

- 3 Xu and Zoe have been in partnership for a number of years. They decided to dissolve their partnership on 1 October 2019.

### REQUIRED

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

- 1 .....
- .....
- 2 .....
- .....
- 3 .....
- .....

[3]

### Additional information

The partners did not have a formal agreement on sharing of profits and losses.  
At the date of the dissolution the partnership's statement of financial position was as follows.

#### Statement of financial position at 1 October 2019

Assets	\$	\$
Non-current assets at net book value		
Motor vehicle	19 400	
Furniture and equipment	<u>11 900</u>	
		31 300
Current assets		
Inventory	7 480	
Trade receivables	<u>11 200</u>	
		<u>18 680</u>
Total assets		<u>49 980</u>
Capital and liabilities		
Capital accounts		
Xu	18 000	
Zoe	<u>22 000</u>	
		40 000
Current accounts		
Xu	(2 480)	
Zoe	<u>430</u>	
		<u>(2 050)</u>
Total capital and current accounts		<u>37 950</u>
Loan account: Xu		4 300
Current liabilities		
Trade payables	5 400	
Bank overdraft	<u>2 330</u>	
		<u>7 730</u>
Total capital and liabilities		<u>49 980</u>

The following information is also available.

- 1 Xu took the motor vehicle at an agreed value of \$15 100.
- 2 The account of a credit customer, \$800, had to be written off as irrecoverable. The accounts of remaining trade receivables were settled in full less a 5% cash discount.
- 3 Other assets were sold for cash.

	\$
Furniture and equipment	7300
Inventory	6530

- 4 The accounts of trade payables were settled in full less a 5% cash discount.
- 5 The costs of dissolution, \$620, were paid by cheque.

### REQUIRED

- (b) Prepare the realisation account.

Realisation account

	\$		\$

(c) Calculate the amount due to, or from, Xu as a result of the dissolution.

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