

**SANGAM SKM COLLEGE - NADI  
YEAR 13 ACCOUNTING WORKSHEET- 2021**

**Week 3**

Question 1

**Part A                      Nature of Partnership Business**

(a) Define partnership.


(b) State **one** reason for forming a partnership business.


(c) State **one** advantage of the partnership business over a sole trader.


(d) Identify **one** clause in the Partnership Agreement.


Question2

Part A

Spade and Diamond are in partnership sharing profits and losses in a 2 : 1 ratio. The following were the relevant balances in their ledger at 30<sup>th</sup> July 2019.

	\$
Capital Account - Spade	50 000
Current Account (Cr) - Spade	7 500
Drawings - Spade	8 500
Capital Account - Diamond	35 000
Current Account (Dr) – Diamond	2 500
Drawings - Diamond	5 600

The following clauses were shown in the partnership agreement:

- Interest on drawings is to be charged at a rate of 5% per annum.
- Spade and Diamond are non- working partners and each receive \$4 000 salary per partnership agreement. These salaries have not yet being paid.
- Interest to be charged and allowed on current account at a rate of 4%.
- Interest on capital to be allowed at 10% per annum.
- Net Profit \$20000

Required

Use the information given above to prepare the Profit and Loss Appropriation account

	\$	\$	\$

Part B

David Stanley and Clement King are partners in the accountancy firm called 'David & Clement Consultancy'.

The General Journal entries below were prepared on balance dated 31 December 2014. Assume that partners share profits/losses equally.

<b>Date</b>	<b>Particulars</b>	<b>Dr</b>
Dec 31	Profit and Loss	97 000
	Profit & Loss Appropriation	
	<i>(to transfer the net profit)</i>	
	Profit & Loss Appropriation	45 000
	Current Account- David	
	-Clement	
	<i>(for salaries paid to partners)</i>	
	Profit & Loss Appropriation	18 000
	Current Account- David	
	-Clement	
	<i>(for interest on capital charged by partners)</i>	
	Profit & Loss Appropriation	12 000
	Current Account- David	
	-Clement	
	<i>(for interest on Current account charged by partners)</i>	
	Current Account- David	200
	-Clement	400
	Profit & Loss Appropriation	
	<i>(for interest on drawings charged to partners)</i>	

1	It is important that David and Clement have a Partnership Agreement. Describe the purpose of the Partnership Agreement.																																																
2	<p>Calculate the residual profit/loss after taking into consideration the above journal entries.</p> <p>Residual Profit: \$</p>																																																
3	<p>Partners' drawings for the year were: David- \$2 000 and Clement \$4 000. Prepare the General Journal Entry to close the partners' drawings account.</p> <p style="text-align: center;"><b>General Journal</b></p> <table border="1" style="width: 100%; border-collapse: collapse; margin: 5px 0;"> <thead> <tr> <th style="width: 10%;">Date</th> <th style="width: 60%;">Particulars</th> <th style="width: 15%;">Dr</th> <th style="width: 15%;">Cr</th> </tr> </thead> <tbody> <tr> <td> </td> <td> </td> <td> </td> <td> </td> </tr> <tr> <td> </td> <td> </td> <td> </td> <td> </td> </tr> </tbody> </table> <p>(to close off partners drawings account)</p>	Date	Particulars	Dr	Cr																																												
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4	<p>Prepare David's Current Account to calculate his closing balance as at 31 December, 2014.</p> <p style="text-align: center;"><b>General Ledger</b> <b>Current Account – David</b></p> <table border="1" style="width: 100%; border-collapse: collapse; margin: 5px 0;"> <thead> <tr> <th style="width: 10%;">Date</th> <th style="width: 45%;">Particulars</th> <th style="width: 10%;">Dr</th> <th style="width: 10%;">Cr</th> <th style="width: 10%;">Balance</th> <th style="width: 15%;">Dr/Cr</th> </tr> </thead> <tbody> <tr> <td>31 Dec</td> <td>Balance b/f</td> <td> </td> <td> </td> <td>\$20000</td> <td>Cr</td> </tr> <tr> <td> </td> <td> </td> <td> </td> <td> </td> <td> </td> <td> </td> </tr> <tr> <td> </td> <td> </td> <td> </td> <td> </td> <td> </td> <td> </td> </tr> <tr> <td> </td> <td> </td> <td> </td> <td> </td> <td> </td> <td> </td> </tr> <tr> <td> </td> <td> </td> <td> </td> <td> </td> <td> </td> <td> </td> </tr> <tr> <td> </td> <td> </td> <td> </td> <td> </td> <td> </td> <td> </td> </tr> <tr> <td> </td> <td> </td> <td> </td> <td> </td> <td> </td> <td> </td> </tr> </tbody> </table>	Date	Particulars	Dr	Cr	Balance	Dr/Cr	31 Dec	Balance b/f			\$20000	Cr																																				
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