Following is the information extracted from the books of Intan Payung Company.

**Intan Payung Company**

**Trial Balance As At 31 May 2021**

|  |  |  |
| --- | --- | --- |
|  | **Debit** | **Credit** |
|  | **RM** | **RM** |
| Capital, 1 Jun 2020 |  | 422,750 |
| Premises | 100,000 |  |
| Drawings | 2,500 |  |
| 5% Bank Loan |  | 100,000 |
| Interest on Loan | 1,000 |  |
| Cash in Hand | 9,800 |  |
| Bank | 180,750 |  |
| Inventory, 1 Jun 2020 | 43,500 |  |
| Purchases | 158,350 |  |
| Sales |  | 259,200 |
| Accounts Receivable | 35,000 |  |
| Accounts Payable |  | 14,700 |
| Returns | 2,590 |  |
| Fixtures and Fittings | 205,000 |  |
| Accumulated Depreciation of Fixtures and Fittings |  | 20,000 |
| Import Duties | 6,560 |  |
| Allowance for Doubtful Debts |  | 1,200 |
| Discounts |  | 4,280 |
| Promotion | 7,080 |  |
| Rent | 24,000 |  |
| Wages and Salaries | 30,000 |  |
| Insurance | 16,000 |  |
|  | 822,130 | 822,130 |

**Additional information as at 31 May 2021:**

1. Closing inventory was valued RM54,000 cost; and its market value was RM52,200.
2. The owner withdrew goods worth RM1,000 as free gifts to customers during a marketing campaign in a supermarket, no entry had been recorded in the books.
3. Insurance was paid for one year up to 31 August 2021.
4. Supplier has given commission RM1,500 to the company for sales of goods that exceed the target.
5. Fixtures and Fittings are estimated to worth RM5,000 at the end of the 10th year. Depreciation is to be calculated using straight line method.
6. Allowance for doubtful debts was to be adjusted to 3% on accounts receivable.
7. Bank loan was made on 1 December 2020 for a period of 10 years and would begin to be amortized in June 2021. However, the loan interest must be paid as soon as the loan is obtained.
8. The owner rents premises for RM2 000 per month starting on 1 August 2020. The rental fee includes two months' rental deposit.

**You are required to prepare:**

1. Income Statement for the year Ended 31 May 2021.
2. Statement of Financial Position as at 31 May 2021.