

- 3 Wang and Yuan, who share profits and losses in the ratio 2:1, decided to dissolve their partnership. Their summarised statement of financial position at 30 September 2015 was as follows:

	\$
Non-current assets	
Land and buildings	60 000
Motor vehicles	<u>10 000</u>
	<u>70 000</u>
Current assets	
Inventory	14 000
Trade receivables	<u>16 000</u>
	<u>30 000</u>
Total assets	<u>100 000</u>
Capital and liabilities	
Capital accounts	
Wang	40 000
Yuan	<u>25 000</u>
	<u>65 000</u>
Current accounts	
Wang	(10 000)
Yuan	<u>13 000</u>
	<u>3 000</u>
Current liabilities	
Trade payables	26 000
Bank	<u>6 000</u>
	<u>32 000</u>
Total capital and liabilities	<u>100 000</u>

Additional information

- 1 Land and buildings were sold for \$70 000.
- 2 Yuan took one vehicle at an agreed value of \$3000 and the remaining vehicle was sold for \$3500.
- 3 Trade receivables realised \$15 000.
- 4 Trade payables were paid after taking a discount of \$1500.
- 5 The inventory was sold for \$12 000.
- 6 The expenses of dissolution were \$1700.

REQUIRED

(a) Prepare the partnership realisation account.

[5]

(b) Calculate the amount due to each partner when the bank account is closed on dissolution.

[7]

(c) State **two** reasons why a partner may have an overdrawn current account.

- 1
.....
.....
- 2
.....
..... [2]

(d) State why partnerships maintain separate capital accounts for each partner.

-
..... [1]