**2021 Chong Hwa KL Paper 2 Question 6**

Mireil Co newly set up a branch in Seremban 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 balances were extracted from the Ledgers as at 30 June 2021:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | **Head Office** | | | **Branch** | |
|  | **Debit** | **Credit** | **Debit** | | **Credit** |
|  | **RM** | **RM** | **RM** | | **RM** |
| Capital |  | 77,720 |  | |  |
| Inventory, 1 July 2020 | 9,334 |  | 10,780 | |  |
| Sales |  | 165,880 |  | | 96,490 |
| Purchases | 150,000 |  |  | |  |
| Goods Sent To Branch |  | 60,000 |  | |  |
| Goods Received From Head Office |  |  | 56,700 | |  |
| Motor Van, at cost | 78,000 |  |  | |  |
| Accumulated Depreciation - Motor Van |  | 28,080 |  | |  |
| Staff Salaries | 20,000 |  | 16,500 | |  |
| Rental | 15,600 |  | 9,200 | |  |
| General Expenses | 4,810 |  | 2,435 | |  |
| Insurance | 21,000 |  |  | |  |
| Accounts Receivable | 7,900 |  | 12,950 | |  |
| Accounts Payable |  | 28,700 |  | |  |
| Branch and Head Office Current | 37,525 |  |  | | 30,525 |
| Cash at bank | 16,211 |  | 18,450 | |  |
|  | 360,380 | 360,380 | 127,015 | | 127,015 |

**Additional information:**

1. Closing inventory as at 30 June 2021:

Head office RM 4,200

Branch RM 6,500

1. Depreciate motor van at the rate of 20% on book value.
2. A branch debtor has made payment to head office amounting to RM 1,500. The appropriate entry has been made in the head office’s books but not in the branch’s books.
3. One-third of the premium insurance paid by head office was for the branch’s fire insurance.
4. On 30 June 2021, goods in transit to the branch at cost is RM 3,300 and cash in transit to the Head Office is RM 5,200.

(**Remark**: Any adjustment should be made in the books of head office.)

**You are required to prepare:**

1. a columnar Income Statement for the Head Office and Branch (including a “combined” column) for the year ended 30 June 2021;
2. Branch Current Account and Head Office Current Account in the books of head office and branch respectively;
3. a columnar Statement of Financial Position as at 30 June 2021.