

- 2 Colin, Darim and Emran are in partnership sharing profits and losses in the ratio 3 : 2 : 1. Their statement of financial position at 30 November 2015 was as follows:

	\$
Non-current assets (at net book value)	
Premises	135 000
Machinery	84 000
Motor vehicles	<u>36 000</u>
	<u>255 000</u>
Current assets	
Inventory	56 000
Trade receivables	48 000
Bank	<u>21 000</u>
	<u>125 000</u>
Total assets	<u>380 000</u>
Capital and liabilities	
Capital accounts	
Colin	120 000
Darim	80 000
Emran	<u>40 000</u>
	<u>240 000</u>
Current accounts	
Colin	56 000
Darim	16 000
Emran	<u>36 000</u>
	<u>108 000</u>
Current liabilities	
Trade payables	<u>32 000</u>
Total capital and liabilities	<u>380 000</u>

Additional information

- 1 Darim retired on 1 December 2015. Colin and Emran continued in partnership sharing profits and losses in the ratio 2 : 1.
- 2 Goodwill was valued at \$48 000. It does not appear in the partnership's financial statements.
- 3 Darim took over one of the partnership motor vehicles at a net book value of \$8 000.
- 4 The partners agreed to revalue some of the remaining assets as follows:

	\$
Premises	180 000
Motor vehicles	25 000
Inventory	52 000
Trade receivables	46 000

- 5 Darim agreed to receive \$50 000 as part of the amount owing to him on his retirement. The balance owing to him was to remain in the partnership as a loan to be repaid in 2018.

## REQUIRED

- (a)** Prepare the revaluation account on Darim's retirement on 1 December 2015.

Revaluation account

[5]

## Additional information

To help fund the payment to Darim on his retirement, Emran paid additional capital into the partnership bank account. After this payment had been made the balance on Emran's capital account was \$65 000.

## REQUIRED

- (b)** Prepare a statement to show how much cash Emran paid into the partnership bank account.

[4]

(c) State **three** advantages to a sole trader of forming a partnership.

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- 2 .....  
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- 3 .....  
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(d) State **three** reasons why partnerships maintain separate capital accounts and current accounts for each partner.

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