

**12. BRANCH ACCOUNTS****PROBLEM NO:1**

Computation of Branch manager commission

Particulars	Shyam Bazar (Rs.)	Tollygunge (Rs.)
1. Net Profit before charging commission (W.N.1)	10060	5540
2. Branch manager commission @ 10% on above	(1006)	(554)
3. 25% of ascertained deficiency i.e abnormal loss	(60)	(20)
4. Branch managers commission after adjustment of abnormal loss	946	534
5. Drawing already made	(600)	(300)
Balance commission due	<u>346</u>	<u>234</u>

**WORKING NOTE -1**

## Branch Stock A/C

Dr.	Particulars	Shyam bazaar (Rs)	Tolly gunge (RS)	Particulars	Shyam bazaar (Rs.)	Tolly gunge (Rs.)	Cr.
To Balance b/d	18,684	12,484	By Bank A/c	90,320	58,560		
To goods sent to Branch A/c	72,420	43,480	By Branch A/c (abnormal loss)	240	80		
To Branch P&L A/c (25% On Sales)	<u>22,580</u>	<u>14,640</u>	By Balance c/d	<u>23,124</u>	<u>11,964</u>		
	<u>1,13,684</u>	<u>70,604</u>				<u>1,13,684</u>	<u>70,604</u>

## Branch Profit &amp; Loss A/C

Dr.	Particulars	Shyam bazaar (Rs.)	Tolly gunge (Rs.)	Particulars	Shyam bazaar (Rs.)	Tolly gunge (Rs.)	Cr.
To Branch Expenses A/c	12,280	9,020	By Branch Stock A/c	22,580	14,640		
To Branch A/c (abnormal loss)	240	80					
To Net Profit	10,060	5,540					
	<u>22,580</u>	<u>14,640</u>				<u>22,580</u>	<u>14,640</u>

**PROBLEM NO:2**

In the books of Neo (Head office)

## 1. Goa branch Debtors A/c

Dr.	Particulars	Amount (Rs)	Date	Particulars	Amount (Rs)	Cr.
1.4.2012	To balance b/d	50,000	31.3.13	By Bank	3,25,000	
31.3.13	To Bank A/c (Dishonour of cheques)	8,000		By Branch stock A/c (Goods returned by customers)	10,000	
	To Branch stock A/c(Credit sales)	3,90,000		By Bad debts A/c	5,500	
				By Discount allowed A/c	2,500	
				By balance c/d	105,000	
		<u>4,48,000</u>			<u>4,48,000</u>	

## 2. Goa branch adjustment A/c

Dr.				Cr.	
Date	Particulars	Amount	Date	Particulars	Amount
31.3.13	To goods sent to Branch A/c (goods returned to H.O) (24000 x 25/125)	4800	1.4.12	By balance b/d (opening stock reserve)	30,000
	To Branch P&L A/c (b/f)	1,13,000	31.3.13	By Goods sent to Goa branch (Loading) A/c (675000 x 25/125)	1,35,000
	To balance c/d (236000x25/125)	47,200			
		1,65,000			1,65,000

3. Goa branch Profit & Loss A/c for the year ending 31<sup>st</sup> march 2013

Dr.			Cr.
Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
To Branch expenses A/c	72,500	By Branch Adjustment A/c	1,13,000
To Branch Debtors A/c			
- Discount	2500		
- Bad debts	5500		
To Net profit (Transferred to General P&L A/c)	32,500		
	1,13,000		1,13,000

WORKING NOTES:Branch Stock A/c

Dr.			Cr.
Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
To balance b/d	1,50,000	By Bank A/c (cash sales)	185,000
To Goods sent to goa branch	6,75,000	By Branch Debtors (Credit sales)	3,90,000
To Branch Debtors A/c (Goods returned)	10,000	By Goods sent to goa branch A/c (goods returned to Head office)	24,000
		By balance c/d	2,36,000
	8,35,000		8,35,000

**PROBLEM NO: 3**Branch Stock A/c

Dr			Cr
Particulars	Amount (Rs)	particulars	Amount (Rs)
To Balance b/d	2,250	By Branch cash A/c	1,21,050
To Goods sent to Branch A/c	1,50,000	By Branch Debtors A/c	27,600
To Branch Debtors A/c	300	By Goods sent to Branch A/c	780
To Stock Discrepancy A/c	840	By abnormal loss A/c	1,260
		By Balance c/d	2,700
	1,53,390		1,53,390

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## Goods Sent to Branch A/c

Dr	Cr		
Particulars	Amount (Rs)	Particulars	Amount (Rs)
To Branch Stock Adjustment A/c (1,50,000 x 33.33%)	50,000	By Branch stock	1,50,000
To Branch Stock A/c	780	By Branch stock adjustment A/c	260
To Purchases	99,480		
	<b>1,50,260</b>		<b>1,50,260</b>

## Stock Discrepancy A/c

Dr	Cr		
Particulars	Amount (Rs)	Particulars	Amount (Rs)
To Branch Stock Adjustment A/c	280	By Branch stock A/c	840
To Branch P&L A/c	560		
	<b>840</b>		<b>840</b>

## Abnormal loss A/c

Dr	Cr		
Particulars	Amount (Rs)	Particulars	Amount (Rs)
To Branch stock A/c	1260	By Insurance co A/c	730
		By Branch stock adjustment A/c	176
		By Branch P&L A/c	353
	<b>1260</b>		<b>1260</b>

## Branch Debtors A/c

Dr	Cr		
Particulars	Amount (Rs)	particulars	Amount (Rs)
To Balance b/d	1,320	By Branch stock A/c	300
To Branch stock A/c	27,600	By Bank A/c	26,390
		By Balance c/d	2,230
	<b>28,920</b>		<b>28,920</b>

## Branch Stock Adjustment A/c

Dr	Cr		
Particulars	Amount (Rs)	Particulars	Amount (Rs)
To Goods sent to Branch A/c	260	By Balance b/d (2250 x 33.33%)	750
To abnormal loss A/c	176	By Goods sent to Branch A/c	50,000
To Branch P&L A/c	49694	By Stock Discrepancy A/c	280
To Balance c/d (2,700x33.33%)	900		
	<b>51,030</b>		<b>51,030</b>

## Branch Profit &amp; loss A/c

Dr	Cr		
Particulars	Amount (Rs)	Particulars	Amount (Rs)
To abnormal loss A/c	353	By Stock Discrepancy A/c	560
To Branch Expenses A/c	36,780	By Branch Stock Adjustment A/c	49,693
To General P&L A/c	13,120		
	<b>50,253</b>		<b>50,253</b>

## Branch Cash A/c

Dr			Cr
Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
To Branch Stock A/c	1,21,050	By Branch Expenses A/c	36,780
		By Balance c/d	84,270
	1,21,050		1,21,050

**PROBLEM NO: 4**Books of sell well  
Branch account

Dr			Cr
Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
To Goods Sent to Branch A/c (150,000 x 110/100)	165,000	By Cash A/c	106,000
To Stock Reserve [W.N-2]	4855	By Goods Sent to Branch – returns A/c	4,200
To Profit (transferred to General P&L A/c)	37,363	By Goods Sent to Branch [W.N – 1]	14,618
		By balance c/d	
		Stock	53,400
		Debtors	29000
	2,07,218		2,07,218

## Branch Debtors A/c

Dr.			Cr.
Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
To balance b/d	-	By Cash/Bank A/c	1,06,000
To Sales A/c	1,35,000	By balance c/d	29,000
	1,35,000		1,35,000

## Goods Sent to Branch A/c

Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
To Branch A/c (Returns)	4,200	By Branch A/c	1,65,000
To Branch A/c (Loading)	14,618		
To Purchases	1,46,182		
	1,65,000		1,65,000

**WORKING NOTES:**

1. Loading on goods sent to Branch  
 $(165000 - 4200) \times 1/11 = \text{Rs.} 14,618$
2. Stock Reserve  
 $= \text{Rs.} 53,400 \times 1/11$   
 $= \text{Rs.} 4,855$

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**PROBLEM NO: 5**

In the books of Head office – XYZ  
Kolkata Branch Account (at invoice)

Dr.	Cr.		
Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
To balance b/d		By Stock Reserve A/c (30000 x 20%)	6,000
Stock	30,000	By Remittances A/c	
Debtors	18,000	Cash sales	100,000
Cash in hand	800	Cash from debtors	60,000
Furniture	3000	By Goods Sent to Branch A/c (Loading) $(1,60,000 \times \frac{20}{100})$	3,200
To Goods Sent to Branch A/c	1,60,000	By Goods returned by Branch (Returned to H.O)	2000
To Goods returned by Branch (Loading) A/c	400	By balance c/d	
To Bank (Expenses paid by Head office)		Stock	28,000
- Rent	1,800	Debtors	16,880
- Salary	3,200	Cash (800-600)	200
- Stationary & Printing	800	Furniture (3000 – 300)	2,700
To Stock Reserve A/c (28000 x 20%)	5,600		
To Profit (transferred to General P&L A/c)	24,180		
	<b>2,47,780</b>		<b>2,47,780</b>

**Branch Debtors A/c**

Dr.	Cr.		
Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
To balance b/d	18,000	By Cash A/c	60,000
To Sales A/c	60,000	By Sales Returns A/c	960
		By Discount allowed	160
		By balance c/d	16,880
	<b>78,000</b>		<b>78,000</b>

**PROBLEM NO: 6****i) Calculation of Profit earned by the branch:****Trading A/c and Profit & Loss A/c**

Dr.	Cr.		
Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
To Opening Stock	2,20,000	By Sales A/c	12,00,000
To Goods Sent to Branch A/c	11,00,000	By Closing Stock (W.N)	3,60,000
To Expenses A/c	45,000		
To Net Profit	1,95,000		
	<b>15,60,000</b>		<b>15,60,000</b>

ii) Stock Reserve in respect of Unrealised Profit =  $360,000 \times 20/120$  = Rs.60,000/-

**WORKING NOTE:**

Cost Price = 100

Invoice Price = Cost + 20%

$$= 100 + 20\%$$

$$= 120/-$$

$$\text{Sale Price} = \text{Cost} + 50\%$$

$$= 100 + 50\%$$

$$= 150/-$$

#### Calculation of Closing Stock at Invoice Price:

Particulars	Amount (Rs.)
Opening Stock at invoice Price	2,20,000
Goods received during the year	11,00,000
	13,20,000
(-) COGS at Invoice Price (12,00,000 x 120/150)	(9,60,000)
Closing Stock	3,60,000

#### PROBLEM NO: 7

#### Computation of Catalogue Price and Invoice Price:

Particulars	Amount (Rs.)
Cost to Head Office	100
(+) Profit @ 50%	50
Catalogue Price	150
(-) 20% discount	(30)
Invoice Price	120

Loading by Head office = 20% on Cost

$$= 1/5 \text{ on Cost (or)}$$

$$= 1/6 \text{ on the Invoice Price to Branch}$$

#### Computation of Provision for Discount on Debtors:

Particulars	Amount (Rs.)
Discount allowed to Debtors	13365
Cash realized from Debtors	85635
(a) Prompt payments debtors during the year	99000
(b) Total debtors during the year (Opening balance + Credit sales) (10,000 + 100,000)	1,10,000
Ratio of Prompt Payment debtors to total debtors (a/b)	90%

$$\therefore \text{Provision for Discount} = \text{Clo. Debtors} \times 90\% \times 15\% = 11,000 \times 90\% \times 15\%$$

$$= 1485$$

#### Computation of Abnormal Loss:

Particulars	Amount (Rs.)
Opening Stock at invoice Price	12,000
(+) Goods received from Head office (at Invoice)	132,000
Total Cost of Goods	144,000
(-) Invoice Price of goods Sold	
- Cash Sales (46,000 x 120/120)	(46000)
- Credit Sales (100,000 x 120/150)	(80,000)
	18,000
(-) Closing Stock (Invoice Price)	(15,000)
Abnormal Loss (Invoice Price)	3000

$$\text{Cost of Abnormal Loss to Head Office} 3000 \times \frac{100}{120} = \text{Rs.} 2,500$$

Branch Trading and Profit & Loss A/c for the year ended 31<sup>st</sup> march 2002

Dr.		Cr.	
Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
To Opening Stock	12,000	By sales	
To Goods from Head office A/c	1,32,000	- Cash	46,000
To Gross Profit c/d	19,500	- Credit	100,000
		By Abnormal Loss (W.N) A/c	2,500
		By Closing Stock A/c	15,000
	1,63,500		163,500
To Discount A/c	13,365	By Gross Profit b/d	19,500
To Expenses A/c	6,000		
To Provision for Discount On Debtors A/c	1485*		
To Abnormal Loss A/c	2,500	By Net Loss c/d	3850
	23,350		23,350

## General Profit &amp; Loss A/c (extract)

Dr.		Cr.	
Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
To Net Loss b/d	3,850	By Stock Reserve on Opening Stock (12000 x 1/6)	2,000
To Stock Reserve on Closing stock A/c (15000 x 1/6)	2,500	By Loading on Goods Sent to Branch (132000 x 1/6)	22,000
To Net Profit	17,650		
	24,000		24,000

## PROBLEM NO: 8

## Journal Entry in the books of Head Office

Particulars	Debit (Rs.)	Credit (Rs.)
Chennai Branch A/c	Dr. 6,000	
Cochin Branch A/c	Dr. 16,000	
To Mumbai Branch A/c		6,000
To Delhi Branch A/c		16,000
(Being the adjustment entry passed by head office in respect of inter-branch transactions)		

## Statement of Inter Branch Transaction Effects:-

Particulars	Bombay (Rs.)	Madras (Rs.)	Calcutta (Rs.)	Patna (Rs.)
→ <u>Bombay</u> :				
Received goods	10,000(Dr)	-	6000 (Cr)	4000 (Cr)
Sent Goods	18000 (Cr)	-	8000 (Dr)	10,000(Dr)
Received Bills Receivable	6000 (Dr)	-	-	6000 (Cr)
Sent Acceptance	6000 (Cr)	-	4000 (Dr)	2000 (Dr)
→ <u>Madras</u> :-				
Received goods	4000 (Cr)	14000 (Dr)	10,000 (Cr)	-
Cash Sent	6000 (Dr)	8000 (Cr)	2000 (Dr)	-
→ <u>Calcutta</u> :-				
Sent goods	-	-	6000 (Cr)	6000 (Dr)
Paid bills payable and cash	-	-	8000 (Cr)	8000 (Dr)
	6000 (Cr)	6000 (Dr)	16000 (Cr)	16000 (Dr)

**PROBLEM NO: 9**

Journal Entries in the books of Head Office:-

Particulars	Debit (Rs.)	Credit (Rs.)
(1) Loss of goods due to theft during transit A/c.... To Purchases A/c (Being goods lost on account of theft during transit)	Dr 12000	12000
(2) Salaries A/c To Branch A/c	Dr 15000	15000
(3) No Entry in the books of head office for goods sent to branch not received by branch till 31 <sup>st</sup> March 2012		
(4) Cash-in-Transit A/c To Branch A/c (Being remittance by branch not received by Head office till 31 <sup>st</sup> mar 2012)	Dr 10,000	10,000
(5) Branch A/c To Purchases A/c (Being rectification of entry for payment for goods purchased by branch wrongly debited to purchase A/c)	Dr 25,000	25,000

**Note:**

1. In entry (i) it is assumed that refusal of branch manager (to accept liability of stolen goods is accepted by the head office. Alternatively, branch account will be credited on the basis of assumptions that refusal of branch manager is not accepted by head office.
2. In entry (iii) the goods in transit entry will be passed in the books of the branch.

**PROBLEM NO: 10**Delhi Branch Trading and Profit & Loss Account for the year ended 31<sup>st</sup> Dec 2012

Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
To Opening Stock A/c		By Sales A/c	1,00,000
- Head office (4000 x 80%)	3,200	By Goods from Branch A/c	3,000
- Others	500	By Closing Stock A/c	
To Goods to Branch A/c	40,000	- H.O	2,400
To Purchases A/c	20,000	- Others	1,000
To Gross Profit c/d	42,700		1,06,400
	1,06,400	By Gross Profit b/d	42,700
To Salaries A/c	7,000		
To Rent A/c	3,000		
To Office expenses A/c	2,000		
To Depreciation on furniture @ 10%	500		
To Net Profit (Bal.f)	30,200		
	42,700		42,700

## Branch Fixed Asset A/c (in Head office books)

Dr.

Cr.

Date	Particulars	Amount (Rs.)	Date	Particulars	Amount (Rs.)
01.01.12	To balance b/d	5,000	31.12.12	By Delhi Branch A/c (depreciation)	500
				By balance c/d	4,500
		5,000			5,000
01.01.13	To balance b/d	4,500			

WORKING NOTES:**Cash/Bank A/c (Branch Books)**

Dr.			Cr.	
Particulars		Amount (Rs.)	Particulars	Amount (Rs.)
To balance b/d		1,000	By salaries	7,000
To Sale Proceeds			By Rent	3,000
Sales	1,00,000		By Office Expenses	2,000
(+) Opening balance of Debtors	9,500		By Creditors	4,700
	1,09,500		By Head office	32,000
(-) C/o. balance	(15,000)		By Cash balance	500
Cash received		94,500	By Bank balance	4,000
		95,500		95,500

Opening balance + Purchases – Closing balance = payment

30,000 + 20,000 – 3000 = Rs.47000 /-

**Trail balance of Delhi Branch as on 1-1-2012**

Particulars	Debit (Rs.)	Credit (Rs.)
Debtors	9,500	
Cash	1,000	
Stock H.O -4000		
Others -500	4,500	
Creditors		30,000
Head Office A/c	15,000	
	30,000	30,000

**Head Office A/c**

Particulars	Amount (Rs)	Particulars	Amount (Rs)
To Balance (transfer)	15,000	By Goods from H.O	50,000
To Cash	32,000		
To Goods Sent to branch A/c	3,000		
	50,000		50,000

- Credit balance in Head office A/c before this transfer will be Rs.15000
- Furniture A/c is maintained in Head office books it is not part of either opening or closing

**PROBLEM NO: 11**

In the books of Head Office

Branch Trading and profit & Loss A/c (in dollars) for the year ended 31<sup>st</sup> Dec 2012

Dr.			Cr.
Particulars	Amount (\$)	Particulars	Amount (\$)
To Opening stock	11,200	By Sales A/c	84,000
To Goods form Head Office A/c	64,000	By Closing Stock (WN-1)	8000
To Gross Profit c/d	16,800		
	92,000		92000
To Expenses A/c	5,000	By Gross Profit b/d	16,800
To Depreciation A/c	2,400		
To Manager's Commission [WN-2]	470		
To Net Profit c/d	8,930		
	16,800		16,800

WORKING NOTE:1 Calculation of closing stock

Particulars	Amount (\$)
Opening stock	11,200
(+) Goods from Head office	64,000
	75,200
(-) cost of Goods sold (at invoice price) $84,000 \times \frac{100}{125}$	(67,200)
Closing stock	8,000

Closing stock in rupees \$8000 x Rs. 48  $\Rightarrow$  Rs. 3,84,000

WORKING NOTE 2

Calculation of manager's commission @5% on profit

$$\$ [16,800 - (5000+2400)] \times 5\%$$

$$= \$9400 \times 5\% = \$ 470$$

$\therefore$  Managers Commission in Rupees \$ 470 X Rs. 48 = Rs. 22,560/-

a) Converted Branch Trail Balance Into Indian Currency :

Particulars	Rate Per \$	Debit (Rs.)	Credit (Rs.)
Machinery	40	9,60,000	-
Stock Jan 1, 2012	46	5,15,200	-
Goods from Head office	Actual	29,26,000	-
Sales	47	-	39,48,000
Expenses	47	2,35,000	-
Debtors	48	2,30,400	-
Creditors	48	-	1,63,200
Cash at Bank	48	57,600	-
Head office	Actual	-	8,60,000
Difference		47,000	-
		49,71,200	49,71,200

b) Branch Trading and Profit & Loss A/c for the year ended 31-12-2012

Dr. Cr.

Particulars	Amount (Rs)	Particulars	Amount (Rs)
To opening stock	5,15,200	By Sales A/c	39,48,000
To Goods From H.O A/c	29,26,000	By Closing stock	3,84,000
To Gross Profit c/d	890,800		
	43,32,000		43,32,000
To Expenses	2,35,000	By Gross Profit b/d	8,90,800
To Depreciation A/c (960,000 x 10%)	96,000		
To Exchange diff A/c	47000		
To Managers commission A/c (W.N:2)	22,560		
To Net profit c/d	490,240		
	8,90,800		8,90,800

## c) Branch account

Dr.

Cr.

Particulars	Amount (Rs)	Particulars	Amount (Rs)
To balance b/d	8,60,000	By Machinery (960,000-96000)	8,64,000
To Net Profit	4,90,240	By Closing stock	3,84,000
To Creditors	1,63,200	By Debtors	2,30,400
To o/s commission	22,560	By Cash at bank	57,600
	15,36,000		15,36,000

**PROBLEM NO:12**

In the books of moon star

a) Trial Balance (in Rupees) of Virginia (USA) Branch as on 31<sup>st</sup> march 2012

Particulars	Dr (\$)	Cr (\$)	Conversion rate	Dr (Rs.)	Cr (Rs.)
Office Equipment	43,200	-	50	21,60,000	-
Dep. On office equipment	4,800	-	50	2,40,000	-
Furniture & Fixtures	2,880	-	50	1,44,000	-
Dep on furniture & Fixtures	320	-	50	16,000	-
Stock (1 <sup>st</sup> April 2011)	22,400	-	47	10,52,800	-
Purchases	96,000	-	45	43,20,000	-
Sales	-	166,400	45	-	74,88,000
Goods Sent form H.O	32,000	-	-	15,80,000	-
Carriage Inward	400	-	45	18,000	-
Salaries (3200 + 400)	3,600	-	45	1,62,000	-
o/s salaries	-	400	50	-	20,000
Rent, rates & Taxes	800	-	45	36,000	-
Insurance	400	-	45	18,000	-
Trade expenses	400	-	45	18,000	-
Head office A/c	-	45,600	-	-	20,50,000
Trade debtors	9,600	-	50	4,80,000	-
Trade Creditors	-	6800	50	-	3,40,000
Cash at bank	2,000	-	50	1,00,000	-
Cash in hand	400	-	50	20,000	-
Exchange gain (b/f)					4,66,800
	2,19,200	2,19,200		1,03,64,800	1,03,64,800

b) Trading and profit & Loss A/c of Virginia Branch for the year ended 31<sup>st</sup> march 2012

Particulars	Amount (Rs)	Particulars	Amount (Rs)
To Opening stock	10,52,800	By sales	74,88,000
To purchases	43,20,000	By closing stock (\$21,500x50)	10,75,000
To Goods from H.O	15,80,000		
To Carriage Inward	18,000		
To Gross profit c/d	15,92,200		
	85,63,000		85,63,000
To Salaries	1,62,000	By Gross profit b/d	15,92,200
To Rent, rates & Taxes	36,000		
To Insurance	18,000		
To Trade Expenses	18,000		
To Depreciation on office equipment	2,40,000		

To Depreciation on furniture & Fixtures	16,000		
To Net Profit c/d	11,02,200		
	15,92,200		15,92,200

c) Balance sheet of Virginia branch as on 31<sup>st</sup> March 2012

Dr.

Cr.

Liabilities		Amt (Rs.)	Assets		Amt (Rs.)
Head office A/c	20,50,000		Office Equipment	24,00,000	
(+) Net Profit	1102,200	31,52,200	(-) depreciation@10%	(2,40,000)	21,60,000
Foreign Currency translation Reserve		466,800	Furniture & Fixtures	160,000	
Trade creditors		3,40,000	(-) Depreciation@10%	(16,000)	1,44,000
o/s salaries		20,000	Classing stock		10,75,000
			Trade debtors		4,80,000
			Cash n hand		20,000
			Cash at Bank		1,00,000
		39,79,000			39,79,000

**PROBLEM NO:13**M/s Carlin Mumbai branch trial balance in (US \$) As on 31<sup>st</sup> march, 2013

Particulars	Conversion Rate	Dr. US\$	Cr. US\$
Stock on 1.4.2012	40	7,500.00	-
Purchases	41	19,512.00	-
Sales	41	-	29,268.29
Sunday debtors	42	9523.81	-
Sunday creditors	42	-	7142.86
Bills of exchange	42	2857.14	5714.29
Wages & salaries	41	13,658.54	-
Rent, rates & Taxes	41	8780.49	-
Sunday charges	41	3902.44	-
Computers-	-	6000.00	-
Bank balance	42	10,000.00	-
New york office A/c	-	-	39,609.18
		81,734.62	81,734.62

Trading and Profit & Loss account for the year ended 31<sup>st</sup> march 2013:-

Particulars	US \$	Particulars	US \$
To opening stock	7500.00	By sales	29,268.20
To Purchases	19,512.200	By closing stock	10,00,000
To wages & salaries	13,658.54	By Gross Loss c/d	1402.45
	40,670.74		40,670.74
To Gross Loss b/d	1402.45	By Net Loss	17685.3
To Rent, rates & Taxes	8780.49		
To Sunday Charges	3,902.44		
To Depreciation on computers			
(US\$ 6000 x 0.6)	3600.00		
	17,685.38		17,685.38

Balance sheet of MUMBAI branch as on 31<sup>st</sup> march 2013

Liabilities		Amt (Rs.)	Assets		Amt (Rs.)
New York office A/c	39,609.18		Computers	6000.00	
(-) Net Loss	(17,685.38)	21,923.80	(-) Depreciation	(3600)	2400.00
Sunday creditors		7,142.86	Closing stock		10,000.00
Bills payable		5714.29	Sundry debtors		9523.81

			Bank balance		10,000.00
			Bills Receivable		2857.14
		34,780.95			34,780.95

### **PROBLEM NO: 14**

Sydney Branch Trail balance as on 31<sup>st</sup> Mar 2011

(Rs. 000's)

Particulars	Dr (\$)	Cr (\$)	Conversion rate	Dr (Rs.)	Cr (Rs.)
Plant & Machinery (at cost)	200	-	Rs.18	3600	--
Plant & machinery Dep reserve	-	130	Rs.18	-	2340
Debtors / creditors	60	30	Rs.24	1440	720
Stock as on 1 <sup>st</sup> April	20	-	Rs.20	400	-
Cash & bank balances	10	-	Rs.24	240	-
Purchases / sales	20	123	Rs.22	440	2706
Goods received from Head Office	5	-	-	100	-
Wages & salaries	45	-	Rs.22	990	-
Rent	12	-	Rs.22	264	-
Office expenses	18	-	Rs.22	396	-
Commission receipts	-	100	Rs.22	-	2200
H.O current A/c	-	7	-	-	120
Exchange Loss (b/f)				216	-
	390	390		8086	8086

Trading and Profit & Loss A/c to the year ended 31<sup>st</sup> mar 2011

(Rs.000)

Particulars	H.O	Branch	Total	Particulars	H.O	Branch	Total
To opening stock	100	400	500	By sales	520	2706	3226
To Purchases	240	440	680	By Good send to Br	100	-	100
To Goods received from H.O	-	100	100	By closing stock	150	75	225
To Gross Profit c/d	430	1841	2,271				
	<b>770</b>	<b>2781</b>	<b>3,551</b>		<b>770</b>	<b>2781</b>	<b>3551</b>
To wages & Salaries	75	990	1065	By Gross profit b/d	430	1841	2,271
To Rent	-	264	264	By Commission Receipts	256	2200	2,456
To office Expenses	25	396	421				
To PBD @5%	14	72	86				
To Depreciation [WN-1]	460	252	712				
To balance c/d	112	2067	2179				
	<b>686</b>	<b>4041</b>	<b>4727</b>		<b>686</b>	<b>4041</b>	<b>4727</b>
To Exchange loss			216	By balance b/d			2179
To Branch stock reserve (WN-2)			11				
To Managing Directors							
- Salary	30						
- Commission (WN-3)	40.16						
To Net profit before Tax	1881.84						
	2179						2179
To Provide for Tax (1881x47.5%)	893.874			By balance b/d			1881.84
To Net Profit after Tax	988						
	<b>1881</b>						<b>1881</b>

WORKING NOTE 1: Calculation of Depreciation

Particulars	Head office (Rs.)'00s	Branch (Rs.)'000s
Building-cost	100	
(-) depreciation Reserve	(200)	
	800	
Depreciation@ 10% (A)	80	
Plant & Machinery at cost	2500	3600
(-) Depreciation Reserve	(600)	(2340)
	1900	1260
Depreciation @ 20% (B)	380	252
∴ Total Depreciation (A)+(B)	460	252

Working Note 2:- Computation of Branch stock Reserve (Rs 000's)

Particulars	Amount (Rs.)'000s
Closing stock (\$3125 x 24)	75
Reserve on closing stock $\left( 75 \times \frac{25}{125} \right)$	15
(-) Branch stock Reserve on 1.4.2010	(4)
Reversal of stock reserve	11

WORKING NOTE 3: Computation of Managing Director's Commission

Particulars	Amount (Rs.)'000s
Profit before adjustments	2179
(+) Provision for Doubtful Debts	86
	<b>2265</b>
(-) Branch stock reserve 11	
(-) Exchange loss 216	
(-) Salary To Manager 30	(257)
	<b>2038</b>
Commission @2% of profit	40.16

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To **MASTER MINDS**, Guntur

**THE END**