



**(b) (i)** State what is meant by goodwill.

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.....  
..... [1]

**(ii)** State **three** factors which affect the value of goodwill.

1 .....  
.....  
2 .....  
.....  
3 .....  
..... [3]

### **Additional information**

The terms of the new partnership agreement included the following:

Interest on capital	7.5% per annum on capital account balances at the end of each financial year
Interest on drawings	3% on total drawings for the year
Salary to Max	\$10 000 per annum

The following information is also available for the year ended 30 September 2015:

	Alan \$	Jack \$	Max \$
Current account balances at 1 October 2014	9 500 Credit	7 500 Credit	Nil
Drawings for the year ended 30 September 2015	16 000	24 000	8 000

The residual profit to be shared by the partners in the profit sharing ratio is \$90 000.

## REQUIRED

- (c)** Prepare the partners' current accounts for the year ended 30 September 2015.

Alan, Jack and Max  
Current accounts

[7]

- (d) Calculate the profit for the year ended 30 September 2015 transferred from the income statement to the appropriation account.

[5]

### Additional information

The partners have calculated the following ratios for the business:

	30 September 2014	30 September 2015
Liquid (acid test) ratio	1.1 : 1	0.85 : 1
Trade receivables turnover	34 days	42 days

## REQUIRED

- (e) (i)** Comment on the changes in liquidity of the partnership from 30 September 2014 to 30 September 2015.

[4]

- (ii) Suggest ways in which the partnership liquidity may be improved.

[4]