**Practice 4**

Central Bhd has a branch at Seremban. All accounts are kept at the head office in Penang for control purposes. Goods are purchased by head office and invoiced to the branch at selling price which is cost plus 33 1/3%.

Depreciation is charged on furniture and fittings at the rate of 10% per annum on cost.

The following information related to the branch is available:

|  |  |
| --- | --- |
|  | **RM** |
| Balance at 1 January Year 4: |  |
| Furniture and Fittings at cost | 6,300 |
| Branch Inventory at selling price | 6,000 |
| Branch Cash | 150 |
| Branch Accounts Receivable | 4,200 |
| Goods sent to branch at selling price | 90,000 |
| Goods returned by branch at selling price | 5,000 |
| Cash sales | 26,000 |
| Credit sales | 55,300 |
| Cash sent from head office to branch | 1,300 |
| Branch expenses paid by head office | 10,350 |
| Goods returned from branch debtors | 120 |
| Cash received from branch debtors | 53,450 |
| Discounts allowed to debtors | 180 |
| Branch cash deposited into head office account | 78,000 |
| Price reduction due to slow moving inventory | 2,000 |
| Branch expenses paid by branch | 1,180 |
| Branch inventory stolen at selling price | 1,300 |
| Branch inventory at 31 December Year 4 at selling price | 6,500 |

In the books of Central Bhd for the year ended 31 December Year 4, **you are required to prepare**:

1. The following accounts:
   1. Branch Inventory

(Using separate columns on each side for “Selling Price” and “Cost Price”);

* 1. Goods Sent to Branch;
  2. Branch Accounts Receivable;
  3. Branch Cash;
  4. Branch Profit and Loss

1. Branch Adjustment account by using the same information above.