



## IMP QUESTION AND ANSWERS BRANCH ACCOUNTS [10 MARKS]

Q.4 Hitesh Traders of Gandhinagar has an independent branch at Valsad. Following is the Trial Balance of the branch as on 31-3-2013 :[14]

Particulars	Debit balance ₹	Credit balance ₹
Stock of Goods (1-4-12)	50,000	-
Purchases and sales of goods	2,24,000	4,80,000
Goods received from the H.O.	1,64,000	-
Goods returned to the H.O.	-	14,000
Purchases returns and sales returns	8,000	4,000
Head Office Account	-	1,24,800
Debtors and Creditors	1,12,000	64,000
Cash and Bank balance	72,000	-
Salary	54,000	-
Rent	12,400	-
Discount	14,800	17,200
Freight and carriage	8,800	-
Sundry Income	-	16,000
	<b>7,20,000</b>	<b>7,20,000</b>

### Additional Informations :

- (1) The stock of goods was valued at ₹ 1,28,000 on 31-3-2013.
- (2) Unpaid salary amounted to ₹ 6,000 on 31-3-2013.
- (3) Goods of ₹ 16,000 sent by Head Office to the branch on 27-3-2013 were received by branch on 4-4-2013.
- (4) Cash amounting to ₹ 20,000 remitted by the branch to H.O. on 28-3-13 was received by H.O. on 1-4-13.
- (5) The furniture account of the branch is maintained in the books of H.O. ₹ 7,200 is to be written off as depreciation on the furniture. From the above information, you are required to prepare Final Accounts of Valsad Branch.

### ANSWER : Q.4 Final Account of Hitesh Traders as on 31<sup>st</sup> December 2013

Trading A/C as on 31 <sup>st</sup> December 2013			
Particulars	Amt.	Particulars	Amt.
To Opening stock	50,000	By Sales 4,80,000	
		- Sales Return (8,000)	4,72,000
To Purchase 2,24,000		By Closing stock	1,28,000
- Purchase Return (4,000)	2,20,000		
To, Goods Received from H.O 1,64,000			
- Goods returned to H.O. 14,000	1,50,000		
To Freight and Carriage	8,800		
<b>To Gross profit [ Difference]</b>	<b>1,71,200</b>		



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	6,00,000		6,00,000
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Profit & Loss as on 31 <sup>st</sup> December 2013			
Particulars	Amt.	Particulars	Amt.
To Salary 54,000 + unpaid <u>6,000</u>	60,000	By Gross Profit.	1,71,200
To Rent	12,400	By Disc. Recd.	17,200
To Disc. Allow	14,800	By Sundry income	16,000
To Dep. on furniture	7,200		
<b>To Net profit [ Difference]</b>	<b>1,10,000</b>		
	<b>2,04,400</b>		<b>2,04,400</b>

## Head Office A/c.

Particulars	Amt.	Particulars	Amt.
To balance C/d [ Difference]	2,62,000	By balance b/d	1,24,800
		By Cash in Transit	20,000
		By Depreciation On furniture	7,200
		By Net profit	1,10,000
	<b>2,62,000</b>		<b>2,62,000</b>

Balance Sheet as on 31 <sup>st</sup> December 2013			
Liability	Amt.	Assets	Amt.
Head Office	2,62,000	Cash in Transit	20,000
Creditors	64,000	Debtors	1,12,000
Unpaid salary	6,000	Cash and Bank balance	72,000
		Closing stock	1,28,000
	<b>3,32,000</b>		<b>3,32,000</b>

Q.5 Skylark Agency, Bopal has an independent branch at Maninagar. The following Trial Balance of the branch as on 31-3-2015.[10]

Particulars	Debit (₹)	Credit (₹)
Opening stock of goods	1,50,000	-
Goods received from Head Office	5,00,000	-
Goods returned to Head Office	-	50,000
Head Office Account	-	5,10,000
Purchases and sales of goods	4,00,000	8,20,000
Goods returned	40,000	30,000
Freight and Octroi	20,000	-
Salaries (upto 28-02-2015)	44,000	-
Wages	16,000	-
Bad debts and bad debts recovered	4,000	15,000



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Debtors and Creditors	1,76,000	95,000
Cash and Bank	10,000	40,000
10% GSPC Debenture (Face value) (Purchased on 01-10-2014)	2,00,000	-
	<b>15,60,000</b>	<b>15,60,000</b>

## Additional Information :

(1) The closing stock is valued at ₹ 1,60,000.

(2) Goods-in-transit ₹ 20,000 and cash-in-transit ₹ 50,000.

(3) On 01-10-2014, Head Office sent furniture worth ₹ 1,00,000 to branch. The account of which is maintained in the books of Head Office Depreciation is to be provided at 10% p.a. on the same.

From the above details prepare Find Accounts of Maninagar Branch.

## ANSWERS: Q.5 Final Accounts of Skylark Agency

### Trading A/c.

Particulars	Amount	Particulars	Amount
To Opening stock	1,50,000	By Sales 8,20,000	
		- Sales Return (40,000)	7,80,000
To Purchase 4,00,000		By Closing stock	1,60,000
- Purchase Return (30,000)	3,70,000		
To, Goods Received from H.O. 5,00,000		<b>By Gross loss [ Difference]</b>	<b>66,000</b>
- Goods returned to H.O. (50,000)	4,50,000		
To Freight and Octroi	20,000		
To Wages	16,000		
	<b>10,06,000</b>		<b>10,06,000</b>

### P & L A/c.

Particulars	Amount	Particulars	Amount
<b>To Gross loss</b>	<b>66,000</b>	By Bad debt recovered	15,000
To Salaries + O/S salary [44,000 + 4,000]	48,000	By Accrued interest [2,00,000 x 10% x 6/12]	10,000
To Bad debts	4,000	<b>By Net loss [ Difference]</b>	<b>98,000</b>
To Dep. on furniture	5,000		
	<b>1,23,000</b>		<b>1,23,000</b>

### Head Office A/c.

Particulars	Amount	Particulars	Amount
To Net loss	98,000	By balance b/d.	5,10,000
<b>To Balance C/d [ Difference]</b>	<b>4,67,000</b>	By cash in transit	50,000
		By dep. on furniture	5,000



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	5,65,000		5,65,000
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Balance Sheet of Skylark Agency as on 31 <sup>st</sup> March 2015			
Liability	Amount	Assets	Amount
Head Office	4,67,000	Debtors	1,76,000
Creditors	95,000	10% GSPC Debentures 2,00,000 + Accrued interest <u>10,000</u>	2,10,000
O/S Salary	4,000	Cash	10,000
Bank balance	40,000	Cash in transit	50,000
		Closing stock	1,60,000
	<b>6,06,000</b>		<b>6,06,000</b>

Q.6 'D' Traders of Ahmadabad has an independent branch at Surat. Following is the trial balance of the branch as on 31-3-2017.

Particulars	Debit ₹	Credit ₹
Opening stock of goods	35,000	-
Goods received from H.O.	1,05,000	-
Goods returned to H.O.	-	14,000
Head Office A/c	-	1,05,000
Purchases and Sales	1,05,000	2,52,000
Goods returned	14,000	7,000
Freight and Octroi	7,000	-
Salaries ( up to 28-2-2017)	15,400	-
Wages	5,600	-
Debtors & Creditors	63,000	31,500
(10% Govt. Securities (1-10-16) (Face value – ₹ 70,000)	56,000	-
Cash and bank	14,000	10,500
	<b>4,20,000</b>	<b>4,20,000</b>

## Additional Information :

- (1) The closing stock of goods is valued at ₹ 42,000.
  - (2) On 1-10-2016, H.O. has sent furniture worth ₹ 50,000 to branch, the accounts of which is maintained in the books of H.O. Depreciation is provided on furniture at 10% p.a.
  - (3) A remittance of ₹ 25,000 was made by Surat branch to H.O. on 28<sup>th</sup> March, 2017 but the same was received by H.O. on 2<sup>nd</sup> April, 2017.
- From the above details, prepare final accounts of Surat Branch and Head Office A/c.



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ANSWER : Q.6 Final Account of D Traders as on 31<sup>st</sup> December 2013

Trading A/C as on 31 <sup>st</sup> March 2017			
Particulars	Amount	Particulars	Amount
To Opening stock	50,000	By Sales 2,52,000	
		- Sales Return (14,000)	2,38,000
To Purchase 1,05,000		By Closing stock	48,000
- Purchase Return (7,000)	98,000		
To, Goods Received from H.O 1,05,000			
- Goods returned to H.O. 14,000	91,000		
To Freight and Octroi	7,000		
To Wages	5,600		
<b>To Gross profit [ Difference]</b>	<b>43,400</b>		
	<b>2,80,000</b>		<b>2,80,000</b>

Profit & Loss as on 31 <sup>st</sup> March 2017			
Particulars	Amount	Particulars	Amount
To Salary 15,400	16,800	By Gross Profit.	43,400
+ unpaid 1,400			
To Dep. on furniture	2,500	By, Accrued interest on investment	3,500
<b>To Net profit [ Difference]</b>	<b>27,600</b>		
	<b>46,900</b>		<b>46,900</b>

## Head Office A/c.

Particulars	Amount	Particulars	Amount
To balance C/d [ Difference]	1,60,100	By balance b/d	1,05,000
		By Cash in Transit	25,000
		By Depreciation On furniture	2,500
		By Net profit	27,600
	<b>2,62,000</b>		<b>2,62,000</b>

Balance Sheet as on 31 <sup>st</sup> March 2017			
Liability	Amount	Assets	Amount
Head Office	1,60,100	Cash in Transit	25,000
Creditors	31,500	Debtors	63,000
Unpaid salary	1,400	Cash	14,000
Bank	10,500	Closing stock	42,000
		10% Government Securities	56,000
		Accrued interest	3,500
	<b>2,03,500</b>		<b>2,03,500</b>