



INDIAN SCHOOL AL WADI AL KABIR

Class: XII Accountancy	Department: Commerce
Worksheet No: 1	Topic: Death of a Partner

- 1.** A, X, Y and Z are partners sharing profit in the ratio of 3 : 2 : 1. Y retires and on the date of Y's retirement goodwill was valued at 1,20,000. Goodwill already appears in the books at a value of 48,000. New ratio of X and Z is 3 : 2. Pass the necessary journal entries.

B. Aman, Bimal and Deepak are partners sharing profits in the ratio of 2 : 3 : 5 . The goodwill of the firm has been valued at ₹ 37,500. Aman died on 30.9.2023, Bimal and Deepak decided to share profits equally in future. Calculate gain/sacrifice of Bimal and Deepak on Aman's retirement and also pass necessary journal entry for the treatment of goodwill.
- 2.** B, C and D were partners in a firm sharing profits in the ratio of 5:4:1. The profit of the firm for the year ending on March 31, 2023 was Rs.1,00,000. C died on June 30, 2023. Calculate C's share of profit on the basis of previous year's profit.
- 3.** X, Y and Z were partners sharing profits and losses in the ratio of 3 : 2 : 1. Y died on 30th June, 2023. Profit from 1st April, 2023 to 30th June, 2023 was ₹3,60,000. X and Z decided to share the future profits in the ratio of 3 : 2. Pass the necessary Journal entries to record Y's share of profit up to the date of death.
- 4.** D, P and G were partners in a firm sharing profits and losses in the ratio of 5:3:2. P died on 31st May, 2023. 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 the years ended 31st December, 2020, 2021 and 2022 were Rs.17,000; Rs.15,000 and Rs.13,000 respectively. Calculate P's share of profit till his death and pass the necessary Journal entry for the same.
- 5.** X, Y and Z were partners in a firm. Z died on 31st May, 2023. 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 the years ended 31st March, 2021, 2022 and 2023 were Rs.7,000; Rs.8,000 and Rs.9,000 respectively. Calculate Z's share of profit till his death and pass necessary Journal entry.
- 6.** A, B and C were partners sharing profits and losses in the ratio of 2:2:1. C died on 31st March 2023. Profits and Sales for the calendar year 2022 were Rs.1,00,000 and Rs.10,00,000 respectively. Sales during January to March 2023 were Rs.1,50,000. You are required to calculate share of profit of C up to the death.

7. From the following information, estimate share of the deceased partner in profits from the accounting date till the date of death:
Sales for the year 2022 – Rs.4,00,000; Profit for the year 2022 – Rs.80,000; Date of death 1.4.2023; Sales from 1.1.2023 to 31.3.2023- Rs.70,000; Share of deceased partner-2/5.
8. P, Q and R were partners sharing profits in the ratio of 2 : 2 : 1. The firm closes its books on March 31st every year. On June 30, 2023, R died. His share in the profit of the firm till the date of death, to be calculated on the basis of the rate of Net Profit on Sales of the previous year, which was 25 %. The Sales of the firm till June 30, 2023 were Rs. 6,00,000. Calculate R's share in profit and pass journal entry.
9. Nirmala, Divisha and Sara were partners in a firm sharing profits and losses in the 3:4:3. Books were closed on 31st March every year. Sara died on 1st February, 2022. As per the partnership deed Sara's executors are entitled to her share of profit till the date of death on the basis of Sales turnover. Sales for the year ended 31st March 2021 was ₹ 10,00,000 and profit for the same year was ₹ 1,20,000. Sales show a positive trend of 20% and percentage of profit earning is reduced by 2%.
Journalise the transaction along with the working notes.
10. A, B and C were partners sharing profits in the ratio of 3 : 2 : 1. The firm closes its books on 31st March every year. B died on 30th June, 2023. On his death, Goodwill of the firm was valued at ₹ 6,00,000. B's share in profit or loss till the date of death was to be calculated on the basis of previous year's profit/loss which was ₹ 15,00,000 (Loss). Pass necessary Journal entries for goodwill and his share of loss.
11. X, Y and Z were partners in a firm sharing profits in 2 : 2 : 1 ratio. The Partnership Deed provided that on the death of a partner his executors will be entitled to the following:
- Interest on Capital @ 12% p.a.
 - Interest on Drawings @ 18% p.a.
 - Salary of ₹ 12,000 p.a.
 - Share in the profit will be calculated on the basis of previous year.

Year	2019-20	2020-21	2021-22	2022-23
Profits (₹)	1,50,000	1,00,000	50,000	30,000

X died on 31st May, 2023. His capital was ₹ 80,000. He had withdrawn ₹ 15,000 and interest on his drawings was calculated as ₹ 1,200.

Prepare X's Capital Account to be rendered to his executors.

12. V, G and M were partners in a firm sharing profits in the ratio of 2 : 2 : 1. The firm closes its books on 31st March every year. On 30th September, 2023 M died. According to the provisions of Partnership Deed the legal representatives of a deceased partner are entitled for the following in the event of his/her death:

- (a) Capital as per the last Balance Sheet.
- (b) Interest on capital at 6% per annum till the date of her death.
- (c) Her share of profit to the date of death calculated on the basis of average profit of last four years.
- (d) Her share of goodwill to be determined on the basis of three years' purchase of the average profit of last four years. The profits of last four years were:

Year	2019-20	2020-21	2021-22	2022-23
Profit (₹)	30,000	50,000	40,000	60,000

The balance in M's Capital Account on 31st March, 2023 was ₹ 60,000 and she had withdrawn ₹ 10,000 till date of her death. Interest on her drawings was ₹ 300.

Prepare M's Capital Account to be presented to her executors.

13. D, A and P are partners in a firm sharing profits and losses in the ratio of 5:3:2. Their books are closed on March 31st every year. D died on September 30th , 2023, The executors of D are entitled to:-

- i. His share of Capital i.e. ₹ 5,00,000 along-with his share of goodwill. The total goodwill of the firm was valued at ₹ 60,000.
- ii. His share of profit up to his date of death on the basis of sales till date of death. Sales for the year ended March 31st, 2023 was ₹ 2,00,000 and profit for the same year was 10% on sales. Sales shows a growth trend of 20% and percentage of profit earning is reduced by 1%.
- iii. Amount payable to D was transferred to his executors.
Pass necessary Journal Entries and show the workings clearly.

14. P, R and S who are sharing profits in the ratio 2:1:2. The balance of P's capital was Rs. 1,44,000 as on 31st March 2023. P died on 30th September 2023. She had withdrawn 44,000 from her capital on July 1st 2023.

According to the partnership agreement, she was entitled to interest on capital @8% p.a. Her share of profit till the date of death was to be calculated on the basis of the average profits of the last three years. Goodwill was to be calculated on the basis of three times the average profits of the last 3 years. The profits for the years ended 2020-21, 2021-22 and 2022-23 were Rs. 30,000, Rs. 70,000 and Rs. 80,000 respectively.

Prepare P's account to be rendered to her executors.

15. Sandeep, Maheep and Amandeep were partners in a firm sharing profits in the ratio of 2: 2: 1. The firm closes its books on 31st March every year. On 30th June, 2023 Maheep died. The partnership deed provided that on the death of a partner his executors will be entitled to the following:

- a) Balance in his capital account which amounted to ₹1,15,000 and interest on capital till date of death which amounted to ₹5,000.
- b) His share in the profits of the firm till the date of his death amounted to ₹20,000.

c) His share in the goodwill of the firm. The goodwill of the firm on Maheep's death was valued at ₹ 1,50,000.

d) Loan to Maheep amounted ₹ 20,000.

It was agreed that the amount will be paid to his executor in three equal yearly instalments with interest @ 10% p.a. The first instalment was to be paid on 30.06.2024.

Calculate the amount to be transferred to Maheep's executors Account and prepare the executor's account till it is finally settled.

16. The Balance Sheet of P, Q and R who were sharing profits in the ratio of 3 : 3 : 4 as at 31st March, 2023 was as follows:

LIABILITIES	RS.	ASSETS	RS.
Profit & Loss A/c	40,000	Goodwill	20,000
Bills Payable	10,000	Cash	10,000
Bank loan	30,000	Stock	40,000
Capital:		Investments	70,000
P 90,000		L & B	1,50,000
Q 90,000		Advertisement Suspense A/c	10,000
R 40,000	2,20,000		

P died on 15th June, 2023. The partnership deed provided for the following on the death of a partner:

- (i) Goodwill of the firm be valued at two years' purchase of average profits for the last three years.
- (ii) P's share profit was to be calculated on the basis of last years profit.
- (iii) Interest on capital was to be provided @ 6% p.a.
- (iv) The average profits of the last three years were Rs. 35,000.
- (v) L & B was revalued at Rs. 1,60,000 and Investments were sold for Rs. 80,000.
- (vi) P withdrew 5,000 for personal use for the intervening period.
- (vii) Executors were paid half through cheque and remaining was transferred to Executors loan a/c.

Prepare A's Capital Account & his executors account.

17. A, B and C were partners sharing P&L in the ratio 5:3:2. A died on 30th June, 2023. Entry for treatment of goodwill after his death was passed as follows:-

Date	Particulars	L.F	Debit (₹)	Credit (₹)
	B's Capital A/c Dr.		1,80,000	
	C's Capital A/c Dr.		1,20,000	
	To A's Capital A/c			3,00,000

(Entry for goodwill treatment passed at the time of death of partner)

A's profit till date of death was estimated as ₹ 1,20,000, based on the average profits of past three years. Final dues payable to A's executors on the date of death was calculated as ₹

8,40,000 out of which ₹ 2,40,000 was paid immediately by giving him Furniture valued for the same and balance was to be paid in three equal annual instalments starting from 30 June, 2023, together with interest rate as specified in Section 37 of Indian Partnership Act, 1932. Pass necessary entry for profit share to be credited to A's Capital and also prepare A's executors account till final settlement.

18. Sudhir, Deepak and Naveen were partners in a firm sharing profits and losses in the ratio of 2 : 2 : 1. On 31st March, 2023 their Balance Sheet as given

LIABILITIES	₹	ASSETS	₹.
Creditors	50,000	Land and Building	2,10,000
General Reserve	1,00,000	Machinery	1,90,000
Loan	1,20,000	Stock	30,000
Sudhir's capital	1,60,000	Investments	1,70,000
Deepak's capital	1,50,000	Advertisement Suspense	1,20,000
Naveen's capital	1,40,000		
	7,20,000		7,20,000

Sudhir died on 30th June, 2023. The partnership deed provided for the following, on the death of a partner :

(i) Goodwill of the firm was to be valued at 2.5 years purchase of average profits of the previous four years which were ₹1,80,000.

(ii) Sudhir's Share of his profit till death was to be calculated on the basis of sales. Sales for the year ended 31 March, 2023 amounted to ₹ 4,00,000 and that from 1st April to 30th June, 2023 amounted to 1,50,000. The profit for the year ended 31st March, 2023 was 1,00,000.

(iii) Interest on capital was to be provided @ 12% p.a. executors.

Prepare Sudhir's capital A/c to be rendered to the executor.