

SANGAM SKM COLLEGE – NADI
YEAR 13
ACCOUNTING
WORKSHEET 5

Question 1

On 31st January 2020, Raj and Rav decided to amalgamate their sole trader business, in order to form a partnership and operate as RR Shoppers. At the date of amalgamation, their business financial positions were as follows:

Statement of Financial Position of Raj Enterprises as at 31st January 2020

Assets	\$	\$	Equities	\$	\$
Accounts Receivable		7 500	Bank Overdraft		11 300
Inventories		9300			
Motor Vehicle	25 500				
Less Acc. Depreciation	5 000	20 500	Capital – Raj		154 000
Land		128 000			
		165 300			165 300

Statement of Financial Position of Rav Enterprises as at 31st January 2020

Assets	\$	\$	Equities	\$	\$
Cash at Bank		8 230	Accounts Payable		5 600
Accounts Receivable	10 300				
Less Prov. for Doubtful Debts	300	10 000			
Inventories		12 700	Capital – Rav		85 330
Furniture		60 000			
		90 930			90 930

For the purpose of amalgamation, the following revaluation took place, while other assets and liabilities were taken over at book value.

	Raj Enterprise	Rav Enterprise
	\$	\$
Accounts Receivable	7 400	9 900
Inventories	9 000	13 000
Land	130 000	-
Furniture	-	58 500
Agreed value of business	161 000	87 000

Using the information given above, prepare the general journal entries to record the formation of partnership business.