2 John, Kathy and Liz have been in partnership sharing profits and losses in the ratio 4 : 3 : 3. They have agreed to dissolve the partnership.

REQUIRED

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

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Additional information

At the time of the dissolution the partnership's statement of financial position was as follows:

Statement of financial position at 31 March 2018

	$	$
Assets		
Non-current assets at net book value		
Motor vehicles	29 400	
Furniture and equipment	15 600	
		45 000
Current assets		
Inventory	14 920	
Trade receivables	11 540	
		26 460
Total assets		71 460
Capital and liabilities		
Capital accounts		
John	28 000	
Kathy	21 000	
Liz	19 000	
		68 000
Current accounts		
John	(2 200)	
Kathy	1 400	
Liz	(1 800)	
		(2 600)
Current liabilities		
Bank overdraft		6 060
Total capital and liabilities		71 460

The following information is also available.

1 At dissolution John took over the furniture and equipment at an agreed valuation of $9500 and the inventory at a valuation of $11 000.

2 Liz took over a motor vehicle at an agreed valuation of $16 600; the other motor vehicle was sold for $8450.

3 The balance of one credit customer who owed $740 was written off as irrecoverable. The remaining trade receivables settled their accounts in full less a cash discount of 5%.

4 Cost of dissolution, $2350, was paid from the bank account.

REQUIRED

(b) Prepare the partnership realisation account.

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(c) Calculate the amount to be paid to, or to be received from, John on dissolution.

[5]