

**Dr.SNS RAJALAKSHMI COLLEGE OF ARTS AND SCIENCE
(Autonomous)**

**Accredited by NAAC - UGC with 'A+ Grade (Cycle IV)
(Recognized by UGC, Approved by AICTE & Affiliated to Bharathiar University)
Coimbatore- 49**

**DEPARTMENT OF COMMERCE WITH INFORMATION
TECHNOLOGY**

21UCR402 – FUNCTIONAL ACCOUNTING

Unit-3: BRANCH ACCOUNTING - PROBLEMS I

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1. From the following particulars relating to Hyderabad branch for the year ended 31.12.90, prepare Branch A/C in the head office books:



Particulars	Rs
Stock at the branch on 1.1.90	15,000
Debtors at the branch on 1.1.90	30,000
Petty cash at the branch on 1.1.90	300
Goods sent to branch during 1990	2,52,000
Cash sales 1990	60,000
Received from debtors 1990	2,10,000
Credit sales during 1990	2,28,000
Cheques sent to branch during 1990	
For salaries	9000
For rent & rates	1,500
For petty cash	1,100
Stock at the branch on 31.12.90	25,000
Petty cash 31.12.90	200
Goods returned by the branch	2,000
Debtors on 31.12.90	48,000

Solution:**In the Books of Head Office****Hyderabad Branch A/c**

Dr.		Rs.		Cr.	Rs.
Jan. 1	To Balance b/d		Dec. 31	By Bank	
	Stock	15,000		Cash Sales	60,000
	Debtors	30,000		Cash recei	
	Petty cash	300		-ved from	
Dec. 31	To Goods sent to			Debtors	2,10,000
	branch A/c	2,52,000	Dec. 31	By Goods	
"	To Bank:			Sent to branch	2,000
	Salaries	9,000		[Returns to H.O.]	
	Rent & Rates	1,500	"	By Balance c/d:	
	Petty Cash	1,100		Stock	25,000
	To General P&L A/c	11,600		Debtors	48,000
	(Profit)	36,300		Petty cash	200
		<u>3,45,200</u>			<u>3,45,200</u>

Illustration 1

Loyal shoe company opened a branch at Madras on 1.1.89. From the following particulars, the Madras Branch account for the years 1989 and 1990.

	1989 Rs.	1990 Rs.
Goods sent to Madras Branch	15,000	45,000
Cash sent to Branch for		
Rent	1,800	1,800
Salaries	3,000	5,000
Other expenses	1,200	1,600
Cash received from the branch	24,000	60,000
Stock on 31st December	2,300	5,800
Petty cash in hand on 31st December	40	30

Solution:**In the Books of Head Office****Madras Branch A/c for 1989**

		Rs.			Rs.
Jan. 1	To Balance b/d	NIL	31 Dec.	By Cash	24,000
	To Goods sent to Branch	15,000		By Balance c/d	
	To Cash:			Stock	2,300
	Rent 1,800			Petty cash	40
	Salaries 3,000				
	Other expenses 1,200	6,000			
	To General P&L A/c (Profit)	5,340			
		<u>26,340</u>			<u>26,340</u>

Madras Branch A/c for 1990

		Rs.			Rs.
Jan. 1	To Balance b/d		Dec. 31	By Cash	60,000
	Stock	2,300		By Balance c/d	
	Petty cash	40		Stock	5,800
	To Goods sent to branch	45,000		Petty Cash	30
	To Cash:-				
	Rent 1,800				
	Salaries 5,000				
	Other expenses 1,600	8,400			
	To General P & L A/c				
	(Profit)	10,090			
		<u>65,830</u>			<u>65,830</u>

Illustration 3

The following information relates to Madurai branch

	Rs.	Rs.
Stock on 1.1.94		11,200
Branch debtors on 1.1.94		6,300
Goods sent to Branch		51,000
Cash sent to Branch for:—		
Rent	1,500	
Salaries	3,000	
Petty Cash	500	5,000
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Sales at branch:		
Cash	25,000	
Credit	39,000	64,000
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Cash received from Debtors		41,200
Stock on 31.12.94		13,600

Prepare Branch account for the year 1994

Solution:*In the books of Head Office***Madurai Branch A/C**

		Rs.			Rs.
Jan. 1	To Balance b/d		Dec. 31	By Bank:	
	Stock	11,200		Cash Sales	25,000
	Debtors	6,300		Cash collec	
Dec. 31	To Goods sent to Branch	51,000		–ted from	
"	To Bank:			debtors	41,200
	Rent	1,500	"	By Balance c/d	
	Salaries	3,000		Stock	13,600
	Petty Cash	500		Debtors	4,100
"	To General P&L A/c	10,400			
	(Profit)				
		<u>83,900</u>			<u>83,900</u>

Working Note:**Calculation of Closing Debtors****Branch Debtors A/c**

		Rs.			Rs.
1.1.94	To Balance b/d	6,300		By Cash	41,200
	To Sales (credit)	39,000	31.12.92	By Balance c/d (bal.fig)	4,100
		<u>45,300</u>			<u>45,300</u>

Branch with Cash and Credit Sales

4. Fancy Clothes Ltd., opened a branch on 1st January, 1998 at Delhi. The figures given below are for the year 1998 :

	Rs.
Goods sent to Branch	25,000
Sales : Cash	10,000
Credit	18,000
Cash received from debtors	16,000
Discount allowed to them	300
Cash sent to Branch for expenses	3,500
Stock on 31st December 1998	4,000

Give Journal entries and prepare Branch Account.

Journal Entries

- Cash A/c Dr. 16,000
Discount Allowed A/c Dr. 300
To Branch Debtors A/c 16,300
(Cash received from debtors, net of discount).
- Branch Expenses A/c Dr. 3,500
To Cash A/c 3,500
(Cash sent to branch for expenses).
- Branch Stock A/c Dr. 4,000
To Goods sent to Branch A/c 4,000
•(Closing stock adjustment at 31 Dec 1998).

Branch Account

Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
To Goods sent to Branch	25,000	By Cash sales	10,000
To Expenses	3,500	By Cash received from debtors	16,000
To Gross profit c/d	3,200	By debtors (2000-300)	1,700
		By Stock	4,000
Total	31700	Total	31700

THANK YOU