**Unified Exam Bookkeeping 2012 Question No. 1**

The following Trial Balance was extracted from the books of Xinlin Bhd as at 31 December 2011:

|  |  |  |
| --- | --- | --- |
|  | **RM** | **RM** |
| Retained Profits, 1 January 2011 |  | 15,000 |
| Inventory, 1 January 2011 | 30,000 |  |
| Purchases and Sales | 351,000 | 603,000 |
| Returns | 10,000 | 8,000 |
| Selling Expenses | 84,000 |  |
| Debenture Interest | 3,000 |  |
| Land and Buildings (cost of land RM100,000) | 400,000 |  |
| Office Equipment | 20,000 |  |
| Motor Vehicles | 33,000 |  |
| Accumulated Depreciation of Motor Vehicles |  | 3,000 |
| Allowance for Doubtful Debts |  | 5,000 |
| Administrative Expenses | 95,000 |  |
| Long-term Investments | 10,000 |  |
| Carriage Inwards | 10,000 |  |
| Accounts Receivables and Accounts Payables | 44,000 | 38,000 |
| Bank | 17,000 |  |
| Share Capital (Authorised and issued ordinary shares of RM0.50 each, fully paid) |  | 350,000 |
| Share Premium |  | 35,000 |
| 10% Debentures |  | 50,000 |
|  | 1,107,000 | 1,107,000 |

**Additional information:**

1. Inventory at 31 December 2011 was RM25,000.
2. Debts totalling RM4,000 were written off as bad debts, and the allowance for doubtful debts is to be maintained at 5% of remaining accounts receivables.
3. Selling expenses of RM3,000 and administrative expenses of RM2,000 were owing at 31 December 2011.
4. Depreciation on buildings is charged at the rate of 2% per annum on cost;

Office equipment and motor vehicles are depreciated at 10$ per annum on reducing balance basis.

1. The directors proposed to pay a dividend of 4% on paid-up share capital.

**You are required to prepare** the following financial statements:

1. Income Statement for the year ended 31 December 2011;
2. Statement of Changes in Equity for the year ended 31 December 2011;
3. Statement of Financial Position as at that date.