**Question 3**

Ling, Peng and Quan have been in partnership for many years, sharing profit and loss ratio 2:1:2 respectively. The Statement of Financial Position of the firm as at 31 December 2022:

|  |  |  |
| --- | --- | --- |
|  | **RM** | **RM** |
| **Non-Current Assets** |  |  |
| Freehold Premises | 100,000 |  |
| Office Equipment | 12,000 |  |
| Motor Vehicles | 6,000 |  |
| Furniture and Fixtures | 4,000 | 122,000 |
|  |  |  |
| **Current Assets** |  |  |
| Inventory | 12,000 |  |
| Accounts Receivable | 6,500 |  |
| Bank | 4,100 | 22,600 |
| Total Assets |  | 144,600 |
|  |  |  |
| **Owners' Equity** |  |  |
| Capital - Ling | 50,000 |  |
| - Peng | 30,000 |  |
| - Quan | 17,000 | 97,000 |
| Current - Ling | 20,000 |  |
| - Peng | 15,000 |  |
| - Quan | (12,000) | 23,000 |
|  |  | 120,000 |
| **Current Liabilities** |  |  |
| Bank Loan | 20,000 |  |
| Accounts Payable | (4,600) | 24,600 |
| Total Equity and Liabilities |  | 144,600 |
|  |  |  |

On 1 January 2023, it was agreed to dissolve the partnership. The following transactions took place during that date:

1. The certain assets were sold for the following amounts:

Freehold Premises RM 70,000, Office Equipment RM 10,000 and the other assets were sold to Skywin Bhd at a price of RM 14,500.

1. The price was partly settled by Skywin Bhd with the payment of RM 4,500, and the balance was settled by the issuance of RM 1 ordinary shares of Skywin Bhd at par.

The partners would divide the shares between them according to their profit and loss sharing ratio.

1. The remaining freehold premises taken over by Quan at RM 40,000 and Furniture and Fixture taken over by Peng at RM 3,500.
2. After the partners agreed to allow discounts totalling RM 500, one of the debtor who owe RM 130 was unable to settle, and the other accounts receivable settled all of their debts.
3. The realisation expenses of RM 1,200 were paid by Ling.
4. The partners paid RM 4,500 in full settlement of the amount owed to the accounts payable.
5. The partners' current accounts were transferred to their capital accounts.
6. Quan was only able to pay 20% of the debt balances from his capital account. His deficiency was to be apportioned between other partner according to Garner vs Murray rule.

**You are required to** show the closing entries of the following:

1. Realisation;
2. Partners' Capital;
3. Bank.