**Practice 1**

Kassim, Susan and Osman were in partnership sharing profits an losses in the ration 5:3:2. On 30 June Year 1, they agreed to dissolve the partnership. The following balances were shown in the books of the business as at that date:

|  |  |
| --- | --- |
|  | **RM** |
| Premises | 32,000 |
| Furniture and Fixtures | 4,800 |
| Motor Vehicles | 9,500 |
| Inventory | 3,120 |
| Accounts Receivable | 2,750 |
| Accounts Payable | 2,340 |
| Bank Overdraft | 1,560 |
| Loan | 10,000 |
| Capital |  |
| Kassim | 12,000 |
| Susan | 10,000 |
| Osman | 8,000 |
| Current |  |
| Kassim | 3,170 |
| Susan | 2,500 |
| Osman | 2,600 |

**Assets and liabilities were disposed of as follows:**

1. Delivery van of carrying amount RM4,500 was taken over by Kassim for his private use at an agreed price of RM3,800, and the other motor car was sold for RM4,300.
2. Inventory was taken over by Osman at an agreed value of RM3,000.
3. Premises and furniture were realized at RM33,000 and RM4,100 respectively.
4. Accounts receivable were realized after deducting bad debts RM180 and discounts allowed RM140.
5. The loan was settled in full and the accounts payable were discharged for RM2,270.
6. Expenses of realization amounting to RM170 was paid by cheque.

**You are required to prepare** the following accounts to record the dissolution:

1. Realization account;
2. Partners’ Current account in columnar form;
3. Partners’ Capital account in columnar form;
4. Bank account;
5. Accounts Payable Account;