong to ALL partners in OLD ratio.

**Q4. Answer: B**

Section 37 default = 6% p.a. (or share of profits — at his option) when the deed is silent.

**Q5. Answer: A**

When silent, gainers take in their old mutual ratio = 4:3.

**Q6. Answer: B**

Liability decrease = gain → credit Revaluation A/c.

**Q7. Answer: B**

Reserves earned under the old agreement → ALL partners in OLD ratio.

**Q8. Answer: C**

AS-26: only purchased goodwill recorded; self-generated never raised.

**Q9. Answer: B**

C's share =  $1,50,000 \times \frac{2}{10} = ₹30,000$ ; A pays  $\frac{3}{4} = ₹22,500$ .

**Q10. Answer: B**

$90,000 \times \frac{91}{365} \times \frac{2}{9} = ₹4,986$  (approx).

**Q11. Answer: B**

JLP received by the firm; distributed to all partners in OLD ratio.

**Q12. Answer: B**

Profit & Loss Suspense A/c Dr; To Deceased Partner's Capital A/c.

---

**Q13. Answer: B**

Balance is transferred to Retiring Partner's Loan A/c carrying Section-37 interest.

---

**Q14. Answer: B**

A's gain =  $2/10 \times 3/4 = 3/20$ ; B's gain =  $2/10 \times 1/4 = 1/20 \rightarrow 3:1$ .

---

**Q15. Answer: C**

Section 32 — retirement of a partner.