

The following aspects of evidence have been omitted from this exemplar:

- capital and current accounts for Alex
- profit distribution statement
- statement of financial position extract and note

1

Mighty Mini Golf General Journal			
1/1/12	Bank	900	
	Accounts Receivable	5,100	
	Buildings	70,000	
	Land	100,000	
	Mini-golf Equipment	12,000	
	Goodwill	5,000	
	Accounts Payable		3,500
	Mortgage		100,000
	Capital - Sam		80,000
	(to record Sam's contribution)		
	(to record Alex's contribution)		

Date		Dr	Cr	Bal	
Current - Sam					
31/12/13	Balance			9,000	Dr
	Partner's Salary		8,000	1,000	Dr
	Interest on Capital		4,500	3,500	Cr
	Interest on Current	360		3,140	Cr
	Interest on Drawings	1,800		1,340	Cr
	Profit Distribution		36,060	34,720	Cr
	Drawings	38,000		(3,280)	Dr
Current - Alex					
31/12/13	Balance			4,000	Cr
	Partner's Salary	10,000		6,000	Dr
	Interest on Capital		2,000	4,000	Dr
	Interest on current		560	3,440	Dr
	Interest on Drawings	500		3,940	Dr
	Profit Distribution		24,040	20,100	Cr
	Drawings	25,000		(4,900)	Dr

Sections of the student's narrative response have been omitted from this Exemplar.

Goodwill represents the future economic benefits of assets of Mighty Mini Golf with no physical presence.

In the absence of a Partnership Agreement, profits are to be shared equally among the partners, according to the Partnership Act 1908.

The reason why there is a clause that charges partners if their drawings exceed \$20,000 is to discourage them from withdrawing or spending too much money from the business. This means the business will have sufficient funds to carry on.

2

Interest on capital accounts is earned at 5% p.a. on opening balances. This encourages the partners to keep their capital in the business. If they took their money out and put it in a bank account they could earn about the same interest percentage.

2