**DEATH OF A PARTNER**

Accounting treatment in the case of death is same as in the case of return except the following:

**1.** The deceased partners claim is transferred to **his executer’s account.**

**2.** Normally the **retirement** takes place at the **end of the Accounting period** but the **death** may **occur at any time.** Hence the **claim** **of deceased part** shall also **include his share or pro2. Normally the retirement takes place at the end of the Accounting pried but the death may occur at any time. Hence the claim of deceased part shall also include his share or profit or loss, interest on capital drawings if any from the date of the last balance sheet to the date his death.profit or loss,** **interest on capital drawings if any from the date of the last balance sheet to the date his death.**

**1. Calculation of profit/Loss for the intervening Period.**

It is calculated by any one of the two methods given below:

**a. On Time Basis :**In this method **proportionally profit**for the time period is calculated either on the **basis of last year’s profit  or on basis of average profits of last few years**and then deceased profit share is calculated based on his share of profits.

**b. On Turnover or Sales Basis :**In this method the profits upto the date of death for the current year are calculated on the **basis of current year’s sales upto the date of death by using the formula.**

Profits for the current year upto the date of death =

(Sales of the current year upto the date of death/total sales of last year)http://media.mycbseguide.com/images/static/revise/12/acc/p105/image001.pngProfit for the last year.

The from this profit the deceased partner’s share of profit is calculated.