1. Please review the work of Transaction 2 from page 11 to page 19, and look at the first screenshot on page 19 a. (0.5 pt) Please provide the G/L account number (not the account number in the sub-ledger), which will be credited to base on the work on page 19.

a) Please provide the G/L account number (not the account number in the sub-ledger), which will be credited to base on the work on page 19.

**a) 300000 (Reconciliation Account)**

b) (0.7 pt) After the invoice showed in this screenshot is posted, which cost element and which cost center will record the cost associated with this transaction? Please provide their numbers. Is the cost element a primary cost element or secondary? Please explain.

**b)** **Cost Element: 780000**

**Cost Center: A060**

**Secondary cost elements represent internal allocation and in the given assignment the cost element 780000 is internally assigned to cost center A060 which means that cost of $500 will be distributed to each administrative cost center (internally) according to its proportion of office space. Hence, the cost element is secondary.**

2. (0.3 pt) In order to distribute the rent expense from cost center A060 to all of the administrative cost centers—including A060, we set up the distribution cycle on page 36. Please explain why the input of ##HQ (rather than all the detailed cost center numbers) is sufficient for this purpose.

**2. The input of 01HQ is sufficient to set up distribution cycle. As per the hierarchy, HQ denotes the cost center group which contains all the cost centers – A010, A020, A030… A060. So, in order to distribute the rent expense from A060 to all cost centers including A060, we set up distribution cycle and give 01HQ as input as Receiver cost center Group. So, the entire group (A010 to A060) under the hierarchy 01HQ will receive the rent expense.**