

Mellor and Ridge were partners in a firm of contractors and builders' merchants. By agreement the capitals were fixed - Mellor £30,000 Ridge RM15,000 and they shared profits Mellor 2/3 Ridge 1/3. A Trial Balance at 31 December 1983 contained the following items:

	<b>Debit RM</b>	<b>Credit RM</b>
Wages and salaries	15,600	
Returns inwards	1,500	
Returns outwards		780
Inventory 1.1.83	11,700	
Bank Deposit Account	5,400	
Bank Current Account		480
Purchases	46,500	
Trade expenses	3,300	
Commission Income		450
Drawings - Mellor	4,200	
Drawings - Ridge	6,600	
Sales		79,500
Accounts Receivable	4,950	
Accounts Payable		10,170
Furniture and fittings	4,500	
Premises at cost	30,000	
Discount Allowed	750	
Discount Received		630
Carriage Inwards	480	
Carriage Outwards	1,050	
Insurance	360	
Petty Cash	120	
Capital		45,000
	137,010	137,010

**The following information relates to the period concerned:**

1. 60% of wages and salaries should be charged to Trading Account and 40% to Profit and Loss Account.
2. The partners were entitled to interest at the rate of 6% per annum on their fixed capitals and Ridge was entitled to a salary of RM7,500 for managing the business.
3. The value of inventory at cost at 31 December 1983 was RM17,400 but net realisable value was only RM16,800.
4. A scrutiny of the list of debtors showed that RM150 should be written off as bad and that allowance should be made of RM210 for possible bad debts.
5. Prepayments amounted to RM60 for insurance paid in advance and accruals consisted of RM105 for Carriage Outwards not paid and RM75 for Commission Income not received.

**You are required to prepare** Income Statement for the year ended 31 December 1983.

(LCCI Intermediate 1984 Autumn, Amended)

John Degg and William Sant were general merchants sharing profits and losses, Degg 3 parts, Sant 1 part. By a partnership deed, dated 1 December 1984, their capital were fixed at Degg RM12,000 and Sant RM15,000. The following Trial Balance shows the position at 31 December 1984.

	RM	RM
Wages and Salaries	8,416	
Discounts	336	284
Bank Interest		205
Inventory 1.1.84	5,316	
Purchases and Sales	21,135	35,366
Premises at cost	12,000	
Insurance	184	
General Expenses	1,480	
Returns	687	351
Carriage Outwards	483	
Carriage Inwards	192	
Furniture and Fittings	1,880	
Bank Fixed Deposit	8,400	
Bank Current Account		214
Capital - Degg		12,000
Capital - Sant		15,000
Accounts Payable and Accounts Receivable	2,217	4,148
Cash in Hand	42	
Drawings - Degg	1,800	
Drawings - Sant	3,000	
	<u>67,568</u>	<u>67,568</u>

**Other relevant information is:**

1. Interest at the rate of 6% per annum should be allowed on the capital but no interest is to be charged on the Drawings.
2. William Sant is entitled to a salary of RM4,000 per year.
3. Furniture and fittings were revalued at RM1,600.
4. Prepayments of insurance totalled RM42 and accruals of carriage outwards RM51.
5. Three quarters of the wages and salaries are to be allocated to Trading Account and one quarter to Profit and Loss Account. (This does not apply to PARTNER'S salary.)
6. Closing Inventory at 31 December 1984 was valued at cost RM7,860.
7. A Trading Account for the year ended 1984 showed a Gross Profit of RM9,935.

**You are required to prepare:**

- a. Income Statement for the year ended 1984.
- b. Current Account of William Sant for the year ended 1984 (There was no opening balance.)

(LCCI Intermediate 1985 Summer, Amended)

The following is the trial balance of Syarikat Trojan Traders as at July 31, 1985:

	RM	RM
Capital - Chan		40,000
- Daud		20,000
Drawings - Chan	1,200	
- Daud	800	
NCA Furniture (at cost less dep. = carrying amount)	13,500	
TC TS Purchases and Sales	10,600	46,890
PE Bad Debts	400	
PE Office Salaries	7,700	
PE Rent	4,400	
PE Advertising	2,000 + 300	
PE General Expenses	12,500	
PE Insurance	720 - 120	
TC Inventory at 1 August 1984	5,670	
CA Bank	48,900	
PI Commission Income		2,200
CA, CL Accounts Receivable and Accounts Payable	14,300	13,600
	<u>122,690</u>	<u>122,690</u>

**Additional information available:**

1. Inventory on 31 July 1985 is RM7,200. TC-, CA
2. Insurance expense is paid up to 30 September 1985. 1/10/1984 - 31/7/1985 – 30/9/1985  
(1 month fee:  $720 / 12 = \text{RM}60$ )  
(Prepaid Insurance:  $\text{RM}60 \times 2 = \text{RM}120$ )
3. Advertising accrued RM300.
4. Depreciate furniture at 12% per annum on carrying amount. ( $13,500 \times 12\% = \text{RM}1,620$ )
5. Provide interest on partners' capital at 8% per annum.
6. Daud is to receive a salary of RM2,700 per annum.

**You are required to prepare** the Income Statement for the year ended 31 July 1985 and a Statement of Financial Position as at that date.

(IOB September 1985, Amended)

Ray and Mond are in partnership sharing profits and losses in the ratio 2:1. The following trial balance has been extracted from the books of the partnership as at 31 May 1983.

	<b>Debit RM</b>	<b>Credit RM</b>
Cash at Bank	400	
Accumulated Depreciation on Furniture (at 1 June 1982)		2,000
Furniture at cost	4,000	
Gross Profit of the year		35,000
Office Expenses	10,000	
Partners' Capital Accounts (at 1 June 1982)		
Ray		20,000
Mond		10,000
Partners' Current Accounts (at 1 June 1982)		
Ray		5,000
Mond		2,000
Partners' Drawings for the year		
Ray	10,000	
Mond	9,000	
Premises, at cost	28,000	
Provision for Doubtful Debts		400
Rates	5,000	
Inventory (at 31 May 1983)	1,500	
Trade Payables		6,000
Trade Receivables	12,500	
	80,400	80,400

**Additional information:**

1. Mond is entitled to salary of RM6,000 per annum; no interest is payable or chargeable on either the partners' capital or current accounts.
2. Depreciation is to be charged on the Furniture at a rate of 10% per annum on cost.
3. A bad debt of RM500 is to be written-off.
4. The Allowance for Doubtful Debts is to be made equal to 5% of Trade Receivables as at 31 May 1983.

**You are required to prepare:**

- a. Income Statement (Profit and Loss Account and Profit and Loss Appropriation Account Section Only) for the year ended 31 May 1983;
- b. Partners' current accounts for the year ended 31 May 1983;
- c. Partnership Statement of Financial Position as at 31 May 1983.

(AAT, Amended)

Dawn, Edith and Mandy are in partnership as Recreational Suppliers, sharing residual profits and losses in the ratio of 5:2:3 respectively. At 1 November 1982, their capital and current account balances were

	<b>Capital Account</b>	<b>Current Account</b>
	<b>RM</b>	<b>RM</b>
Dawn	8,000	580 (Cr)
Edith	10,000	350 (Dr)
Mandy	12,000	210 (Cr)

By agreement, partners are entitled to interest on capital at the rate of 5% per annum.

On 1 May 1983, by mutual agreement, Dawn increased her capital by paying a further RM2,000 into the partnership bank account, whilst Edith reduced her capital to RM6,000 but left her withdrawn capital in the partnership as a loan bearing interest at 5% per annum.

Partners are allowed to withdraw from current accounts at any time during the financial year but are charged interest on the amounts involved. Details of drawings made and interest chargeable in respect of each partner for the financial year ended 31 October 1983 are:-

	<b>Drawings</b>	<b>Interest on Drawings</b>
	<b>RM</b>	<b>RM</b>
Dawn	2,400	90
Edith	1,800	30
Mandy	3,000	25

Edith is remunerated, for her participation in the running of the partnership, by an annual salary of RM2,500.

The trading profit (before interest) of Recreational Suppliers for the year ended 31 October 1983 was RM19,905.

**You are required to prepare for the year ended 31 October 1983:**

- Income Statement (Profit and Loss Appropriation Account Section Only) for the partnership.
- Partners' Capital Account in columnar form.
- Partners' Current Account in columnar form.

(CACA Accounting 1 1983 December, Amended)

From the trial balance given below, **you are required to prepare** the Income Statement for the year ended 31 December 1988 and a Statement of Financial Position as at that date.



**K. Kwan and M.M. Ali**  
**Trial Balance as at 31 December 1988**

	<b>Debit RM</b>	<b>Credit RM</b>
Capital Accounts at 1 January 1988		
K. Kwan		12,000
M.M. Ali		10,000
Current Accounts at 1 January 19		
K. Kwan		750
M.M. Ali	40	
Drawings: K. Kwan	300	
M.M. Ali	150	
Cash in Hand	293	
Cash at Bank	2,276	
Sundry Expenses	148	
Carriage Outwards	298	
Rent	1,100	
Bad Debts	60	
Accounts Receivable	1,092	
Accounts Payable		586
Inventory, 1 January 1988	390	
Sales		12,670
Purchases	8,756	
Machinery	20,000	
Repairs to Machinery	455	
Discounts	95	203
Returns	150	74
Salaries	680	
	36,283	36,283

**The following must be taken into account.**

1. Stock at 31 December 1988 is RM460.
2. The annual rent is RM1,200.
3. A debt of RM35 included in sundry debtors will be written off as bad debt.
4. Interest to be paid on capital at 3% per annum.
5. K. Kwan to be paid a salary of RM300 per annum.
6. and losses are to be shared equally.

(Gross profit: RM3,908; net profit: RM1,140; balance sheet total: RM24,086)

Loong and Cheong are partners on the following terms.

- a. Profits and losses are to be shared in proportion to capital.
- b. Loong receives an annual salary of RM2,000.
- c. Interest at 5% per annum is to be charged on drawings.

On 31 December 1988, the firm's trial balance is as follows.

	<b>Debit RM</b>	<b>Credit RM</b>
Capital Accounts: Loong		300,000
Cheong		100,000
Loan from Lee Wah		6,000
Trading Account: Gross Profit for the year		35,370
Buildings and Land	250,000	
Motor Vans	21,600	
Office Equipment	10,800	
Goodwill	10,000	
Inventory, 31 December 1988	15,453	
Accounts Receivable and Accounts Payable	14,250	8,442
Loong's Salary (paid to date)	1,500	
Cheong's Drawings	200	
Allowance for Doubtful debts		450
Bank Charges	124	
Salaries	9,700	
Stationery	97	
Interest Received		1,025
Bank Fixed Deposit	20,000	
Current Account	1,563	
Machinery	120,000	
Allowance for Depreciation of Machinery		24,000
	475,287	475,287

**You are required to prepare** the firm's Income Statement (Profit and Loss Appropriation Section Only) for the year ended 31 December 1988 and a Statement of Financial Position as at that date, after taking into consideration the following adjustments.

1. The new allowance for doubtful debts is to be 4% of accounts receivable.
2. Machinery is to be depreciated at 10% per annum on cost.
3. 1/5 of the goodwill is to be written off, and charged to the profit and loss appropriation account.
4. Loan interest at 6% per annum has not yet been paid.
5. Unused stationery is valued at RM32.

(Net profit: RM14,026; balance sheet total: RM425,128)

Jim, Jack and John are partners sharing profits and losses in the ratio 3:2:1. The partners are to be paid interest on capital at 5% per annum. Jim is to be paid a salary of RM600 a year. The following balances appear in the firm's accounts at the end of the year on 31 December 1988.

	<b>Debit RM</b>	<b>Credit RM</b>
Capital Accounts: Jim		10,000
Jack		8,000
John		6,000
Drawings: Jim	200	
Jack	150	
John	80	
Freehold Property	12,000	
Furniture and Fittings	6,590	
Inventory at 31 December 1988	2,992	
Accounts Payable and Accounts Receivable	1,873	705
Net Profit for 1988		4,680
Balance at Bank	5,500	
	475,287	475,287

**You are required to prepare:**

1. Income Statement (Profit and Loss Account Section Only) for the year ended 31 December 1988.
2. Partners' Current account in columnar form.
3. Statement of Financial Position as at 31 December 1988.

(Current accounts, Cr. balances, Jim: RM2,340; Jack: RM1,210; John: RM700; Total Equity: RM28,955)



Yee and Seng are in business partnership under an agreement which provides that:

- a. Profits and losses are to be shared in the proportion: Yee 60%, Seng 40%.
- b. No interest is payable on partners' capital.
- c. Yee shall be paid a salary in cash during the year.
- d. Loan interest at 10% per annum is to be paid on Seng's loan to the firm.

**You are required to prepare** the current account of Yee and Seng in columnar form, and the partnership Income Statement for the year ended 30 September 1989 and a Statement of Financial Position as at that date taking into consideration the following adjustments.

1. Inventory at 30 September 1989 is valued at RM25,500.
2. Machinery to be depreciated at 20% per annum.
3. Rent outstanding at end of year is RM180.

**Trial Balance as at 30 September 1989**

	<b>Debit RM</b>	<b>Credit RM</b>
Capital: Yee		30,000
Seng		20,000
Current: Yee		1,700
Seng	7,300	
Partner's salary: Yee	5,000	
Premises	27,000	
Machinery	25,000	
Accounts Receivable and Accounts Payable	1,260	8,400
Purchases and Sales	22,000	55,000
Inventory, 1 October 1988	15,520	
Returns	2,100	1,500
Seng's Loan		6,000
Rent	7,520	
Insurance	10,600	
Bad Debts	1,200	
Discount Received		1,900
	124,500	124,500

(Current accounts, Yee: RM10,208 (Cr); Seng: RM1,028 (Dr); Gross profit: RM42,380; Net Profit: RM19,180; Total Equity: RM73,760)

R. Shaw and T. Loke are partners sharing profits and losses equally. The partnership agreement makes the following terms:

1. Partners are to be credited with interest on capital at 5% per annum.
2. Drawings are charged with interest at 5% per annum calculated from the date the drawings are made.
3. Loans from partners are allowed 6% interest per annum.

The following trial balance is extracted from the books on 31 December 1988 after the preparation of the profit and loss account but before making any adjustments for the items mentioned below.

**Trial Balance as at 31 December 1988**

	<b>Debit RM</b>	<b>Credit RM</b>
Capital Accounts, 1 January 1988		30000
R. Shaw		20,000
T. Loke		2,000
Loan from R. Shaw on 1 January 1988	600	
Drawings by T. Loke on 1 July 1988	43,000	
Buildings	10,878	
Furniture	6,643	
Inventory at 31 December 1988	2,482	892
Accounts Receivable and Accounts Payable		17,642
Net Profit for the year	10,431	
Bank		3,500
	74,034	74,034

**The following items have not been entered in the books.**

1. R. Shaw is reimbursed for business travelling expenses paid out of his own pocket RM98.
2. Interest due on mortgage is RM185.
3. A debt of RM170 included in sundry debtors is worth only RM0.40 in the dollar.
4. Interest on loan is due to R. Shaw.

**You are required to prepare:**

- a. Income Statement (Profit and Loss Account and Profit and Loss Appropriation Account Section Only) for the year ended 31 December 1988.
- b. Statement of Financial Position for the year ended 31 December 1988.

(Net Profit: RM17,137; Total Equity: RM73,234)

On 1 January 1988, T. Hoyle admitted A. Saunders into partnership on the following terms.

1. No interest is allowed on capital or chargeable on drawings.
2. Profits are divided in proportion to capital held.
3. T. Hoyle is to be credited with a partnership salary of RM500 per annum.

**Trial Balance as at 31 December 1988**

	<b>Debit RM</b>	<b>Credit RM</b>
Cash in Hand	1,571	
Buildings	8,000	
Salaries	950	
Insurance	300	
Allowance for Doubtful Debts		50
Mortgage on Buildings		1,000
Bank Overdraft		500
Equipment	12,540	
Accounts Receivable and Accounts Payable	1,500	700
Advertising	700	
Carriage on Sales	539	
Commission		1,700
Furniture	2,000	
Gross Profit for the year		8,950
Capital Accounts: T. Hoyle		10,000
A. Saunders		6,000
Drawings in cash: T. Hoyle	600	
A. Saunders	200	
	28,900	28,900

**You are required to prepare** the firm's Income Statement (Profit and Loss Account and Appropriation Account Section Only) for the year ended 31 December 1988 and balance sheet as at that date, after taking into consideration the following adjustments.

1. The annual insurance premium is RM200.
2. The provision for bad debts is to stand at 5% of debtors.
3. The furniture is revalued at RM1,600.

(Net Profit: RM7,836; Total Equity: RM25,236)

From the following trial balance, **you are required to prepare** Income Statement for the year ended 31 December 1988 and Statement of Financial Position as at that date.

**Trial Balance as at 31 December 1988**

	<b>Debit RM</b>	<b>Credit RM</b>
Capital Accounts: Choi		5,000
Lam	600	3,000
Drawings in cash: Choi	950	
Lam	400	
Loan from Cheng		4,000
Purchases and Sales	10,450	25,600
Returns	320	510
Inventory, 1 January 1988	2,000	
Salaries	4,550	
Interest on Loan from Cheng	400	
Office Expenses	5,250	
Sundry Receivables and Payables	1,240	1,100
Plant and Machinery	14,000	
	39,210	39,210

The inventory on 31 December 1988 is valued at RM2,200. Capital accounts are to be kept as fixed amounts. Profits and losses are to be shared equally. Before profits are ascertained and divided, 5% interest is allowed on partners' capital and charged on partners' drawings.

(Gross Profit: RM15,540; Net Profit: RM5,340; Total Equity: RM17,440)

R. Hayton and D. Webster are in partnership trading as Hayton and Co. The balances on the partners' accounts at 1 January 19X6 were:

	All credit balances	
	Capital Account	Current Account
	RM	RM
R. Hayton	12,000	1,500
Edith	10,000	200

The drawings for the year ended 31 December 19X6 were Hayton £6,000 and Webster £5,000. The net trading profit for the year amounted to £18,000 and, after charging interest on capital account balances at 5% per annum, the partners share profits equally. No interest is chargeable on drawings.

**You are required to show:**

- a. Income Statement (Profit and Loss Appropriation Account Only) for the year ended 31 December 19X6.
- b. Partners' Current account in columnar form.

Tilson and Hewitt are partners in a retail business sharing profits and losses equally. Interest on capital is allowed at 5% per annum. The following balances were extracted from their books at 31 March 19X7.

	<b>Debit RM</b>	<b>Credit RM</b>
Capital accounts at 1 April 19X6		
Tilson		6,000
Hewitt		3,000
Current accounts at 1 April 19X6		
Tilson		3,000
Hewitt		4,500
Drawings during the year		
Tilson	600	
Hewitt	900	
Partners' salaries		
Tilson	7,500	
Hewitt	10,500	
Fixture and Fittings at cost	15,000	
Accumulated Depreciation on Fixture and Fittings		5,250
Motor Vans at cost	11,250	
Accumulated Depreciation on Motor Vans		3,750
Inventory at 1 April 19X6	4,950	
Accounts Receivable and Accounts Payable	1,650	1,320
Cash at Bank and in Hand	1,920	
Purchases and Sales	36,750	78,000
Wages	3,300	
Rent and Rates	9,300	
Heating and Lighting	1,200	
	104,820	104,820

**The following matters are to be taken into account:**

1. Stock at 31 March 19X7 was £4,050.
2. Rent of RM750 has been paid in advance.
3. Depreciate Fixture and Fittings at 10% and Motor Vans at 20% both on cost.

**You are required to prepare:**

- a. Income Statement for the year ended 31 March 19X7.
- b. Statement Of Financial Position as at 31 March 19X7.

Hawes and Peters are partners, sharing profits and losses in the ratio 3:2. The following is the trial balance in the partnership books at 31 December 19X5.

	Debit RM	Credit RM
Capital Account at 1 January 19X5		
Hawes		16,400
Peters		13,200
Drawings		
Hawes	3,600	
Peters	2,400	
Allowance for Doubtful Debts		480
Purchases	101,640	
Sales		131,860
Vans at Cost	11,600	
Fittings at Cost	2,400	
Accumulated Depreciation		
Vans		5,920
Fittings		1,140
Inventory at 1 January 19X5	17,360	
Petty Cash	40	
Office Expenses	6,400	
Vehicle Expenses	3,960	
Motor Car at cost (1 January 19X5)	1,600	
Accounts Receivable and Accounts Payable	12,200	4,200
Bank		540
Wages	7,360	
Insurance	620	
Discounts Allowed	2,560	
	<u>173,740</u>	<u>173,740</u>

**The following additional information is available:**

1. Stock at 31 December 19X5 was valued at £26,380.
2. Depreciation is to be provided at 10% per annum on the written down value of the fittings and at 20% per annum on the written down value of the vans and car. Hawes is to bear personally £400 of the vehicle expenses and one-half of the depreciation charge on the car.
3. No rent has been paid on the business premises during the year because of a dispute with the landlord. The rental agreement provides for a rent of £928 per year.
4. The partners are entitled to interest on capital at 10% per annum.
5. Bad debts of RM200 are to be written off, and the allowance for doubtful debts to be adjusted to 21% of the remaining debtors.
6. Insurance £70 has been paid in advance of 31 December 19X5.
7. Wages £370 were owing at 31 December 19X5.
8. An item of £70 for bank charges appears in the bank statement but has not yet been entered into the partnership bank account.

**You are required to prepare** Income Statement for the year ended 31 December 19X5 and Statement of Financial Position as at this date.

Sagar and Banyard were in partnership sharing profits and losses 2/3 and 1/3 respectively. The trial balance extracted from their books for the year ended 31 December 19X8 was as follows:

	<b>Debit RM</b>	<b>Credit RM</b>
Freehold Premises at cost	12,000	
Fixtures and Fittings at cost	2,000	
Allowance for Doubtful Debts on Fixtures and Fittings		700
Inventory at 1 January 19X8	6,000	
Accounts Receivable and Accounts Payable	4,900	3,000
Cash at Bank	2,500	
Cash in Hand	500	
Capital Accounts		
Sagar		10,000
Banyard		4,000
Current Accounts at 1 January 19X8		
Sagar		300
Banyard		100
Drawings for the year		
Sagar	2,100	
Banyard	3,150	
Purchases and Sales	20,000	41,950
Returns	600	400
Carriage Inwards	200	
Wages	4,500	
Lighting and Heating	800	
Rates	1,200	
	60,450	60,450

**The following information is relevant:**

1. Stock at 31 December 19X8, £3,050.
2. Interest on capital is charged at 5% per annum.
3. Banyard is entitled to a salary of £4,000.
4. Rates of £200 are prepaid.
5. Depreciation on fixtures and fittings is £100.

**You are required to prepare** the Income Statement for the year ended 31 December 19X8 and a Statement of Financial Position as at that date.



