4. Summer Ltd consigned, as a sales trial, 100 cases of goods, costing RM 160 per case, from their warehouse in Penang, to their agents KK Trading in Kuantan, on 1 July 2021. The consignor paid insurance of RM 140 and freight of RM 260 on 5 July 2021.

On receiving the goods, KK trading found that the contents of 8 cases were completely broken; KK Trading advised Summer Ltd of this loss on 8 July 2021. A claim of RM 900 was made on Manulife Insurance on the same date.

The agreement between Summer Ltd and his agent provided for a commission on sales of 10% plus 2.5% del credere commission.

On 31 December 2021, the date of the financial year end of both Summer Ltd and KK Trading where KK Trading sent an Account Sales setting out the following items:

Account Sales

Consignment of goods sold on behalf of Summer Ltd

|  |  |  |  |
| --- | --- | --- | --- |
|  | **RM** |  | **RM** |
| Sales on credit (80 cases x RM 240 per case) |  |  | 19,200 |
| Less: Expenses Incurred |  |  |  |
| Storage Expenses (in respect of 92 cases) | 275 |  |  |
| Packaging (in respect of 92 cases) | 185 |  |  |
| Selling Expenses (in respect of 80 cases) | 240 |  |  |

10% Selling Commission (10% x RM 19,200) 1,920

2.5% Del Credere Commission (2.5% x RM 19,200) 480

3,100

16,100

Net proceeds

KK Trading

31 December 2021 On 31 December 2021, in part settlement of the amount due, KK Trading accepted a Bill of Exchange for RM 9,000 drawn on them by Summer Ltd and the balance due was paid by cheque. On the same date, the bill was discounted by consignor at a charge of RM 190. The discounting charge was to be set off against the profit on consignment.

KK Trading received RM 15,600 from the consignment accounts receivable on 31 December 2021, and wrote off one bad debt of RM 3,600 as irrecoverable.

Prepare the following accounts on 31 December 2021:

1. In the Ledger of Summer Limited (Consignor)
   1. Consignment; (7%)
   2. Consignee – KK Trading; and (4%)
   3. Bill Receivable. (1.5%)

1. In the Ledger of KK Trading (Consignee)
   1. Consignor – Summer Ltd; (3.5%)
   2. Commission Received; and (1.5%)
   3. Consignment Accounts Receivable. (1.5%)

1. Define the term “Del Credere Commission”. (1%)

(Total: 20%)

1. Carefree Bhd. acquired a motor van on a hire purchase basis from Carsome Bhd.

The terms of the hire purchase contract were as follows:

* 1. Date of purchase: 1 January 2020
  2. Cash price: RM 38,000;
  3. Initial Deposit: RM 200 plus 10% of cash price;
  4. Payments: 8 quarterly instalments, commencing on 31 March 2020; payable at the end of each quarter.
  5. Interest was charged at 10% per annum on the balance of cash price outstanding at the beginning of 2020.

On 1 October 2021, the motor van was totally damaged in an accident. The van was then dealt with as follows:

* 1. The insurance company agreed to compensate RM 30,000 under the

comprehensive policy covered;

* 1. The hire purchase vendor Carsome Bhd. accepted a lump sum of RM 4,500 from Carefree Bhd. to terminate the agreement.

Carefree Bhd. closes its accounts on 31 December annually and provide depreciation on a reducing balance method at 10% per annum. No depreciation should be charged in the year of disposal.

All instalments were paid on the due dates during 2020 and 2021.

In the books of Carefree Bhd, you are required to:

* 1. Calculate
     1. hire purchase price (1%)
     2. total hire purchase interest; (1%)
     3. quarterly hire purchase interest. (1%)

* 1. Show the following ledger accounts for year 2020 and 2021

|  |  |
| --- | --- |
| (i) Motor Van; | (2.5%) |
| (ii) Hire Purchase Vendor – Carsome Bhd.; | (7.5% |
| (iii) Hire Purchase Interest Suspense; | (3%) |
| (iv) Accumulated Depreciation of Motor Van; | (2%) |
| (v) Disposal of Motor Van. | (2%) |
|  |  |
|  | (Total: 20%) |

1. Star Company of Kuala Lumpur has a Branch in Penang, where a full set of books are kept. All goods are purchased by the Head Office in Kuala Lumpur and sent to the branch at cost price. The followings balance were extracted from the ledgers as at 30 June 2022:

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | Head Office | | |  | Branch | | |
|  | Debit |  | Credit |  | Debit |  | Credit |
|  | RM |  | RM |  | RM |  | RM |
| Capital |  |  | 38,860 |  |  |  |  |
| Inventory, 1 July 2021 | 4,667 |  |  |  | 5,390 |  |  |
| Sales |  |  | 82,941 |  |  |  | 48,345 |
| Purchases | 75,000 |  |  |  |  |  |  |
| Goods sent to branch |  |  | 30,000 |  |  |  |  |
| Goods received from Head Office |  |  |  |  | 28,350 |  |  |
| Motor Van, at cost | 39,000 |  |  |  |  |  |  |
| Accumulated Depreciation of  Motor Van |  |  | 14,040 |  |  |  |  |
| Staff Salaries | 10,000 |  |  |  | 8,250 |  |  |
| Rental | 7,800 |  |  |  | 4,600 |  |  |
| General Expenses | 2,405 |  |  |  | 1,218 |  |  |
| Insurance | 500 |  |  |  |  |  |  |
| Accounts Receivables | 3,950 |  |  |  | 6,475 |  |  |
| Accounts Payable |  |  | 14,350 |  |  |  |  |
| Branch and Head Office Current | 18,763 |  |  |  |  |  | 15,163 |

Cash at Bank 18,106 180,191 180,191 63,508

9,225

63,508

Additional information was available as follows:

* 1. The inventory in hand at 30 June 2022 were valued as follows:

Head Office RM 600

Branch RM 900

* 1. Depreciation motor van at the rate of 10% on book value.
  2. A branch debtor has made payment to head office amounting to RM 650. The appropriate entry has been made in the head office’s books but not in the branch’s books.
  3. Three-quarter of the premium insurance paid by head office was for the branch’s fire insurance.
  4. On 30 June 2022, the goods in transit to the branch cost is RM 1,650 and cash in transit to the Head Office is RM 2,600.

You are required to prepared:

* 1. A columnar Income Statement for the Head Office and Branch for the year ended

30 June 2022; (including a “combined” column); (11.5%)

* 1. Branch Current Account in Head Office’s books; (1.5%)
  2. a columnar Statement of Financial Position as at 30 June 2022. (7%)

(Total: 20%)