Lina and Nora are partners in partnership as LINO Company. The terms of their partnership agreement are as follows:

1. Partners are to be credited with interest on capital at 5% per annum.
2. Loans from partners are allowed at 8% interest per annum.
3. Drawings are charged with interest at 5% per annum.
4. Nora’s salary is RM1,600 per annum.
5. Profit and losses are to be shared equally.

Trial Balance as at 31 December 2021 are as follow:

**LINO Company**

**Trial Balance As At 31 December 2021**

|  |  |  |
| --- | --- | --- |
|  | **Debit** | **Credit** |
| Capital - 1 January 2021 | **RM** | **RM** |
| Lina |  | 40,000 |
| Nora |  | 40,000 |
| Current - 1 January 2021: |  |  |
| Lina |  | 350 |
| Nora | 250 |  |
| Drawings |  |  |
| Lina | 2,000 |  |
| Nora | 3,400 |  |
| Purchases | 35,000 |  |
| Sales |  | 81,750 |
| Inventory as at 1 January 2021 | 2,580 |  |
| Returns Outwards |  | 220 |
| Returns Inwards | 140 |  |
| Motor Vehicles | 34,500 |  |
| Depreciation of Motor Vehicles |  | 3,450 |
| Premises | 100,000 |  |
| Depreciation of Premises |  | 10,000 |
| Nora’s Salary | 900 |  |
| Loan from Lina |  | 20,000 |
| Insurance | 1,200 |  |
| Miscellaneous | 1,500 |  |
| Accounts Receivable | 20,000 |  |
| Accounts Payable |  | 22,500 |
| Stationery | 400 |  |
| Cash in Hand | 800 |  |
| Bank | 15,600 |  |
|  | 218,270 | 218,270 |

Additional information:

1. Inventory on 31 December 2021 was valued at RM3,000.
2. Depreciation of Motor Vehicles was 10% per annum on reducing balance method.
3. Depreciation of Premises was 5% per annum on cost.
4. A customer was unable to settle his debt amounted RM500.
5. Allowance for doubtful debts was maintained at 5% of the remaining credit customers.
6. Accrued miscellaneous expenses was RM50.

You are required to prepare:

1. Income Statement for the year ended 31 December 2021.
2. Capital account in columnar form.
3. Statement of Financial Position as at 31 December 2021.