2 Alice, Eve and Jean are in partnership sharing profits and losses in the ratio 5 : 3 : 2 respectively. The partnership statement of financial position at 30 June 2016 was as follows:

	$	
Non-current assets at net book value	162 000	
Current assets		
Inventory	17 208	
Trade receivables	11 376	
	28 584	
Total assets	190 584	
Capital accounts		
Alice	76 500	
Eve	63 000	
Jean	27 000	
	166 500	
Current accounts		
Alice	14 112	Debit
Eve	8 226	Credit
Jean	18 982	Credit
	13 096	
Current liabilities		
Trade payables	8 532	
Bank overdraft	2 456	
	10 988	
Total capital and liabilities	190 584	

Additional information

On 1 July 2016

1 Alice retired from the partnership.

2 Monies due to Alice on her retirement were paid to her from the partnership bank account.

3 Non-current assets were revalued at 20% lower than the net book value.

4 Inventory had a net realisable value of $12 908.

5 An amount of $1990 was written off as an irrecoverable debt.

6 Goodwill was valued at $20 250 and was not to remain in the books of account.

7 Eve and Jean continued in partnership sharing profits and losses in the ratio 3 : 2 respectively.

REQUIRED

(a) **(i)** State what is meant by net realisable value.

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.... [1]

(ii) State **two** reasons why assets are revalued on the change of a partnership.

1 ....

....

2 ....

.... [2]

(iii) Identify **two** situations where the capital accounts of partners may be adjusted for goodwill.

1 ....

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2 ....

.... [2]

(b) Prepare the partners' capital accounts at 1 July 2016.

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.... [6]

(c) Assess the impact of Alice's retirement on the partnership's statement of financial position.

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.... [4]