

- 2 Amit and Binu are in partnership sharing profits and losses in the ratio 3 : 2 respectively. The partnership statement of financial position at 30 June 2016 is as follows:

	\$	\$
Non-current assets		
Premises		40 000
Machinery		32 000
Motor vehicles		<u>18 000</u>
		90 000
Current assets		
Inventory	18 600	
Trade receivables	<u>13 100</u>	<u>31 700</u>
Total assets		<u>121 700</u>
Capital accounts		
Amit	30 000	
Binu	<u>20 000</u>	50 000
Current accounts		
Amit	33 200	
Binu	<u>18 400</u>	<u>51 600</u>
		101 600
Current liabilities		
Trade payables	9 800	
Bank overdraft	<u>10 300</u>	<u>20 100</u>
Total capital and liabilities		<u>121 700</u>

The partners agreed to dissolve the partnership on 30 June 2016. This resulted in the following:

- 1 Trade receivables realised \$12 600.
- 2 Trade payables were settled in full for \$9800.
- 3 Inventory was sold for \$15 000.
- 4 The machinery was sold for \$35 000.
- 5 Amit agreed to take over the premises at an agreed valuation of \$30 000.
- 6 Binu agreed to take over one of the motor vehicles at an agreed valuation of \$6500. The remaining motor vehicle was sold for \$12 000.
- 7 The costs of dissolution were \$6300.

REQUIRED

- (a)** Prepare the realisation account on the dissolution of the partnership.

Realisation account

[6]

- (b)** Prepare a statement to show how much Binu will receive when the partnership bank account is closed.

[4]

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

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(d) Explain what would happen if the dissolution of the partnership resulted in a debit balance on a partner's capital account.

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[Total 15]