**2022 Tsun Jin High School Paper 2 Question 6**

Kelly has a branch in Penang which kept its own accounting records. All goods are purcahses by the head office in bulk and supplied to the branch at cost plus 25%. The Trial balances as at 31 August 2022 were as follows:

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Head Office** | | **Branch** |
|  | **RM** | **RM** | |
| Debit |  |  | |
| Non-Current Assets (at carrying values) | 469,000 | 82,000 | |
| Inventory, 1 September 2021 |  |  | |
| - Head Office (at cost) | 18,000 | - | |
| - Branch (at invoiced price) | - | 10,000 | |
| Accounts Receivable | 28,000 | 11,500 | |
| Branch Current | 17,210 | - | |
| Administrative Expenses | 2,590 | 3,200 | |
| Selling Expenses | 6,800 | 2,200 | |
| Bank And Cash | 8,400 | 3,040 | |
| Purchases | 300,000 | - | |
| Goods Received From Head Office | - | 126,000 | |
|  | 850,000 | 237,940 | |
|  |  |  | |
| Credits |  |  | |
| Goods Sent To Branch | 130,000 | - | |
| Sales | 337,000 | 224,700 | |
| Accounts Payable | 50,000 | - | |
| Capital, 1 September 2021 | 330,7000 | - | |
| Head Office Current | - | 12,910 | |
| Allowance For Doubtful Debts | 300 | 330 | |
| Allowance For Unrealized Profit On Inventory | 2,000 | - | |
|  | 850,000 | 237,940 | |

**Additional information:**

1. The values of inventory at 31 August 2022:

**RM**

Head Office (at cost) 20,000

Branch (at invoiced price) 9,000

Goods In Transit (at invoiced price) 4,000

1. Head office makes selling expenses of RM 800 against the branch.
2. Depreciation rate on the non-current assets was applied at 10% per annum on opening carrying amounts.
3. Allowance for doubtful debts is calculated at 2% of outstanding accounts receivable at the end of the reporting period.
4. The branch deposited RM 200 on behalf of head office into the bank, not no record of this transaction had been made in the books of head office,

**You are required to prepare** a columnar Income Statement for the year ended 31 August 2022, separately for the head office, the branch and including a “combined” column.