**2022 Pay Fong Middle School Paper 2 Question 1(a)**

Ong and Lim were in partnership retail merchants sharing profits and losses in the ratio of 3:2. The partnership agreement was as follows:

1. Interest of 5% per annum was allowed on capital.
2. Interest of 4% per annum was charged on partners’ drawings.
3. Interest of 3% per annum was allowed on loan from partner.
4. Lim was allowed salaried of RM 3,000 per month.
5. Ong was granted a bonus of RM 2,000 per annum for his competence.

**Additional information:**

1. Capital Accounts, 1 January 2021: Ong RM 50,000

Lim RM 30,000

1. Current Accounts, 1 January 2021: Ong RM 5,000

Lim RM 3,500 (Dr)

1. Drawings during the year 2021:

Date Ong Lim

1 January RM 5,000

1 July RM 1,000 RM 5,000

31 December RM 1,000

1. Ong made a loan to the business on 1 January 2021 for RM 20,000. The loan interest was still outstanding.
2. The profit for the year ended 31 December 2021 before accounting for the above items was RM 84,600.

During the year, RM 30,000 as part of the partner’s salary was paid to Lim by cheque.

On 31 December 2021, by mutual agreement, Lim increased his capital by transferring a RM 5,000 from his current account to his capital account.

**You are required to prepare:**

1. Profit And Loss Appropriation Account for the year ended 31 December 2021;
2. Partners’ Current Account in columnar form.