

**THE TRAINING PLACE OF EXCELLENCE**  
**Prepare Final Accounts for Sole Traders & Partnerships**

**Practice Assessment: Answers**

**Task 1**

**(a) Purchases ledger control account**

Bank	161000	Balance b/d	24800
Purchases returns	1896	Purchases	171600
Discounts received	4504		
Balance c/d	29000		
	<u>196400</u>		<u>196400</u>

**(b) Sales ledger control account**

Balance b/d	43500	Bank	280049
Sales	288816	Sales returns	4140
		Discounts allowed	1877
		Balance c/d	46250
	<u>332316</u>		<u>332316</u>

**(c) VAT Control**

Purchases	28600	Balance b/d	6300
Running costs	4200	Purchases returns	316
Bank	18095	Sales	48136
Sales returns	690		
Balance c/d	3167		
	<u>54752</u>		<u>54752</u>

**(d) Capital as at 30 June 20X0**

	£	
Vehicles at cost	35000	
Vehicles accumulated depreciation	(14000)	
Cash	150	
Stock at cost	15000	
Trade debtors	<u>43500</u>	
	79650	
Less:		
Bank	1610	
Accrued running costs	3550	
VAT payable	6300	
Trade creditors	<u>24800</u>	<u>(36260)</u>
Capital	<u>43390</u>	

**(e) Purchases = (60% x £800,000) + £181,000 - £150,000 = £511,000**

(f)

	Debit	Credit	No change
Fixed assets	✓		
Trade debtors			✓
Trade creditors		✓	
Bank			✓
Capital			✓

(g) An amount of cash available in the bank to be used in the next month.

## Task 2

(a)

<b>Victory Trading</b>		
<b>Income Statement for the year ended 31 May 20X0</b>		
	£	£
Sales		4048
Opening inventory	1410	
Purchases	3870	
Closing inventory	<u>(2365)</u>	
Cost of goods sold		<u>(2915)</u>
Gross profit		1133
Less:		
Depreciation charge	315	
Postage	44	
Stationery	45	
Insurance	185	
Discount allowed		
	<u>55</u>	
Total expenses		(644)
Profit		489

(b) As an addition to current liabilities.

(c) It proves that double entry has taken place.

### Task 3

#### (a) Capital account – James

Goodwill	9000	Balance b/d	0
Balance c/d	16000	Bank	25000
	25000		25000

#### (b) Goodwill account

Capital:		Capital:	
John	15000	John	10500
Jeffrey	15000	Jeffrey	10500
		James	9000
	30000		30000

- (c) When a partner retires from a partnership business, the balance on the partner's current account must be transferred to the partner's capital account.

### Task 4

#### Partnership Appropriation account for the year ended 31 December 20X0

	1 Jan X0 – 31 July X0	1 Aug X0 – 31 Dec X0	Total £
	£	£	
<b>Net profit</b>	66500	47500	<b>114000</b>
Salaries:			
Agnes	10500	7500	<b>18000</b>
Benard	11375	0	<b>11375</b>
Rocky	12250	8750	<b>21000</b>
Interest on capital:			
Agnes	1155	825	<b>1980</b>
Benard	945	0	<b>945</b>
Rocky	1015	725	<b>1740</b>
<b>Profit available for distribution</b>	29260	29700	<b>58960</b>

<b>Profit share:</b>			
Agnes	8778	16335	<b>25113</b>
Benard	11704	0	<b>11704</b>
Rocky	8778	13365	<b>22143</b>
<b>Total profit distributed</b>	29260	29700	<b>58960</b>

### Task 5

- (a) Current account balance: Fred £6460  
Current account balance: Jane £4110

**Freddy & Co Partnership**  
**Statement of financial position as at 31 March 20X1**

<b>Non-Current assets</b>	<b>Cost £</b>	<b>Depreciation £</b>	<b>Carrying amount £</b>
Computers	<u>24450</u>	<u>2969</u>	21481
Current assets:			
Bank	4100		
Inventory	8100		
Cash	440		
Prepayments	2103		
Debtors	<u>27000</u>	41743	
Current liabilities:			
Creditors	14025		
Accrued expenses	1977		
VAT	<u>2152</u>	<u>18154</u>	
Net current assets			23589
<b>Net assets</b>			<b>45070</b>
<b>Financed by:</b>	<b>Fred</b>	<b>Jane</b>	<b>Total</b>
Capital	16000	18500	34500
Current Accounts	6460	4110	10570
	<b>22460</b>	<b>22610</b>	<b>45070</b>