

## Year 13 Accounting Worksheet 5

### Annual Accounts for Partnership

*(Note: Answer the following questions in your activity book.)*

Max and Peter are partners in MP Grocery shop in Salisali town. They are in a partnership sharing profit and losses equally. The following were the ledger balances at 31<sup>st</sup> March, 2020.

Items	\$
Capita Account - Max	30 000Cr
Capital Account - Peter	25 000Cr
Drawings - Max	5 500Dr
Drawings - Peter	3 000Dr
Current Account - Max	5 000Cr
Current Account - Peter	2 000Dr

Their Partnership Agreement provides the following information:

1. Salary owed to each partner, \$6 000. (non-working partners)
2. Interest of 6% is to be allowed on Capital.
3. Interest on drawings for Max \$550 and Peter \$300.
4. Interest charged at 5% on Current Account with debit balance.
5. Net Profit for the year was \$145 000.

### **Required:**

Use the information given above to prepare the:

- (a) Profit and Loss Appropriation Statement for Max and Peter for the year ended 31<sup>st</sup> March, 2020. **(5 marks)**
- (b) Current Account of the partners. **(6 marks)**