**Question 4**

Adam was a stationery wholesaler in Penang for several years, he set up a branch in Alor Setar on 1 January 2022. All goods were provided by Head Office at cost. Following were balances provided by Head Office and Alor Setar Branch as at 31 December 2022:

|  |  |  |
| --- | --- | --- |
|  | **Debit** | **Credit** |
|  | **RM** | **RM** |
| Sales - Head Office |  | 150,000 |
| - Branch |  | 36,500 |
| Inventory | 10,000 |  |
| Purchases | 80,000 |  |
| Returns |  | 2,000 |
| Carriage Inwards | 1,500 |  |
| Fixtures and Fittings | 100,000 |  |
| Land and Building | 173,000 |  |
| Rental - Branch | 2,400 |  |
| Staff Salary - Head Office | 10,800 |  |
| - Branch | 6,600 |  |
| Interest on Fixed Deposit - Head Office |  | 800 |
| Fixed Deposit Account | 18,000 |  |
| Accounts Receivable - Head Office | 7,500 |  |
| - Branch | 5,700 |  |
| Accounts Payable |  | 3,800 |
| Branch Current and Head Office Current | 14,000 | 10,000 |
| Goods Sent to Branch |  | 38,000 |
| Goods Received from Head Office | 35,000 |  |
| Bank - Head Office | 22,000 |  |
| - Branch |  | 3,200 |
| Capital |  | 242,200 |

**Additional information:**

1. Closing Inventory: - Head Office RM 5,500

- Branch RM 4,500

1. During the year, one quarter of Fixtures and Fittings had been transferred to Branch.
2. Depreciation of Fixtures and Fittings was charged at 10% per annum on cost.
3. Adam brought in his personal vehicles worth RM88,000 to Head Office for business use.
4. Any deficiency on Goods sent to branch and Goods received from head office was treated as Goods in Transit.
5. Cash remittance by branch to head office of RM18,000 was received by head office on 31 December 2022 at RM17,000.

**You are required to prepare:**

1. Income Statement for the year ended 31 December 2022;
2. Statement of Financial Position as at this date.