



# INDIAN SCHOOL DARSAIT

## DEPARTMENT OF COMMERCE



Subject : Accountancy	Topic : Death of a Partner	Date of Issue: __/__/2018 Worksheet No.9
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Name of the Student : _____	Class & Division : XII _____	Roll Number : _____

- Ram , Manohar and Joshi were partners in a firm . Joshi died on 28<sup>th</sup> February, 2015. His share of profit from the closure of the last accounting year till the date of death was to be calculated on the basis of the average of three completed years of profits before death. Profits for 2012, 2013 and 2014 were ₹ 7,000, ₹8,000 and ₹ 9,000 respectively. Calculate Joshi's share of profit till his death and pass the necessary Journal entry for the same.
- Kala , Mohan and Rawat were partners in a firm . Kala died on 1<sup>st</sup> August, 2015. Her share of profit from the closure of the last accounting year till the date of death was to be calculated on the basis of last year's Profits which were ₹ 24,000. Calculate Kala's share of profit till her death and pass the necessary Journal entry for the same. Accounts are closed on 31<sup>st</sup> March every year.
- A, B and C are sharing profits in the ratio of 3:2:1. C dies on 31<sup>st</sup> March , 2015. Accounts are closed on 31<sup>st</sup> December every year. Sales for the year 2014 amounted to ₹ 6,00,000. Sales from 1<sup>st</sup> January, 2015 to 31<sup>st</sup> March , 2015 amounted to ₹ 4,80,000. The profit for the year 2014 amounted to Rs 96,000. Calculate the deceased partner's share in the current year's profits and Pass Journal entry.
- A, B and C are sharing profits in the ratio of 3:2:1. B dies on 31<sup>st</sup> July, 2015. Accounts are closed on 31<sup>st</sup> March every year. Sales for the year 2014-15 amounted to ₹ 12,00,000. Sales from 1<sup>st</sup> April, 2015 to 31<sup>st</sup> July , 2015 amounted to ₹ 6,40,000. The profit for the year 2014-15 amounted to ₹ 2,40,000. Calculate the deceased partner's share in the current year's profits and Pass Journal entry.
- Chander , Tara and Ravi were partners in a firm sharing profits in the ratio of 2:1:2. On 15.2.2015 Chander died and the new profit sharing ratio between Tara and Ravi was 4:11. On Chander's death the goodwill of the firm was valued at ₹ 90,000. Calculate gaining ratio and pass necessary journal entry for the treatment of goodwill on Chander's death without opening goodwill account.
- S,T and U were partners in a firm sharing profits in the ratio of 1:2:2. On 15.2.2015 S died and the new profit sharing ratio of T and U was 3:2. On S's death the goodwill of the firm was valued at ₹ 60,000. Calculate the gaining ratio and pass necessary journal entry on S's death for the treatment of goodwill without opening goodwill account.
- A,B and C were partners sharing profits in the ratio of 3:2:1. B died on 31<sup>st</sup> March 2016. Under the partnership deed, the executors of the deceased partner are entitled to :
  - ✓ His capital as per balance sheet.
  - ✓ Interest on Capital @ 10% p.a. up to the date of death.
  - ✓ His share of profit to the date of death, calculated on the basis of last year's profit.B's capital on 31<sup>st</sup> Dec., 2015 was ₹40,000 and in 2016 he has withdrawn ₹ 1,200 per month at the beginning of each month . Interest on drawing is to be charged @ 10%p.a. Last year's profit was ₹ 24,000.  
Prepare B's A/c to be rendered to his executors
- A,B and C were carrying on business with the following assets with effect from 1.1.2015. Furniture ₹ 18,000; Machine ₹ 72,000; Cash ₹ 10,000; Debtors ₹ 20,000. Their profit –sharing ratio was 5:3:2. Capital is also shared in the same ratio. B died on 30.6.2015. His son claimed his father's interest in the firm.  
The following was the settlement:
  - (i) Allow his capital to his credit on the date of death.
  - (ii) Give 5%p.a. interest on his capital.



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- (iii) He had been drawing @ ₹ 600 per month which he withdrew at the beginning of each month. He is allowed to retain these drawings as a part of his share of profit.
- (iv) Interest @6% p.a. is charged on his drawings.
- (v) Goodwill was evaluated twice the average of profits which were ₹ 3,600. Prepare B's Personal Account.

9. Arti , Bharti and Seema are partners sharing profits in the proportion of 3:2:1 and their Balance Sheet on March 31 , 2003 stood as follows:

### BALANCE SHEET as at March 31,2018

Liabilities	Amount	Assets	Amount
	₹		₹
Bills Payable	12,000	Buildings	21,000
Creditors	14,000	Cash in Hand	12,000
General Reserve	12,000	Bank	13,700
Capitals :		Debtors	12,000
Arti		Bills Receivable	4,300
20,000		Stock	1,750
Bharti		Investment	13,250
12,000			
Seema	40,000		
8,000			
	78,000		78,000

Bharti died on June 12, 2018 and according to the deed of the said partnership her executors are entitled to be paid as under:

- (i) The capital to her credit at the time of her death and interest thereon @ 10% per annum.
- (ii) Her proportionate share of Reserve Fund .
- (iii) Her share of profits for the intervening period will be based on the sales during that period, which were calculated as ₹ 1,00,000. The rate of profit during past three years had been 10% on sales.
- (iv) Goodwill according to her share of profit to be calculated by taking twice the amount of the average profit of the last three years less 20%. The profits of the previous years were:
 

2016	₹ 8,200
2017	₹ 9,000
2018	₹ 9,800

The investments were sold for ₹ 16,200 and her executors were paid out. Pass the necessary journal entries and write the account of the executors of Bharti.

10. Nithya , Sathya and Mithya were partners sharing profits and losses in the ratio of 5:3:2 respectively . Their Balance Sheet as on December 31,2017 was as follows:

Liabilities	Amount	Assets	Amount
	₹		₹
Creditors	14,000	Investments	10,000
Reserve Fund	6,000	Goodwill	5,000
Capital Accounts:		Premises	20,000
Nithya     30,000		Patents	6,000
Sathya     30,000		Machinery	30,000
Mithya     20,000	80,000	Stock	13,000
		Debtors	8,000
		Bank	8,000
	1,00,000		1,00,000

Mithya dies on 1.5.2018. The agreement between the executors of Mithya and the partners stated that:

- (a) Goodwill of the firm be valued at 2 1/2 times the average profits of last four years. The profits of four years were: 2014 ₹ 13,000; 2005 ₹12,000; 2016 ₹16,000 and 2017 ₹ 15,000.
- (b) The patents are to be valued at ₹ 8,000; Machinery at ₹ 25,000 and Premises ₹25,000.
- (c) The share of profit of Mithya should be calculated on the basis of the profit of 2017.
- (d) ₹ 4,600 should be paid immediately and the balance should be paid in 4 equal half – yearly instalments carrying interest @ 10%.



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Record the necessary journal entries to give effect to the above and write the executor's account till the amount is fully paid. Also prepare the balance sheet of Nithya and Sathya as it would appear on 1.5.2018 after giving effect to the adjustments.

11. Following is the Balance Sheet of A, B and C as on 31<sup>st</sup> December 2014:

Liabilities	₹	Assets	₹
Sundry Creditors	3,000	Tools	1,000
Reserve Fund	3,200	Furniture	8,000
Capital Accounts:		Stock	6,000
A	10,000	Debtors	6,000
B	5,000	Cash at Bank	5,000
C	5,000	Cash in hand	200
	26,200		26,200

B died on 31<sup>st</sup> March 2015. Under the partnership agreement the executor of B was entitled to :

- Amount standing to the credit of his Capital Account.
- Interest on Capital which amounted to ₹ 62.50.
- His share of goodwill ₹ 3,500.
- His share of profit from the closing of the last financial year to the date of death which amounted to ₹ 437.50.

B's executor was paid ₹ 1,800 on 1<sup>st</sup> April 2015 and the balance in four equal yearly installments starting from 31.3.2016 with interest @6% p.a.

Pass the necessary journal entries and draw up B's Account to be rendered to his executor and B's Executor's Account till it is finally paid. Partners were sharing profits and losses in the Capital Ratio.

12. R, S and T were partners sharing profits and losses in the ratio of 5:3:2 respectively. On 31<sup>st</sup> Dec.2015, their B/S stood as under.

Liabilities	₹	Assets	₹
Creditors	27500	Goodwill	12500
Reserve Fund	15000	Buildings	50000
Capitals: R	75000	Patents	15000
S	62500	Machinery	75000
T	37500	Stock	25000
		Debtors	20000
		Cash at bank	20000
	217500		217500

T died on 1<sup>st</sup> May, 2016. It was agreed that:-

- Goodwill be valued at 2-1/2 years purchase of the average profits of the last four years, which were -2012 ₹32500; 2013 ₹30000; 2014 ₹40000 and 2015 ₹37500.
- Machinery be valued at ₹70000, Patents at ₹20000, Building at ₹62500.
- For the purpose of calculating T's share in the profits of 2016, previous year profits should be considered.
- A sum of ₹10,500 is to be paid immediately to the executors of T and the balance to be paid in 4 equal half yearly installments together with interest 10%p.a.  
Give the necessary journal entries to record the above transactions and T's executors account for the year 2016.

13. A, B and C were sharing profits in the ratio of 5:3:2. C died on 1<sup>st</sup> Aug.2017. However, their Balance sheet on 31-3-2017 stood as under.

Liabilities	₹	Assets	₹
Creditors	21,000	Goodwill	4,000
Reserves	6,000	Buildings	44,000
Capital		Debtors	5,000
A	20,000	Less Provision	100
B	15,000	Stock	
C	10,000		8,600
	45,000	Plant and Machinery	5,500
		Furniture	5,000



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	72,000		72,000
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Adjustments:

- (i) Goodwill was valued at 2 1/2 years purchase of the average profits of last four years profits. The profits of last 4 years were: 2014 ₹13,000, 2015 ₹12,000, 2016 ₹16,000 and 2017 ₹15,000 respectively.
- (ii) Buildings were worth ₹50,000, Stock ₹10,000.
- (iii) Patents unrecorded in the books to be recorded ₹8,000.
- (iv) A reserve of ₹ 1000 was to be made for doubtful debts.
- (v) Profits for the current year were taken on the same basis of last year.
- (vi) Amount payable to C to be transferred to his executor's loan a/c.

Show the necessary ledger account and the Balance sheet of the new firm after C's death.

14. A and B are partners sharing profits in the ratio of A 5/10, B 3/10 and transfer to reserve 2/10. Their balance sheet on 31<sup>st</sup> March, 2016 was as follows:

	₹		₹
Sundry Creditors	16,000	Cash at Bank	2,800
General Reserve	9,600	Sundry Debtors	20,000
A		B/R	8,000
80,000			
B	1,20,200	Fixed Assets	1,00,000
40,200		Goodwill	15,000
	1,45,800		1,45,800

B died on 1<sup>st</sup> April, 2016. Besides his Capital and Reserves, B's legal representatives are entitled to:

- (i). His share of goodwill, based on two years of the total profits of last three years, which were ₹10,300; ₹15,100 and ₹13,600.

Assets were revalued as follows:

Fixed Assets ₹ 1,20,000; ₹ 2,000 out of debtors are bad and a provision of 5% is to be made for bad debts and 2% for discount on debtors Prepaid insurance is ₹ 490 and outstanding salaries ₹ 3,000. There is an old typewriter not recorded in the books valued at ₹4,000.

Prepare Revaluation a/c and B's a/c to be rendered to his legal representatives.

15. Dinesh, Rajesh and Mahesh shared profits as 5:3:2. Their Balance Sheet as on March 31, 2018 was as follows: -

### BALANCE SHEET AS AT MARCH 31, 2018

Liabilities	Amount ₹	Assets	Amount ₹
Creditors	50,000	Goodwill	5,000
Profit and Loss A/c	10,000	Cash	17,000
General Reserve	40,000	Fixed Assets	60,000
Capital Accounts:		Investments	20,000
Dinesh		Stock	45,500
30,000		Debtors	30,000
Rajesh	1,00,000	B/R	6,000
30,000			
Mahesh		Deferred Revenue	14,000
40,000		Expenditure	
		Dinesh's loan account	2,500
	2,00,000		2,00,000

Dinesh died on July 1, 2018. Rajesh and Mahesh decided to share profits equally after Dinesh's death. The executors of Dinesh will get:-

- (i) His share of goodwill. The total goodwill of the firm valued at ₹50,000.
- (ii) His share of profit up to his date of death on the basis of average profits of last three years

March 31, 2018	₹25,000
March 31, 2017	₹18,000
March 31, 2016	₹17,000



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- (iii) Fixed Assets were undervalued by ₹3,000. a provision @ 5% on debtors is to be created for doubtful debts.
- (iv) Investment were sold for ₹25,000. Half of the amount due to Dinesh was paid to his executors and for the balance they accepted a Bills Payable.  
Prepare necessary ledger accounts and the new Balance sheet.
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