**2021 Foon Yew High School Kulai Group A Question 2**

Faya Company has a branch in Kulai where a full set of books are kept. All goods are purchased by the head office and sent to the branch at cost plus 33.33%.

The following are the Trial Balance of both Head Office and Branch as at 31 December 2020:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Head Office** | | **Branch** | |
|  | **DR (RM)** | **CR (RM)** | **DR (RM)** | **CR (RM)** |
| Account Receivable | 55,000 |  | 9,200 |  |
| Account Payable |  | 43,000 |  | -- |
| Inventory (1 January 2020) | 15,000 |  | -- |  |
| Sales |  | 475,000 |  | 285,000 |
| Salaries | 13,900 |  | 10,500 |  |
| Goods Sent to Branch (at selling price) |  | 200,000 |  | -- |
| Purchases | 580,000 |  | -- |  |
| Advertising | 6,000 |  | -- |  |
| Goods Received from Head Office (at selling price) |  |  | 195,000 |  |
| Investment | 673,000 |  | 104,900 |  |
| Bank | 40,900 |  |  | 5,400 |
| Capital |  | 700,000 |  | -- |
| Current | 34,200 |  |  | 29,200 |
|  | **1,418,000** | **1,418,000** | **319,600** | **319,600** |

**Additional information:**

1. The inventory was valued at 31 December 2020 as follow:

Head office RM 25,000 (at cost) and Branch RM 5,300 (at selling price)

1. Advertising paid by head office should be apportioned between the head office and branch in proportion to the sales.
2. Head office’s salaries were still outstanding RM 6,500; Branch’s salaries prepaid RM 2,000.
3. RM 5,000 of goods sent to branch on 31 December 2020 had not been received at the end of the year.

**You are required to prepare:**

Columnar Income Statement of the Head Office and Branch (including a “combined” column) for the year ended 31 December 2020.