**Practice 5**

Ally, Brian and Chris were partners sharing profits and losses in the ratio 3:2:1.

The balances extracted from the partnership Statement Of Financial Position as at 30 June Year 5 were as follows:

|  |  |  |  |
| --- | --- | --- | --- |
| **Assets** | **RM** | **Liabilities** | **RM** |
| Premises | 90,000 | Capital |  |
| Office Equipment | 17,000 | Ally | 85,000 |
| Office Furniture | 2,000 | Brian | 65,000 |
| Motor Vehicles | 35,000 | Chris | 35,000 |
| Inventory | 62,379 | Current |  |
| Accounts Receivable | 34,980 | Ally | 3,714 |
|  |  | Brian | (2,510) |
|  |  | Chris | 4,678 |
|  |  | Bank Loan | 28,000 |
|  |  | Accounts Payable | 19,037 |
|  |  | Bank Overdraft | 3,440 |
|  | 241,359 |  | 241,359 |

On 1 July Year 5, Chris retired form business and Dick was admitted as a partner. The following matters were agreed:

1. Certain assets were created or revalued: Goodwill RM30,000; Premises RM110,000; Office equipment RM15,500; Inventory RM54,279; Accounts Receivable were to be reduced by RM500.
2. All the current accounts were to be transferred to the capital accounts.
3. Chris took over one of the motor vehicles at its book value of RM6,000. He also agreed to leave RM20,000 of his capital as a loan to the new partnership and the balance due to him was paid by cheque.
4. Ally and Brian were to share profits and losses in the same ratio as before, and Dick was to have the same share of profits and losses as Ally.
5. Dick introduced capital in the form of cash equal to the capital of Ally after adjustment.

You are required to prepare:

1. Goodwill account.
2. Revaluation account.
3. Partners’ Capital account in columnar form.
4. Statement of Financial Position as at 1 July Year 5.