**Question 1**

Esther and Samuel are partners sharing profit and loss equally. The following information was extracted from the trial balance of the company for the year ended 31 December 2022:

|  |  |  |
| --- | --- | --- |
|  | **Debit (RM)** | **Credit (RM)** |
| Gross Profit for the year |  | 221,700 |
| Account Receivable an Payable | 378,000 | 172,700 |
| Bank | 121,000 |  |
| Interest on Mortgage | 13,000 |  |
| Capital --- Esther |  | 160,000 |
| --- Samuel |  | 200,000 |
| Loan from Samuel |  | 100,000 |
| Mortgage on Premises |  | 250,000 |
| Current --- Esther |  | 5,000 |
| --- Samuel |  | 7,500 |
| Drawings by Samuel | 10,000 |  |
| Drawings by Esther | 2,500 |  |
| Insurance | 12,900 |  |
| Wages and Salaries | 76,000 |  |
| Partners’ Salaries | 19,000 |  |
| Inventory, 31 December 2022 | 22,000 |  |
| Allowance for doubtful debts |  | 10,000 |
| Freehold Premises | 400,000 |  |
| Office Equipment at cost | 60,000 |  |
| Motor Vehicles at cost | 170,000 |  |
| Accumulated Depreciation: |  |  |
| - Office Equipment |  | 45,000 |
| - Motor Vehicles |  | 102,000 |
| Rental Income |  | 6,000 |
| Proceed on Disposal of Motor Vehicles |  | 4,500 |

**Additional information:**

1. The partners have agreed on the following appropriation scheme:
   1. Interest is to be allowed on capital at 8% per annum.
   2. Esther and Samuel are entitled remunerations for participating of running business (i.e., salaries) of RM12,000 and RM 6,000 respectively.
   3. Interest on loan from partner is 7% per annum.
   4. Esther had to transfer RM 10,000 annually on 31 December from his Current account to his Capital account until his capital was equal to Samuel. The first transfer has been made on 31 December 2019.
2. Write off RM 9,500 as bad debts and adjust the allowance for doubtful debts to RM10,600.
3. The partners' salaries have been paid by cheque at the end of each month. The excess is paid in advance to Samuel.
4. Office equipment are depreciated at 10% per annum on book value basis and Motor Vehicles are depreciated at 25% per annum on cost. No depreciation is charged in the year of disposal.
5. No entries have been made on disposal of Motor vehicles at cost of RM 60,000 which bought on 1 January 2018.

**You are required to prepare:**

1. Income Statement (Extract) for the year ended 31 December 2022;
2. Partners' Current account;
3. Statement of Financial Position as at 31 December 2022 (Extract).

**Note: Owners' Equity section only**