

BA SANGAM COLLEGE
YEAR 13 ACCOUNTING WORKSHEET 3 2021

Question 1 Changes in Ownership of Partnership

On 30th June 2019, Ben and Kavita admit Klera into the partnership on payment of \$15 000 cash. This payment is to include \$3 000 as Klera's share of goodwill and enables Klera to receive one quarter share of profits and losses. The assets and liabilities and owner's equity of Ben and Kavita at that date were:

Statement of Financial Position of Ben and Kavita as at 30th June 2020				
Assets	\$	\$	Liabilities	\$
Cash at bank		1 520	Accounts Payable	3 535
Accounts receivable	945		Owner's Equity	
Less Prov. for doubtful debts	40	905	Capital – Ben	23 805
Inventories		4 970	Capital – Kavita	23 805
Motor Vehicles		8 750		
Land		35 000		
		51 145		51 145

To reflect fair values it was agreed to make the following adjustments on admission of Klera.

- Inventories to be valued at \$4 000.
- Provision for doubtful debts to be increased to \$65.
- Motor vehicles subject to depreciation of 10 percent.
- Land to be revalued at \$40 000.
- No goodwill account is to be opened.

Required

Prepare the Capital Adjustment and capital account for Ben.

Question 2 Final Accounts of Companies

The following balances have been extracted from the books of Ayush and Prathana Value Company Ltd, as at 31st October 2019.

Ledger Account Balances	Dr (\$)	Cr (\$)
Cash at Bank	52 763	
Sales		152 760
Issued Capital (150 000 shares @ \$1 per share)		150 000
Uncalled Capital (10 000 shares @ 50c per share)	5 000	
Purchases	76 350	
Profit and Loss Appropriation (01/11/18)		4 850
Director's Fees	1 266	
General Reserves		20 000
Discount Allowed	300	
Debentures		162 180
Accounts Payable		12 256
Advertising Expense	1 800	
Bad Debts	467	
Preliminary Expense	8 000	
Accounts Receivable	10 000	
Calls in Advance (10 000 shares @ 10c per share)		1 000
Unpaid capital (1 000 shares @ 10c per share)	100	
Provision for Doubtful Debts		255
Building at cost	135 000	
Land	150 000	
Accumulated Depreciation on Building		4 000
Interim Dividend Paid	12 900	
Shares in Hi Fi Investment Ltd	10 000	
Commission Received		2 395
Inventories (01/11/18)	45 750	

Additional Information at 31st October 2019

1. Provision for doubtful debts to decrease by \$80.
2. Provision for final dividend \$20 500.
3. Building to be depreciated at a rate of 6% per annum using straight line method.
4. Interest on debentures unpaid \$8 109.
5. Transfer \$3 000 to general reserves.
6. Profit and Loss Appropriation balance after adjustments is \$17 720 Credit.
7. Land to be revalued at \$230 000.
8. Provision for income tax is \$12 123.
9. Inventories on 31/10/19 is valued at \$34 600.
10. Advertising expenses unexpired \$800.

Required

Using the relevant information, prepare a fully classified Statement of Financial Position of Ayush and Prathana Value Company Ltd, as at 31st October 2019.