**Unified Exam Bookkeeping and Accounts Past Year Papers Collection - Year 1993 Question 3**

Mr Black and Mr White were both sole traders who carried on a drapery business. They decided to amalgamate their operations and form a partnership on 1 January 1993. Their respective Balance Sheets as at 31 December 1992 were as follows:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | **Mr Black** | **Mr White** |  | **Mr Black** | **Mr White** |
|  | **RM** | **RM** |  | **RM** | **RM** |
| Capital | 14,000 | 9,000 | Building | 6,500 | - |
| Loan | - | 1,100 | Office Equipment | 500 | 600 |
| Accounts Payable | 950 | 800 | Motor Vehicles | 4,500 | 2,800 |
| Rent Due | 150 | 70 | Inventory | 2,800 | 3,150 |
| Bank Overdraft | 2,000 | - | Accounts Receivable | 2,500 | 2,020 |
|  |  |  | Cash in Hand | 300 | - |
|  |  |  | Cash at Bank | - | 2,400 |
|  | 17,100 | 10,970 |  | 17,100 | 10,970 |

1. It was agreed that the new firm was to take over all the assets and liabilities except Cash In Hand and Cash At Bank. Mr White should pay off the Loan out of his private resources, and Mr Black should pay off his Bank Overdraft.
2. Future profits and losses were to be shared:

Mr Black 75%; Mr White 25%.

1. The capital of the new firm was to be RM 30,000 and was to be provided in their profit and loss sharing ratio. Any balance due to or by the partners was to be paid in cash.
2. Revaluations were to be made as follows:

|  |  |  |
| --- | --- | --- |
|  | **Mr Black** | **Mr White** |
|  | **RM** | **RM** |
| Building | 10,000 | - |
| Office Equipment | 400 | 500 |
| Motor Vehicles | 4,100 | 2,600 |
| Inventory | 2,750 | 3,100 |
| Accounts Receivable | 2,380 | 1,900 |

**You are required to prepare:**

(a) the partners' Capital Account as at 1 January 1993 (in columnar form);

(b) the Opening Balance Sheet of the partnership.