

Final Accounts Preparation

Partnership Financial Statements

Partners' Current Accounts – Exercise 2

Model Answer

You have been provided with the following information about a car dealership which is run as a partnership. The financial year end of the business is 31 July 2016. The three partners of the business are Aston, Martin and Morgan.

Partners' Annual Salaries

Aston	£30,000
Martin	£45,000
Morgan	£37,500

Interest on partners' capital for the year

Aston	£22,000
Martin	£15,840
Morgan	£ 8,800

Interest charged on partners' drawings

Aston	£9,630
Martin	£8,535
Morgan	£5,250

The business has a remaining profit of £376,000. This should be shared out in line with the following percentages

Aston	45% x £376,000 = £169,200
Martin	35% x £376,000 = £131,600
Morgan	20% x £376,000 = £75,200

Partners' drawings for the year

Aston	£192,600
Martin	£170,700
Morgan	£105,000

You should prepare the Current Account for each of the three partners at 31 July 2016 showing the balances carried down.