**2022 Chong Hwa Secondary High School Paper 2 Question 4**

Jerry, a sole trader, started business on 1 January 2021 with cash at bank RM5,000 and motor vehicles RM10,000. He did not keep proper books with the double-entry system but the valuations of his assets and liabilities at 31 December 2021 were as follows:

|  |  |
| --- | --- |
|  | **RM** |
| Cash at Bank | 14,300 |
| Accounts Receivable | 6,400 |
| Inventory | 9,780 |
| Motor Vehicles | 8,000 |
| Accounts Payable | 2,900 |
| Prepaid Rent | 250 |
| 6% Bank Loan | 6,000 |

**Additional information:**

1. He withdrew RM60 monthly from the business bank account during the year for private use.
2. During the year, cash sales of goods RM545 had been used to pay Jerry's personal expenditures.
3. He brought in his own computer worth RM1,800 for office used on 1 October 2021. No record had been made on this matter. It is estimated that computer will be used for five years after which time it will be sold at an estimated price of RM600.
4. The change in the value of the motor vehicles was due to depreciation.
5. RM400 of debts was irrecoverable and Allowance for doubtful debts of 2% to be provided on net Accounts Receivable.
6. Bank Loan interest still accrued.

**You are required to prepare:**

1. A statement of calculation capital as at 31 December 2021.
2. A statement showing the net profit for the year ended 31 December 2021.