



**FAC1601 ASSIGNMENT 5
(COMPLETE ANSWERS)
SEMESTER 2 2024 - DUE 12
NOVEMBER 2024**

[Document subtitle] **FAC1601**



PLEASE READ INSTRUCTIONS CAREFULLY BEFORE COMMENCING

- 1. YOU CANNOT GO BACK TO PREVIOUS PAGE E.G IF YOU GO TO QUESTION 7 YOU CANN OTGO BACK TO QUESTION 6. PLEASE MAKE SURE YOU PUT IN ALL THE ANSWER BEFORE GOING TO NEXT QUESTION!!!**
- 2. RUN EACH SECTION FOR AT LEAST 20 MINUTES – THIS WILL BE CHECKED**
- 3. RUN ASSIGNMENT FOR AT LEAST 2,5 HOURS**
- 4. PLEASE CONFIRM AMOUNTS IN SCENARIO AGAINST AMOUNTS IN YOUR SCENARIO. TEMPLATE WILL ASSIST IN GETTING YOUR ANSWERS IF THEY ARE DIFFERENT**

Given the following information for questions 1 – 6:

Gill and Zaahir are in the business of supplying and installing solar panels in the form of a partnership trading as Solar Installations. Gill and Zaahir share profits and losses in the ratio 1:2 respectively. On 31 May 2023 the following information was extracted from the accounting records of the partnership:

EXTRACT OF GIVEN INFORMATION FOR SOLAR INSTALLATIONS

	R
Current account - Gill (Dr)	7,200
Current account - Zaahir (Dr)	6,500
Capital - Gill	96,500
Capital - Zaahir	108,600

- Additional information Gill and Zaahir agreed to admit Brian as a new partner from 1 June 2023.
- Brain will contribute the following to acquire a third of the net asset share of the partnership:

Cash..... R23 200

Solar Installation Equipment R130 000

- Gill and Zaahir agreed to relinquish the 1/3 share equally.
- All other assets were revalued before admitting Brian to the partnership.
- A valuation profit was correctly calculated at R68 400

Which one of the following alternatives represents the **new profit-sharing ratio** after the admission of Brian into the new partnership?

A.

2 : 1 : 2

B.

2 : 3 : 1

C.

1 : 3 : 2

Current profit ratio as fractions

$$\text{Gill} = \frac{1}{(1+2)} = \frac{1}{3}$$

$$\text{Zaahir} = \frac{1}{(1+2)} = \frac{2}{3}$$

New Profit sharing ratio:

$$\text{Gill} = \frac{1}{3} - \frac{1}{3} \times \frac{1}{2} = \frac{1}{3} - \frac{1}{6} = \frac{2}{6} - \frac{1}{6} = \frac{1}{6}$$

$$\text{Zaahir} = \frac{2}{3} - \frac{1}{3} \times \frac{1}{2} = \frac{2}{3} - \frac{1}{6} = \frac{4}{6} - \frac{1}{6} = \frac{3}{6}$$

$$\text{Brian} = \frac{1}{3} = \frac{2}{6}$$

Therefore new profit sharing ratio = 1:3:2

D.

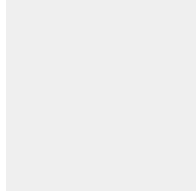
3 : 2 : 1

[Clear my choice](#)

Question **2**

Not yet answered

Marked out of 2.00



Flag question

Question text

Assuming Gill and Zaahir agree to relinquish the $\frac{1}{3}$ rd share in terms of their existing profit-sharing ratio, which one of the following alternatives represent the **new profit-sharing ratio** after the admission of Brian into the new partnership?

A.

2 : 4 : 3

B.

3 : 2 : 1

C.

1 : 3 : 2

D.

2 : 3 : 1

[Clear my choice](#)

Current profit ratio as fractions

$$\text{Gill} = \frac{1}{(1+2)} = \frac{1}{3}$$

$$\text{Zaahir} = \frac{1}{(1+2)} = \frac{2}{3}$$

New Profit sharing ratio:

$$\text{Gill} = \frac{1}{3} - \frac{1}{3} \times \frac{1}{3} = \frac{1}{3} - \frac{1}{9} = \frac{3}{9} - \frac{1}{9} = \frac{2}{9}$$

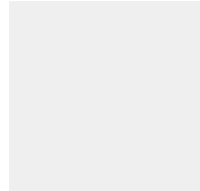
$$\text{Zaahir} = \frac{2}{3} - \frac{2}{3} \times \frac{1}{3} = \frac{2}{3} - \frac{2}{9} = \frac{6}{9} - \frac{2}{9} = \frac{4}{9}$$

$$\text{Brian} = \frac{1}{3} = \frac{3}{9}$$

Therefore new profit sharing ratio = 2:4:3

Question 3

Not yet answered
Marked out of 2.00



Flag question

Question text

Which one of the following alternatives represents the correct balance in the **capital account** of **Gill** after the valuation of assets and prior to the admission of Brian?

A.
R148 600

B.
R68 500

C.

R112 100

D.

R167 450

[Clear my choice](#)

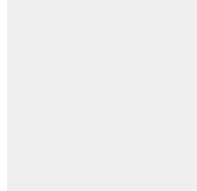
Capital: Gill

Current account	7,200	Balance b/d	96,500
		Valuation (68 400 x 1/3)	22,800
Balance c/d *** balancing figure	112,100		
	119,300		119,300

Question **4**

Not yet answered

Marked out of 2.00



Flag question

Question text

Which one of the following alternatives represents the correct balance in the **capital account** of **Zaahir** after the valuation of assets and prior to the admission of Brian?

A.

R147 700

B.

R71 700

C.

R122 350

D.

R 140 150

[Clear my choice](#)

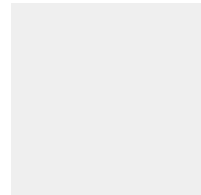
Capital: Zaahir

Current account	6,500	Balance b/d	108,600
		Valuation (68 400 x 2/3)	45,600
Balance c/d *** balancing figure	147,700		
	154,200		154,200

Question **5**

Not yet answered

Marked out of 5.00



Flag question

Question text

Which one of the following alternatives represents the correct amount of **goodwill** in the accounting records of Solar Installations after the admission of Brian?

A.
R 459 600

B.
R 153 200

C.
R 46 600

D.
R 273 000

[Clear my choice](#)

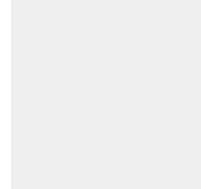
Goodwill is calculated as inverse of new partners profit sharing ratio (inverse of $\frac{1}{3} = \frac{3}{1}$) x new partners contribution less contribution of new partner less balances of capital accounts of old partners

Therefore goodwill = $3 \times (23\,200 + 130\,000) - 112\,100 - 147\,700 - (23\,200 + 130\,000) = \text{R}46\,600$

Question **6**

Not yet answered

Marked out of 2.00



Flag question

Question text

Which of the following journal entries is correct for recording the capital contribution of Brian on the 1st June 2023:

A.

Debit – Bank R153 200; Credit Capital: Brian R153 200

B.

Debit – Bank R23 200; Debit – Equipment R130 000; Credit Capital: Brian R153 200

C.

Debit Capital: Brian R153 200; Credit – Bank R23 200; Credit – Equipment R130 000

D.

Debit Capital: Brian R153 200; Credit – Equipment R153200

[Clear my choice](#)

Given the following information:

Jono and Karabo are in a partnership and own a restaurant trading as The Sitting Duck. They have an equal interest in the partnership and distribute profits accordingly.

The following information was extracted from the accounting records of the partnership as at 31 May 2023: