

- 2 Amina and Nizam are in partnership sharing profits and losses in the ratio of 3:5. Their accounting year ended on 31 December 2011.

The partnership agreement also states that:

- 1 Amina receives a salary of \$24 450 annually;
- 2 Interest on drawings is charged at 5% on annual drawings;
- 3 Interest on capital is payable at the rate of 4% per annum.

The following balances were extracted from the books on 1 January 2011.

	Capital account	Current account
Amina	\$140 000	\$8 400 Dr
Nizam	\$240 000	\$3 200 Dr

On 1 July 2011, Amina paid an additional \$20 000 capital into the business bank account.

Drawings for the year were Amina \$26 000, Nizam \$35 000.

Profit for the year before appropriations was \$120 000.

## REQUIRED

- (a) Prepare the appropriation account for Amina and Nizam for the year ended 31 December 2011.

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- [illegible]



- 1 The revenue (sales) account had been overcast by \$18 200.
- 2 Discounts received of \$9 600 had been entered on the debit side of the discounts allowed account.
- 3 Simon, a debtor, had paid a cheque for \$9 400 to clear his account. His account had been credited for this amount but no entry had been made in the cash book.

(d) Prepare journal entries to correct each of the errors which had been discovered (narratives are **not** required).

[illegible]

- (e) Prepare the suspense account, clearly showing the balance brought forward.

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