

- 3 Cherry, Winston and Yupar were in partnership sharing profits and losses in the ratio 3:5:2. The partners decided to dissolve their partnership on 1 December 2020. On this date the partnership's statement of financial position was as follows.

Assets	\$	\$
Non-current assets at net book value		
Premises	97 000	
Furniture and equipment	<u>22 000</u>	
		119 000
Current assets		
Inventory		<u>17 400</u>
Total assets		<u>136 400</u>
Capital and liabilities		
Capital accounts		
Cherry	18 300	
Winston	54 900	
Yupar	<u>26 700</u>	
		99 900
Current accounts		
Cherry	(5 740)	
Winston	2 290	
Yupar	<u>820</u>	
		(2 630)
Non-current liability		
Loan from Yupar		18 000
Current liabilities		
Trade payables	14 800	
Bank overdraft	<u>6 330</u>	
		<u>21 130</u>
Total capital and liabilities		<u>136 400</u>

The following information is also available.

- 1 Winston took over the equipment at a valuation of \$7200.
- 2 Premises and furniture were sold for \$61 100 and a cheque for this amount was received.
- 3 Inventory was sold at a loss of \$5200. A cheque was received for the amount.
- 4 Trade payables were settled in full by cheque after deducting a 5% cash discount.
- 5 The expenses of dissolution were paid by cheque, \$2140.
- 6 The amounts owed by, or to, the partners were settled by cheque.

REQUIRED

- (a) Prepare the realisation account to show the profit or loss made on the dissolution of the partnership.

Realisation account

	\$		\$

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- (b) Prepare, on the **next page**, the capital accounts of the partners recording the dissolution and final settlement of the amounts owed to, or by, each partner.

Capital accounts

	Cherry	Winston	Yupar		Cherry	Winston	Yupar
	\$	\$	\$		\$	\$	\$

Additional information

The partners had decided to dissolve their partnership because of disagreements on important decisions.

REQUIRED

(c) State **three** other reasons why a partnership might be dissolved.

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- 2
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[3]