[**Ans.** Ghanshyam's share of Goodwill ₹60,000, which will be debited entirely to Vrinda's Capital A/c; Ghanshyam's share of profit till the date of death ₹18,750 will also be debited entirely to Vrinda's Capital A/c.]

Hint: Ghanshyam's share of profit will not be adjusted through Profit & Loss Suspense A/c because of change in profit sharing ratios of continuing partners.

Q. 67. *A, B* and *C* were partners in a firm. *A* died on 31.3.2018 and the Balance Sheet of the firm on that date was as under:

BALANCE SHEET OF *A, B* AND *C* *as at 31st March, 2018*

Liabilities		₹	*Assets*	₹
Creditors		7,000	Cash at Bank	12,000
General Reserve		9,000	Debtors	32,000
Workmen's Compensation Reserve		10,000	Furniture	30,000
Profit & Loss Account		6,000	Plant	40,000
Capitals :			Patents	8,000
A	40,000			
B	30,000			
C	20,000	90,000		
		1,22,000		1,22,000

On *A*'s death it was found that patents were valueless, furniture was to be brought down to ₹24,000 plant was to be reduced by ₹10,000 and there was a liability of ₹7,000 on account of workmen's compensation. Pass the necessary journal entries for the above at the time of *A*'s death.

(C.B.S.E. 2019, Delhi)

[**Ans.** Amount due to *A*'s Executors ₹38,000.]

Q. 68. Anuj, Tanuj and Vishesh were partners in a firm sharing profits in 2 : 2 : 1. Tanuj died on 31st July 2023. His capital on 1st April, 2023 was ₹6,00,000. You are informed that:

(*i*) Tanuj is entitled to 6% p.a. interest on his capital.

(*ii*) He is entitled to his share of profit till the date of death on the basis of last year's profit which were ₹2,40,000.

(*iii*) Land and Building with book value of ₹12,00,000 is undervalued by 40%.

(*iv*) Executors of Tanuj were paid ₹10,00,000 in full settlement of his account.

Prepare Tanuj's Capital Account.

[**Ans.** Tanuj's share of hidden goodwill ₹36,000.]

Q. 69. *A, B, C* and *D* were partners sharing profits in the ratio of 5 : 3 : 2 : 2. *B* died on 1st March, 2024. Goodwill of the firm was valued at ₹6,00,000. *A, C* and *D* decided to share future profits equally. Give necessary journal entry.

[**Ans.** Debit *C* and *D* by ₹1,00,000 each and Credit *A* by ₹50,000 and *B* by ₹1,50,000.]

You are required to prepare A's Capital Account as at the date of death, for a settlement with his executors.

[**Ans.** Amount payable to A's executors ₹1,70,583.]

Q. 72. You are given the Balance Sheet of A, B and C who are partners sharing profits in the ratio of 2 : 2 : 1 as at March 31, 2022.

Liabilities		₹	*Assets*	₹
Creditors		40,000	Goodwill	30,000
Reserve Fund		25,000	Fixed Assets	60,000
Capitals :			Stock	10,000
A	30,000		Sundry Debtors	20,000
B	25,000		Cash at Bank	15,000
C	15,000	70,000		
		1,35,000		1,35,000

B died on June 15, 2022. According to the Deed, his legal representative are entitled to :

(*a*) Balance in Capital Account;

(*b*) Share of goodwill valued on the basis of thrice the average of the past 4 year's profits;

(*c*) Share in profits up to the date of death on the basis of average profits for the past 4 years;

(*d*) Interest on capital account @ 12% p.a.

Profits for the years ending on March 31 of 2019, 2020, 2021, 2022 respectively were ₹15,000, ₹17,000, ₹19,000 and ₹13,000.

B's legal representatives were to be paid the amount due. A and C continued as partners by taking over B's share equally. Work out the amount payable to B's legal representatives.

[**Ans.** Amount paid to B's representatives ₹44,158.]

Hint: (1) Share in profit for 2.5 months ₹1,333.

(2) B's share of profit ₹1,333 will be credited to B and debited to A and C in their gaining ratio *i.e.* equally.

Q. 73. P, Q and R were partners in a firm sharing profits in the ratio of 5 : 6 : 9. On 31-3-2023, their Balance Sheet was as follows :

Liabilities		₹	*Assets*	₹
Creditors		30,000	Cash	10,000
Bills Payable		40,000	Bank	80,000
General Reserve		60,000	Stock	40,000
Capitals :			Debtors	70,000
P	1,30,000		Building	2,00,000
Q	2,00,000		Land	3,00,000
R	4,00,000	7,30,000	Profit and Loss A/c	1,60,000
		8,60,000		8,60,000