**2022 Pin Hwa High School Paper 2 Question 4**

CS Company had a Branch ni Penang. The Branch kept its own accounting records. The Trial Balance of the Head Office and the Branch were as follows:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Head Office** | | **Branch** | |
|  | **Debit** | **Credit** | **Debit** | **Credit** |
|  | **RM** | **RM** | **RM** | **RM** |
| Inventory, 1 July 2021 | 29,800 |  | 6,300 |  |
| Purchases | 277,600 |  |  |  |
| Sales |  | 335,700 |  | 185,400 |
| Bank Loan |  | 112,000 |  |  |
| Salaries | 24,000 |  | 8,200 |  |
| Goods Sent to Branch |  | 102,600 |  |  |
| Goods Received From Head Office |  |  | 102,600 |  |
| Discounts Allowed | 5,500 |  |  |  |
| Water And Electricity | 14,900 |  | 11,600 |  |
| Trade Receivables | 42,900 |  | 13,900 |  |
| Trade Payables |  | 19,600 |  |  |
| Fire Insurance | 17,600 |  | 9,300 |  |
| Current | 62,400 |  |  | 38,300 |
| Bank | 61,000 |  | 23,800 |  |
| Petty Cash | 2,800 |  | 1,600 |  |
| Delivery Charges | 4,200 |  |  |  |
| Non-current Assets | 227,200 |  | 46,400 |  |
| Capital |  | 200,000 |  |  |
|  | 769,900 | 769,900 | 223,700 | 223,700 |

**Additional information:**

1. All goods were purchased by the Head Office and transferred to the Branch at cost plus 25%.
2. The inventory was valued at 30 June 2022 as follows:

RM

Head Office, at cost 21,700

Branch, at invoiced price 11,125

1. The cash in transit remitted to the head office was RM 24,100.
2. All non-current assets must be depreciated by 8% per annum.
3. 20% of the delivery charges must be charged to the branch.

(Remarks: 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 2022;
2. the closing entries in the Branch Current Account which appeared in Head Office's books.