**Question 1**

Zheng Liang and Ming Xuan are in a partnership and the following balances were taken from the books of their partnership as at 31 December 2022:

|  |  |  |
| --- | --- | --- |
|  | **Debit** | **Credit** |
|  | **RM** | **RM** |
| Capital: Zheng Liang |  | 100,000 |
| Ming Xuan |  | 50,000 |
| Current: Zheng Liang | 500 |  |
| Ming Xuan |  | 1,200 |
| Drawings: Zheng Liang (1 April 2022) | 2,200 |  |
| Ming Xuan (30 June 2022) | 3,500 |  |
| Purchases and Sales | 108,400 | 180,000 |
| Returns | 1,500 | 2,000 |
| Inventory | 40,000 |  |
| Insurance | 1,400 |  |
| Bank |  | 5,000 |
| Office Equipment | 32,000 |  |
| Premises | 64,600 |  |
| Accounts Receivable and Accounts Payable | 18,000 | 16,350 |
| Allowance for Doubtful Debts |  | 220 |
| Rental Expenses | 5,800 |  |
| Bad Debts | 1,300 |  |
| Carriage on Purchases | 600 |  |
| Discounts | 300 | 180 |
| 10% Bank Loan |  | 35,000 |
| Investment: |  |  |
| - Ordinary Shares (Quoted) at cost | 30,000 |  |
| - 8% Loan Notes (acquired on 1 April 2022) | 20,000 |  |
| Motor Vehicles | 66,500 |  |
| Accumulate Depreciation of Motor Vehicles |  | 6,650 |

**Additional information:**

1. Closing inventory was valued at RM?.
2. All goods were sold at cost plus 25%.
3. Quoted investment had a market value of RM50,000.
4. A credit customer was informed insolvent, thus the debts his owed RM500 was immediately written off as bad.
5. Rental expenses had been paid for 16 months until 30 April 2023.
6. Depreciation of 10% per annum on cost was charged on all tangible assets, except for premises.
7. Insurance had been outstanding for RM600.
8. Interest on bank overdraft of RM300 paid but no entries had been made.
9. The partnership agreement stated:
   1. Interest on Capital was 5% per annum.
   2. Interest on Drawings was 8%.
   3. Both partners were entitled a monthly salary of RM1,000 and RM800 respectively.
   4. Profits and Losses were to be shared equally.

**You are required to prepare:**

1. Income Statement (included appropriations section) for the year ended 31 December 2022
2. Partners' Current Account in columnar form;
3. Statement of Financial Position as at this date.