**2021 Chong Ling (Private) High School Paper 2 Question 3**

The financial position of YY Ltd as at 30 September 2021 was shown below:

|  |  |  |
| --- | --- | --- |
|  | **RM** | **RM** |
| **Non-Current Assets** |  |  |
| Tangible Assets |  | 80,000 |
| Intangible Assets |  | 30,000 |
| Investment |  | 20,000 |
|  |  |  |
| **Current Assets** |  |  |
| Inventory | 2,000 |  |
| Accounts Receivable | 8,000 |  |
| Cash at Bank | 10,000 | 20,000 |
| **Total Assets** |  | **150,000** |
|  |  |  |
| **Equity and Liabilities** |  |  |
| Ordinary Share Capital of RM1 each |  | 80,000 |
| Share Premium |  | 20,000 |
| Retained Profits |  | 10,000 |
| Bank Loan |  | 25,000 |
| Account Payable |  | 15,000 |
| **Total Equity and Liabilities** |  | **150,000** |

On 1 October 2021, YY Ltd decided to acquire the business of VMD partnership.

The Statement of Financial Position of M D as at 30 September 2021 showed the following financial position:

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Assets** | | | **Owners’ Equity and Liabilities** | | | |
|  | **RM** | **RM** |  | **RM** |  | **RM** |
| Premises |  | 25,000 | Capital - Vince | 20,000 |  |  |
| Office Furniture | 8,000 |  | - Wyman | 10,000 |  |  |
| Less: Accumulated |  |  | - Document | 10,000 |  | 40,000 |
| Depreciation | (2,000) | 6,000 | Current - Vince | 2,500 |  |  |
| Investment (Quoted) at cost | | 10,000 | - Wyman | 1,000 | Dr. |  |
| Inventory |  | 5,500 | - Document | 500 |  | 2,000 |
| Accounts Receivable |  | 4,500 | Accounts Payable |  |  | 5,000 |
| Petty Cash |  | 500 | Water and Electricity due | |  | 500 |
|  |  |  | Bank |  |  | 4,000 |

1. All the assets (except bank balance and investment) and 50% of creditors were taken over by YY Ltd. Some assets were revalued as follows: -

|  |  |
| --- | --- |
|  | **RM** |
| Premises | 30,000 |
| Office Furniture | 5,000 |
| Inventory | 8,000 |

1. The purchase consideration as to be settled by:

* Issued 20,000 ordinary shares of YY Ltd. at a premium of RM0.20.
* 10% Loan Notes (payable on 1 October 2023) at RM16,000.
* The remaining balance by a cheque of RM10,000.

1. The balance of the accounts payable was settled by Wyman with his private resources at RM2,000.
2. The partners would divide the shares and loan note between them according to their profit and losses sharing ratio.
3. The partnership current profits and losses sharing ratio was 2:1:1.
4. The investment had been sold off at it market value of RM20,000.

In the books of VMD partnership (Seller), you are required to prepare the following ledgers:

1. Realisation;
2. Partners’ Capital Account in columnar form;
3. Bank.