**Question 6**

The Statement Of Financial of SOS Ltd as at 31 December 2017 is shown below:

|  |  |  |  |
| --- | --- | --- | --- |
|  | Cost | Accumulated  Depreciation | Carrying  Value |
|  | RM | RM | RM |
| Non- Current Assets | | | |
| Freehold Premises | 80,000 | (12,000) | 68,000 |
| Plant And Machinery | 95,000 | (18,000) | 77,000 |
| Motor Vehicles | 25,000 | (12,000) | 13,000 |
| 200,000 | (42,000) | 158,000 |
| Current Assets | | | |
| Inventory |  | 127,000 |  |
| Accounts Receivable |  | 139,000 |  |
| Bank |  | 23,000 | 289,000 |
|  |  | 447,000 |
| Equity | | | |
| Share Capital (ordinary shares of RM1 each) |  |  | 250,000 |
| Retained Profits |  |  | 40,000 |
|  |  | 290,000 |
| Non- Current Liabilities | | | |
| Loan Notes |  | 80,000 |  |
| Current Liabilities | | | |
| Account Payable |  | 77,000 | 157,000 |
|  |  | 447,000 |

SOS Ltd agree to take over the business of Jamil, a sole trader based on the following Statement Of Financial Position as at 31 December 2017:

|  |  |  |  |
| --- | --- | --- | --- |
|  | RM |  | RM |
| Freehold Premises | 9,000 | Capital | 29,000 |
| Plant And Machinery | 12,000 | Account Payable | 7,000 |
| Inventory | 4,000 |  |  |
| Account Receivable | 6,000 |  |  |
| Bank | 5,000 |  |  |
| 36,000 |  | 36,000 |

SOS Ltd took over all the assets except the bank balance and also agreed to assume responsibility for the accounts payable.

To purchase price was agreed at RM 30,000 payable by cash on 1 January 2018.

To finance the purchase, SOS Ltd made an issue of 30,000 ordinary shares of RM1 each at RM 1.20. The issue was fully subscribed and fully paid on 1 January 2018.

Immediately after completion of the purchase, SOS Ltd decided to revalue the total freehold premises at RM 100, 000 .

**You are required to prepare in the books of SOS Ltd:**

1. Journal entries including cash items (without narrations) to record the above transaction;
2. Statement Of Financial Position as at 1 January 2018 after completion of the acquisition.