**Question 4**

Genky Company has a branch at Melaka. 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 cost plus .

The Trial Balance as at 31 December 2020 was as follows:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Head Office** | | **Branch** | |
|  | Debit | Credit | Debit | Credit |
|  | RM | RM | RM | RM |
| Capital |  | 268,250 |  | - |
| Office Equipment, at cost | 100,000 |  | 80,000 |  |
| Accumulated Depreciation |  | 40,000 |  | 16,000 |
| Inventory, 1 January 2020 | 95,000 |  | - |  |
| Purchases | 250,000 |  | - |  |
| Goods sent to branch, at transfer price |  | 140,000 |  | - |
| Sales |  | 350,000 |  | 185,000 |
| Goods Received From Head Office, at transfer price | - |  | 140,000 |  |
| Branch Current and Head Office Current | 80,000 |  |  | 77,000 |
| Salaries | 98,000 |  | 32,000 |  |
| Rental Expenses | 48,000 |  | - |  |
| Administrative Expenses | 80,250 |  | - |  |
| Accounts Receivable | 77,000 |  | 45,000 |  |
| Accounts Payable |  | 58,000 |  | - |
| Bank | 28,000 |  |  | 19,000 |
|  | 885,250 | 885,250 | 297,000 | 297,000 |

**Additional Information:**

1. Inventory at 31 December 2020 amounted to:
2. Administrative expenses paid by head office should be apportioned between the head office and branch in proportion to the sales
3. Depreciation is to be charge on office equipment at 10% per annum on cost.
4. Head office charge carriage amounting to RM 5,000 against the branch.
5. During the year, the total remittance by branch to head office was RM 19,000. However, the total amount received by head office at the end of the year was RM 16,000.

You are required to prepare the following columnar financial statements ("combined" column for the whole business is **not** required):

1. Income Statement for the year ended 31 December 2020;
2. Branch Current account in Head Office's Book
3. Statement Of Financial Position (Extract) as at 31 December 2020.