

Sobtis Public School

Worksheet(A)- Accounts

Chapter- Death Of a Partner

Q1] Nithya, Sathya and Mithya were partners sharing profits and losses in 5:3:2. Balance sheet on 31st march 2012 is as follows:-

Liabilities	Amount	Assets	Amount
Creditors	14000	Investments	10000
Reserve fund	6000	Goodwill	5000
Capital accounts:		premises	20000
Nithya 30000		Patents	6000
Sathya 30000		Machinery	30000
Mithya 20000	80000	Stock	13000
		Debtors	8000
		Bank	8000
	100000		100000

Mithya dies in 1-8-2012. The agreement between the executors of Mithya and partners stated that

- Goodwill of the firm be valued at 2.5 times the average profits of last four years. Which were Rs. 13000, Rs. 12000, Rs. 16000, Rs. 15000.
- Patents are to be valued at Rs. 8000, machinery at Rs. 25000, premises Rs. 25000
- The share of profit of Mithya should be calculated on the basis of profit of 2012.
- Rs. 4200 should be paid immediately and the balance should be paid in 4 equal half yearly installments carrying interest @10%p.a.

Record the necessary journal entries and prepare executors account.