Mellor and Ridge were partners in a firm of contractors and builders' merchants. By agreement the capitals were fixed - Melor £30,000 Ridge £15,000 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 |  |
| Furniture (at carrying amount) | 13,500 |  |
| Purchases and Sales | 10,600 | 46,890 |
| Bad Debts | 400 |  |
| Office Salaries | 7,700 |  |
| Rent | 4,400 |  |
| Advertising | 2,000 |  |
| General Expenses | 12,500 |  |
| Insurance | 720 |  |
| Inventory at 1 August 1984 | 5,670 |  |
| Bank | 48,900 |  |
| Commissions |  | 2,200 |
| 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.
2. Insurance expense is paid up to 30 September 1985.
3. Advertising accrued RM300.
4. Depreciate furniture at 12% per annum on carrying amount.
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.

|  |  |  |
| --- | --- | --- |
|  | **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)