**Practice 4**

Chew, Fang and Wan had been in partnership for a number of years sharing profits and losses in the proportion 3:2:1. The partnership Statement of Financial Position as at 31 December Year 4 was summarised as follows:

|  |  |
| --- | --- |
|  | **RM** |
| Store Building | 145,000 |
| Office Furniture And Equipment | 17,900 |
| Motor Vehicles | 12,370 |
| Inventory | 21,910 |
| Trade Receivables | 9,800 |
| Cash | 710 |
| Trade Payables | 12,390 |
| Bank Overdraft | 21,770 |
| Loan From Loke | 16,000 |
| Capital |  |
| Chew | 69,200 |
| Fang | 61,400 |
| Wan | 26,930 |

The partners decided to dissolve the partnership and close the books at the end of the reporting period on the following terms:

1. The assets were taken over as follows:

|  |  |  |
| --- | --- | --- |
| **Assets** | **Partners** | **Agreed values** |
|  |  | **RM** |
| Motor cars: | Chew | 5,700 |
|  | Fang | 2,900 |
| Store building: | Chew | 195,000 |
| Inventory (part): | Wan | 11,000 |

1. The remaining assets were disposed of for the following amounts:

|  |  |
| --- | --- |
|  | **RM** |
| Motor Van | 2,800 |
| Office Furniture and Equipment | 16,000 |
| Inventory | 8,851 |

1. After the partners agreed to allow discounts totalling RM800, the debtors settled all of their debts.
2. RM680 was paid by Chew for the legal cost associated with the dissolution.
3. The accounts payable were settled for an amount that was 10% less.
4. An interest on bank overdraft of RM280 was accrued and paid.
5. All other debts were repaid on the same date.

You are required to show the closing of the partnership by preparing the following accounts:

1. Realisation account;
2. Partners’ Capital account;
3. Bank account.