

- 3A. Explain the following concepts in connection with partnership account
- Partnership salaries
 - Current accounts
 - Loans and advances
 - Profit and loss sharing ratio
 - Appropriation account.
- 4A. Madung and Njuguna were trading as partners sharing profits and losses in the ratio of 2:1. Their capital contributions were Shs. 200,000 and Shs. 150,000 respectively. Their Partnership Deed provided for a monthly salary of Shs. 9,000 for Madung and Shs. 10,000 for Njuguna; Interest of 6% per annum on their capital accounts which are to remain fixed; to charge interest on drawings at 10% per annum to discourage drawings and plough back profits. During the year Madung drew Shs. 54,000, while Njuguna drew Shs. 45,000. Their net trading profit for the year ended 31st December 2004 before taking into account the above matters was Shs. 231,000.

Required:

- Prepare an account to ascertain the division of profits between the partners.
- Partners current accounts.

Kirwa and Maina are in partnership sharing profits and losses equally.

The following is their balance as at 30 June 2001.

	Dr	Cr
	Shs.	Shs.
Capital: Kirwa		350,000
Maina		295,000
Current accounts: Kirwa		13,060
Maina		2,980
Drawings: Kirwa	64,000	
Maina	56,500	
Buildings (Cost Sh. 900,000)	650,000	
Fixtures at cost	110,000	
Provision for Depreciation (Fixtures)		33,000
Debtors	162,430	
Creditors		261,500
Cash at Bank 6,770		
Sales		1,236,500
Stock at (30 June 2,000)	419,790	
Purchases	854,160	
Carriage Outwards	12,880	
Discounts Allowed	1,150	
Loan interest: Bank	40,000	
Office expenses	24,160	
Salaries and Wages	189,170	
Bad Debts	5,030	
Loan from Bank		400,000
Provision for Bad Debts		4,000
	2,596,040	2,596,040

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