

**PENANG SANGAM HIGH SCHOOL**

**YEAR 13**

**ACCOUNTING**

**WORKSHEET 3**

**Question 1**

**Final Accounts of Partnership**

The following information relates to the partnership business of Colati and Ashok's Retail Business:

<b>Trial Balance of Colati and Ashok's Retailers as at 31<sup>st</sup> March 2018</b>		
<b>Account</b>	<b>Debit (\$)</b>	<b>Credit (\$)</b>
Sales		25 000
Discount Revenue		130
Purchases	9 600	
Advertising	380	
Sales Salaries	2 180	
Cell Phone Expenses	250	
Office Expenses	920	
Rates	360	
Partner's Salary – Colati	2 000	
Partner's Salary - Ashok	2 700	
Bad Debts	450	
Discount Expense	90	
Petty Cash	65	
Cash at Bank	1 750	
Accounts Receivable	950	
Provision for Doubtful Debts		60
Inventories (1 <sup>st</sup> April, 2017)	15 320	
Furniture and Fixtures	1 600	
Accumulated Depreciation on Furniture		325
Goodwill	4 000	
Accounts Payable		1 200
Capital – Colati		8 000
Ashok		3 000
Retained Profits – Colati		6 580
Drawings – Colati	720	
Retained Profits – Ashok	960	
	<b>44 295</b>	<b>44 295</b>

Additional information as at 31<sup>st</sup> March 2018:

Charge interest on drawings – Colati , \$100.

Allow interest on partners' fixed capital at 4 percent.

Both the partners are non-working partners:

Colati salary \$1400 already paid

Ashok salary \$700 is due

Profit or losses to be shared equally.

Interest is charged/ allowed at 2% on Current account balance

Net profit for the year was \$2992.

**Required:**

- Prepare the following:
- a. Profit Distribution Statement for the year ended 31<sup>st</sup> March 2018.
  - b. Current Account- Colati

## Question 2 Capital Adjustments

Singh and Riki are in partnership sharing profit and losses in the ratio 2 : 3. On 30<sup>th</sup> June, 2019 they agree to admit Chang into partnership on payment of \$20 000 cash which will include Chang's goodwill payment. Chang is to receive  $\frac{1}{4}$  share of profit and losses.

<b>Statement of Financial Position of Singh and Riki</b>		
<b>As at 30<sup>th</sup> June 2019</b>		
	\$	\$
<b>Assets</b>		
Cash	6 220	
Account Receivable	4 652	
Less Provision for Doubtful debts	<u>52</u>	
Inventories	7 920	
Land	77 000	
Furniture	8 600	104 340
<b>Less Liabilities</b>		
Accounts Payable		3 560
		<u>100 780</u>
<b>Owner's Equity</b>		
Capital Account – Singh		40 000
Capital Account – Riki		60 000
Current Account – Riki		780
		<u>100 780</u>

The following **adjustments** were to be made to the above assets and liabilities on admission of Chang:

- (i) Inventories to be valued \$6 950.
- (ii) Land to be revalued at \$86 000.
- (iii) An accumulated depreciation of 7% per annum to be setup on furniture.
- (iv) Goodwill to be valued at \$7 000 (goodwill account to appear in the books).

### **Required:**

- a) Prepare Capital Adjustment.
- b) Prepare the **Capital Account** of Riki.
- c) Calculate the **new** profit sharing ratio.
- d) Give **two reasons** for change in ownership for a partnership firm.
- e) State **one function** of the Capital adjustment account.

### **Question 3: Company Accounting**

1) Describe the **purpose** of Fiji companies Act 2015.

### 2) Issue Of Shares Payable In Instalments'

Prime Company Ltd was registered with a capital of 90 000 @ \$1 share on 1<sup>st</sup> May 2017. The directors at that date decided to issue 60 000 shares to the public on the following terms:

40 cents per share on application                      30 cents per share on allotment

20 cents per share on first call                      10 cents per share on second call

Applications for all shares were received by 16<sup>th</sup> July. The directors allotted the shares on

23<sup>rd</sup> August. All allotment money due was received by 20<sup>th</sup> September. The directors made the first call on 1<sup>st</sup> October 2017. By 31<sup>st</sup> October first call monies had been received, with the exception of the amount owing on 400 shares.

### **Required:**

Using this information, prepare:

- a. General Journal entries.
- b. Ledger Accounts.
- c. Shareholders Fund Section of the balance sheet.