**Practice 8**

Wei Ming, Wai Leong and Wun Peng were partners sharing profits and losses in the ratio of 2:1:1.

Their Statement of Financial Position was as follows:

Wei Ming, Wai Leong and Wun Peng

**Statement of Financial Position**

As At 28 February Year 8

|  |  |  |
| --- | --- | --- |
|  | **RM** | **RM** |
| **Non-current Assets** |  |  |
| Fixtures and Fittings |  | 6,700 |
| Office Equipment |  | 20,800 |
| Motor Vehicles |  | 19,500 |
|  |  | 47,000 |
| **Current Assets** |  |  |
| Inventory | 9,300 |  |
| Accounts Receivable | 9,600 |  |
| Cash at Bank | 1,800 | 20,700 |
| *Total Assets* |  | 67,700 |
|  |  |  |
| **Current Liabilities** |  |  |
| Accounts Payable |  | (4,100) |
| *Net Assets* |  | 63,600 |
|  |  |  |
| **Owners’ Equity** |  |  |
| Capital |  |  |
| Wei Ming | 29,500 |  |
| Wai Leong | 15,250 |  |
| Wun Peng | 15,250 | 60,000 |
|  |  |  |
| Current |  |  |
| Wei Ming | 1,540 |  |
| Wai Leong | 800 |  |
| Wun Peng | 1,260 | 3,600 |
| *Total Equity* |  | 63,600 |

On 1 March Year 8, Weng Loong Sdn Bhd made an offer of Rm 50,000 to purchase the partnership business as a going concern.

The agreement provided that Weng Loong Sdn Bhd would pay off the accounts payable, and to take over all the assets, apart from cash at bank.

Weng Loong Sdn Bhd valued the acquired assets as follows:  
 **RM**

Fixtures and fittings 6,100

Office equipment 18,000

Motor vehicles 19,000

Inventory 6,800

Weng Loong Sdn Bhd was a newly established company with an authorized capital of 150,000 ordinary shares of RM 1 each. The company proposed to settle the purchase price by the issue of 50,000 RM 1 ordinary shares at par.

The partners would divide the shares among them in profit and loss sharing ratio and use any remaining cash to clear the balances on capital accounts.

**You are required to prepare:**

1. Journal entries in the books of Weng Loong Sdn Bhd (buyer) to record the business purchase;
2. the following accounts in the books of Wei Ming, Wai Leong and Wun Peng (vendor):
3. Realisation;
4. Bank;
5. Buyer - Weng Loong Sdn Bhd;
6. partners’ capital in columnar form.