

- 2 Jackie and Kim are in partnership sharing profits and losses in the ratio of 3:2. The following statement of financial position was provided on 30 April 2012.

**Statement of Financial Position at 30 April 2012**

	\$	\$	\$
<b>Non-current assets at net book value</b>			
Premises			120 000
Fixtures and fittings			<u>72 000</u>
			192 000
<b>Current assets</b>			
Inventory	30 000		
Trade receivables	20 000		
Bank	<u>16 000</u>		
		66 000	
<b>Current liabilities</b>			
Trade payables	12 000		
Wages accrued	<u>1 000</u>		
		13 000	
<b>Net current assets</b>			<u>53 000</u>
Net assets			<u>245 000</u>
<b>Capital accounts</b>			
Jackie		141 000	
Kim		<u>94 000</u>	235 000
<b>Current accounts</b>			
Jackie		6 000	
Kim		<u>4 000</u>	<u>10 000</u>
			<u>245 000</u>

Maura is a long-term employee of the partnership. Her current annual salary is \$16 500.

She recently inherited a sum of \$60 000 and is considering an invitation from Jackie and Kim to invest \$50 000 in the business in return for becoming a partner on 1 May 2012.

If she agrees, the following terms would apply:

- 1 Maura is to be paid a partnership salary of \$11 000 per year.
- 2 All partners are to receive interest on capital of 3% per year.
- 3 All partners are permitted to withdraw up to \$10 000 per year.
- 4 All partners are to pay interest on annual drawings at 5% per year.
- 5 Maura is to receive a 10% residual share of profits and losses. The remaining profit or loss is to be divided between the other partners in ratio to their capital.
- 6 Jackie and Kim will withdraw the full amount available to them while Maura will withdraw \$5 500.

The profit for the year ended 30 April 2013 is forecast to be \$121 000.

## REQUIRED

- (a) Prepare an estimated profit and loss appropriation account for the year ended 30 April 2013, assuming Maura accepts the invitation to join the partnership.

[illegible]

- (b)** Prepare Maura's current account for the year ended 30 April 2013.

.....

.....

.....

.....

.....

.....

.....

.....

.....

[5]

- (c)** Instead of investing in the partnership Maura could bank her \$50 000 at an annual interest rate of 5%.

Using appropriate figures calculated in **(a)** and **(b)**, advise Maura whether or not to accept the offer of a partnership.

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

[6]

Jackie and Kim provided the following accounting ratios:

	Year ended 30 April 2011	Year ended 30 April 2012
Percentage of gross profit to sales	21%	24%
Percentage of net profit to sales	10%	11%

**REQUIRED**

(d) Suggest **two** reasons for the change in the percentage of gross profit to sales.

- 1 .....
- .....
- .....
- .....
- 2 .....
- .....
- .....
- ..... [4]

(e) Suggest **two** reasons for the change in the percentage of net profit to sales.

- 1 .....
- .....
- .....
- .....
- 2 .....
- .....
- .....
- ..... [4]