**Practice 3**

X Company has a branch at Ipoh. A full double entry record is kept in the branch’s books. All purchases are made by head office and goods sent to the branch are invoiced at cost plus 25%.

The following Trial Balance was extracted from the head office and the branch as at 30 June Year 3, which was the end of the first year of trading for the Ipoh branch:

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Head Office** |  | **Branch** |
| **Debit:** | **RM** |  | **RM** |
| Purchases | 300,500 |  | - |
| Inventory, 1 July Year 2, at cost | 31,000 |  | - |
| Branch Current | 60,100 |  | - |
| Accounts Receivable | 29,400 |  | 4,000 |
| Non-current Assets | 100,000 |  | 32,400 |
| General Expenses | 54,960 |  | 36,480 |
| Goods Received from Head Office, at cost plus 25% | - |  | 170,500 |
| Cash at Bank | - |  | 1,720 |
|  | 575,960 |  | 575,960 |
| **Credit:** |  |  |  |
| Capital | 126,060 |  | - |
| Sales | 260,000 |  | 185,000 |
| Goods Sent to Branch, at cost plus 25% | 170,500 |  | - |
| Bank Overdraft | 12,400 |  | - |
| Accounts Payable | 7,000 |  | - |
| Head Office Current | - |  | 60,100 |
|  | 575,960 |  | 245,100 |

The inventory at 30 June Year 3 was valued as follows:

Head office RM34,400, at cost;

Branch RM20,000, at cost plus 25%.

**You are required to prepare** the following columnar financial statements, including a “total” column for the whole business:

1. Income Statement for the year ended 30 June Year 3;
2. Statement of Financial Position as at 30 June Year 3.