**2022 Chung Ling (Private) High School Paper 2 Question 1**

Daniel, Dennis and Derrick were partners in 3D Partnership, and the following balances were taken from theirs books as at 31 December 2021:

|  |  |
| --- | --- |
|  | **RM** |
| Capital: Daniel | 60,000 |
| Dennis | 40,000 |
| Derrick | 20,000 |
| Current: Daniel | (630) |
| Dennis | 750 |
| Derrick | 1,000 |
| Drawings: Daniel (1 April 2021) | 9,800 |
| Derrick (30 June 2021) | 13,000 |
| Purchases | 82,300 |
| Sales | 122,220 |
| Returns Outwards | 5,000 |
| Returns Inwards | 1,500 |
| Inventory | 4,000 |
| Insurance Expenses | 2,400 |
| Cash at bank | 25,100 |
| Office Equipment | 15,900 |
| Premises | 70,000 |
| Accounts Receivable | 7,400 |
| Accounts Payable | 4,640 |
| Rental expenses | 16,000 |
| Bad Debts | 410 |
| Carriage on purchases | 1,500 |
| Discounts Allowed | 1,180 |
| Investment (Unquoted) at cost | 13,000 |
| Fixed Deposit | 10,000 |
| Interest on Fixed Deposit | 510 |
| 10% Loan Notes (Issued on 30 June 2021) | 20,000 |

**Additional Information:**

1. Inventory on 31 December 2021 value at cost RM10,000; at market value RM12,080.
2. Dennis drew inventory at cost RM3,400 (market value RM2,900) on 1 October 2021 for his personal use, this was not recorded in the books.
3. Office Equipment was depreciated by using straight line method which the scrap value was RM900 after 5 years of usage.
4. Bank charges of RM60 had been debited in Bank Statement for the month of December 2021, but it was no record in Cash Book.
5. An amount of RM500 was estimated to be bad in the year of 2022.
6. Insurance had been paid for 15 months until 31 March 2022.
7. The partnership agreement stated that:

\* Interest on capital was 10% per annum.

\* Interest on drawings was 8%.

\* Dennis is entitle to a monthly salary of RM1,500 started from 1 June 2021.

\* Profit and losses are based on theirs initial capital.

**You are required to prepare;**

1. Income Statement for the year ended 31 December 2021; (including appropriation section)
2. Partners’ Current Account;
3. Statement of Financial Position as at 31 December 2021.