May Han and May Li were equal partners operating a partnership business. The partnership agreement provided that:

1. Interest on capital was to be allowed at 6% per annum.
2. May Han was allowed salaries of RM2,400 and it was to be credited into her capital account.
3. Interest of 4% per annum was to be charged on partners’ drawings.

The following balances were extracted from the books as at 31 December 2019 after the preparation of trading account.

|  |  |  |
| --- | --- | --- |
|  | **Debit** | **Credit** |
|  | **RM** | **RM** |
| Capital - Mei Han |  | 20,000 |
| - May Li |  | 28,000 |
| Current - May Han |  | 1,210 |
| - May Li | 850 |  |
| Gross Profit |  | 32,320 |
| Motor Vehicles | 20,000 |  |
| Utility Expenses | 344 |  |
| General Expenses | 1,122 |  |
| Office Equipment | 8,000 |  |
| Insurance | 280 |  |
| Wages and Salaries | 7,240 |  |
| Bank | 13,730 |  |
| Accounts Receivable and Accounts Payable | 7,650 | 4,540 |
| Furniture and Fixtures | 3,881 |  |
| Accumulated Depreciation of Motor Vehicles |  | 1,800 |
| Rent | 4,210 |  |
| Bad Debts | 680 |  |
| Drawings - Mei Han (1 January 2019) | 1,300 |  |
| - May Li (1 July 2019) | 3,400 |  |
| Inventory, 31 December 2019 | 14,200 |  |
| Stationery | 209 |  |
| Promotion | 774 |  |
|  | 87,870 | 87,870 |

Additional information:

1. Prepaid insurance amounted RM70.
2. Depreciation of furniture and fixtures was 10% per annum on cost.
3. RM30 was owed for the utility expenses.

You are required to prepare:

1. Income Statement (Profit And Loss Account Section Only) for the year ended 31 December 2019.
2. Partners’ Capital account in columnar form.
3. Statement of Financial Position as at 31 December 2019.