Mellor and Ridge were partners in a firm of contractors and builders' merchants. By agreement the capitals were fixed - Melor £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:

|  |  |  |
| --- | --- | --- |
|  | **Debit** | **Credit** |
|  | **RM** | **RM** |
| 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 |  |
|  | 67,568 | 67,568 |

**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:**

1. Income Statement for the year ended 1984.
2. 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 |
|  | 122,690 | 122,690 |

**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 = RM60)

(Prepaid Insurance: RM60 x 2 = RM120)

1. Advertising accrued RM300.
2. Depreciate furniture at 12% per annum on carrying amount. (13,500 x 12% = RM1,620)
3. Provide interest on partners' capital at 8% per annum.
4. 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.

|  |  |  |
| --- | --- | --- |
|  | **Debit** | **Credit** |
|  | **RM** | **RM** |
| 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:**

1. Income Statement (Profit and Loss Account and Profit and Loss Appropriation Account Section Only) for the year ended 31 May 1983;
2. Partners' current accounts for the year ended 31 May 1983;
3. 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

|  |  |  |
| --- | --- | --- |
|  | **Capital Account** | **Current Account** |
|  | **RM** | **RM** |
| 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:-

|  |  |  |
| --- | --- | --- |
|  | **Drawings** | **Interest on Drawings** |
|  | **RM** | **RM** |
| 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:**

1. Income Statement (Profit and Loss Appropriation Account Section Only) for the partnership.
2. Partners’ Capital Account in columnar form.
3. 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.

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**K. Kwan and M.M. Ali**

**Trial Balance as at 31 December 1988**

|  |  |  |
| --- | --- | --- |
|  | **Debit** | **Credit** |
|  | **RM** | **RM** |
| 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.

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

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

|  |  |  |
| --- | --- | --- |
|  | **Debit** | **Credit** |
|  | **RM** | **RM** |
| 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.

|  |  |  |
| --- | --- | --- |
|  | **Debit** | **Credit** |
|  | **RM** | **RM** |
| 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:

1. Profits and losses are to be shared in the proportion: Yee 60%, Seng 40%.
2. No interest is payable on partners' capital.
3. Yee shall be paid a salary in cash during the year.
4. 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**

|  |  |  |
| --- | --- | --- |
|  | **Debit** | **Credit** |
|  | **RM** | **RM** |
| 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**

|  |  |  |
| --- | --- | --- |
|  | **Debit** | **Credit** |
|  | **RM** | **RM** |
| 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:**

1. Income Statement (Profit and Loss Account and Profit and Loss Appropriation Account Section Only) for the year ended 31 December 1988.
2. 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**

|  |  |  |
| --- | --- | --- |
|  | **Debit** | **Credit** |
|  | **RM** | **RM** |
| 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**

|  |  |  |
| --- | --- | --- |
|  | **Debit** | **Credit** |
|  | **RM** | **RM** |
| 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:**

1. Income Statement (Profit and Loss Appropriation Account Only) for the year ended 31 December 19X6.
2. 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.

|  |  |  |
| --- | --- | --- |
|  | **Debit** | **Credit** |
|  | **RM** | **RM** |
| 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:**

1. Income Statement for the year ended 31 March 19X7.
2. 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** | **Credit** |
|  | **RM** | **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 |  |
|  | 173,740 | 173,740 |

**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:

|  |  |  |
| --- | --- | --- |
|  | **Debit** | **Credit** |
|  | **RM** | **RM** |
| 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.