**2022 Chung Ling (Private) High School Paper 2 Question 2**

Xiao Zhie, Jun Teng and Liu Ting were in partnership sharing profit and losses in the ratio 3:2:1. Their assets and liabilities as at 31 August 2022 were as follow:

|  |  |  |
| --- | --- | --- |
|  | **Debit** | **Credit** |
|  | **RM** | **RM** |
| Capital: Xiao Zhie |  | 60,000 |
| Jun Teng |  | 40,000 |
| Liu Ting |  | 20,000 |
| Current: Xiao Zhie | 280 |  |
| Jun Teng |  | 500 |
| Liu Ting |  | 220 |
| Trade Payables and Trade Receivable | 12,000 | 20,000 |
| Hire Purchase Vendor |  | 35,000 |
| Land and Building | 100,000 |  |
| Fixtures and Fitting | 20,000 |  |
| Motor Vehicles | 18,620 |  |
| Inventory | 28,320 |  |
| Bank |  | 3,500 |

On 1 September 2022, due to Xiao Zhie decided to retired from the partnership, thus they agreed to dissolve their business by selling it to Hui Xin and Yu Xin a newly form partnership at an agreed value of RM182,000.

Hui Xin and Yu Xin were contributed RM95,000 each as their initial capital into the business bank account, and later the purchase consideration would be discharged.

**Additional information:**

1. All the assets would be taken over by Hui Xin and Yu Xin partnership at it written down value, except for bank account.
2. All Liabilities would be discharged by seller with the following term and condition:

* Account Payable paid in full with the amount of RM19,400
* Hire Purchase Vendor agreed to receive a lump sum of RM36,200 as the termination of the hire purchase agreement.

1. Dissolution expenses of RM480 paid by Liu Ting.
2. Immediately after completion of the business purchase, Hui Xin and Yu Xin revalued the Land and Building to RM200,000.

**You are required to prepare** the following accounts in the books of Seller**:**

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