**Partnership Account (1) – Financial Statement**

1. **Partnership Act 1961:** Applied if the provision is not given by the question.

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| --- | --- |
| Profit and Loss | Equally Shared |
| Interest on Capital | No |
| Interest on Partners’ Drawings | No |
| Salaries | No |
| Interest on Loan from Partners | Yes (8% per annum) |

1. **Income Statement**
   1. Less: Expenses
      1. Interest on Loan from Partners
   2. Add: Interest on Drawings
   3. Less: Appropriations
      1. Partners’ Salaries / Allowance / Bonus
      2. Interest on Capital
   4. Balance of Profit / Loss Shared
2. **Statement of Financial Position**
   1. Non-current Liabilities
      1. Loan from XX
   2. Owners’ Equity
      1. Capital
      2. Current
3. **Profit and Loss Appropriation Account**

|  |  |
| --- | --- |
| **Debit** | **Credit** |
| Current: Partners’ Salaries | Current: Interest on Drawings |
| Current: Interest on Capital | Current: Balance of Loss Shared |
| Current: Balance of Profit Shared | Profit and Loss: Net Profit |
| Profit and Loss: Net Loss |  |

1. **Partners’ Current Account**

|  |  |
| --- | --- |
| **Debit** | **Credit** |
| Drawings | Profit and Loss Appropriation:  Partners’ Salaries |
| Profit and Loss Appropriation:  Interest on Drawings | Profit and Loss Appropriation:  Interest on Capital |
|  | Profit and Loss Appropriation:  Balance of Profit Shared |