DK Goel Solutions Class 12 – Chapter 4 – Part A

Question 1

X, Y, and Z are associates sharing profits and losses in the ratio 3:2: 1. Calculate the new ratios when (i) X retires (ii) Y retires (iii) Z retires

Solution: The new ratio of the left partners will be calculated by striking out the share of the retiring partners. Therefore,

(i) When X retires, the new ratio between Y and Z is 2:1

(ii) When Y retires, the new ratio between X and Z is 3:1

(III) When Z retires, the new ratio between X and Y is 3:2

Question 2

A, B, and C are associates in a company sharing profits in the ratio 5:4:3. B retired and his share was distributed evenly between A and C. Determine the new profit-sharing ratio of A and C.

Solution: B's share will be divided between A and C in the ratio of 1:1.

$$A\ will\ gain\ \frac{1}{2}\ of\ \frac{4}{12} = \frac{2}{12}$$

$$Hence,\ A's\ new\ share = \frac{5}{12} + \frac{2}{12} = \frac{7}{12}$$

$$C\ will\ gain\ \frac{1}{2}\ of\ \frac{4}{12} = \frac{2}{12}$$

$$Hence,\ C's\ new\ share = \frac{3}{12} + \frac{2}{12} = \frac{5}{12}$$

$$New\ Ratio = A\frac{7}{12} : C\frac{5}{12}\ or\ 7:5$$

Question 3

A, B, C, and D are associates sharing profits in the ratio of 3:4:3:2. On the retirement of C, the goodwill was valued at ₹6,00,000. A, B and D decided to show future profits equally. Pass the necessary journal entry for the retirement of goodwill.

Solution: Calculation of Gaining Ratio:

$$Gaining\ Ratio\ of\ A = \frac{1}{3} - \frac{3}{12} = \frac{4-3}{12} = \frac{1}{12}$$

$$Gaining\ Ratio\ of\ B = \frac{1}{3} - \frac{4}{12} = \frac{4-4}{12} = 0$$

$$Gaining\ Ratio\ of\ D = \frac{1}{3} - \frac{2}{12} = \frac{4-2}{12} = \frac{2}{12}$$

Date	Particulars		L.F	Dr. (₹)	Cr. (₹)
	A's Capita lA/c D's Capital A/c	Dr. Dr.		50,000 1,00,000	
	To C's Capital A/c (C's share of goodwill debited to the account of A and D in the gaining ratio 1:2)				1,50,000

Question 4

A, B and C were partners sharing profits in the ration of 5:4:3. C retired and his share was taken up by A and B in the ratio of 3:2. Find out the new ratio.

Solution:

C's share will be divided between A and B in the ratio of 3:2

$A\ will\ gain\ \frac{3}{5}\ of\ \frac{3}{12}\ =\ \frac{9}{60}$

$Hence,\ A's\ new\ share\ =\ \frac{5}{12}\ +\ \frac{9}{60}\ =\ \frac{34}{60}$

$B\ will\ gain\ \frac{2}{5}\ of\ \frac{3}{12}\ =\ \frac{6}{60}$

$Hence,\ B's\ new\ share\ =\ \frac{4}{12}\ +\ \frac{6}{60}\ =\ \frac{26}{60}$

$New\ Ratio\ =\ A\frac{34}{60}\ :\ B\frac{26}{60}\ or\ 17:13$