



Q2. How will you compute the amount payable to a deceased partner?

Sol: The amount payable to the deceased partner can be ascertained by preparing his/her capital account. The legal executor of the deceased partner would be entitled to the balance in deceased partner's capital account. The balancing figure of the deceased partner's capital account is derived after posting the below mentioned items:

1. Crediting deceased partner's capital account with
  - Credit balance of capital account and/or current account
  - Deceased partner's share of profit up to the date of his/her death
  - Deceased partner's share of goodwill
  - Deceased partner's share in accumulated reserves and profit account
  - Deceased partner's share in gain on revaluation of assets and liabilities
  - Deceased partner's share of Joint Life Policy
  - Interest on capital, if any, up to the date of the death
  - Salary or commission, if any, up to the date of the death
2. Debiting deceased partner's capital account with
  - Debit balance of the deceased partner's capital account and/or current account.

Drawings up to the date of death of the partner  
 Interest on drawings, if any, up to the date of the death  
 Deceased partner's share in loss on revaluation of assets and liabilities  
 Deceased partner's share of loss up to the date of the death  
 Deceased partner's share in the accumulated losses of the firm  
 The legal executor is entitled to the balancing figure which is the excess of the credit side over the debit side of the deceased partner's capital account.

Date	Particulars	J.F	₹	Date	Particulars	J.F	₹
	To Revaluation A/c (Loss)				By Balance b/d		
	To Profit and Loss Suspense A/c (Share of loss up to the date of the death)				By Profit and Loss Suspense A/c (Share in profits up to the date of the death)		
	To Accumulated Losses A/c				By Goodwill A/c		
	To Goodwill A/c (Written off)				By Reserve and Profit A/c		
	To Drawings A/c				By Revaluation A/c (gain)		
	To Interest on Drawings A/c				By Joint Life Policy A/c		
	To Partner's Executor's A/c (Balancing Figure)				By Interest on Capital A/c		
					By Salary A/c		
					By Commission A/c		
			xxx				Xxx

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