

2. Lee, Wan and Jia were in partnership and shared profits and losses in the ratio of 5:3:2 respectively. The partnership was in financial difficulties, and was dissolved on 1 September 2021 when the Statement of Financial Position was as follows:

Lee, Wan and Jia Statement of Financial Position as at 31 August 2021			
	RM	RM	RM
<u>Non-Current Assets</u>			
Premises	100,000		
Motor Vehicles	30,000		
Office Equipment	10,000		
			140,000
<u>Current Assets</u>			
Inventory	7,000		
Accounts Receivable	4,000		
Cash at bank	3,000		
			14,000
Total Assets			154,000
<u>Owners' Equities</u>			
Capital - Lee	60,000		
- Wan	40,000		
- Jia	10,000		
			110,000
Current Account - Lee	18,000		
- Wan	15,000		
- Jia	(9,000)		
			24,000
			134,000
<u>Current Liabilities</u>			
Accounts Payable	15,000		
Accrued Salary	5,000		
			20,000
Total Equity and Liabilities			154,000

Additional information:

- (i) The premises were sold for RM70,000 and office equipment was realized for RM8,000.
- (ii) One of the motor vehicle was taken over by Lee at agreed value of RM15,000 (Book value RM20,000), and the other one was sold for RM5,000.
- (iii) The inventory was taken over by Wan at cost less 20%.
- (iv) The accounts receivable paid the amount owing, less discounts allowed of RM200 and bad debts RM100.
- (v) Dissolution expenses amounted to RM1,200.
- (vi) The accounts payable were paid the full amount of RM14,700.
- (vii) Other liabilities were paid off in full.
- (viii) The current account balances were transferred to their capital accounts before making any adjustment.
- (ix) Partners brought in fund to meet any of his capital deficiency.

- (a) You are required to prepare the following accounts:

- (i) Realisation (8%)
- (ii) Bank (4%)
- (iii) Partners' Capital (in columnar form) (4%)

- (b) Based on your answer (a)

- (i) What rules should be applied if one of the partner is insolvent and unable to contribute amount of his deficiency in his capital? (2%)
- (ii) Calculate the amount of deficiency that should be borne by the remaining partners. (2%)

(Total: 20%)