**Practice 1**

On 1 July Year 1, Guo Lin an individual decided to join Qi Wei Trading and form a partnership dealing in wholesale business. The following information was provided by both parties:

Qi Wei Trading

**Statement of Financial Position**

As At 1 July Year 1

|  |  |  |
| --- | --- | --- |
|  | **RM** | **RM** |
| **Non-current Assets** |  |  |
| Fixtures And Fittings |  | 9,000 |
| Motor Vehicles |  | 15,000 |
|  |  | 24,000 |
| **Current Assets** |  |  |
| Inventory | 6,800 |  |
| Accounts Receivable | 4,500 |  |
| Bank | 12,000 | 23,300 |
| *Total Assets* |  | 47,300 |
|  |  |  |
| **Current Liabilities** |  |  |
| Accounts Payable |  | (8,200) |
| *Net Assets* |  | 39,100 |
|  |  |  |
| **Owner’s Equity** |  |  |
| Opening Capital |  | 39,100 |

Additional information:

1. The new partnership was named Guo Qi Trading. The partners would share profits and loses equally.
2. Some of the assets brought in by Qi Wei were agreed as follows:
   1. Fixtures and fittings were revalued at RM8,500.
   2. Motor vehicles were valued RM1,500 above the varying value.
   3. Inventory was valued at RM6,500.
3. Guo Lin agreed to introduce capital in cash equal to the capital of Qi Wei after revaluation.

You are required to prepare in the books of Guo QI Trading:

1. Opening Journal entries.
2. Opening Statement of Financial Position as at 1 July Year 1.