

6. Mireil Co newly set up a branch in Seremban where a full set of books are kept. All goods are purchased by the Head Office in Kuala Lumpur and sent to the branch at cost price. The followings balances were extracted from the Ledgers as at 30 June 2021:

	<u>Head Office</u>		<u>Branch</u>	
	Debit	Credit	Debit	Credit
	RM	RM	RM	RM
Capital		77,720		
Inventory, 1 July 2020	9,334		10,780	
Sales		165,880		96,490
Purchases	150,000			
Goods Sent To Branch		60,000		
Goods Received From Head Office			56,700	
Motor Van, at cost	78,000			
Accumulated Depreciation - Motor Van		28,080		
Staff Salaries	20,000		16,500	
Rental	15,600		9,200	
General Expenses	4,810		2,435	
Insurance	21,000			
Accounts Receivable	7,900		12,950	
Accounts Payable		28,700		
Branch and Head Office Current	37,525			30,525
Cash at bank	16,211		18,450	
	<u>360,380</u>	<u>360,380</u>	<u>127,015</u>	<u>127,015</u>

Additional information:

- (i) Closing inventory as at 30 June 2021:

Head office	RM 4,200
Branch	RM 6,500
- (ii) Depreciate motor van at the rate of 20% on book value.
- (iii) A branch debtor has made payment to head office amounting to RM 1,500. The appropriate entry has been made in the head office's books but not in the branch's books.

- (iv) One-third of the premium insurance paid by head office was for the branch's fire insurance.
- (v) On 30 June 2021, goods in transit to the branch at cost is RM 3,300 and cash in transit to the Head Office is RM 5,200.

(Remark: Any adjustment should be made in the books of head office.)

You are required to prepare:

- (a) a columnar Income Statement for the Head Office and Branch (including a "combined" column) for the year ended 30 June 2021; (10%)
 - (b) Branch Current Account and Head Office Current Account in the books of head office and branch respectively; (4%)
 - (c) a columnar Statement of Financial Position as at 30 June 2021. (6%)
- (Total:20%)