The BOWLING BARN

CASE STUDY: Fred, Barney, Sheldon and Frank decided to set up a partnership to run a Bowling Alley.
It cost £100,000.
Fred put in £55,000, Barney put in £30,000, Sheldon put in £10,000 and Frank put in £5000.
They were in such a hurry they didn't get around to writing up a partnership Agreement. All was well for 5 years and profits were steady and shared out according to each partners' share in the Bowling Alley. Then the arguments began and the partnership became unworkable. They quickly had to sell the Bowling Alley. A buyer was found but they only received £80,000. They also had bills for wages of £60,000.

QUESTIONS

1. What percentage did each partner own? Show your working.

2. What potential problems did the partners face by not having a Partnership Agreement?

3. What did each partner receive after the sale of the bowling alley.