

PENANG SANGAM HIGH SCHOOL

YEAR 13

ACCOUNTING

WORKSHEET 2

Question 1 Partnership Accounting

1. List **one advantage** and **one disadvantage** of a Partnership business.
2. What are the **two legal documents** required to form a partnership?
3. **Define** partnership formation or amalgamation.
4. **Partners Contributing Cash and Personal Assets.**

Vinod begins a new partnership with Viliame on 2nd January, 2019.

Vinod's contribution:	Cash \$35 000
Villiam's contribution:	Cash \$22 000, Motor vehicle \$8 000, Building \$45 000.

Required:

Show the **general journal entries** for the formation of Vinod and Viliame's business.

Question 2 Accounting for Goodwill

Tora and Shayal have been operating their business for quite some time as sole traders.

They decided to amalgamate their business on 1st February 2019 to form a partnership business.

At the date of amalgamation they had the following assets and liabilities:

	Tora (\$)	Shayal (\$)
Accounts Receivables	15 200	18 000
Cash at Bank	12 860	-
Inventory	25 000	17 000
Prepaid expenses	150	200
Fixed Assets	30 000	38 000
Bank Overdraft	-	2 500
Accounts Payable	12 000	15 300

The following assets were **revalued** for the purpose of amalgamation. Other assets and liabilities were taken over at book value:

	Tora (\$)	Shayal (\$)
Inventory	24 000	17 600
Fixed Assets	31 000	-
Accounts Receivables	15 000	17 600
Goodwill	3 000	4 000

Required:

Using the above information prepare:

- (i) The General Journal entries.
- (ii) The Statement of Financial Position of T& S Enterprises as at 1st February 2019.