**Practice 3**

Ang, Boon and Chin were in partnership sharing profits and losses in the ratio 3:2:1. The books of the partnership had the following balances as at 31 December Year 3:

|  |  |  |  |
| --- | --- | --- | --- |
|  | **RM** |  | **RM** |
| Building | 65,00 | Capital |  |
| Furniture And Fixtures | 11,900 | Ang | 36,000 |
| Motor Vehicles | 42,900 | Boon | 48,000 |
| Inventory | 6,850 | Chin | 20,000 |
| Accounts Receivable | 7,210 | Current |  |
| Cash At Bank | 2,250 | Ang | 4,940 |
|  |  | Boon | (1,150) |
|  |  | Chin | 2,250 |
|  |  | Bank Loan | 23,000 |
|  |  | Accounts Payable | 3,070 |

On 1 January Year 4, And decided to retire from the partnership, and they agreed on the following terms:

1. The goodwill was valued at RM12,000 which would not be recorded in the books.
2. Increase the value of building by 20%.
3. Furniture and fixtures were reduced to RM11,000.
4. Motor vehicles were revalued at RM39,800.
5. The current accounts were to be transferred to capital accounts.
6. Ang took over one of the motor vehicles at the revised value of RM20,115. He agreed to take RM10,325 in cash, and any further balance due to him was to be transferred to a Loan account.
7. Boon and Chin decided to continue the partnership sharing profits and losses in the ratio 2:1.

**You are required to prepare:**

1. Revaluation account.
2. Partners’ Capital account in columnar form.
3. Statement Of Financial Position of the new partnership Boon and Chin as at 1 January Year 4.