Blog Question

Principles of Accounts

Topic: Partnership Accounts Class: 10-T Week: 12th-16th- Feb. 18

**QUESTION:**

Frame and French are in partnership sharing profits and losses in the ratio 3/5 : 2/5, respectively.

The following is their trial balance as at 30 September 2015.

*Dr Cr*

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Buildings (cost $210,000) 160,000

Fixtures at cost 8,200

Provision for depreciation: Fixtures 4,200

Debtors 61,400

Creditors 26,590

Cash at bank 6,130

Inventory at 30 September 20X4 62,740

Sales 363,111

Purchases 210,000

Carriage outwards 3,410

Discounts allowed 620

Loan interest: P Prince 3,900

Office expenses 4,760

Salaries and wages 57,809

Bad debts 1,632

Provision for doubtful debts 1,400

Loan from P Prince 65,000

**Capitals:** Frame 100,000

French 75,000

**Current accounts:**

Frame 4,100

French 1,200

**Drawings:**

 Frame 31,800

French 28,200 \_\_\_\_\_\_

640,601 640,601

**Required:**

Prepare An Income Statement for the year ended 30 June 2015, and a Statement of financial position as at that date.

(*a*) Inventory, 30 June 20X9, $74,210.

(*b*) Expenses to be accrued: Office Expenses $215; Wages $720.

(*c*) Depreciate fixtures 15 per cent on reducing balance basis, buildings $5,000.

(*d*) Reduce provision for doubtful debts to $1,250.

(*e*) Partnership salary: $30,000 to Frame. Not yet entered.

(*f* ) Interest on drawings: Frame $900; French $600.

(*g*) Interest on capital account balances at 5 per cent.

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