

Sobtis Public School

Worksheet(B)- Accounts

Chapter- Death Of a Partner

Sita, Rita And Geeta are partners sharing profits and losses in the ratio 4:3:1. As per the deed on the death of any partner, goodwill be valued at 50% of net profits credited to that partners capital accounts during the last three completed years before death. Sita died on 29th Feb 2012. Profits of last five years were:

2007- Rs. 60000

2008- Rs. 97000

2009- Rs. 105000

2010- Rs. 30000

2011 – Rs. 84000

On the date of Sita's death, building was found undervalued by Rs. 80000. Calculate Sita's share of goodwill and record the adjustment Journal Entries of goodwill and revaluation of Building. New profit ratio will be equal.