

PARTNERSHIP ACCOUNTS DRAFT

****SMART HUB & PARTNERS****

APPROPRIATION ACCOUNT.

Particulars	GHC	GHC	Particulars	GHC	GHC
Net Loss b/d		XXX	Net Profit b/d		XXX
Salaries:			Interest on Drawings:		
A	XXX		A	XXX	
B	XXX	XXX	B	XXX	XXX
Interest on Capital:					
A	XXX				
B	XXX	XXX			
Interest on Current:					
A	XXX				
B	XXX	XXX			
Share of Profit:			Share of Loss:		
A	XXX		A	XXX	
B	XXX	XXX	B	XXX	XXX
		XXX			XXX

CURRENT ACCOUNT.

Particulars	GHC	GHC	Particulars	GHC	GHC
	A	B		A	B
Balance b/d	XXX	XXX	Balance b/d	XXX	XXX
Drawings	XXX	XXX	Salaries	XXX	XXX
Interest on Drawings	XXX	XXX	Interest on Capital	XXX	XXX
Share of Loss	XXX	XXX	Interest on Current	XXX	XXX
			Share of profit	XXX	XXX
Balance c/d	XXX	XXX	Balance c/d	XXX	XXX
	XXX	XXX		XXX	XXX
Balance b/d	XXX	XXX	Balance b/d	XXX	XXX

PARTNERSHIP ACCOUNTS DRAFT

CAPITAL ACCOUNT.

Particulars	GHC	GHC	Particulars	GHC	GHC
	A	B		A	B
Balance c/d	XXX	XXX	Balance b/d	XXX	XXX
			Balance b/d	XXX	XXX

NOTES:

- The financial statements of partnerships are the same as those of a sole proprietor with the exception of capital. Partnership recognizes several joint owners (Partners) and the capital of each partner is usually contained in two accounts.
 - Capital Account
 - Current Account
- Salaries paid to partners** are not business expenses and are not added to operating expenses.
- Net Profit or Net Loss b/d as seen in the Appropriation Account** is what you ascertain using the profit or loss account (income statement).
- Appropriation Account is used to share the **Residual profit or loss** among the partners. **Residual profit or loss** is the profit or loss after taking into consideration interest on drawing, interest on capital or current account and salaries of partners.
- It is deserving to notice that, it is not the actual profit that is shared among the partners but the difference between the debit and credit sides of the appropriation account that is shared among the partners.
- A Current Account is used to record the accumulated profits of the partner and the partner's drawings. **Everything on the debit side of the appropriation account except the net loss goes to the credit side of the current account.** And **everything on the credit side of the appropriation account except net profit goes to the debit side of the current account plus drawings.**
- Making reference from note 1** below is how the CAPITAL aspect would appear in the STATEMENT OF FINANCIAL POSITION of a partnership.

PARTNERSHIP ACCOUNTS DRAFT

FINANCED BY:		GHC	GHC
Capital Account:			
A		<u>XXX</u>	
B		<u>XXX</u>	XXX
Current Account:			
A		<u>XXX</u>	
B		<u>XXX</u>	<u>XXX</u>
			<u>XXX</u>

- The balances of the capital and the current account are what we used to prepare the Capital aspect of the Statement of Financial Position.
- Fluctuating Capital Account is a fusion of capital account and current Account.

FLUCTUATING CAPITAL ACCOUNT.

Particulars	GHC		Particulars	GHC	
	A	B		A	B
Balance b/d	XXX	XXX	Balance b/d	XXX	XXX
Balance b/d	XXX	XXX	Balance b/d	XXX	XXX
Drawings	XXX	XXX	Salaries	XXX	XXX
Interest on Drawings	XXX	XXX	Interest on Capital	XXX	XXX
Share of Loss	XXX	XXX	Interest on Current	XXX	XXX
Balance c/d	XXX	XXX	Share of profit	XXX	XXX
	<u>XXX</u>	<u>XXX</u>	Balance c/d	XXX	XXX
Balance b/d	XXX	XXX	Balance b/d	XXX	XXX

- In the fluctuating Capital account, the balance b/d are two (2), one (1) relates to capital account balance and one (1) relates to the current account balance.
- Using fluctuating capital only the balances from the account are used in capital aspect of the statement of financial position.