**Practice 3**

Ding did not keep a complete set of accounting records for his business, but he could provide the following information:

|  |  |  |
| --- | --- | --- |
|  | **31 December Year 2** | **31 December Year 3** |
| Assets and Liabilities | **RM** | **RM** |
| Plant and Machinery | 31,000 | 34,000 |
| Inventory | 10,000 | 8,000 |
| Trade Receivables | 15,000 | 18,000 |
| Trade Payables | 8,000 | 9,000 |
| Prepaid Water and Electricity | 100 | 500 |
| Accrued Salaries | 1,000 | 400 |
| Cash at Bank | 7,400 | - |

Receipts and payments for the year were summarized as follows:

|  |  |
| --- | --- |
| **Receipts** | **RM** |
| Cash Sales | 7,000 |
| Trade Receivables | 30,000 |
|  |  |
| **Payments** | **RM** |
| Trade Payables | 15,000 |
| Wages on warehouse | 3,000 |
| Salaries | 6,000 |
| Rental | 8,000 |
| Water and Electricity | 1,400 |
| General Expenses | 5,000 |
| New Machinery | 5,000 |
| Drawings | 1,000 |

Discounts received from suppliers was RM 400, and discounts allowed to customers was RM 800.

**You are required to prepare:**

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