**2021 Foon Yew High School Kulai Group A Question 4**

Big Time Bhd was registered with an authorised capital of RM 150,000, divided into 50,000 6% Preferred Shares of RM 1 each and 100,000 ordinary shares of RM 1 each, to acquire the partnership firm Small Time & Co. at 31 December 2020, whose Statement of Financial Statement at the date of acquisition was as follows:

|  |  |
| --- | --- |
| **Assets** | **RM** |
| Cash at bank | 3,500 |
| Inventory | 42,000 |
| Account Receivable | 9,800 |
| Fixtures and Fittings | 3,990 |
| Plant | 1,700 |
|  |  |
| **Liabilities and Capital** |  |
| Account Payable | 9,000 |
| Capital | 51,990 |

The purchase agreement provided that all the assets other than cash at bank were be taken over at the following values:

Inventory RM 40,000; Account Receivable, less 5% Allowance for doubtful debts; Fixtures and Fittings and Plant, as per their Statement of Financial Position values. The vendor were to pay all the liabilities of their business.

The purchase price was agreed at RM 70,000 payable by Preferred Share and Ordinary Share in equal amount and with RM 10,000 cheque.

The preliminary expenses paid by Big Time Bhd were RM 750.

**You are required to prepare:**

Show how these transactions would appear in Big Time Bhd Journal (Including cash entries).