Branch Accounting Practice Questions

*Dear Students. The following questions have been taken from the last 10 years' question paper and other different books for your Practice. Endeavour has been made to make this compilation error–free, yet mistakes may have crept in for which I am apologetic. Suggestions are welcome for improving this compilation from every walk of the society. Readers should feel free to write me about their queries at my email **tss_chd@hotmail.com**.*

1. Goods are invoiced to the newly opened branch by the Head Office at Rs.9,200 being 25% profit on cost. From the following particulars prepare branch Profit and Loss Account and Branch Account.

	Rs.
Sales by the branch	8,460
Cash remitted by the branch	8,060
Returns to Head Office	200
Expenses Paid by the Head Office	200
Furniture purchased by the Head Office for the branch	800
Stock at the end (invoice)	600
Write off Furniture at 10%	

Also calculate profit by preparing branch account. [Ans : 1460]

2. A company has its Head Office in Delhi with branches at Chandigarh and Patiala. The books are closed on 31st December. Pass adjusting entries in the books of Head Office for the following:

i) Remittances of Rs.5,000 made by Chandigarh Branch to its Head Office on 30th December received by Head Office in January.

ii) Depreciation amounting to Rs.1,000 on Patiala Branch fixed assets, when accounts of such assets are maintained at the Head Office.

iii) Patiala Branch paid Rs.500 dividend to a local shareholder on behalf of the Head Office.

iv) Goods worth Rs.8,000 dispatched by Chandigarh branch on 25th December under instructions from Head Office and received by Patiala Branch on 31st Dec.

3. A Calcutta firm whose accounting year ends on 31st December has two branches one at Allahabad and the other at Varanasi. The branches keep a complete set of books. On 31–12–1999, the Allahabad and Varanasi Branch Accounts in the Calcutta books showed balance of Rs.30,450 and Rs.45,000 respectively before taking the following into account :

i) Goods valued at Rs.2,000 were transferred from Allahabad branch to Varanasi branch under instruction from the Head Office.

ii) Allahabad branch collected Rs.2,500 from an Allahabad customer of the Head Office.

iii) Varanasi branch paid Rs.5,000 for certain goods purchased by the Head Office in Varanasi.

iv) Rs.5,000 remitted by Allahabad branch to Calcutta on 29th December, 1999 were received on 3rd January following.

v) For the year 1999, the Allahabad branch showed a net loss of Rs.1,250 and the Varanasi branch a net profit of Rs.5,400.

Pass Journal entries to record the above transactions in the books of the Head Office.

4. Give journal entries for the following transactions in the books of the Head Office.

i) Goods sent by the Head Office on December 28 worth Rs.150 to its Kanpur branch not received by the branch upto December 31.

ii) Goods sent by Bombay branch to Kanpur branch for Rs.300 are yet to be recorded.

iii) Kanpur branch paid Rs.3,000 for a machine purchased by the Head Office for the latter.

iv) Provide depreciation at 10% on furniture when Kanpur branch Furniture Account is maintained in the Head Office books (Furniture Rs.25,000).

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5. The Atlas Cycle Carriage Outwards. Has a branch at Rohtak. Goods are invoiced to the branch at cost plus 25%. Branch is instructed to deposit cash every day in the Head Office account in the Bank. All expenses are paid by cheque by the Head Office except petty cash expenses which are paid by the branch manager. From the following particulars, prepare the branch account in the books of Head Office :

Stock on 1st April, 2000	5,000
Stock on 31st March 2001	6,000
Sundry Debtors on 1st April, 2000	2,800
Sundry Debtors on 31st March 2001	3,600
Cash Sales for the year	21,600
Credit Sales for the year	14,000
Cash remitted to the Head Office	30,000
Machinery purchased by the branch	2,400
Goods invoiced from the Head Office	36,400
Expenses paid by the branch	240
Expenses paid by the Head Office	3,280
Head Office sent cash to purchase safe for the branch	2,600

[Ans : 3,760]

6. Ludhiana Traders have opened a branch at Chandigarh on 1.7.1999. The goods were sent by the Head Office to the branch and invoiced at selling price of the branch which was 125% of the cost price of the Head Office. The following are the particulars relating to the transactions of Chandigarh Branch:

Goods sent to Branch (at Cost to Head Office)		2,80,800
Sales : Credit		1,75,000
Cash		1,25,000
Cash collected from debtors		1,56,000
Discount allowed		4,000
Cash sent to Branch for:		
Freight	11,000	
Wages	3,000	
Other expenses	6,000	20,000
Spoiled cloth in bales written off at invoice price		500
Stock on June 30, 2000 at invoice price		55,500

Ascertain the gross profit and net profit for the Chandigarh Branch for the year ended 30–06–2000 after preparing (i) Branch Stock Account, (ii) Goods sent to branch account, (iii) Branch Debtors Account, (iv) Branch Expenses Account and (v) Branch Adjustment Account. [Ans : 34,600]

7. A Delhi merchant has a branch at Madras to which he supplies goods at cost +25%. The branch keeps its own sales ledger and transmits all cash received to the Head Office every day. All expenses are paid from the Head Office. For the year ended 31st December 1999, the transactions of the branch were as follows :

Stock on 1–1–1999	11,000	Returns inwards	500
Debtors on 1–1–1999	1,700	Cheques sent to Branch:	
Petty cash on 1–1–1999	100	Rent	600
Cash sales	2,650	Wages	200
Goods sent to Branch	20,000	Other Expenses	900
Collection on Ledger Accounts	21,000	Stock on 31–12–1999	13,000
Goods returned to Head Office	400	Debtors on 31–12–1999	2,000
Bad Debts	300	Petty cash on 31–12–1999	125
Allowances to customers	250	(Including Miscellaneous inc of Rs.25 not remitted to Head Office)	

Prepare the Branch trading and Profit and Loss Account and Branch Account for the year ended 31st Dec.

[Ans : 8,195]

8. X Ltd. Has a retail branch at Allahabad. Goods are sent by the Head Office to the branch marked at selling price which is cost plus 25%. All the expenses of the branch are paid by the Head Office. All cash collected by the branch (from customers and cash sale) is deposited to the credit of Head Office Account.

Particulars	Rs.	Particulars	Rs.
Debtors on 1.1.1999	12,000	Goods returned to Head Office at I.P.	5,000
Debtors on 31.12.1999	14,000	Salaries paid	6,000
Inventory with Branch at Invoice		Rent paid	4,000
Price on 1.1.1999	16,000	Discount allowed to customers	2,000
Inventory with Branch at Invoice		Bad debts written off	1,000
Price on 31.12.1999	17,000	Spoilage at Invoice Price	2,000

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Cash Sales during the year	60,000		
Amount deposited in the Head Office A/c			
During the year	1,27,000		

[Ans : 11,800]

9. Alok Ltd. Invoiced goods to its Coimbatore Branch at selling price which is cost plus 25%. From the following particulars, prepare accounts under 'Stock and Debtors System';

Stock at branch (1–4–99) (Invoice Price)	7,500
Branch Debtors (1–4–99)	13,100
Goods from Head Office (Invoice Price)	50,400
Cash Sales	16,750
Total Sales	50,750
Branch Debtors (31–3–2000)	16,550
Stock at branch (31–3–2000)	6,950
Allowances to debtors	160
Goods Return to Head Office	350
Goods returned by debtors	290
Discount Allowed	1,200
Bad Debts	300
Rent and Rates	900
Salaries and Wages	3,000
Trade Expenses	650

[Ans : 3,770]

10. Calico Printers Ltd. Opened a shop at Delhi on 1st April 1999. Goods were invoiced at selling price which was fixed by adding 25% top cost. From the following particulars relating to 1999–2000, ascertain the profit or loss made in the year by the 'Stock and Debtors System'.

Goods sent to branch	11,40,000
Sales– Cash	7,50,000
Credit	2,70,000
Cash received from debtors	2,22,400
Discount allowed to customers	6,600
Goods returned by customers	7,000
Cash remitted to branch for:	
Rent	12,000
Salaries	60,000
Sundry expenses	7,800
Defective cloth found in bales written off	5,200
Stock of branch on 31st March, 2000	1,22,200

[Ans : 1,12,040]

11. Indian Soap Mills Ltd. Has two branches at Agra and at Kanpur. Goods are invoiced to branches at cost +50%. Branches remit all cash received to Head Office and all expenses are met by Head Office. From the following particulars, prepare the necessary accounts, on the Stock & Debtors System, to show the profit earned at the branches:

	Agra	Kanpur
Stock on 1st April, 1990 (Invoice Price	9,300	15,600
Debtors on 1st April 1990	6,800	8,700
Goods invoiced to branches (cost price)	34,000	36,000
Sales at Branches :		
Cash Sales	25,010	35,000
Credit Sales	31,000	30,100
Cash collected from debtors	30,400	29,800
Goods returned by debtors	1,200	1,500
Goods returned by branch to Head Office	1,500	–
Goods transferred from Kanpur Branch to Agra Branch	2,100	2,100
Surplus of stock	–	300
Shortage of Stock	450	–
Discount allowed to customers	200	350
Expenses at Branches	5,400	6,700

[Ans : 12,370 and 14,350]

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12. A Ltd. Has a retail branch at Kanpur. Goods are sold to the customers at cost plus 100%. The wholesale price is cost plus 80%. Goods are invoiced to Kanpur at wholesale price. From the following particulars, find out the profit made at Head Office and Kanpur Branch for the year ended 31st March 2000.

	Head Office (Rs.)	Kanpur Branch (Rs.)
Stock on April 1, 1999	2,25,000	
Purchases	21,50,000	
Goods sent to branch (at invoice price)	9,54,000	
Sales	28,53,000	9,50,000

Sales at Head Office are made only on wholesale basis and that at branch only to consumers. Stock at branch is valued at invoice price. [Ans : 16,48,000 and 95,000]

13. A Head Office sends goods to branch at 20% less than the list price. Goods are sold to customers at cost plus 100%. From the following particulars, fund out the profit made at Head Office and the branch on the wholesale basis:

	Head Office (Rs.)	Kanpur Branch (Rs.)
Opening Stock at cost	10,000	–
Opening Stock at invoice price	–	8,000
Purchases	1,00,000	–
Goods sent to branch (at invoice price)	48,000	–
Sales	85,000	40,000
Expenses	11,000	6,000

[Ans : : 43,500 and 2,000]

14. A Head Office sends goods to its branch at 20% less than the list price. Goods are sold to customers at cost plus 100%. From the following particulars ascertain the profit made at the Head Office and branch on the wholesale basis:

	Head Office (Rs.)	Branch (Rs.)
Opening Stock at Cost		
(at wholesale price in case of Branch)	40,000	32,000
Purchases	2,00,000	–
Goods sent to Branch (wholesale price)	96,000	–
Sales	1,70,000	80,000
Sundry Expenses	14,000	8,000

[Ans : 95,000 and 8,000]

15. The following is the Trial balance of Kolkatta branch as on 31–3–2003. You are required to submit the journal entries necessary to incorporate the under–mentioned figures showing the result of trading at Branch separately in the Head Office books and to give the Kolkatta Branch Account appearing finally in the Mumbai Head Office books.

Particulars	Debit (Rs.)	Credit (Rs.)
Mumbai Head Office Account	3,240	
Stock (1–4–2002)	6,000	
Purchases	17,800	
Sales		38,000
Goods from Head Office	9,000	
Goods supplied to Head Office		6,000
Salaries	1,500	
Debtors	3,700	
Rent	960	
Creditors		1,850
Office Expenses	470	
Cash in Hand	1,780	
Furniture	1,400	
	45,850	**45,850**

Stock on 31–3–2003 was valued at Rs.2,700. The Branch Account in the Head Office books as on 31–3–2003 stood at Rs.460 (Debit balance). On 28th March, the Head Office forwarded goods to the value of Rs.2,500 to the Branch where they were received on 3rd April. Similarly a cash remittance of Rs.1,200 by branch on 29th March, was received by the Head Office on 1st April. [Marks 15]

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16. R Company of Allahabad has a branch at Delhi. The Delhi Branch not only receives goods from the Head Office but also purchases and sells goods. It does not prepare Profit and Loss Account but closes all accounts at the end of each year and reopens them on the advice of Head Office. The accounts of fixed assets are maintained in the Head Office. The Head Office supplies goods at 20% profit on sale price, but the branch sends goods to Head Office at cost price. Prepare the Branch Account, Branch Trading and Profit and Loss Account and Branch Fixed assets account in the books of Head Office.

Balance of Head Office on 1–1–1998	15,000	
Goods received from Head Office	50,000	
Purchases	20,000	
Opening Stock (Head Office goods at invoice price)	4,000	
Opening stock of other goods	500	
Salaries	7,000	
Office Expenses	2,000	
Rent	3,000	
Cash at Bank	4,500	
Sundry debtors	15,000	
Sales		1,00,000
Goods sent to Head Office		3,000
Head Office Current Account		15,000
Sundry Creditors		3,000
	1,21,000	**1,21,000**

Following were the balances of the branch on 1st January, 1998:

Furniture Rs.,5,000 Debtors Rs.9,500; Cash at Bank Rs.1,000; Creditors Rs.30,000; Stock (Head Office goods at invoice price) Rs.4,000; Other goods Rs.500; Closing stock at invoice price at the branch of Head Office Rs.3,000; Closing stock of purchased goods at cost price Rs.1,000. Calculate 10% depreciation on branch fixed assets. [Ans : 30,200]

17. Calculate the invoice price of the Goods sent to branch and the profit included therein in each of the following alternative cases :

a) Goods sent to branch (at cost) Rs.1,20,000. Goods are invoiced to the Branch at cost plus 25%.

b) Goods sent to branch (at cost) Rs.2,40,000. Goods are invoiced to the Branch at 25% above the cost.

c) Goods sent to branch (at cost) Rs.4,80,000. Goods are invoiced to the Branch at 125% of the cost price of Head Office.

d) Goods sent to Branch (at cost to Branch) Rs.1,20,000. Goods are invoiced to the branch to give a gross margin of 20% on sale price.

e) Goods sent to Branch (at cost to Branch) Rs.1,50,000. Goods are invoiced to the Branch at 25% above the cost.

f) Goods received from Head Office Rs.1,00,000. Goods in transit from Head Office Rs.50,000. Goods are invoiced to the Branch at cost plus 25%.

18. *M* Ltd. Mumbai has a branch in Kolkata. Goods are invoiced to the branch at selling price designed to produce a gross profit of 20% on sales. From the following data, prepare a Kolkata Branch Account for the year ending on 31st December 20X1:

Branches as on 1 January 20X1 :	*Rs.*
Branch Stock (at Cost to Head Office)	20,000
Branch Debtors	17,000
Branch Cash	4,000
Personal Computers	50,000
Transactions during the year	
Cash Sales at Branch	1,75,000
Cash Sales at Branch	1,02,500
Goods returned to Head Office at selling price	12,500
Cash received from customers	1,57,300
Bills receivable received from debtors at branch	10,000
Discounting of bills stated above	9,800
Cash sent to branch for expenses	36,000
Actual cash expenses at branch	35,900
Shortage of stock at branch at selling price	150

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Cash discount allowed to branch customers	780
Sale of one personal Computer on 1.7.20X1 (Book value on the date of sale Rs.18,000)	12,000
Balances as on 31 December 20X1 :	
Balance Stock (at Cost to Branch)	59,850
Branch Debtors	?
Branch Cash	9,000

Depreciation at 20% p.a. is to be provided on Personal Computers.

The Manager is entitled to commission of 10% of profit of branch after charging such commission.

19. Linken Ltd. with a Head Office in Calcutta opened on 1st April 19X1, a branch at Kanpur where all sales were to be made on credit basis. All goods required by the branch were supplied by the company from Calcutta and invoiced to the branch at 20% above cost. During the year ended 31.03.20X2, the following transactions took place:

	Rs.		Rs.
Goods sent to Kanpur Branch (at cost to Head Office)	22,000	Cash received from debtors and remitted to Calcutta	15,190
Returns to Calcutta Office (at cost to Head Office)	840	Debtor's balances at branch written off as bad	640
Sales as shown by Kanpur Branch report	19,670		

Loss of Goods at branch through pilferage is estimated at 1% of goods received. The stock of goods held by Branch on 31st march 20X2 amounted to Rs.5,820 at invoiced price.

Required Record the entries in the appropriate accounts in the Head Office Ledger showing the balances as on 31st March 20X2 and the Branch Gross Profit for the year ended on that date.

20. S.K. Bros. has a small branch at Indore. You are required to prepare Indore Branch account in the books of S.K. Bros. for calculating profit made at Indore Branch. Transactions during the year ended 31st March 2001 were as follows :

	Rs.		Rs.
Stock at cost as on 1st April 2000	8,000	Stock on 31st March 2001	11,000
Furniture as on 1st April 2000	10,000	Sale of Plant on 30th September 2000	4,800
Plant as on 1st April 2000	25,000	(Book value as date of sale Rs.4,500)	
Goods sent to Branch at cost	75,000		
Cash Sales	1,22,000	Expenses paid by Head Office	6,300
Furniture purchased by branch with Head Office Permission on 1st January, 2001	5,000	It is required to write off furniture At 10% p.a. and plant at 20% p.a.	

21. Bata Ltd. has a Head Office and many retail branches which are supplied goods from the Head Office at 20% profit on sales price. Account are kept at Head Office from where all expenses are paid by the branches which are allowed to maintain petty cash balances of Rs.2,300 on impress system. From the following balances as shown by the books, prepare branch accounts.

Balances on 1st January, 2000 :

	Rs.		Rs.
Petty cash in hand at branch	2,300	Cash purchases by the branch (on permission from Head Office)	40,500
Stock in hand at branch at sales price	50,000		
Sundry debtors at branch	24,000	Credit purchases	99,800
Sundry Creditors at Branch	11,200	Creditors at the end	23,000
Furniture and fixture at branch	28,000	Payment made by branch :	
Rent prepaid (upto 31st March, 2000)	1,300	Rent for one year (paid on 1st April, 2000)	2,800
Transactions for the year ended 31st December, 2000 were as follows:		Salaries	12,000
Goods sent to branch (Less Returns)	4,04,000	Insurance paid for the year	
Cash sales at branch	5,80,000	ending 31st March, 2000	960

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Credit sales at branch	95,000	Petty expenses	480
Allowances to debtors	1,500	Balance on 31st December, 2000	
Cash received from customers	80,000	Stock at Sales Price	37,500
Bad debts to be written off	1,200	Write off 10% depreciation on furniture	

22. From the following particulars, prepare branch Account showing the Profit and Loss of the Branch :

	Rs.
Opening stock at branch	30,000
Goods sent to branch	90,000
Sales (Cash)	1,20,000
Expenses :	
Salaries	10,000
Other expenses	4,000

Closing stock could not be ascertained, but it is known that the branch usually sells at cost plus 20 per cent. The Branch Manager is entitled to a commission of 5 per cent on the profit of the branch before charging such commission.]

23. D of Delhi has a branch at Calcutta. Goods are invoiced to branch at cost plus 33 1/3 %. Branch is allowed to make sales at invoice price only. Expenses of the branch except petty expenses are paid directly by H.O. From the following information, prepare branch account in the books of Head Office to ascertain profit of the branch.

BALANCES as on 1.1.2000

	Rs.		Rs.
Branch debtors	12,000	Goods returned by branch to Head Office	2,000
Petty cash	1,200	Cash remitted by branch to Head Office	74,600
Stock at invoice price	6,000	*Branch Expenses :*	
Branch Furniture	5,000	Petty Expenses	3,400
Goods sent by head office at invoice price	90,000	freight & cartage	4,000
Cash sent by Head Office to branch for petty expenses	2,800	Bad debts	100
Sales – cash	40,000	Salaries	1,500
– credit	36,000	Depreciation on Furniture	500
Sales returns by branch debtors	1,000	Advertisement	800
Goods damaged at invoice price (Amount received from insurance Rs.600 by branch)	1,000	Rent	2,400

24. A Head Office has number of branches. Goods are sent to branches as cost plus mark up of 25%. Branch accounts are maintained on stock and debtors systems. At the Patna branch on 1st January. 2000 goods costing Rs.24,000 were in stock but some of these goods costing Rs.1,600, had been reduced in selling price to Rs1,750. Opening branch debtors were Rs.8,200. The following information is available relating to Patna Branch for the year ended

	Rs.
Goods sent to branch at cost	52,000
Cash sales (including all the mark down goods in the opening stock and same other costing Rs.4,400 were sold for half of normal selling price)	60,000
Cash received from debtors	16,000
Goods return by debtors direct to Head Office	1,250
Bad debts written off	100
Closing stock at invoice price	16,000
Closing branch debtors	4,850

Prepare various ledger accounts to ascertain profits of branch for the year ended 31st December, 2000.

25. Delhi Trading Company. Ltd. Operates a number of retail shops of its own as well as supplies goods to independent retailers. The wholesales price is cost plus 20%, in retail shop sells the goods at 10% above the wholesale price. Goods are invoiced to retail shop at wholesale price and it is one that basis that Profit and Loss of each shop is calculated. From the following figures, calculate the profit made at the shop No.104.

Rs.

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Stock at the shop on January 1, 2000 (invoice price)	30,000
Goods sent to the shop during 2000 (cost to Head Office)	1,20,000
Sales at shop during the year	1,54,000
Shortage of goods (selling price)	660
Expenses at the shop	4,000

Wishing You All The Best
Remember You Can Do Wonders , Nobody Can Stop You From Achieving Success Except You
Get Up and Keep Going, World Is Waiting For You
— Rasesh Tandon
Believe me it''ll work. So be ready to face such situations

Best of Luck

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