SOLUTIONS TO QUESTION ONE ON INDEPENDENT BRANCH

RonalMessi

(a) Statement of profit or loss for the year ended 31/12/2015

NNNNNNNSales116,43941,136157,575Less Cost of sales:0111,828-111,828Opening inventory10,7133,61814,331126,159Goods sent to Branch.(29,961)29,118-126,159Goods available for sale92,58032,736126,159(108,903)Cost of sales.(80,253).(28,650)(112,256)*(108,903)Cost of sales.80,253).28,41648,67248,672AddiAdmin charges.900Depreciation4,2301,4405,6705alarles and wages15,3484,83620,184Rent and Rates4,6411,6086,2495,6705alarles and wages12,5473)222(9,006)1,476(33,579)Net profit11,6133,48015,093-15,093-15,093-15,093Transfer of branch net profit11,6133,48015,093-15,093-15,093(b) Statement of financial position as at 31/12/2015NNNNon current Assets (37,800 - 5670)32,130-15,093Cash and cash equivalents.6,336.28,416.28,416		HEAD OFFICE		BRANCH		COMBINED		
Less Cost of sales: Opening inventory 10,713 3,618 14,331 Purchases 111,828 - 111,828 Goods sent to Branch .(29,961) 29,118 - Goods available for sale 92,580 32,736 126,159 Closing inventory (12,327). .(4,086). .(17,256).* Cost of sales .(80,253). .(28,650). .(108,903). Gross profit 36,186 12,486 48,672 Add:Admin charges .900 - - Depreciation 4,230 1,440 5,670 Salaries and wages 15,348 4,836 20,184 Rent and Rates 4,641 1,608 6,249 Sundry Expenses .1254 (25,473). 222 (9,006). 1476 (33,579). Net profit 11,613 3,480 - - 15,093 - 15,093 - 15,093 (b) Statement of financial position as at 31/12/2015 N N N Non current Assets (37,800 - 5670) 32,130 - 15,093 Current Lassets .6,336		₩	₩	₩	₩	₩	₩	
Opening inventory 10,713 3,618 14,331 Purchases 111,828 - 111,828 Goods sent to Branch (29,961) 29,118 - Goods available for sale 92,580 32,736 126,159 Closing inventory (12,327). (4,086). (17,256).* Cost of sales (80,253). (28,651). (108,903). Gross profit 36,186 12,486 48,672 Administrative Expenses 900 - - Administrative Expenses - 900 - Admin charges - 900 - - Admin charges 1,230 1,440 5,670 Salaries and wages 1,244 (25,473). 222 (9,006). 1,47	Sales		116,439		41,136		157,575	
Purchases 111,828 - 111,828 122,541 3,618 126,159 Goods sent to Branch .(29,961) 29,118 - Cost of sale 92,580 32,736 126,159 Closing inventory (12,327). (4,086). (17,256).* Cost of sales (80,253). (28,650). (108,903). Gross profit 36,186 12,486 48,672 Add:Admin charges 900 - - Admin charges 900 - - Depreciation 4,230 1,440 5,670 Salaries and wages 15,348 4,836 20,184 Rent and Rates 4,641 1,608 6,249 Sundry Expenses 1,254 (25,473). 222 (9,006). 1,476 (33,579). Net profit 11,613 3,480 (3,480). - - 15,093 Transfer of branch net profit 3,480 (3,480). - - 15,093 (b) Statement of financial position as at 31/12/2015 N N N N N <tr< td=""><td>Less Cost of sales:</td><td></td><td></td><td></td><td></td><td></td><td></td></tr<>	Less Cost of sales:							
$\begin{array}{c c c c c c c c c c c c c c c c c c c $	Opening inventory	10,713		3,618		14,331		
Goods sent to Branch (29,961) 29,118 Goods available for sale 92,580 32,736 126,159 Closing inventory (12,327). (4,086). (17,256).* Cost of sales (80,253). (28,650). (108,903). Gross profit 36,186 12,486 48,672 Add:Admin charges 900 - - Administrative Expenses 4dd:Admin charges 900 - Administrative Expenses 4ddino 5,670 Salaries and wages 15,348 4,836 20,184 Rent and Rates 4,661 1,608 6,249 Sundry Expenses 1,254 (25,473). 222 (9,006). 1,476 (33,579). Net profit 11,613 3,480 15,093 - 15,093 Iransfer of branch net profit 3,480 (3,480). - - 15,093 - 15,093 - 15,093 (b) Statement of financial position as at 31/12/2015 N N N Non current Assets (37,800 - 5670) 32,130 - 15,093 Current Assets 6,336 28,416	Purchases	111,828	_	-	_	111,828		
Goods available for sale 92,580 32,736 126,159 Closing inventory (12,327). (4,086). (17,256).* Cost of sales (80,253). (28,650). (108,903). Gross profit 36,186 12,486 48,672 Add:Admin charges 900 - - Administrative Expenses - 900 - Admin charges 900 - - Depreciation 4,230 1,440 5,670 Salaries and wages 12,54 (25,473). 222 (9,006). 1,476 (33,579). Net profit 11,613 3,480 15,093 - 15,093 Transfer of branch net profit 3,480 (3,480). - - Inventory 17,256 - 15,093 - 15,093 Inventory <td></td> <td>122,541</td> <td></td> <td>3,618</td> <td></td> <td>126,159</td> <td></td>		122,541		3,618		126,159		
Closing inventory (12,327). (4,086). (17,256).* Cost of sales (80,253). (28,650). (108,903). Gross profit 36,186 12,486 48,672 Add:Admin charges 900 - - 37,086 12,486 48,672 Administrative Expenses - 900 - Depreciation 4,230 1,440 5,670 Salaries and wages 15,348 4,836 20,184 Rent and Rates 4,641 1,608 6,249 Sundry Expenses 1,254 (25,473). 222 (9,006). 1,476 (33,579) Net profit 11,613 3,480 15,093 - 15,093 Transfer of branch net profit 3,480 (3,480). - - Inventory 17,256 - 15,093 - 15,093 Cheque in transit 945 - <td>Goods sent to Branch</td> <td>.(29,961)</td> <td>_</td> <td>29,118</td> <td>_</td> <td>-</td> <td></td>	Goods sent to Branch	.(29,961)	_	29,118	_	-		
Cost of sales (80,253). (28,650). (108,903). Gross profit 36,186 12,486 48,672 Add:Admin charges 900 - - Administrative Expenses 37,086 12,486 48,672 Administrative Expenses Admin charges 900 - - Admin charges 900 - - - Depreciation 4,230 1,440 5,670 Salaries and wages 15,348 4,836 20,184 Rent and Rates 4,641 1,608 6,249 Sundry Expenses 1,254 (25,473). 222 (9,006). 1,476 (33,579). Net profit 11,613 3,480 15,093 - 15,093 Transfer of branch net profit 3,480 (3,480). - - Ib) Statement of financial position as at 31/12/2015 N N N Non current Assets (3,7,800 - 5670) 32,130 Current Assets 60,536 28,416 Total Assets 6,336 28,416	Goods available for sale	92,580		32,736		126,159		
Gross profit 36,186 12,486 48,672 Add:Admin charges 900 - - Administrative Expenses - 900 - Administrative Expenses - 900 - Administrative Expenses - 900 - Admin charges 900 - - Depreciation 4,230 1,440 5,670 Salaries and wages 15,348 4,836 20,184 Rent and Rates 4,641 1,608 6,249 Sundry Expenses 1,254 (25,473). 222 (9,006). 1,476 (33,579). Net profit 11,613 3,480 15,093 - 15,093 Transfer of branch net profit 3,480 (3,480). - - 15,093 - 15,093 - 15,093 (b) Statement of financial position as at 31/12/2015 N N N Non current Assets 3,879 Cheque in transit 945 Cash and cash equivalents 6,336 28,416 60,546 Equity and Liabilities	Closing inventory	(12,327).	_	(4,086).	_	(17,256).*		
Add:Admin charges 900 - - Administrative Expenses - 900 - Admin charges - 900 - Depreciation 4,230 1,440 5,670 Salaries and wages 15,348 4,836 20,184 Rent and Rates 4,641 1,608 6,249 Sundry Expenses 1,254 (25,473), 222 (9,006). 1,476 (33,579). Net profit 11,613 3,480 15,093 - 15,093 Transfer of branch net profit 3,480 (3,480). - - (b) Statement of financial position as at 31/12/2015 N N N Non current Assets (3,800 - 5670) 32,130 - - 15,093 Current Assets 3,879 -<	Cost of sales	-	(80,253).	_	(28,650).	_	(108,903).	
Administrative Expenses Depreciation 4,320 1,348 4,836 Rent and Rates 4,641 1,608 6,249 Sundry Expenses 1,254 1,254 (25,473). 222 (9,006). 1,476 (33,579). Net profit 11,613 3,480 15,093 Transfer of branch net profit 3,480 15,093 - (b) Statement of financial position as at 31/12/2015 Non current Assets 17,256 Inventory 17,256 Trade Receivables 3,879 Cheque in transit 945 Cash and cash equivalents 6,336 28,416 60,546 Equity and Liabilities 6,336 Capital 47,532 Netprofit 15,093 62,625 62,625 Drawings (1	Gross profit		36,186		12,486		48,672	
Administrative Expenses Admin charges 900 Depreciation 4,230 1,440 5,670 Salaries and wages 15,348 4,836 20,184 Rent and Rates 4,641 1,608 6,249 Sundry Expenses 1,254 (25,473). 222 (9,006). 1,476 (33,579). Net profit 11,613 3,480 15,093 - - - - Instance of branch net profit 3,480 (3,480). - - - - - - - 15,093 - - 15,093 - <td< td=""><td>Add:Admin charges</td><td></td><td>900</td><td>_</td><td>-</td><td>_</td><td>-</td></td<>	Add:Admin charges		900	_	-	_	-	
Admin charges - 900 - Depreciation 4,230 1,440 5,670 Salaries and wages 15,348 4,836 20,184 Rent and Rates 4,641 1,608 6,249 Sundry Expenses 1,254 (25,473). 222 (9,006). 1,476 (33,579). Net profit 11,613 3,480 15,093 - - 15,093 Transfer of branch net profit 3,480 (3,480). - - - 15,093 (b) Statement of financial position as at 31/12/2015 N N N Non current Assets (37,800 - 5670) 32,130 - - 15,093 Current Assets N N N Non current Assets (37,800 - 5670) 32,130 -			37,086		12,486		48,672	
Depreciation 4,230 1,440 5,670 Salaries and wages 15,348 4,836 20,184 Rent and Rates 4,641 1,608 6,249 Sundry Expenses 1,254 (25,473), 222 (9,006), 1,476 (33,579), Net profit 11,613 3,480 15,093 - - Transfer of branch net profit 3,480 (3,480), - - - - 15,093 (b) Statement of financial position as at 31/12/2015 N N N Non current Assets (37,800 - 5670) 32,130 - - 15,093 Current Assets Inventory 17,256 - <td< td=""><td>Administrative Expenses</td><td></td><td></td><td></td><td></td><td></td><td></td></td<>	Administrative Expenses							
Salaries and wages 15,348 4,836 20,184 Rent and Rates 4,641 1,608 6,249 Sundry Expenses 1,254 (25,473). 222 (9,006). 1,476 (33,579). Net profit 11,613 3,480 15,093 -	Admin charges	-		900		-		
Rent and Rates 4,641 1,608 6,249 Sundry Expenses 1,254 (25,473), 222 (9,006), 1,476 (33,579), Net profit 11,613 3,480 (3,480), - - - - - - 15,093 - <td>Depreciation</td> <td>4,230</td> <td></td> <td>1,440</td> <td></td> <td>5,670</td> <td></td>	Depreciation	4,230		1,440		5,670		
Sundry Expenses 1,254 (25,473) 222 (9,006) 1,476 (33,579) Net profit 11,613 3,480 15,093 Transfer of branch net profit 3,480 (3,480) -	Salaries and wages	15,348		4,836		20,184		
Net profit11,6133,48015,093Transfer of branch net profit $3,480$ $(3,480)$ 15,093-15,093-(b) Statement of financial position as at 31/12/2015NNNon current Assets (37,800 - 5670)32,130 $32,130$ Current Assets17,256Trade Receivables3,879Cheque in transit945Cash and cash equivalents6,33628,41660,546Total Assets60,546Equity and Liabilities62,625Drawings(14,400).48,22548,225Current Liabilities12,321	Rent and Rates	4,641		1,608		6,249		
Transfer of branch net profit3,480 15,093(3,480). 15,093-15,093(b) Statement of financial position as at 31/12/2015 NNNNon current Assets (37,800 - 5670)32,130Current Assets Inventory17,256 Trade Receivables3,879 Cheque in transitCheque in transit945 Gash and cash equivalents6,336 60,546Equity and Liabilities Capital47,532 62,625Drawings(14,400). 48,225Current Liabilities Trade payables12,321	Sundry Expenses	1,254	(25,473).	222	(9,006).	1,476	(33,579).	
15,09315,093(b) Statement of financial position as at 31/12/2015 NNNon current Assets (37,800 - 5670)32,130Current Assets Inventory17,256Trade Receivables3,879Cheque in transit945Cash and cash equivalents6,336Total Assets60,546Equity and Liabilities Capital47,532Netprofit15,093Drawings(14,400). 48,225Current Liabilities Trade payables12,321	Net profit		11,613		3,480		15,093	
(b) Statement of financial position as at 31/12/2015 NNNNon current Assets (37,800 - 5670)32,130Current Assets Inventory17,256 17,256Trade Receivables3,879 045Cheque in transit945 6,336Cash and cash equivalents6,336 60,546Equity and Liabilities Capital47,532 15,093 62,625Drawings(14,400). 48,225Current Liabilities Trade payables12,321	Transfer of branch net profit		3,480	_	(3,480).	_	-	
Non current Assets (37,800 - 5670)NSurrent Assets32,130Current Assets17,256Inventory17,256Trade Receivables3,879Cheque in transit945Cash and cash equivalents6,33628,41660,546Total Assets60,546Equity and Liabilities47,532Capital47,532Netprofit15,09362,625(14,400).Drawings(14,400).Trade payables12,321			15,093	_	-	_	15,093	
Non current Assets (37,800 - 5670)NSurrent Assets32,130Current Assets17,256Inventory17,256Trade Receivables3,879Cheque in transit945Cash and cash equivalents6,33628,41660,546Total Assets60,546Equity and Liabilities47,532Capital47,532Netprofit15,09362,625(14,400).Drawings(14,400).Trade payables12,321		-		_		-		
Non current Assets (37,800 - 5670)32,130Current Assets17,256Inventory17,256Trade Receivables3,879Cheque in transit945Cash and cash equivalents6,336Z8,41660,546Total Assets60,546Equity and Liabilities47,532Capital47,532Netprofit15,093Gavings(14,400).48,22548,225Current Liabilities12,321	(b) Statement of financial position as at 31/12/2015							
Current AssetsInventory17,256Trade Receivables3,879Cheque in transit945Cash and cash equivalents6,33628,41660,546Total Assets60,546Equity and Liabilities47,532Capital47,532Netprofit15,09362,62562,625Drawings(14,400).48,22548,225Current Liabilities12,321			₩		₩			
Inventory17,256Trade Receivables3,879Cheque in transit945Cash and cash equivalents6,33628,41660,546Total Assets60,546Equity and LiabilitiesCapital47,532Netprofit15,09362,62562,625Drawings(14,400).48,22548,225Current Liabilities12,321	Non current Assets (37,800 - 5670))			32,130			
Inventory17,256Trade Receivables3,879Cheque in transit945Cash and cash equivalents6,33628,41660,546Total Assets60,546Equity and LiabilitiesCapital47,532Netprofit15,09362,62562,625Drawings(14,400).48,22548,225Current Liabilities12,321								
Trade Receivables3,879Cheque in transit945Cash and cash equivalents6,33628,41660,546Total Assets60,546Equity and LiabilitiesCapital47,532Netprofit15,09362,62562,625Drawings(14,400).48,22548,225Current Liabilities12,321	Current Assets							
Cheque in transit945Cash and cash equivalents6,33628,416Total Assets60,546Equity and Liabilities47,532Capital47,532Netprofit15,09362,62562,625Drawings(14,400).48,22548,225Current Liabilities12,321	Inventory		17,256					
Cash and cash equivalents6,33628,416Total Assets60,546Equity and LiabilitiesCapital47,532Netprofit15,09362,62562,625Drawings(14,400).48,22548,225Current Liabilities12,321	Trade Receivables		3,879					
Total Assets60,546Equity and LiabilitiesCapital47,532Netprofit15,093Drawings(14,400).48,22548,225Current Liabilities12,321	Cheque in transit		945					
Equity and LiabilitiesCapital47,532Netprofit15,09362,62562,625Drawings(14,400).48,22548,225Current Liabilities12,321	Cash and cash equivalents		6,336	_	28,416			
Capital 47,532 Netprofit 15,093 62,625 62,625 Drawings (14,400). 48,225 48,225 Current Liabilities 12,321	Total Assets				60,546			
Capital 47,532 Netprofit 15,093 62,625 62,625 Drawings (14,400). 48,225 48,225 Current Liabilities 12,321				-				
Netprofit15,09362,625Drawings(14,400).48,225Current LiabilitiesTrade payables12,321	Equity and Liabilities							
62,625 Drawings (14,400). 48,225 Current Liabilities Trade payables 12,321	Capital				47,532			
Drawings (14,400). 48,225 Current Liabilities Trade payables 12,321	Netprofit				15,093			
Current Liabilities 48,225 Trade payables 12,321				-	62,625			
Current LiabilitiesTrade payables12,321	Drawings				(14,400).			
Trade payables 12,321				-	48,225			
	Current Liabilities							
Total equity and liabilities 60,546	Trade payables				12,321			
	Total equity and liabilities			-	60,546			

* The combined closing inventory includes the inventory in transit