

**Final Accounts Preparation**

**Partnership Financial Statements**

**Partnership Statement of Financial Position – Exercise 2**

**You are preparing the Statement of Financial Position for the MM Partnership as at 30 April 2016. The two partners are Mia and Martina.**

**All of the necessary year end adjustments have been made, except for the transfer of profits to the partners' Current Accounts.**

**The balances on each partner's Current Account prior to the transfer of profits are:**

<b>Mia</b>	<b>£800 credit</b>
<b>Martina</b>	<b>£1,200 credit</b>

**Each partner is entitled to a £11,525 profit share.**

**Task 1**

**Calculate the updated balances on the partners' Current Accounts after giving each partner their share of the profits and show in each case whether the new balance is a debit or a credit.**

<b>Mia</b>	<b>£</b>	<b>Debit / Credit</b>
<b>Martina</b>	<b>£</b>	<b>Debit / Credit</b>

**Note: these balances will need to be transferred into the Statement of Financial Position in Task 2.**

**Task 2**

**You have been provided with the following Trial Balance. All of the year end adjustments have already been made.**

**Prepare a Statement of Financial Position for the MM Partnership for the financial year ended 30 April 2016. You need to use the balances on the partners' Current Accounts that you have just calculated in Task 1.**

	<i>Dr (£)</i>	<i>Cr (£)</i>
<i>Value Added Tax</i>		<b>2,025</b>
<i>Motor Vehicles at Cost</i>	<b>32,820</b>	
<i>Motor Vehicles – Accumulated Depreciation</i>		<b>6,565</b>
<i>Depreciation Charge</i>	<b>6,565</b>	
<i>Rent and Rates</i>	<b>10,200</b>	
<i>Capital Account – Mia</i>		<b>17,500</b>
<i>Capital Account – Martina</i>		<b>15,250</b>
<i>Sales Revenue</i>		<b>104,415</b>
<i>Wages</i>	<b>18,430</b>	
<i>Closing Inventory</i>	<b>14,850</b>	<b>14,850</b>
<i>Purchases Ledger Control Account</i>		<b>6,725</b>
<i>Cash</i>	<b>250</b>	
<i>Opening Inventory</i>	<b>15,220</b>	
<i>Allowance for Doubtful Debts Adjustment</i>		<b>335</b>
<i>Administration Expenses</i>	<b>5,150</b>	
<i>Heating and Lighting</i>	<b>3,335</b>	
<i>Allowance for Doubtful Debts</i>		<b>595</b>
<i>Accruals</i>		<b>150</b>
<i>Purchases</i>	<b>37,650</b>	
<i>Current Account – Mia</i>		<b>800</b>
<i>Current Account – Martina</i>		<b>1,200</b>
<i>Sales Ledger Control Account</i>	<b>19,915</b>	
<i>Bank</i>	<b>4,890</b>	
<i>Prepayments</i>	<b>1,135</b>	
<b>Total</b>	<b>170,410</b>	<b>170,410</b>