**2021 Chong Ling (Private) High School Paper 2 Question 6**

Jia Hung Trading has a branch at Penang. 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 25% higher than it cost.

The following Trial Balance was extracted from the head office and the branch as at 30

September 2021, which was the end of the accounting year:

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Head Office** | | **Branch** |
| **Debit:** | **RM** |  | **RM** |
| Inventory, 1 October 2020, at cost | 23,000 |  | - |
| Purchases | 500,000 |  | - |
| Branch Current | 60,100 |  | - |
| Office Equipment | 20,000 |  | 12,400 |
| Premises | 212,800 |  | 29,700 |
| Trade Receivables | 16,600 |  | 14,000 |
| Sundry Expenses | 24,960 |  | 6,500 |
| Goods Received from head office, at invoiced price | - |  | 198,000 |
| Petty Cash | - |  | 1,000 |
|  | 857,460 |  | 261,600 |
| **Credit:** |  |  |  |
| Sales | 520,000 |  | 205,000 |
| Goods sent to branch, at invoiced price | 200,500 |  | - |
| Bank Overdraft | 2,400 |  | - |
| Accounts Payable | 8,500 |  | - |
| Head Office Current | - |  | 56,600 |
| Capital | 125,060 |  | - |
|  | 857,460 |  | 261,600 |

**Additional Information:**

1. The inventory at 30 September 2021 was valued as follows:

Head Office RM68,400, at cost.

Branch RM28,000, at invoiced price.

1. Slow moving goods at cost RM2,000 had been returned by branch to Head Office on 29 September 2021, together with a cheque of RM1,000. However, their goods and cheque were not yet received by Head Office.
2. A branch debtor JT, with the amount owed RM4,000 had informed that he was insolvent. He paid 80% of the debt he owed to Head Office and the remaining balance was immediately write off as bad. This was not recorded in the book as at 30 September 2021.

**You are required to prepare:**

1. Income Statement for the year ended 30 September 2021 (in columnar form for the head office, branch and combined business).
2. Branch Current.
3. Head Office Current