

1 Carl and Daniel are in partnership. Their partnership agreement provides that:

- 1 Daniel has a partnership salary of \$3000 per annum
- 2 Interest on capital is 6% per annum
- 3 Interest on drawings is charged
- 4 Residual profits / losses are shared 3:2 respectively.

The partners have never kept full accounting records but provided the following information:

Cash book summary for the year ended 31 December 2010

	\$		\$
Balance b/d	2 178	Trade payables	195 911
Trade receivables	44 049	Wages	63 156
Cash sales	332 467	Purchase of machine	8 800
Rent received	7 000	General expenses	56 676
		Drawings – Carl	35 660
		Drawings – Daniel	26 480

The assets and liabilities were:

	1 January 2010 \$	31 December 2010 \$
Fixed capital account – Carl	100 000Cr	100 000Cr
Fixed capital account – Daniel	70 000Cr	70 000Cr
Current account – Carl	3 210Cr	?
Current account – Daniel	1 304Cr	?
Machinery (Net Book Value)	147 000	145 000
Motor vehicle (Net Book Value)	16 000	8 000
Inventory	14 003	13 471
Trade receivables	317	183
Trade payables	4 872	5 163
Wages accrued	612	938
Rent receivable accrued	500	–
Rent receivable prepaid	–	500

Additional information:

1. During the year, an old machine which had cost \$10 000 was traded in for \$3200 in part exchange for a new machine costing \$12 000. The old machine had been depreciated by \$6000 over its lifetime.
2. Interest on drawings for the year amounted to:  
Carl – \$230  
Daniel – \$100

## REQUIRED

- (a)** Prepare the income statement (trading and profit and loss account) **and** appropriation account for Carl and Daniel for the year ended 31 December 2010.

[illegible]

[22]

