

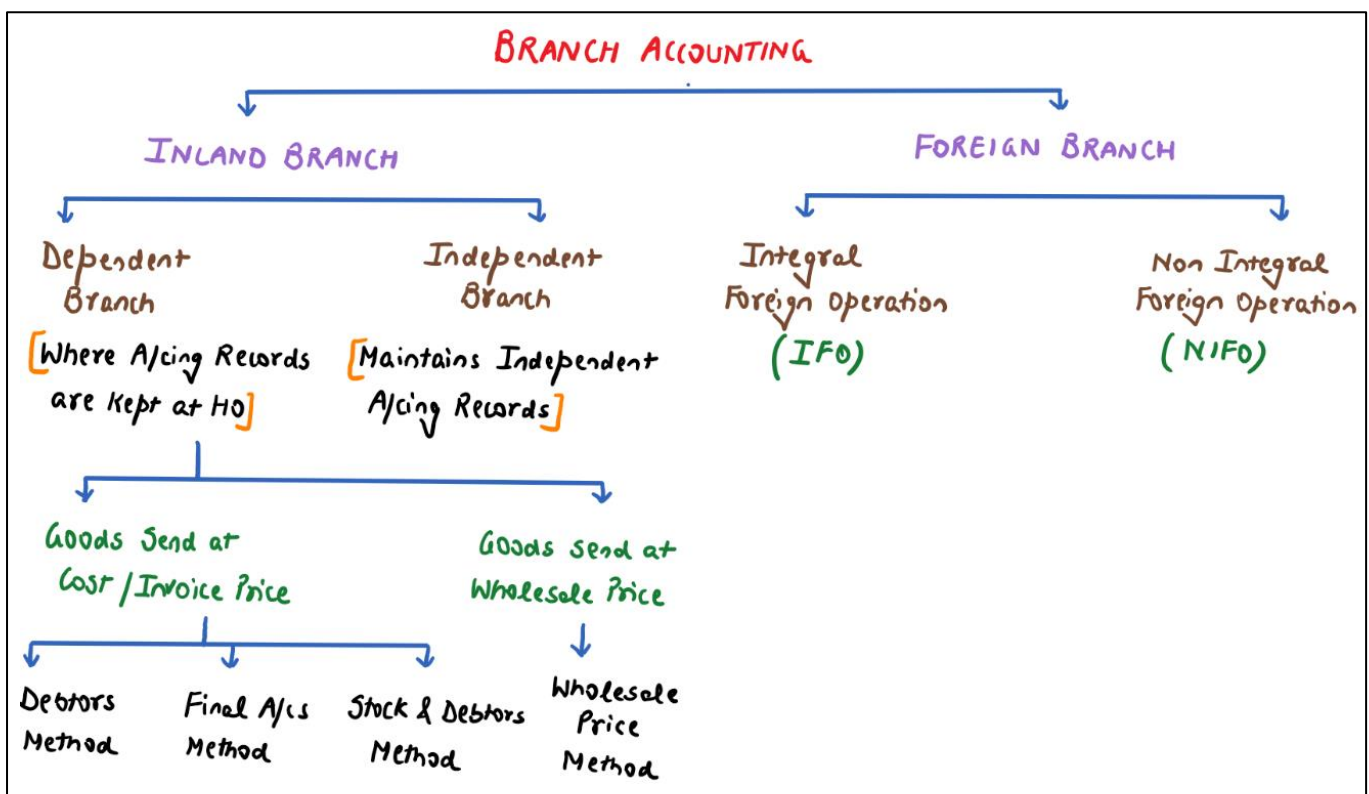
# BRANCH ACCOUNTING

*"To succeed in your mission, you must have single-minded devotion to your goal."*

## MEANING

A Branch can be described as any establishment carrying on either the same or substantially same activity as that carried on by Head Office.

Branch offices are of a great utility in the sense that they allow business to be expanded closer to the clients and hence they facilitate face to face interaction with customers.



### Difference between Branch and Department

**Branch:** Establishment at location different from Head Office to carry either same or substantially same activity as carried on by Head Office

**Department:** Division of a large organization dealing with a various kind of activity at the same location.

Let's take an example of a CA Firm working in the field of Auditing, Taxation & Finance having office at Mumbai, Chennai and Delhi practicing such fields. The CA firm has various branches in different cities, i.e., Delhi, Mumbai and Chennai, also it has various department of Auditing, Taxation and Finance at one particular branch (location).

## DISTINCTION B/W BRANCH & DEPARTMENTAL ACCOUNTS

BASIS	BRANCH ACCOUNTS	DEPARTMENTAL ACCOUNTS
Maintenance of Accounts	Branch accounts may be maintained either at branch or at head office.	Departmental accounts are maintained at one place only.
Allocation of common expenses	No allocation problem arises since the expenses in respect of each branch can be identified.	Common expenses are distributed among departments concerned on some equitable basis considered suitable in the case.
Reconciliation	Reconciliation of head office and branch accounts is necessary in case of independent branches at the end of the accounting year.	No such problem arises.
Conversion of foreign currency figures	At the time of finalization of accounts, conversion of figures of foreign branch is necessary.	No such problem arises in departmental accounts.

### DEPENDENT BRANCH

### DEBTORS METHOD

#### BRANCH ACCOUNT

Particulars	Amount	Particulars	Amount
To Balance b/d		By Balance b/d	
Stock (At Invoice Price)	xx	Creditors	xx
Debtors	xx	O/s Expenses	xx
Cash in hand	xx	By Stock Reserve (on Opening stock)	xx
Fixed Assets	xx	By Goods sent to branch (Loading)	xx
Prepaid expenses	xx	By Goods Returned to H.O. (At I.P.)	xx
To Goods sent to branch (At I.P.)	xx	By Bank (Remittances to H.O.)	
To Goods ret. to H.O. (Loading)	xx	• Cash Sales	xx
To Bank (Cash sent by H.O. to branch for expenses/Purchase of fixed assets)	xx	• Collection from Debtors	xx
		• Recovery from Insurance Co.	xx
		• Expenses paid by branch	(xx)
To Stock Reserve (on Closing stock)	xx	By Balance c/d	
To Balance c/d		Stock (At I.P.)	xx
Creditors	xx	Debtors	xx
O/s Expenses	xx	Cash in hand	xx
To Net Profit (Bal. Fig.)*	xx	Fixed Assets	xx
		Prepaid expenses	xx
		By Net Loss (Bal. Fig.)*	xx
	XXX		XXX

\*Any one of these

1) Sales Return by Debtor

Branch A/c	Memo. Debtors A/c
X	By Sales Return ←

2) Sales Return by Debtors directly to HO

Debtors → Branch → HO

Branch A/c	Memo. Debtors A/c
By Goods Returned to HO ←	By Sales Return ←

3) Discount Allowed, Bad debts etc.

Branch A/c : No Effect  
Memo. Debtors A/c : Written On Cr. Side

4) Normal / Abnormal Loss

Branch A/c : No Effect  
Shown in Memo. Stock A/c

Note:

1) If Insurance claim Received:  
Remittance to HO will increase or Closing cash will increase

2) If Insurance claim not received:  
Insurance claim Receivable shown under closing assets.

## FINAL ACCOUNTS METHOD

### BRANCH TRADING AND P&L A/C

Particulars	Amount	Particulars	Amount
To Opening stock (at cost)	xx	By Sales	
To Goods sent to branch xx		Cash xx	
(-) Returns (xx)	xx	Credit xx	
To Direct Expenses	xx	( - ) Sales Return (xx)	xx
To Gross Profit (Bal. Fig.)	xx	By Abnormal Loss	xx
		By Closing stock (at cost)	xx
	XXX		XXX
To Indirect expenses	xx	By Gross Profit	xx
To Abnormal Loss	xx	By Discount received	xx
To Net Profit (Bal. Fig.)	xx		
	XXX		XXX

## STOCK & DEBTORS METHOD

### Branch Stock Account (At Invoice Price)

Particulars	Amount	Particulars	Amount
To Balance b/d	xx	By Goods sent to branch (returns)	xx
To Goods sent to branch	xx	By Bank (Cash Sales)	xx
To Branch Debtors A/c (Returns)	xx	By Branch Debtors A/c (Credit Sale)	xx
To Surplus transferred to Branch adjustment [SP > IP]	xx	By Shortage/Abnormal Loss	xx
		By Branch Adjustment (Normal loss)	xx
		By Balance c/d	xx
	XXX		XXX

Note In case of Branch Stock Account, if Balance figure is on credit side then:

Case 1: Closing stock not given → then balance figure will be considered as Closing Stock.

Case 2: Closing stock is given → then consider balance figure to be shortage/abnormal loss and separate the same accordingly in Branch adjustment & Branch P&L account.

### Branch Adjustment Account

Particulars	Amount	Particulars	Amount
To Goods sent to branch-Returns (Loading)	xx	By Stock Reserve (Opening stock)	xx
To Stock Reserve (Closing stock)	xx	By Goods sent to branch (Loading)	xx
To Abnormal Loss (Loading)	xx	By Surplus transferred from Branch Stock A/c	xx
To Branch Stock (Normal loss)	xx		
To Branch P&L {Gross Profit}	xx		
	XXX		XXX

### Branch Expenses Account

Particulars	Amount	Particulars	Amount
To Bank A/c (expenses) [like printing & stationery, salaries, rent & rates, etc.)	xx	By Branch P & L A/c	xx
	XXX		XXX

### Branch P & L Account

Particulars	Amount	Particulars	Amount
To Branch Expenses A/c	xx	By Branch Adjustment (G.P.)	xx
To Branch Debtors A/c Discount Bad Debts	xx	By Branch Cash a/c (Claim received from insurance Co.)	xx
To Abnormal Loss (Cost)	xx		
To Net Profit (Bal. Fig.)	xx		
	XXX		XXX

**Goods Sent to Branch Account**

Particulars	Amount	Particulars	Amount
To Branch stock A/c	xx	By Branch stock A/c	xx
To Branch Adjustment A/c	xx	By Branch Adjustment A/c	xx
To Purchases/Trading A/c (Bal. Fig.)	xx		
	XXX		XXX

**Branch Debtors Account**

Particulars	Amount	Particulars	Amount
To Balance b/d	xx	By Branch stock A/c (Returns)	xx
To Branch stock A/c (Credit Sales)	xx	By Branch P&L A/c (Discount, Bad Debts, etc.)	xx
		By Bank A/c (Collection)	xx
		By Balance c/d	xx
	XXX		XXX

**Reasons/Objectives for sending goods on invoice price by Head Office to the Branch**

- To keep secret from the branch manager, cost price of the goods & profit made, so that branch manager may not start a rival and competitive business with the concern;
- To have effective control on stock i.e stock at any time must be equal to opening stock plus goods received from head office minus sales made at branch.
- To dictate pricing policy to its branches, as well as save work at branch because prices have already been decided.

**WHOLESALE PRICE METHOD****TRADING AND P&L A/C**

Particulars	Head Office	Branch	Particulars	Head Office	Branch
To Opening stock	√	√	By Goods sent to Branch	√	×
To Purchases	√	×	By Sales	√	√
To Goods Received from Head Office	×	√	By Closing Stock	√	√
To Gross Profit	√	√		×	
	XXX	XXX		XXX	XXX
To Indirect expenses	√	√	By Gross Profit	√	√
To Stock Reserve	√	×			
To Net Profit	√	√			
	XXX	XXX		XXX	XXX

## INDEPENDENT BRANCH

### Features of Accounting System

1. Branch maintains its entire book of accounts under double entry system.
2. Branch opens in its books a Head Office Account to record all the transactions that takes place between Head Office & Branch.
3. Head Office maintains a Branch account to record these transactions.
4. Branch prepares its trial balance, Trading & P & L a/c at the end of accounting period & sends copy of these statements to Head Office for incorporation.
5. After receiving final statement from branch, Head Office reconciles between the two – Branch A/c in Head Office Books & Head Office A/c in Branch Books.
6. Head Office prepares necessary entries to incorporate Branch trial balance in its books.

### JOURNAL ENTRIES

S.No.	Transaction	Books of H.O.	Books of Branch
1	Goods Dispatched by Head Office		
2	Remittance by Branch to Head Office		
3	Head Office sending cash to Branch		
4	Direct purchases by Branch		
5	Purchases by Branch but payment by Head Office		
6	Sales by Branch		
7	Collection from Debtors by branch		
8	Collection from Debtors directly by Head Office		
9	Expenses incurred at Branch		
10	Expenses of Branch paid by Head Office		
11	Head Office expenses charged to Branch (Allocation to Branch)		

12	Transfer of goods from one branch to another		
13	<i>Fixed Assets maintained at Branch</i>		
a)	Fixed Asset purchased by Branch		
b)	Fixed Asset purchased by Branch paid by Head Office		
c)	Depreciation on the above		
14	<i>Fixed Asset A/c maintained at HO</i>		
a)	Fixed asset purchased at Branch & recorded at Head Office Books		
b)	Branch Fixed Asset recorded in HO books & payment by HO		
c)	Depreciation on the above		
15	Goods in Transit		
16	Cash in Transit		

**Question**

Particulars	Head Office		Branch	
	Dr.	Cr.	Dr.	Cr.
Goods sent to Branch		1,50,000		
Goods Received from Branch			1,40,000	
Branch Account	1,12,000			
Head Office Account				78,500

**Reasons for Disagreement:**

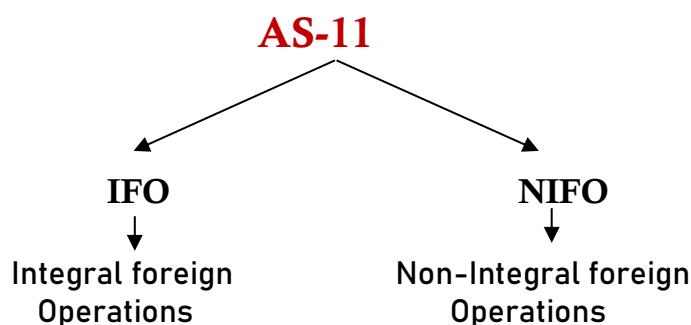
On analysis, the following were revealed:

1. ₹ 15,000 remitted by branch has not been received, hence not recorded in H.O books
2. Direct collection of ₹ 10,500 from branch customer by H.O not informed to branch.  
Hence not recorded by branch.
3. ₹ 14,500 paid by branch to H.O suppliers not recorded at H.O
4. H.O expenditure allocation to the branch ₹ 12,000 not recorded in the branch.
5. ₹7,500 being interest on F.D of H.O received by branch not recorded in H.O books.

**Question**

Mumbai Branch incurred an expenditure on advertisement of 10,000 on account of Chennai Branch.

## FOREIGN OPERATIONS



IFO	It is a foreign operation, the activities of which are integral part of those of the reporting enterprise. The business of IFO is carried on as if it were an extension of the reporting enterprises operations.
NIFO	It is a foreign operation that is not an integral foreign operation. The business of NIFO is carried on in substantially independent way by accumulating cash & other monetary items, incurring expenses, generating income & arranging borrowing in its own local currency.

### **INDICATORS OF NON-INTEGRAL FOREIGN OPERATIONS**

- ❖ Control by reporting enterprises - While the reporting enterprise may control the foreign operation, the activities of foreign operation are carried independently without much dependence on reporting enterprise.
- ❖ Transactions with the reporting enterprises are not a high proportion of the foreign operation's activities.
- ❖ Activities of foreign operation are mainly financed by its operations or from local borrowings. In other words, it raises finance independently and is in no way dependent on reporting enterprises.
- ❖ Foreign operation sales are mainly in currencies other than reporting currency.
- ❖ All expenses by foreign operations are primarily paid in local currency, not in the reporting currency.
- ❖ Day-to-day cash flow of the reporting enterprises is independent of the foreign enterprises cash flows.
- ❖ Sales prices of the foreign enterprises are not affected by the day-to-day changes in exchange rate of the reporting currency of the foreign operation.
- ❖ There is an active sales market for the foreign operation product.

#### **Monetary Items and Non-monetary Items:**

**Monetary items** are money held and assets and liabilities to be received or paid in fixed or determinable amounts of money. Cash, receivables and payables are examples of monetary items.

**Non-monetary items** are assets and liabilities other than monetary items. Fixed assets, investments in equity shares, inventories are examples of non-monetary assets.

### Conversion Rates

	Particulars	IFO	NIFO
1.	Opening Stock		
2.	Expenses & Incomes		
3.	Monetary Items (Cash, Bank, Debtors, Creditors, Loan, B/R, B/P)		
4.	Closing Stock		
5.	Non-Monetary Items (Fixed Assets & Depreciation on it)		
6.	Goods received from Head Office /Remittance to HO and Head Office account balance		
7.	Difference in Trial Balance (Exchange Difference)		

### CHANGE IN CLASSIFICATION

#### Integral to Non-Integral

- (i) Translation procedure applicable to non-integral shall be followed from the date of change.
- (ii) Exchange difference arising on the translation of non-monetary assets at the date of re-classification is accumulated in foreign currency translation reserve.

#### Non-Integral to Integral

- (i) Translation procedure as applicable to integral should be applied from the date of change.
- (ii) Translated amount of non-monetary items at the date of change is treated as historical cost.
- (iii) Exchange difference lying in foreign currency translation reserve is not to be recognized as income or expense till the disposal of the operation even if the foreign operation becomes integral.

## ASSIGNMENT QUESTIONS

### TOPIC 1: DEPENDENT BRANCH: DEBTORS METHOD & FINAL ACCOUNTS METHOD

#### Question 1

Pg no. \_\_\_\_\_

Ronaldo opened in 2020 a branch at Nagpur. It invoiced goods to branch at cost plus 25%

	Amount (₹)
Goods sent to branch (Invoice Price)	50,000
Cash sent to the Branch for expenses	8,000
Sales- Cash	22,000
- Credit	23,000
Cash received from debtors	20,000
Bad Debts written off	600
Stock on 31st December (invoice price)	4,800

Prepare Branch Account in the books of Head Office.

#### Question 2

Pg no. \_\_\_\_\_

Pawan, of Delhi has a branch at Jaipur. Goods are invoiced to the branch at cost plus 25%. The branch is instructed to deposit the receipts everyday in the head office account with the bank. All the expenses are paid through cheque by the head office except petty cash expenses which are paid by the Branch. From the following information, you are required to prepare Branch Account in books of Head office:

Stock at invoice price on 1.4.2020	1,64,000
Stock at invoice price on 31.3.2021	1,92,000
Debtors as on 1.4.2020	63,400
Debtors as on 31.3.2021	84,300
Furniture & fixtures as on 1.4.2020	46,800
Cash sales	8,02,600
Credit sales	7,44,200
Goods invoiced to branch by head office	12,56,000
Expenses paid by head office	2,64,000
Petty expenses paid by the branch	20,900
Furniture acquired by the branch on 1.10.2020 (payment was made by the branch from cash sales & collection from debtors)	5,000

Depreciation to be provided on branch furniture & fixtures @ 10% p.a. on WDV basis.

#### Question 3

Pg no. \_\_\_\_\_

Fanna Cloth Mills opened a branch at Mumbai on 1st April, 2020. The goods were invoiced to the branch at selling price which was 125% of the cost to the head office. The following are the particulars of transactions relating to branch during the year ended 31<sup>st</sup> March, 21

	₹	₹
Goods sent to branch at cost to head office		42,12,600
Sales:           Cash	18,76,050	
Credit	26,61,450	45,37,500
Cash collected from debtors		23,55,000
Discount allowed to debtors		23,550
Returns from debtors		15,000

Spoiled cloth in bales written off at invoice price		7,500
Cheques sent to branch for: Rent	1,08,000	
Salaries	2,70,000	
Other Expenses	52,500	4,30,500

Prepare Branch Account based on invoice price under Debtors method for ascertaining profit.

**Question 4** (RTP Nov 2019)

Pg no. \_\_\_\_\_

From the following particulars relating to Pune branch for the year ending December 31, 2021, prepare Branch Account in the books of Head office.

		₹
Stock at Branch on January 1, 2021		10,000
Branch Debtors on January 1, 2021		4,000
Branch Debtors on Dec. 31, 2021		4,900
Petty cash at branch on January 1, 2021		500
Furniture at branch on January 1, 2021		2,000
Prepaid fire insurance premium on January 1, 2021		150
Salaries outstanding at branch on January 1, 2021		100
Good sent to Branch during the year		80,000
Cash Sales during the year		1,30,000
Credit Sales during the year		40,000
Cash received form debtors		35,000
Cash paid by the branch debtors directly to the Head Office		2,000
Discount allowed to debtors		100
Cash sent to branch for Expenses:		
Rent	2,000	
Salaries	2,400	
Petty Cash	1,000	
Insurance up to March 31, 2022	600	6,000
Goods returned by the Branch		1,000
Goods returned by the debtors		2,000
Stock on December 31, 2021		5,000
Petty Cash spent by branch		850
Provide depreciation on furniture 10% p.a.		

Goods costing ₹ 1,200 were destroyed on account of fire and a sum of ₹ 1,000 was received from the Insurance Company.

**Question 5** (ICAI Study Material) / (RTP Nov 2023) (Similar)

Pg no. \_\_\_\_\_

Widespread invoices goods to its branch at cost plus 20%. The branch sells goods for cash as well as on credit. The branch meets its expenses out of cash collected from its debtors and cash sales and remits the balance of cash to head office after withholding ₹ 10,000 necessary for meeting immediate requirements of cash. On 31st March, 2020 the assets at the branch were as follows:

	₹ ('000)
Cash in Hand	10
Trade Debtors	384
Stock, at Invoice Price	1,080
Furniture and Fittings	500

During the accounting year ended 31st March, 2021 the invoice price of goods dispatched by the head office to the branch amounted to ₹ 1 crore 32 lakhs. Out of the goods received by it, branch sent back to head office goods invoiced at ₹ 72,000. Other transactions at branch during the year were as follows:

	₹ ('000)
Cash Sales	9,700
Credit Sales	3,140
Cash collected by Branch from Credit Customers	2,842
Cash Discount allowed to Debtors	58
Returns by Customers	102
Bad Debts written off	37
Expenses paid by Branch	842

On 1st January, 2021 the branch purchased new furniture for ₹ 1 lakh for which payment was made by head office through a cheque.

On 31st March, 2021 branch expenses amounting to ₹ 6,000 were outstanding and cash in hand was again ₹ 10,000. Furniture is subject to depreciation @ 16% per annum on diminishing balance method.

Prepare Branch Account in the books of head office for the year ended 31st March, 2021.

**Question 6** *(ICAI Study Material)*

Pg no. \_\_\_\_\_

Buckingham Bros, Bombay have a branch at Nagpur. They send goods at cost to their branch at Nagpur. However, direct purchases are also made by the branch for which payments are made at head office. All the daily collections are transferred from the branch to the head office. From the following, prepare Nagpur branch account in the books of head office by Debtors method & prepare Branch Trading and P&L Account in the books of Head Office.

	₹		₹
Opening balance (1-1-2021)		Bad Debts	1,000
Imprest Cash	2,000	Discount to Customers	2,000
Sundry Debtors	25,000	Remittances to H.O.	1,65,000
Stock: Transferred from H.O.	24,000	(recd. By HO)	
Direct Purchases	16,000		
Cash Sales	45,000	Remittances to H.O.	
		(not recd. by H.O. so far)	5,000
Credit Sales	1,30,000	Branch Exp. directly paid by HO	30,000
Direct Purchases	45,000	Closing Balance (31-12-2021)	
Returns from Customers	3,000	Stock: Direct Purchase	10,000
Goods sent to branch from H.O.	60,000	Transfer from H.O.	15,000
Transfer from H.O. for Petty	4,000	Debtors	?
Cash Exp.		Imprest Cash	?
		Petty cash expenses	4,000

**Question 7** *(ICAI Study Material)*

Pg no. \_\_\_\_\_

Sell Well who carried on a retail business opened a branch X on January 1st, 2021 where all sales were on credit basis. All goods required by the branch were supplied from the Head Office and were invoiced to the branch at 10% above cost. The following were the transactions:

	Jan 2021	Feb 2021	March 2021
Goods sent to Branch (Purchase Price)	40,000	50,000	60,000
Sales as shown by the branch monthly report	38,000	42,000	55,000
Cash received from Debtors and remitted to H.O.	20,000	51,000	35,000
Returns to H.O. (Invoice price to Branch)	1,200	600	2,400

The stock of goods held by the branch on March 31, 2021 amounted to ₹ 53,400 at invoice to branch. Record these transactions in the Head Office books, showing balances as on 31st March, 2021 and the branch gross profit for the three months ended on that date.

**Question 8 (ICAI Study Material)**

Pg no. \_\_\_\_\_

Arnold of Delhi, trades in Ghee and Oil. It has a branch at Lucknow. He dispatches 25 tins of Oil @ ₹ 1,000 per tin and 15 tins of Ghee @ ₹ 1,500 per tin on 1st of every month. The branch incurs some expenditure which is met out of its collections; this is in addition to expenditure directly paid by Head Office. Following are the other details:

		Delhi	Lucknow
		₹	₹
Purchases	Ghee	14,75,000	-
	Oil	29,32,000	-
Direct expenses		3,83,275	-
Expenses paid by H.O.		-	14,250
Sales	Ghee	18,46,350	3,42,750
	Oil	27,41,250	3,15,730
Collection during the year (including Cash Sales)		-	6,47,330
Remittance by Branch to Head Office		-	6,13,250

	(Delhi)	
Balance as on:	01-01-2021	31-12-2021
Stock : Ghee	1,50,000	3,12,500
: Oil	3,50,000	4,17,250
Debtors	7,32,750	-
Cash on Hand	70,520	55,250
Furniture & Fittings	21,500	19,350
Plant/Machinery	3,07,250	7,73,500

	(Lucknow)	
Balance as on:	01-01-2021	31-12-2021
Stock : Ghee	17,000	13,250
: Oil	27,000	44,750
Debtors	75,750	-
Cash on Hand	7,540	12,350
Furniture & Fittings	6,250	5,625
Plant/Machinery	-	

Addition to Plant/Machinery on 1-1-2021 ₹ 6,02,750.

Rate of Depreciation: Furniture / Fittings @ 10% and Plant / Machinery @ 15% (already adjusted in the above figures).

The Branch Manager is entitled to 10% commission after charging such commission whereas, the General Manager is entitled to 10% commission on overall company profits after charging such commission. General Manager is also entitled to a salary of ₹ 2,000 p.m. General expenses incurred by H.O. ₹ 24,000.



	₹
Goods sent to Branch (Invoice price)	4,80,000
Stock at Branch on 1.4.2020 (Invoice price)	24,000
Cash sales	1,80,000
Return of goods by customers to the Branch	6,000
Branch expenses (paid in cash)	53,500
Branch debtors balance on 1.4.2020	30,000
Discount allowed	1,000
Bad debts	1,500
Collection from Debtors	2,70,000
Branch debtors cheques returned dishonoured	5,000
Stock at Branch on 31.3.2021 (Invoice price)	48,000
Branch debtors balance on 31.3.2021	36,500

Prepare, under Stock & Debtors system, the following Ledger Accounts in the books of the Head Office:

- (i) Nagpur Branch Stock Account
- (ii) Nagpur Branch Debtors Account
- (iii) Nagpur Branch Adjustment Account.

Also compute shortage of Stock at Branch, if any

Pg no. \_\_\_\_\_

### Question 12

Yuvraj Singh, a cloth trader of Kolkata opened a Branch at Kanpur on 1-4-2020. The goods were sent by Head Office to the Branch and invoiced at selling price to the Branch, which is 125% of the cost price of Head Office.

The following are the particulars relating to the transactions of the Kanpur Branch

	₹	₹
Goods sent to Branch (at cost to H.O.)		4,50,000
Sales—Cash		2,10,000
—Credit		3,20,000
Cash collected from Debtors		2,85,000
Return from Debtors		10,000
Discount Allowed		8,500
Cash sent to Branch for Freight	30,000	
for Salaries	8,000	
for other expenses	12,000	50,000
Spoiled clothes written off at invoice price		10,000
Normal loss estimated at		15,000

Prepare Branch Stock Account, Branch Debtors Account and Branch Adjustment Account showing the net profit of the Branch.

### Question 13 (ICAI Study Material)

Pg no. \_\_\_\_\_

Harrison of Chennai has a branch at New Delhi to which goods are sent @ 20% above cost. The branch makes both cash and credit sales. Branch expenses are met partly from H.O. and partly by the branch. The statement of expenses incurred by the branch every month is sent to head office for recording. Following further details are given for the year ended 31st December, 2021:

	₹
Cost of goods sent to Branch at cost	2,00,000
Goods received by Branch till 31-12-2021 at invoice price	2,20,000

Credit Sales for the year @ invoice price	1,65,000
Cash Sales for the year @ invoice price	59,000
Cash Remitted to head office	2,22,500
Expenses paid by H.O.	12,000
Bad Debts written off	750

Balances as on	01-01-2021	31-12-2021
	₹	₹
Stock	25,000 (Cost)	28,000 (Invoice Price)
Debtors	32,750	26,000
Cash in Hand	5,000	2,500

Show necessary ledger accounts in the books of head office and determine the Profit and Loss of the Branch for the year ended 31st December, 2021 by Stock & Debtors method.

**Question 14**

Pg no. \_\_\_\_\_

Red and White of Mumbai started a branch at Bangalore on 1.4.2020 to which goods were sent at 20% above cost. The branch makes both cash sales and credit sales. Branch expenses are met from branch cash and balance money remitted to H.O. The branch does not maintain double entry books of account and necessary accounts relating to branch are maintained in H.O. Following further details are given for the year ending on 31.3.2021:

	₹
Cost of goods sent to branch	1,00,000
Goods received by branch till 31.3.2021 at Invoice price	1,08,000
Credit sales for the year	1,16,000
Closing debtors on 31.3.2021	41,600
Bad debts written off during the year	400
Cash remitted to H.O.	86,000
Closing cash on hand at branch on 31.3.2021	4,000
Cash remitted by H.O. to branch during the year	6,000
Closing stock in hand at branch at invoice price	12,000
Expenses incurred at branch	24,000

Draw up the necessary Ledger Accounts like Branch Debtors Account, Branch Stock Account, Goods sent to Branch Account, Branch Cash Account, Branch Expenses Account and Branch Adjustment A/c for ascertaining gross profit and Branch Profit and Loss A/c for ascertaining Branch profit.

**Question 15** *(Inter Nov 2022) (10 Marks)*

Pg no. \_\_\_\_\_

Modern Stores of Delhi operates a branch at Nagpur. The Head office affects all purchases and the branch is charged at cost plus 60%. All the cash received by Nagpur Branch is remitted to Delhi. The Branch expenses are met by the Branch out of an Imprest Account which is reimbursed by the Delhi Head Office every month. The Branch maintains a Sales Ledger and certain essential subsidiary records, but otherwise all branch transactions are recorded at Delhi.

The following branch transactions took place during the year ended 31st March, 2022:

	₹
Goods received from Delhi at Selling Price	1,50,000
Cash Sales	69,000
Goods returned to Delhi at Selling Price	3,000

Credit Sales (Net of returns)	63,000
Authorized Reduction in Selling Price of Goods Sold	1,500
Cash Received from Debtors	48,000
Debtors written off as irrecoverable	2,000
Cash Discount allowed to Debtors	1,500

- On 1st April, 2021 the Stock in trade at the Branch at Selling Price amounted to ₹ 60,000 and the Debtors were ₹ 40,000.
- A consignment of goods sent to the Branch on 27th March, 2022 with a Selling Price of ₹ 1,800 was not received until 5th April, 2022 and had not been accounted for in stock.
- The Closing Stock at Selling Price was ₹ 72,900.
- The expenses relating to the Branch for the year ended 31st March, 2022 amounted to ₹ 18,000

You are required to prepare the Branch Stock Account, Branch Debtors Account, Branch Adjustment Account and Branch Profit and Loss Account maintained at Delhi under Stock and Debtors method. Any stock unaccounted for is to be regarded as normal wastage.

### TOPIC 3: DEPENDENT BRANCH: WHOLESALE PRICE METHOD

#### Question 16 (ICAI Study Material)

Pg no. \_\_\_\_\_

Beta, having head office at Mumbai has a branch at Nagpur. The head office does wholesale trade only at cost plus 80%. The goods are sent to branch at the wholesale price viz., cost plus 80%. The branch at Nagpur is wholly engaged in retail trade and the goods are sold at cost to H.O. plus 100%.

Following details are furnished for the year ended 31st March, 2021:

	Head Office (₹)	Branch (₹)
Opening stock (as on 1.4.2020)	2,25,000	-
Purchases	25,50,000	-
Goods sent to branch (Cost to H.O. plus 80%)	9,54,000	-
Sales	27,81,000	9,50,000
Office expenses	90,000	8,500
Selling expenses	72,000	6,300
Staff salary	65,000	12,000

You are required to prepare Trading and Profit and Loss Account of the head office and branch for the year ended 31st March, 2021.

#### Question 17

Pg no. \_\_\_\_\_

Jhaveri Sons have their Head Office at Calcutta and a branch at Agra. The goods are sent to Branch at 20% less than the list price which is cost plus 100%

From the following particulars ascertain the profit made by the branch as well as the Head Office on wholesale basis:

	Head Office (₹)	Branch (₹)
Opening Stock (Cost/Invoice Price)	40,000	20,000
Purchases	4,00,000	-
Expenses	60,000	12,000
Goods destroyed by accident at invoice price	-	2,000
Sales at list Price	3,40,000	1,60,000
Goods sent to branch at invoice price	1,60,000	1,60,000

— **Question 18** *(ICAI Study Material)* \_\_\_\_\_ Pg no. \_\_\_\_\_

M/s Rahul operates a number of retail outlets to which goods are invoiced at wholesale price which is cost plus 25%. These outlets sell the goods at the retail price which is wholesale price plus 20%.

Following is the information regarding one of the outlets for the year ended 31.3.2021:

	₹
Stock at the outlet 1.4.20	30,000
Goods invoiced to the outlet during the year	3,24,000
Gross profit made by the outlet	60,000
Goods lost by fire	?
Expenses of the outlet for the year	20,000
Stock at the outlet 31.3.21	36,000

Prepare following accounts in the books of Rahul Limited for the year ended 31.3.21

- Outlet Stock Account.
- Outlet Profit & Loss Account.
- Stock Reserve Account

## TOPIC 4: INDEPENDENT BRANCH

— **Question 19** *(ICAI Study Material)* \_\_\_\_\_ Pg no. \_\_\_\_\_

Goods worth ₹ 50,000 sent by head office but branch has received till closing date goods for worth ₹ 40,000 only. Pass journal entry in books of H.O. & branch for goods in transit.

— **Question 20** *(ICAI Study Material)* \_\_\_\_\_ Pg no. \_\_\_\_\_

Give Journal Entries in the books of Branch A to rectify or adjust the following:

- Head Office expenses ₹ 3,500 allocated to the Branch, but not recorded in the Branch Books.
- Depreciation of branch assets, whose accounts are kept by the Head Office not provided earlier for ₹ 1,500.
- Branch paid ₹ 2,000 as salary to a H.O. Inspector, but the amount paid has been debited by the Branch to Salaries account.
- H.O. collected ₹ 10,000 directly from a customer on behalf of the Branch, but no intimation to this effect has been received by the Branch.
- A remittance of ₹ 15,000 sent by the Branch has not yet been received by the Head Office.
- Branch A incurred advertisement expenses of ₹ 3,000 on behalf of Branch B.

— **Question 21** \_\_\_\_\_ Pg no. \_\_\_\_\_

Show what journal entries would be passed by the Jaipur Head Office to record the following transactions in their Books on 31st March, 2021, the closing date:

- A remittance of ₹ 35,000 made by Sikar Branch to Head Office on 29th March, 2021 and received by the Head Office on 5th April, 2021.
- Goods of ₹ 63,000 sent by the Head Office to the Bikaner Branch on 28th March, 2021 and received by the later on 4th April, 2021.
- Sikar Branch paid ₹ 30,000 as salary to a visiting Head Office Official.

— **Question 22** *(ICAI Study Material)* \_\_\_\_\_ Pg no. \_\_\_\_\_

Pass necessary Journal entries in the books of an independent Branch of a Company, wherever required, to rectify or adjust the following:

- (i) Income of ₹2,800 allocated to Branch by HeadOffice but not recorded in Branch books
- (ii) Branch paid ₹ 3,000 as salary to a Head Office Manager, but the amount paid has been debited by the Branch to Salaries Account.
- (iii) Branch incurred travelling expenses of ₹ 5,000 on behalf of other Branches, but not recorded in the books of Branch.
- (iv) A remittance of ₹ 1,50,000 sent by the Branch has not received by Head Office on the date of reconciliation of Accounts.
- (v) Head Office allocates ₹ 75,000 to the Branch as Head Office expenses, which has not yet been recorded by the Branch.
- (vi) Head Office collected ₹ 30,000 directly from a Branch Customer. The intimation of the fact has been received by the Branch only now.
- (vii) Goods dispatched by the Head office amounting to ₹ 10,000, but not received by the Branch till date of reconciliation. The Goods have been received subsequently.

**Question 23** *(ICAI Study Material)*

Pg no. \_\_\_\_\_

Show adjustment Journal entry in the books of Head Office at the end of April, 2021 for incorporation of inter-branch transactions assuming that only Head Office maintains different branch a/cs in its books.

## A. Delhi Branch:

- (1) Received goods from Mumbai – ₹ 35,000 and ₹ 15,000 from Kolkata.
- (2) Sent goods to Chennai – ₹ 25,000, Kolkata – ₹ 20,000.
- (3) Bill Receivable received – ₹ 20,000 from Chennai.
- (4) Acceptances sent to Mumbai – ₹ 25,000, Kolkata – ₹ 10,000.

## B. Mumbai Branch (apart from the above):

- (5) Received goods from Kolkata – ₹ 15,000, Delhi – ₹ 20,000.
- (6) Cash sent to Delhi – ₹ 15,000, Kolkata – ₹ 7,000.

## C. Chennai Branch (apart from the above):

- (7) Received goods from Kolkata – ₹ 30,000.
- (8) Acceptances and Cash sent to Kolkata – ₹ 20,000 and ₹10,000 respectively.

## D. Kolkata Branch (apart from the above):

- (9) Sent goods to Chennai – ₹ 35,000.
- (10) Paid cash to Chennai – ₹15,000.
- (11) Acceptances sent to Chennai – ₹15,000.

**Question 24**

Pg no. \_\_\_\_\_

L Ltd. has its head office at Mumbai and two branches at Pune and Goa. The branches purchase goods independently. The Pune branch makes a profit of 33-1/3% on cost which the Goa branch makes a profit of 20% on sales. Goods are also supplied by one branch to another at the respective sales price. From the following particulars, prepare the Trading and Profit and Loss Account of each of the branches and find out the profit or loss made by each of them after taking into account the reserve for unrealised profits:

Particulars	Pune Branch	Goa Branch
Opening Stock	40,000	30,000
Purchases (Including Inter Branch transfers)	2,00,000	2,50,000
Sales	2,80,000	2,95,625
Chargeable Expenses	15,000	27,500
Closing Stock	30,000	43,500
Office and Adm. Expenses	13,250	7,000
Selling and Distribution Expenses	15,000	10,000

Information:

- Opening stock at Pune Branch includes goods of ₹ 10,000 taken from Goa Branch,
- Opening stock at Goa Branch includes goods of ₹ 17,000 taken from Pune Branch at cost to receiving branch,
- The Pune Branch sales includes transfer of goods to Goa Branch at selling price ₹ 20,000
- The sales of Goa Branch include transfer of goods to Pune Branch at selling price ₹ 15,000.
- Closing stock at Pune Branch includes goods received from Goa Branch ₹ 5,000.
- Closing stock at Goa Branch includes goods of ₹ 4,000 received from Pune Branch.

**Question 25** *(ICAI Study Material)*

Pg no. \_\_\_\_\_

KP manufactures a range of goods which it sells to wholesale customers only from its head office. In addition, the H.O. transfers goods to a newly opened branch at factory cost plus 15%. The branch then sells these goods to the general public on only cash basis. The selling price to wholesale customers is designed to give a factory profit which amounts to 30% of the sales value. The selling price to the general public is designed to give a gross margin (i.e., selling price less cost of goods from H.O.) of 30% of the sales value.

KP operates from rented premises and leases all other types of fixed assets. The rent and hire charges for these are included in the overhead costs shown in the trial balances. From the information given below, you are required to prepare for the year ended 31st Dec., 2021 in columnar form.

- A Profit & Loss account for (i) H.O. (ii) the branch (iii) the entire business.
- Balance Sheet as on 31st Dec., 2021 for the entire business

	H.O.		Branch	
	₹	₹	₹	₹
Raw materials purchased	35,000			
Direct wages	1,08,500			
Factory overheads	39,000			
Stock on 1-1-2021				
Raw materials	1,800			
Finished goods	13,000		9,200	
Debtors	37,000			
Cash	22,000		1,000	
Administrative Salaries	13,900		4,000	
Salesmen's Salaries	22,500		6,200	
Other administrative & selling overheads	12,500		2,300	
Inter-unit accounts	5,000			2,000
Capital		50,000		
Sundry Creditors		13,000		
Provision for unrealized profit in stock		1,200		
Sales		2,00,000		65,200
Goods sent to Branch		46,000		
Goods received from H.O.			44,500	
	3,10,200	3,10,200	67,200	67,200

- (1) On 28th Dec., 2021 the branch remitted ₹ 1,500 to the H.O. and this has not yet been recorded in the H.O. books. Also on the same date, the H.O. dispatched goods to the branch invoiced at ₹ 1,500 and these too have not yet been entered into the branch books. It is the company's policy to adjust items in transit in the books of the recipient.
- (2) The stock of raw materials held at the H.O. on 31st Dec., 2021 was valued at ₹ 2,300.
- (3) You are advised that:
  - a. there were no stock losses incurred at the H.O. or at the branch.
  - b. it is KP's practice to value finished goods stock at the H.O. at factory cost.
  - c. there were no opening or closing stock of work-in-progress.
- (4) Branch employees are entitled to a bonus of ₹ 156 under a bilateral agreement.

**Question 26 (ICAI Study Material)**

Pg no. \_\_\_\_\_

The following Trial balances as at 31st December, 2021 have been extracted from the books of Major & Co. and its branch at a stage where the only adjustments requiring to be made prior to the preparation of a Balance Sheet for the undertaking as a whole.

	Head Office		Branch	
	Dr.	Cr.	Dr.	Cr.
Capital		1,50,000		
Fixed Assets	75,125		18,901	
Current Assets	1,21,809		23,715	(Note 3)
Current Liabilities		34,567		9,721
Stock Reserve, 1st Jan., 2021 (Note 2)		693		
Revenue Account		43,210		10,250
Branch Account	31,536			
Head Office Account				22,645
	<u>2,28,470</u>	<u>2,28,470</u>	<u>42,616</u>	<u>42,616</u>

1. Goods transferred from Head Office to the Branch are invoiced at cost plus 10% and both Revenue Accounts have been prepared on the basis of the prices charged.
2. Relating to the Head Office goods held by the Branch on 1st January, 2021.
3. Includes goods received from Head Office at invoice price ₹ 4,565.
4. Goods invoiced by Head Office to Branch at ₹ 3,641 were in transit at 31st December, 2021, as was also a remittance of ₹ 3,500 from the Branch.
5. At 31st December, 2021, the following transactions were reflected in the Head Office books but unrecorded in the Branch books.

The purchase price of lorry, ₹ 2,500, which reached the Branch on December 25th; a sum received on December 30, 2021 from one of the Branch debtors, ₹ 750.

You are required:

- (i) to record the foregoing in the appropriate ledger accounts in both sets of books;
- (ii) to prepare a Balance Sheet as at 31st December, 2021 for the undertaking as a whole.

**Question 27 (ICAI Study Material)**

Pg no. \_\_\_\_\_

Ring Bell Ltd. Delhi has a Branch at Bombay where a separate set of books is used. The following is the trial balance extracted on 31st December, 2021.

Head Office Trial Balance

	₹	₹
Share Capital (Authorised: 10,000 Equity Shares of ₹ 100 each):		
Issued: 8,000 Equity Shares		8,00,000

Profit & Loss Account - 1-1-2021		25,310
General Reserve		1,00,000
Fixed Assets	5,30,000	
Stock	2,22,470	
Debtors and Creditors	50,500	21,900
Profit for 2021		52,200
Cash Balance	62,730	
Branch Current Account	1,33,710	
	9,99,410	9,99,410

## Branch Trial Balance

	₹	₹
Fixed Assets	95,000	
Profit for 2021		31,700
Stock	50,460	
Debtors and Creditors	19,100	10,400
Cash Balance	6,550	
Head Office Current Account		1,29,010
	1,71,110	1,71,110

The difference between the balances of Current Account in two sets of books is accounted for as follows:

Cash remitted by the Branch on 31st December, 2021, but received by the Head Office on 1st January 2022 - ₹ 3,000.

Stock stolen in transit from Head Office and charged to Branch by the Head Office, but not credited to Head Office in the Branch books as the Branch Manager declined to admit any liability (not covered by insurance) - ₹ 1,700.

Give the Branch Current Account in Head Office books after incorporating Branch Trial Balance through journal.

**Question 28** (RTP May 2020 / ICAI Study Material)

Pg no. \_\_\_\_\_

On 31st March, 2021 Kanpur Branch submits the following Trial Balance to its Head Office at Lucknow

	₹ In Lacs
<b>Debit Balances</b>	
Furniture and Equipment	18
Depreciation on furniture	2
Salaries	25
Rent	10
Advertising	6
Telephone, Postage and Stationery	3
Sundry Office Expenses	1
Stock on 1st April, 2020	60
Goods Received from Head Office	288
Debtors	20
Cash at bank and in hand	8
Carriage Inwards	7
	<b>448</b>
<b>Credit Balances</b>	
Outstanding Expenses	3
Goods Returned to Head Office	5

Sales	360
Head Office	80
	<u>448</u>

Additional Information:

Stock on 31st March, 2021 was valued at ₹ 62 lacs. On 29th March, 2021 the Head Office dispatched goods costing ₹ 10 lacs to its branch. Branch did not receive these goods before 1st April, 2021. Hence, the figure of goods received from Head Office does not include these goods. Also the head office has charged the branch ₹ 1 lac for centralised services for which the branch has not passed the entry.

You are required to:

- Pass Journal Entries in the books of the Branch to make the necessary adjustments
- Prepare Final Accounts of the Branch including Balance Sheet, and
- Pass Journal Entries in the books of Head Office to incorporate whole of the Branch Trial Balance

**Question 29** *(ICAI Study Material)*

Pg no. \_\_\_\_\_

AFFIX of Kolkata has a branch at Delhi to which the goods are supplied from Kolkata but cost thereof is not recorded in the Head Office books. On 31st March, 2021 Branch Balance Sheet was as follows:

Liabilities	₹	Assets	₹
Creditors Balance	40,000	Debtors Balance	2,00,000
Head Office	1,68,000	Building Extension A/c closed by transfer to H.O. A/c	-
		Cash at Bank	8,000
	<u>2,08,000</u>		<u>2,08,000</u>

During the six months ending on 30-9-2021, the following transactions took place at Delhi.

	₹		₹
Sales	2,40,000	Manager's Salary	4,800
Purchases	48,000	Collections from Debtors	1,60,000
Wages paid	20,000	Discounts allowed	8,000
Salaries (inclusive of advance of ₹ 2,000)	6,400	Building Account (further payment)	4,000
General Expenses	1,600	Discount earned	1,200
Fire Insurance (paid for 1 year)	3,200	Cash paid to Creditors	60,000
Remittance to H.O.	38,400	Cash in Hand	1,600
		Cash at Bank	28,000

Set out the Head Office Account in Delhi books and the Branch Balance Sheet as on 30-9-2021. Also give journal entries in the Delhi books.

**Question 30** *(ICAI Study Material)*

Pg no. \_\_\_\_\_

Messrs Ramchand & Co., Hyderabad have a branch in Delhi. The Delhi Branch deals not only in the goods from Head Office but also buys some auxiliary goods and deals in them. They, however, do not prepare any Profit & Loss Account but close all accounts to the Head Office at the end of the year and open them afresh on the basis of advice from their Head Office. The fixed assets accounts are also maintained at the Head Office.

The goods from the Head Office are invoiced at selling prices to give a profit of 20 per cent on the sale price. The goods sent from the branch to Head Office are at cost. From the following prepare Branch Trading and Profit & Loss Account and Branch Assets Account in the Head Office Books.

Trial Balance of the Delhi Branch as on 31-12-2021

Debit	₹	Credit	₹
Head office opening balance on 1-1-21	15,000	Sales	1,00,000
Goods from H.O.	50,000	Goods to H.O.	3,000
Purchases	20,000	Head Office Current A/c	15,000
Opening Stock (H.O. goods at invoice prices)	4,000	Sundry Creditors	3,000
Opening Stock of other goods	500		
Salaries	7,000		
Rent	3,000		
Office expenditure	2,000		
Cash on Hand	500		
Cash at Bank	4,000		
Sundry Debtors	15,000		
	1,21,000		1,21,000

The Branch balances as on 1st January, 2021, were as under: Furniture ₹ 5,000; Sundry Debtors ₹ 9,500; Cash ₹ 1,000, Creditors ₹ 30,000. The closing stock at branch of the head office goods at invoice price is ₹ 3,000 and that of purchased goods at cost is ₹ 1,000. Depreciation is to be provided at 10 per cent on branch assets

## TOPIC 5: FOREIGN BRANCH

### Question 31

Pg no. \_\_\_\_\_

ABC Ltd. has head office at Delhi (India) and branch at New York (U.S.A). New York branch is an integral foreign operation of ABC Ltd. New York branch furnishes you with its trial balance as on 31st March, 2021 and the additional information given thereafter:

	Dr. (\$)	Cr. (\$)
Stock on 1st April, 2020	150	
Purchases and sales	400	750
Sundry Debtors and creditors	200	150
Bills of exchange	60	120
Sundry expenses	540	
Bank balance	210	
Delhi head office A/c		540
	1,560	1,560

The rates of exchange may be taken as follows:

- on 1.4.2020 @ ₹ 40 per US \$
- on 31.3.2021 @ ₹ 42 per US \$
- average exchange rate for the year @ ₹ 41 per US \$.

New York branch account showed a debit balance of ₹ 22,190 on 31.3.2021 in Delhi books and there were no items pending reconciliation.

You are asked to prepare trial balance of New York branch in ₹ in the books of ABC Ltd.

### Question 32 (ICAI Study Material)

Pg no. \_\_\_\_\_

A business having the Head Office in Kolkata has a branch in UK. The following is the trial balance of Head Office and Branch as at 31.03.2022:

Account Name	Dr.	Cr.
Fixed Assets (Purchased on 01.04.2019)	5,000	
Debtors	1,600	
Opening Stock	400	
Goods received from Head Office Account (Recorded in HO books as ₹ 4,02,000)	6,100	
Sales		20,000
Purchases	10,000	
Wages	1,000	
Salaries	1,200	
Cash	3,200	
Remittances to Head Office (Recorded in HO books as ₹ 1,91,000)	2,900	
Head Office Account (Recorded in HO books as ₹ 4,90,000)		7,400
Creditors		4,000

- Closing stock at branch is £ 700 on 31.03.2022.
- Depreciation @ 10% p.a. is to be charged on fixed assets.
- Prepare the trial balance after been converted in Indian Rupees.
- Exchange rates of Pounds on different dates are as follow:  
01.04.2019- ₹ 61;                      01.04.2021- ₹ 63                      31.03.2022 - ₹ 67

**Question 33**

Pg no. \_\_\_\_\_

DM Delhi has a branch in London which is an integral foreign operation of DM. At the end of year 31st March, 2021, the branch furnishes the following trial balance in U.K. Pound:

	Dr. (Pound)	Cr. (Pound)
Fixed assets (Acquired on 1st April, 2017)	24,000	
Stock as on 1st April, 2020	11,200	
Goods from head Office	64,000	
Expenses	4,800	
Debtors	4,800	
Creditors		3,200
Cash at bank	1,200	
Head Office Account		22,800
Purchases	12,000	
Sales		96,000
	1,22,000	1,22,000

In head office books, the branch account stood as shown below:

## London Branch A/c

	₹		₹
To Balance b/d	20,10,000	By Bank	52,16,000
To Goods sent to branch	49,26,000	By Balance c/d	17,20,000
	69,36,000		69,36,000

The following further information are given:

(a) Fixed assets are to be depreciated @ 10% p.a.

(b) On 31st March, 2021 :

- Expenses outstanding - £ 400
- Prepaid expenses - £ 200
- Closing stock - £ 8,000

(c) Rate of Exchange :

- |                     |               |
|---------------------|---------------|
| a. 1st April, 2017  | - ₹ 70 to £ 1 |
| b. 1st April, 2020  | - ₹ 76 to £ 1 |
| c. 31st March, 2021 | - ₹ 77 to £ 1 |
| d. Average          | - ₹ 75 to £ 1 |

You are required to prepare:

- (1) Trial balance, incorporating adjustments of outstanding and prepaid expenses, converting U.K. pound into Indian rupees.
- (2) Trading and profit and loss account for the year ended 31st March, 2021 and the Balance Sheet as on that date of London branch as would appear in the books of Delhi head office of DM.

### Question 34

Pg no. \_\_\_\_\_

Moon Star has a branch at Verginia (USA). The Branch is a non-integral foreign operation of the Moon Star. The trial balance of the Branch as at 31st March, 2021 is as follows:

Particulars	Dr. (US \$)	Cr. (US \$)
Office equipments	48,000	
Furniture and Fixtures	3,200	
Stock (April 1, 2020)	22,400	
Purchases	96,000	
Sales		1,66,400
Goods sent from H.O	32,000	
Salaries	3,200	
Carriage inward	400	
Rent, Rates & Taxes	800	
Insurance	400	
Trade Expenses	400	
Head Office Account		45,600
Sundry Debtors	9,600	
Sundry Creditors		6,800
Cash at Bank	2,000	
Cash in Hand	400	
	2,18,800	2,18,800

The following further information's are given:

- (1) Salaries outstanding \$ 400.
- (2) Depreciate office equipment and furniture & fixtures @10% p.a. at written down value.
- (3) The Head Office sent goods to Branch for ₹15,80,000
- (4) The Head Office shows an amount of ₹ 20,50,000 due from Branch.
- (5) Stock on 31st March, 2021 -\$21,500.
- (6) There were no transit items either at the start or at the end of the year.
- (7) On April 1, 2019 when the fixed assets were purchased the rate of exchange was ₹ 43 to one \$. On April 1, 2020, the rate was 47 per \$. On March 31, 2021 the rate was ₹ 50 per \$. Average rate during the year was ₹ 45 to one \$.

Prepare:

- (a) Trial balance incorporating adjustments given converting dollars into rupees.
- (b) Trading, Profit and Loss Account for the year ended 31st March, 2021 and Balance Sheet as on date depicting the profitability and net position of the Branch as would appear in the books of Moon Star for the purpose of incorporating in the main Balance Sheet

**Question 35** (RTP May 2023)

Pg no. \_\_\_\_\_

PQR has a branch at Houston (USA). Business of the Branch is carried out substantially independent by way of accumulating cash and other monetary items, incurring expenses, generating income and arranging borrowing in its local currency. The trial balance of the Branch as at 31st March, 2021 is as follows:

Particulars	Dr. (US \$)	Cr. (US \$)
Office equipment (Cost)	56,400	
Opening Accumulated Depreciation (Office equipment)		5,400
Furniture and Fixtures (Cost)	36,000	
Opening Accumulated Depreciation (Furniture and Fixtures)		6,840
Opening Stock as on 1st April, 2020	24,500	
Purchases	96,500	
Sales		1,76,250
Salaries	4,250	
Carriage Inward	256	
Rent, Rates & Taxes	956	
Sundry debtors	12,560	
Sundry creditors		8,650
Cash at bank	2,540	
Cash in Hand	500	
Head office Account		37,322
	2,34,462	2,34,462

Following further information are given:

- Salaries outstanding as on 31st March, 2021 is US\$ 600.
- Depreciate office equipment and furniture & fixtures @ 10% at written down value.
- Closing stock as on 31st March, 2021 is US \$, 24,650.
- You are informed that the Head office is showing receivable from the Branch as ₹ 23,75,614 as on 31st March, 2021. No transaction in respect of the Branch is pending in Head office.
- Office equipment (cost) includes one office equipment of US \$ 2,400 purchased on 1/04/2020.
- One furniture of carrying value of US \$ 450 as on 01/04/2020 (cost: US \$ 500 and Accumulated depreciation: US \$ 50) has been sold for US \$ 405 on 31/03/2021 to Mr. M at no profit no loss. Mr. M has not paid the amount till the finalization of branch account. No entry has been passed for this sale of furniture in the above trial balance.

The rate of exchange on different dates are:

Date	1 US \$ is equivalent to
1st April, 2020	64
31st December, 2020	70
31st March, 2021	75
Average for the year	72

You are required to prepare the trial Balance after incorporating adjustments given and converting US \$ into rupees.

**Question 36** *(ICAI Study Material)*

Pg no. \_\_\_\_\_

On 31st December, 2021 the following balances appeared in the books of Chennai Branch of an English firm having its HO office in New York:

	Amount (In ₹)	Amount (In ₹)
Stock on 1st Jan., 2021	2,34,000	
Purchases and Sales	15,62,500	23,43,750
Debtors and Creditors	7,65,000	5,10,000
Bills Receivable and Payable	2,04,000	1,78,500
Salaries and Wages	1,00,000	-
Rent, Rates and Taxes	1,06,250	-
Furniture	91,000	-
Bank A/c	5,68,650	-
New York Account	-	5,99,150
	36,31,400	36,31,400

Stock on 31st December, 2021 was ₹ 6,37,500.

Branch account in New York books showed a debit balance of \$ 13,400 on 31st December, 2021 and Furniture appeared in the Head Office books at \$ 1,750.

The rate of exchange for 1 \$ on 31st December, 2020 was ₹ 52 and on 31st December, 2021 was ₹ 51. The average rate for the year was ₹ 50.

Prepare in the Head Office books the Profit and Loss a/c and the Balance Sheet of the Branch assuming integral foreign operation.

**Question 37** *(ICAI Study Material)*

Pg no. \_\_\_\_\_

M/s Carlin has head office at New York (U.S.A.) and branch at Mumbai (India). Mumbai branch is an integral foreign operation of Carlin & Co. Mumbai branch furnishes you with its trial balance as on 31st March, 2021 and the additional information given thereafter:

	Dr.	Cr.
	Rupees in thousands	
Stock on 1st April, 2020	300	-
Purchases and sales	800	1,200
Sundry Debtors and creditors	400	300
Bills of exchange	120	240
Wages and salaries	560	-
Rent, rates and taxes	360	-
Sundry charges	160	-
Computers	240	-
Bank balance	420	-
New York office a/c	-	1,620
	3,360	3,360

Additional information:

- Computers were acquired from a remittance of US \$ 6,000 received from New York head office and paid to the suppliers. Depreciate Computers at 60% for the year.
- Unsold stock of Mumbai branch was worth ₹ 4,20,000 on 31st March, 2021.
- The rates of exchange may be taken as follows:
  - on 1.4.2020 @ ₹ 40 per US \$
  - on 31.3.2021 @ ₹ 42 per US \$
  - Average exchange rate for the year @ ₹ 41 per US \$
  - Conversion in \$ shall be made upto two decimal accuracy.

You are asked to prepare in US dollars the revenue statement for the year ended 31st March, 2021 and the balance sheet as on that date of Mumbai branch as would appear in the books of New York head office of Carlin & Co.

You are informed that Mumbai branch account showed a debit balance of US \$ 39609.18 on 31.3.2021 in New York books and there were no items pending reconciliation.

**Question 38**

Pg no. \_\_\_\_\_

ABCD Ltd., Delhi has a branch in New York, USA, which is an integral foreign operation of the company. At the end of 31st March, 2021, the following ledger balances have been extracted from the books of the Delhi office and the New York Branch:

Particulars	Delhi (₹ '000)		New York (\$ '000)	
	Debit	Credit	Debit	Credit
Share Capital		1,250		
Reserves and Surplus		940		
Land	475			
Building (cost)	1,000			
Buildings Depreciation Reserve		200		
Plant & Machinery (cost)	2,000		100	
Plant & Mach. Depreciation Reserve		500		20
Trade receivables/payables	500	270	60	20
Stock (01-04-2020)	250		25	
Branch Stock Reserve		65		
Cash & Bank Balances	125		4	
Purchases/Sales	275	600	25	125
Goods sent to Branch		1,500	30	
Managing Director's salary	50			
Wages & Salaries	100		18	
Rent			6	
Office Expenses	25		12	
Commission receipts		275		100
Branch/H.O. Current A/c	800			15
Total	5,600	5,600	280	280

The following information is also available:

- (1) Stock as at 31-03-2021
  - a. Delhi - ₹ 2,00,000
  - b. New York - \$ 10 (all stock received from Delhi)
- (2) Head Office always sent goods to the Branch at cost plus 25%.
- (3) Provision is to be made for doubtful debts at 5%.
- (4) Depreciation is to be provided on Buildings at 10% and on Plant and Machinery at 20% on written down values.

You are required:

- (a) To convert the branch Trial Balance into rupees, using following rates of exchange:
 

Opening rate 1 \$	= ₹ 50	Closing rate 1 \$	= ₹ 55
Average rate 1 \$	= ₹ 52	For Fixed assets 1 \$	= ₹ 45
- (b) To prepare the Trading and Profit & Loss Account for the year ended 31st March, 2021, showing to the extent possible, Head Office and Branch results separately

**Question 39** *(ICAI Study Material)*

Pg no. \_\_\_\_\_

Washington branch of XYZ Mumbai sent following trial balance as on 31st December, 2021:

	\$	\$
Head office A/c	-	22,800
Sales	-	84,000
Debtors and creditors	4,800	3,400
Machinery	24,000	-
Cash at bank	1,200	-
Stock, 1 January, 2021	11,200	-
Goods from H.O.	64,000	
Expenses	5,000	-
	1,10,200	1,10,200

In the books of head office, the Branch A/c stood as follows:

## Washington Branch A/c

	₹		₹
To Balance b/d	8,10,000	By Cash	28,76,000
To Goods sent to branch	29,26,000	By Balance c/d	8,60,000
	37,36,000		37,36,000

Goods are sent to branch at cost plus 10% & branch sells goods at invoice price plus 25%. Machinery was acquired on 31<sup>st</sup> Jan., 2017, when \$ 1.00 = ₹ 40. Rates of exchange were:

1st January, 2021	\$ 1.00 = ₹ 46
31st December, 2021	\$ 1.00 = ₹ 48
Average	\$ 1.00 = ₹ 47

Machinery is depreciated @ 10% and the branch manager is entitled to a commission of 5% on the profits of the branch.

You are required to:

- Prepare the Branch Trading & Profit & Loss A/c in dollars.
- Convert the Trial Balance of branch into Indian currency and prepare Branch Trading & Profit and Loss A/c and the Branch A/c in the books of head office.

## PRACTICE QUESTIONS

### TOPIC 1: DEPENDENT BRANCH: DEBTORS METHOD & FINAL ACCOUNTS METHOD

#### Question 1 *(ICAI Study Material)*

Pg no. \_\_\_\_\_

The Bombay Traders invoiced goods to its Delhi branch at cost. Head Office paid all the branch expenses from its bank account, except petty cash expenses which were met by the Branch. All the cash collected by the branch was banked on the same day to the credit of the Head Office. The following is a summary of the transactions entered into at the branch during the year ended December 31, 2021.

	₹		₹
Balances as on 1.1.2021:		Bad Debts	600
Stock	7,000	Goods returned by customers	500
Debtors	12,600	Salaries & Wages	6,200
Petty Cash,	200	Rent & Rates	1,200
Goods sent from H.O.	26,000	Sundry Expenses	800
Goods returned to H.O	1,000	Cash received from Debtors	28,500
Cash Sales	17,500	Balances as on 31.12.2021:	
Credit Sales	28,400	Stock	6,500
Allowances to customers	200	Debtors	9,800
Discount to customers	1,400	Petty Cash	100

Prepare:

- (a) Branch Account (Debtors Method),
- (b) Memorandum Branch Trading and Profit & Loss Account and
- (c) Branch Stock Account, Branch Debtors Account, Branch Expenses Account & Branch P&L Account as per Stock & Debtors Method.

#### Question 2

Pg no. \_\_\_\_\_

LMN is having branch at Mumbai. Goods are invoiced to the branch at 25% profit on sale. All expenses are paid by head office except petty expenses, which are met by the Branch. Prepare branch account in the books of head office:

	₹
Stock as on 1st April, 2020 (Invoice price)	40,000
Sundry Debtors as on 1st April, 2020	25,000
Cash in hand as on 1st April, 2020	1,000
Office furniture as on 1st April, 2020	4,000
Goods invoiced from the head office (invoice price)	1,80,000
Goods return to head office	6,000
Goods return by debtors	1,250
Cash received from Debtors	65,000
Cash sales	1,20,000
Credit sales	70,000
Discount allowed to debtors	300
Expenses paid by Head Office	
Salary	4,000
Staff Welfare	750
Telephone Expenses	1,200

Other Misc. Expenses paid by branch	700
Stock as on 31st March, 2021 (at invoice price)	35,000
Depreciation to be provided on branch furniture	10% p.a.

**Question 3**

Pg no. \_\_\_\_\_

XYZ is having its Branch at Kolkata. Goods are invoiced to the branch at 20% profit on sale. Branch has been instructed to send all cash daily to head office. All expenses are paid by head office except petty expenses which are met by the Branch Manager. From the following particulars prepare branch account in the books of Head Office.

	₹		₹
Stock on 1 <sup>st</sup> April 2020 (invoice price)	30,000	Expenses paid by head office:	
Sundry Debtors on 1st April, 2020	18,000	Rent	1,800
Cash in hand as on 1st April, 2020	800	Salary	3,200
Office furniture on 1st April, 2020	3,000	Stationery & Printing	800
Goods invoiced from the head office (invoice price)	1,60,000	Petty expenses paid by the branch	600
Goods return to Head Office	2,000	Discount allowed to debtors	160
Goods return by debtors	960	Credit sales	60,000
Cash received from debtors	60,000	Depreciation to be provided on branch furniture at 10% p.a	
Cash Sales	1,00,000	Stock on 31st March, 2021 (at invoice price)	28,000

**Question 4**

Pg no. \_\_\_\_\_

M/s X has a branch at Delhi and the goods are invoiced to branch at a profit of 20% on invoice price. Head Office paid all the branch expenses from its bank account, except petty cash expenses which were met by the branch. Branch expenses directly paid by M/s X on behalf of Delhi branch amounted to ₹ 20,000. Following information is available of the transactions at Delhi branch for the year ended 31st December, 2021:

	As on 01-01-2021	As on 31-12-2021
Stock, at invoice price	80,000	1,00,000
Debtors	24,000	22,000
Petty cash	3,000	5,000

Transactions during the year ended 31st December, 2021:

	₹
Goods sent to branch, at invoice price	8,40,000
Goods returned by branch to head office, at invoice price	30,000
Cash sales	3,10,000
Credit sales	3,60,000
Cash sent for petty expenses	12,000
Bad debts at Delhi branch	2,000
Goods returned by debtors	2,000

Prepare Delhi Branch A/c (on cost basis) in the books of M/s X under Debtors System

**Question 5** (RTP May 2022)

Pg no. \_\_\_\_\_

Mr. Chena Swami of Chennai trades in Refined Oil and Ghee. It has a branch at Salem. He despatches 30 tins of Refined Oil @ ₹ 1,500 per tin and 20 tins of Ghee ₹ 5,000 per tin on

1st of every month. The Branch has incurred expenditure of ₹ 45,890 which is met out of its collections; this is in addition to expenditure directly paid by Head Office.

Following are the other details:

		Chennai HO	Salem B.O.
Purchases	Refined Oil	27,50,000	-
	Ghee	48,28,000	-
Direct expenses		6,35,800	-
Expenses paid by H.O.		-	76,800
Sales	Refined Oil	24,10,000	5,95,000
	Ghee	38,40,500	14,50,000
Collection during the year		-	20,15,000
Remittance by Branch to Head Office		-	19,50,000

	(Chennai HO)	
	01-04-2020	31-03-2021
Balance as on:		
Stock : Refined Oil	44,000	8,90,000
: Ghee	10,65,000	15,70,000
Building	5,10,800	7,14,780
Furniture & Fixtures	88,600	79,740

	(Salem Branch Office)	
	01-04-2020	31-03-2021
Balance as on:		
Stock : Refined Oil	22,500	19,500
: Ghee	40,000	90,000
Debtors	1,80,000	?
Cash on Hand	25,690	?
Furniture & Fixtures	23,800	21,420

Additional information:

- Addition to Building on 01-04-2020 ₹ 2,41,600 by H.O.
- Rate of depreciation: Furniture & Fixtures @ 10% & Building @ 5% (already adjusted in above figure)
- The Branch Manager is entitled to 10% commission on Branch profits after charging his commission.
- The General Manager is entitled to a salary of ₹ 20,000 per month.
- General expenses incurred by Head Office is ₹ 1,86,000.

You are requested to prepare Branch Account in the Head Office books and also prepare Chena Swami's Trading and Profit & loss Account (excluding branch transactions) for the year ended 31st March, 2021.

### Question 6 (ICAI Study Material)

Pg no. \_\_\_\_\_

Harrison of Chennai has a branch at New Delhi to which goods are sent @ 20% above cost. The branch makes both cash and credit sales. Branch expenses are met partly from H.O. and partly by the branch. The statement of expenses incurred by the branch every month is sent to head office for recording. Following further details are given for the year ended 31st December, 2021:

	₹
Cost of goods sent to Branch at cost	2,00,000
Goods received by Branch till 31-12-2021 at invoice price	2,20,000
Credit Sales for the year @ invoice price	1,65,000

Cash Sales for the year @ invoice price	59,000
Cash Remitted to head office	2,22,500
Expenses paid by H.O.	12,000
Bad Debts written off	750

Balances as on	01-01-2021	31-12-2021
Stock	25,000 (Cost)	28,000 (Invoice Price)
Debtors	32,750	26,000
Cash in Hand	5,000	2,500

Prepare Branch Account in the books of the head office and determine the Profit and Loss of the Branch for the year ended 31st December, 2021 by Debtors method.

## TOPIC 2: DEPENDENT BRANCH: STOCK & DEBTORS METHOD

### Question 7 *(ICAI Study Material)*

Pg no. \_\_\_\_\_

M/s Marena, Delhi has a branch at Bangalore to which office goods are invoiced at cost plus 25%. The branch sells both for cash and on credit. Branch Expenses are paid direct from head office and the Branch has to remit all cash received into the Head Office Bank Account. From the following details, relating to calendar year 2021, prepare the accounts in the Head Office Ledger and ascertain the Branch Profit. Branch does not maintain any books of account but sends weekly returns to the Head Office.

Goods received from Head Office at invoice price	45,00,000
Returns to Heads Office at invoice price	90,000
Stock at Bangalore as on 1st January, 2021	4,50,000
Sales during the year – Cash	15,00,000
Credit	27,00,000
Sundry Debtors at Bangalore as on 1st January, 2021	5,40,000
Cash received from Debtors	24,00,000
Discount allowed to Debtors	45,000
Bad Debts in the year	30,000
Sales returns at Bangalore Branch	60,000
Rent, Rates and Taxes at Branch	1,35,000
Salaries, Wages and Bonus at Branch	4,50,000
Office Expenses	45,000
Stock at Branch on 31st December, 2021 at invoice price	9,00,000

### Question 8 *(Inter Nov 2020) (10 Marks) / (RTP Nov 2021) (Similar)*

Pg no. \_\_\_\_\_

Vijay & Co. of Jaipur has a branch in Patna to which goods are sent @ 20% above cost. The branch makes both cash & credit sales. Branch expenses are paid direct from Head office and the branch has to remit all cash received into the bank account of Head office. Branch doesn't maintain any books of accounts but sends monthly returns to head office. Following further details are given for the year ended 31st March, 2021:

	Amount (₹)
Goods received from Head office at Invoice Price	8,40,000
Goods returned to Head office at Invoice Price	60,000
Cash sales for the year 2020-21	1,85,000
Credit Sales for the year 2020-21	6,25,000
Stock at Branch as on 01-04-2020 at Invoice price	72,000

S. Debtors at Patna branch as on 01-04-2020	96,000
Cash received from Debtors	4,38,000
Discount allowed to Debtors	7,500
Goods returned by customers at Patna Branch	14,000
Bad debts written off	5,500
Amount recovered from Bad debts previously written off as Bad	1,000
Rent Rates & Taxes at Branch	24,000
Salaries & wages at Branch	72,000
Office Expenses (at Branch)	9,200
Stock at Branch as on 31-03-2021 at cost price	1,25,000

Prepare necessary ledger accounts in the books of Head office by following Stock and Debtors method and ascertain Branch profit.

**Question 9**

Pg no. \_\_\_\_\_

Using the Stock and Debtors system, find out the profit or loss made at the Kolkata Branch in 2021.

	₹
Stock (1st January) invoice price	24,000
Debtors (1st January)	12,400
Goods sent to the Branch (invoice price)	70,000
Goods returned by the Branch (invoice price)	2,000
Sales:	
Credit	42,000
Cash	40,000
Goods returned by customers	1,200
Cash received from debtors	39,600
Discount allowed to them	600
Cash sent for expenses at the Branch	12,200
Shortage of goods at the Branch (invoice price)	800

Goods are invoiced to the Branch at the selling price so as to show a profit of 30% on invoice price.

**Question 10** *(Inter May 2018) (10 Marks)*

Pg no. \_\_\_\_\_

Ayan Ltd. invoices goods to its branch at cost plus 33 1/3%. From the following particulars prepare Branch Stock Account, Branch Stock Adjustment Account and Branch Profit and Loss Account as they would appear in the books of head office.

Stock at commencement at Branch at invoice Price	3,60,000
Stock at close at Branch at Invoice Price	2,88,000
Goods sent to Branch during the year at invoice price (including goods invoiced at ₹ 48,000 to Branch on 31.03.2021 but not received by Branch before close of the year).	24,00,000
Return of goods to head office (invoice Price)	1,20,000
Credit Sales at Branch	1,20,000
Invoice value of goods pilfered	24,000
Normal loss at Branch due to wastage and deterioration of stock (at invoice price)	36,000
Cash Sales at Branch	21,60,000

Ayan closes its books on 31st March, 2021

**Question 11** *(Inter Dec 2021) (10 Marks)*

Pg no. \_\_\_\_\_

Delta Ltd. has branch at Kanpur. Goods are invoiced from the Head office to the Branch at cost plus 50%. Branch remits all cash received to Head office and all the expenses are met by Head office. Prepare necessary ledger accounts in the books of Delta Ltd. under Stock and Debtors system to show profit earned at the Branch for the year ending 31st March, 2021. Following information related to branch is given:

Particulars	₹	Particulars	₹
Stock on 1st April 2020 (Invoice price)	31,200	Surplus in stock (Invoice price)	600
Debtors on 1st April 2020	17,400	Goods returned by Debtors	3,000
Goods invoiced at cost	72,000	Expenses at Branch	13,400
Sales at Branch:		Discount allowed to Debtors	700
Cash sales	20,000		
Credit sales	68,200	Debtors on 31st March 2021	14,300

**Question 12** *(Inter May 2022) (10 Marks)*

Pg no. \_\_\_\_\_

Walkaway Footwears has its head office at Nagpur and Branch at Patna. It invoiced goods to its branch at 20% less than the list price which is cost plus 100%, with instruction that cash sales were to be made at invoice price and credit sales at catalogue price (i.e. list price). The following information was available at the branch for the year ended 31st March, 2022.

Particular	Amount ₹
Stock on 1st April, 2021 (invoice price)	12,000
Debtors on 1st April, 2021	10,000
Goods received from head office (invoice price)	1,32,000
Sales:	
Cash	46,000
Credit	1,00,000
Cash received from debtors	85,000
Expenses at branch	17,500
Debtors on 31st March, 2022	25,000
Stock on 31st March, 2022 (invoice price)	17,600
Remittances to head office	1,20,000

You are required to prepare Branch Stock Account, Branch Adjustment Account, Branch Profit & Loss Account and Branch Debtors Account for the year ended 31st March, 2022.

**Question 13** *(Inter Nov 2023) (10 Marks)*

Pg no. \_\_\_\_\_

Jolly Industries of Delhi is a trader in spices. It has a branch at Jalandhar to which Head office invoice goods at 20% on sales. The Jalandhar branch sells spices both on cash and credit. Branch remit all the cash received to Head Office Bank account, thus all expenses of branch are also directly paid from head office.

From the following information given, Prepare Branch Accounts in the Head office ledger using Stock and Debtors Method. Branch does not maintain any books of account, but send fortnightly returns to Head office.

Particulars	₹
Stock at Jalandhar as on 1 <sup>st</sup> April, 2022 (Cost Price)	1,00,000
Sundry Debtors at Jalandhar as on 1 <sup>st</sup> April, 2022	1,10,000

Cash received from Debtors	3,45,000
Bad debts during the year	9,500
Discount allowed to Debtors	5,500
Goods received from Head Office at Invoice Price	6,00,000
Returns to Head office at Invoice Price	60,000
Normal loss of goods during transport (Out of Goods sent by H.O. to Branch)	12,000
Sales returns at Jalandhar Branch	11,000
Salaries and staff welfare expenses at Branch	54,000
Rent and taxes at Branch	9,000
Other Office Expenses	2,500
Sundry Debtors at Branch as at 31 <sup>st</sup> March 2023	1,55,000
Stock at Jalandhar as on 31 <sup>st</sup> March, 2023 (Cost Price)	1,20,000

Credit sales at Branch are four times of the cash Sales at Branch.

### TOPIC 3: DEPENDENT BRANCH: WHOLESALE PRICE METHOD

#### Question 14

Pg no. \_\_\_\_\_

M/s. Sandeep having Head Office at Delhi has a Branch at Kolkata. The Head Office does wholesale trade only at cost plus 80%. The Goods are sent to Branch at the wholesale price viz. cost plus 80%.

The Branch at Kolkata wholly engaged in retail trade and the goods are sold at cost to Head Office plus 100%.

Following details are furnished for the year ended 31st March, 2021:

	Head Office	Kolkata Branch
Opening Stock (As on 01.04.2020)	1,25,000	
Purchases	21,50,000	
Goods sent to Branch (cost to H.O. plus 80%)	7,38,000	
Sales	23,79,600	7,30,000
Office Expenses	50,000	4,500
Selling Expenses	32,000	3,300
Staff Salary	45,000	8,000

You are required to prepare Trading and Profit & Loss Account of the Head Office and Branch for the Year ended 31st March, 2021.

#### Question 15

Pg no. \_\_\_\_\_

From the following details of Western Branch Office of M/s. XYZ Corp. for the year ending 31st March, 2021, ascertain branch stock reserve in respect of unrealized profit in opening stock and closing stock:

- Goods are sent to the branch at invoice price and branch also maintains stock at the same price.
- Sale price is cost plus 40%.
- Invoice price is cost plus 15%.
- Other information from accounts of branch:

Opening Stock as on 01-04-2020	3,45,000
Goods sent during the year by HO to BO	16,10,000
Sales during the year	21,00,000
Expenses incurred at the branch	45,000

**Question 16** *(ICAI Study Material)*

Pg no. \_\_\_\_\_

Following is the information of the Jammu branch of Best New Delhi for the year ending 31st March, 2021 from the following:

- (1) Goods are invoiced to the branch at cost plus 20%.
- (2) The sale price is cost plus 50%.
- (3) Other information:
 

a. Stock as on 01.04.2020 (invoice price)	2,20,000
b. Goods sent during the year (invoice price)	11,00,000
c. Sales during the year	12,00,000
d. Expenses incurred at the branch	45,000

Ascertain

- (i) the profit earned by the branch during the year
- (ii) branch stock reserve in respect of unrealized profit.

**TOPIC 4: INDEPENDENT BRANCH****Question 17** *(ICAI Study Material)*

Pg no. \_\_\_\_\_

Alphs having head office in Mumbai has a branch in Nagpur. The branch at Nagpur is an independent branch maintaining separate books of account. On 31.3.2021, it was found that the goods dispatched by head office for ₹ 2,00,000 was received by the branch only to the extent of ₹ 1,50,000. The balance goods are in transit. What is the accounting entry to be passed by the branch for recording the goods in transit, in its books?

**Question 18**

Pg no. \_\_\_\_\_

Global Limited has a branch which closes its books of account every year on 31st March. This is an independent branch which maintains books of account for recording their transactions.

You are required to show journal entries in the books of branch on 31st March, 2021 to rectify or adjust the following:

- (a) Head Office allocates ₹ 1,35,000 to the branch as head office expenses, which have not yet been recorded by branch.
- (b) Depreciation of branch fixed assets, whose accounts are kept by head office in its books, not yet recorded in the branch books, ₹ 1,15,000.
- (c) Branch paid ₹ 1,40,000 as salary to an official from head office on visit to branch and debited the amount to its Salaries Account.
- (d) Head Office collected ₹ 1,30,000 directly from a branch customer on behalf of the branch, but no intimation was received earlier by the branch. Now the branch learns about it.
- (e) It is learnt that a remittance of ₹ 1,50,000 sent by the branch has not been received by head office till date.

**Question 19**

Pg no. \_\_\_\_\_

Give Journal Entries in the books of Head Office to rectify or adjust the following:

- (i) Goods sent to Branch ₹12,000 stolen during transit. Branch manager refused to accept any liability
- (ii) Branch paid ₹ 15,000 as salary to the officer of Head Office on his visit to the branch.
- (iii) On 28th March, 2021, the H.O. dispatched goods to the Branch invoiced at ₹ 25,000 which was not received by Branch till 31st March, 2021.

- (iv) A remittance of ₹ 10,000 sent by the branch on 30th March, 2021, received by the Head Office on 1st April, 2021.
- (v) Head Office made payment of ₹ 25,000 for purchase of goods by Branch and wrongly debited its own purchase account.
- (vi) Depreciation ₹ 11,250 in respect of Branch Shop whose account is kept in HO Books.
- (vii) Expenses ₹ 5,600 to be charged to the Branch for work done on its behalf by the Head Office.

**Question 20** *(RTP Nov 2018)*

Pg no. \_\_\_\_\_

Pass necessary Journal entries in the books of an independent Branch of M/s TPL Sons, wherever required, to rectify or adjust the following transactions:

- (i) Branch paid ₹ 5,000 as salary to a Head Office Manager, but the amount paid has been debited by the Branch to Salaries Account.
- (ii) A remittance of ₹ 1,50,000 sent by the Branch has not received by Head Office on the date of reconciliation of Accounts.
- (iii) Branch assets accounts retained at head office, depreciation charged for the year ₹ 15,000 not recorded by Branch.
- (iv) Head Office expenses ₹ 75,000 allocated to the Branch, but not yet been recorded by the Branch.
- (v) Head Office collected ₹ 60,000 directly from a Branch Customer. The intimation of the fact has not been received by the Branch.
- (vi) Goods dispatched by the Head office amounting to ₹ 50,000, but not received by the Branch till date of reconciliation.
- (vii) Branch incurred advertisement expenses of ₹ 10,000 on behalf of other Branches, but not recorded in the books of Branch.
- (viii) Head office made payment of ₹ 16,000 for purchase of goods by branch, but not recorded in branch books.

**Question 21** *(Inter Jan 2021) (5 Marks) / (ICAI Study Material)*

Pg no. \_\_\_\_\_

Give Journal Entries in the books of Branch to rectify or adjust the following:

- a) Branch paid ₹ 5,000 as salary to H.O supervisor, but the amount paid by branch has been debited to salary account in the books of branch.
- b) Asset Purchased by branch for ₹ 25,000, but the Asset was retained in H.O. Books.
- c) A remittance of ₹ 8,000 sent by the branch has not been received by H.O.
- d) H.O. collected ₹ 25,000 directly from the customer of Branch but fails to give the intimation to branch.
- e) Remittance of funds by H.O. to branch ₹ 5,000 not entered in branch books.

**Question 22**

Pg no. \_\_\_\_\_

Head Office passes adjustment entry at the end of each month to adjust the position arising out of inter branch transactions during the month. From the following inter branch transactions in January, 2021 make entry in the books of Head Office:

- a) Bombay Branch
  - (i) Received goods ₹ 6,000 from Calcutta Branch, ₹ 4,000 from Patna Branch
  - (ii) Sent Goods to ₹ 10,000 to Patna, ₹ 8,000 to Calcutta
  - (iii) Received B/R ₹ 6,000 from Patna
  - (iv) Sent Acceptance ₹ 4,000 to Calcutta, ₹ 2,000 to Patna
- b) Madras Branch (Apart from the above)
  - (v) Received goods ₹ 10,000 from Calcutta, ₹ 4,000 from Bombay
  - (vi) Cash Sent ₹ 2,000 to Calcutta, ₹ 6,000 to Bombay

- c) Calcutta Branch (Apart from the above)  
 (vii) Sent Goods to Patna ₹ 6,000  
 (viii) Paid B/P ₹ 4,000 to Patna, ₹ 4,000 cash to Patna

**Question 23**

Pg no. \_\_\_\_\_

Show adjustment Journal entry along with working notes in the books of Head Office at the end of April, 2021 for incorporation of inter-branch transactions assuming that only Head Office maintains different branch account in its books.

## A. Delhi Branch:

- (1) Received goods from Mumbai – ₹ 1,40,000 and ₹ 60,000 from Kolkata.
- (2) Sent goods to Chennai – ₹ 1,00,000, Kolkata – ₹ 80,000.
- (3) Bill Receivable received – ₹ 80,000 from Chennai.
- (4) Acceptances sent to Mumbai – ₹ 1,00,000, Kolkata – ₹ 40,000.

## B. Mumbai Branch (apart from the above):

- (5) Received goods from Kolkata – ₹ 60,000, Delhi – ₹ 80,000.
- (6) Cash sent to Delhi – ₹ 60,000, Kolkata – ₹ 28,000.

## C. Chennai Branch (apart from the above):

- (7) Received goods from Kolkata – ₹ 1,20,000.
- (8) Acceptances and Cash sent to Kolkata – ₹ 80,000 and ₹ 40,000 respectively.

## D. Kolkata Branch (apart from the above):

- (9) Sent goods to Chennai – ₹ 1,40,000.
- (10) Paid cash to Chennai – ₹ 60,000.
- (11) Acceptances sent to Chennai – ₹ 60,000.

**Question 24** *(Inter July 2021) (10 Marks)*

Pg no. \_\_\_\_\_

Manohar of Mohali has a branch at Noida to which the goods are supplied from Mohali but the cost thereof is not recorded in Head Office books. On 31st March, 2020 Branch Balance Sheet was as follows:

Liabilities	₹	Assets	₹
Creditors Balance	62,000	Debtors Balance	2,24,000
Head Office	1,88,000	Building Extension A/c	
		Closed by transfer to H.O. A/c	-
		Cash at Bank	26,000
	2,50,000		2,50,000

During the 6 months ending on 30-09-2020, following transactions took place at Noida:

	₹		₹
Sales	2,78,000	Manager's salary	16,400
Purchases	64,500	Collections from debtors	2,57,000
Wages Paid	24,000	Discounts allowed	16,000
Salaries (inclusive of advance of 5,000)	15,600	Discount earned	4,600
General Expenses	7,800	Cash paid to creditors	88,500
Fire Insurance (Paid for one year)	11,200	Building Account (further payment)	14,000
Remittance to H.O.	52,900	Cash in Hand	5,600
		Cash at Bank	47,000

Set out the Head Office Account in Noida Books and the Branch Balance Sheet as on 30.09.2020. Also give journal entries in the Noida books.

## TOPIC 5: FOREIGN BRANCH

### Question 25

Pg no. \_\_\_\_\_

Ganesh Ltd. has head office at Delhi (India) and branch at New York (U.S.A). New York branch is an integral foreign operation of Ganesh Ltd. New York branch furnishes you with its trial balance as on 31st March, 2021 & the additional information given thereafter:

	Dr. (\$)	Cr. (\$)
Stock on 1st April, 2020	300	
Purchases and sales	800	1,500
Sundry Debtors and creditors	400	300
Bills of exchange	120	240
Sundry expenses	1,080	
Bank balance	420	
Delhi head office A/c		1,080
	3,120	3,120

The rates of exchange may be taken as follows:

- on 1.4.2020 @ ₹ 40 per US \$
- on 31.3.2021 @ ₹ 42 per US \$
- average exchange rate for the year @ ₹ 41 per US \$.

New York branch account showed debit balance of ₹ 44,380 on 31.3.2021 in Delhi books & there were no items pending reconciliation. Prepare trial balance of New York in ₹ in books of Ganesh Ltd

### Question 26 *(Inter Nov 2019) (5 Marks)*

Pg no. \_\_\_\_\_

Karan Enterprises having its Head Office in Mangalore, Karnataka has a branch in Greenville, USA. Following is the trial balance of Branch as at 31-3-2021:

Particulars	Amount (\$) Dr.	Amount (\$) Cr.
Fixed assets	8,000	
Opening inventory	800	
Cash	700	
Goods received from Head Office	2,800	
Sales		24,050
Purchases	11,800	
Expenses	1,800	
Remittance to head office	2,450	
Head office account		4,300
	28,350	28,350

- (i) Fixed assets were purchased on 1st April, 2017.
- (ii) Depreciation at 10% p.a. is to be charged on fixed assets on straight line method.
- (iii) Closing inventory at branch is \$ 700 as on 31-3-2021.
- (iv) Goods received from Head Office (HO) were recorded at ₹1,85,500 in HO books.
- (v) Remittances to HO were recorded at ₹1,62,000 in HO books.
- (vi) HO account is recorded in HO books at ₹2,84,500.
- (vii) Exchange rates of US Dollar at different dates can be taken as  
1-4-2017 ₹63    1-4-2020 ₹65    and    31-3-2021 ₹67

Prepare trial balance after been converted into Indian rupees in accordance with AS-11.

**Question 27**

Pg no. \_\_\_\_\_

Omega has a branch at Washington. Its Trial Balance as at 30th Sep., 2021 is as follows:

	Dr. (US \$)	Cr. (US \$)
Plant and machinery	1,20,000	-
Furniture and fixtures	8,000	-
Stock, Oct. 1, 2020	56,000	-
Purchases	2,40,000	-
Sales	-	4,16,000
Goods from Omega (H.O.)	80,000	-
Wages	2,000	-
Carriage inward	1,000	-
Salaries	6,000	-
Rent, rates and taxes	2,000	-
Insurance	1,000	-
Trade expenses	1,000	-
Head Office A/c	-	1,14,000
Trade debtors	24,000	-
Trade creditors	-	17,000
Cash at bank	5,000	-
Cash in hand	1,000	-
	5,47,000	5,47,000

The following further information is given:

- (1) Wages outstanding – \$ 1,000.
- (2) Depreciate Plant and Machinery and Furniture and Fixtures @ 10 % p.a.
- (3) The Head Office sent goods to Branch for ₹ 39,40,000.
- (4) The Head Office shows an amount of ₹ 43,00,000 due from Branch.
- (5) Stock on 30th September, 2021 – \$ 52,000.
- (6) There were no in transit items either at the start or at the end of the year.
- (7) On September 1, 2019, when fixed assets were purchased, the rate of exchange was ₹ 38 to one \$.  
     On October 1, 2020, the rate was ₹ 39 to one \$.  
     On September 30, 2021, the rate was ₹ 41 to one \$.  
     Average rate during the year was ₹ 40 to one \$.

You are asked to prepare:

- (a) Trial balance incorporating adjustments given under 1 to 4 above, converting dollars into rupees.
- (b) Trading and Profit and Loss Account for the year ended 30th September, 2021 and Balance Sheet as on that date depicting the profitability and net position of the Branch as would appear in India for the purpose of incorporating in the main Balance Sheet.

**Question 28**

Pg no. \_\_\_\_\_

Omega Ltd., an Indian company has a branch at New York (USA). The trial balance of the Branch as at 31st March, 2021 is as follows:

Particulars	Dr. (US \$)	Cr. (US \$)
Fixed Assets	51,200	
Opening Stock	22,400	
Purchases/Sales	96,000	1,66,400
Goods sent from H.O	32,000	

Carriage inward	400	
Branch Expenses	4,800	
Head Office Account		45,600
Sundry Debtors/Creditors	9,600	6,800
Cash at Bank	2,400	
	2,18,800	2,18,800

The following further information is given below:

- Expenses outstanding \$ 400.
- Depreciate Fixed Assets @ 10% p.a. at written down value.
- The Head Office sent goods to Branch for ₹ 15,80,000.
- The head office shown an amount of ₹ 20,50,000 due from Branch.
- Closing Stock \$ 21,500.
- There were no transit items either at the start or at the end of the year.
- On April 1, 2019 when the fixed assets were purchased the rate of exchange was ₹ 43 to one \$. On April 1, 2020, the rate was ₹ 47 per \$. On March 31, 2021, the rate was ₹ 50 per \$. Average Rate during the year was ₹ 45 to one \$.

Convert the USA Branch trial balance in ₹ assuming that Branch is an Integral Foreign Operation of the Company. Calculate Foreign Exchange gains/loss & show its Accounting Treatment as per AS11.

**Question 29** *(RTP May 2019)*

Pg no. \_\_\_\_\_

M/s ABC & Co. has head office at New York (U.S.A.) and branch in Bangalore (India). Bangalore branch is an integral foreign operation of ABC & Co. Bangalore branch furnishes you with its trial balance as on 31st March, 2021 and the additional information given thereafter:

	Dr.	Cr.
	Rupees in thousands	
Stock on 1st April, 2020	300	-
Purchases and sales	800	1,200
Sundry Debtors and Creditors	400	300
Bills of Exchange	120	240
Wages and Salaries	560	-
Rent, rates and taxes	360	-
Sundry charges	160	-
Computers	240	-
Bank balance	420	-
New York office a/c	-	1,620
	3,360	3,360

Additional information:

- Computers were acquired from a remittance of US \$ 6,000 received from New York head office and paid to the suppliers. Depreciate computers at 60% for the year.
- Unsold stock of Bangalore branch was worth ₹ 4,20,000 on 31st March, 2021.
- The rates of exchange may be taken as follows:
  - On 01.04.2020 @ ₹ 55 per US \$
  - On 31.03.2021 @ ₹ 60 per US \$
  - Average exchange rate for the year @ ₹ 58 per US \$
  - Conversion in \$ shall be made up to two decimal accuracy.

You are asked to prepare in US dollars the revenue statement for the year ended 31st March, 2021 and the balance sheet as on that date of Bangalore branch as would appear in the books of New York head office of ABC & Co. You are informed that Bangalore branch account showed a debit balance of US \$ 29845.35 on 31.3.2021 in New York books and there were no items pending reconciliation.

**Question 30** *(Inter May 2019) (8 Marks)*

Pg no. \_\_\_\_\_

M/s Ravi & Co. has head office at New York and branch at Delhi (India). Delhi branch is an integral foreign operation of M/s Ravi & Co. Delhi branch furnishes you with its Trial Balance as on 31st March, 2021 and the additional information thereafter:

	Dr.	Cr.
	Rupees in thousands	
Stock on 1st April, 2020	600	-
Purchases and Sales	1,600	2,400
Sundry Debtors and Creditors	800	600
Bills of Exchange	240	480
Wages	1,120	-
Rent, rates and taxes	720	-
Sundry Expenses	320	-
Computers	600	-
Bank Balance	520	-
Singapore Office a/c	-	3,040
<b>Total</b>	<b>6,520</b>	<b>6,520</b>

Additional information:

- Computers were acquired from remittance of US dollar 12,000 received from US Head Office & paid to suppliers. Depreciate Computers at the rate of 40% for the year.
- Closing Stock of Delhi branch was ₹ 15,60,000 on 31st March, 2021.
- The Rates of Exchange may be taken as follows:
  - on 1.4.2020 @ ₹ 50 per US Dollar
  - on 31.3.2021 @ ₹ 52 per US Dollar
  - average Exchange Rate for the year @ ₹ 51 per US Dollar
  - conversion in US Dollar shall be made upto two decimal accuracy.
- Delhi Branch Account showed a debit balance of US Dollar 59,897.43 on 31.3.2021 in the Head Office books and there were no items pending for reconciliation.

In the books of Head office, you are required to prepare:

- Revenue statement for the year ended 31st March, 2021 (in US Dollar)
- Balance Sheet as on that date (in US Dollar)

**Question 31** *(RTP Nov 2020) (Similar)/ (RTP Nov 2022)*

Pg no. \_\_\_\_\_

M & S Co. of Lucknow has a branch in Canberra, Australia. At the end of 31st March 2021, the following ledger balances have been extracted from the books of the Lucknow office and the Canberra.

Particulars	(₹ '000)		(Aust. Dollars in '000)	
	Debit	Credit	Debit	Credit
Capital		2,000		
Reserves and Surplus		1,000		
Land	500			
Building (cost)	1,000			
Buildings Depreciation Reserve		200		

Plant & Machinery (cost)	2,500		200	
Plant & Machinery Depreciation Reserve		600		130
Trade receivables/payables	280	200	60	30
Stock (01-04-2020)	100		20	
Branch Stock Reserve		4		
Cash & Bank Balances	10		10	
Purchases/Sales	240	520	20	123
Goods sent to Branch		100	5	
Managing Director's salary	30			
Wages & Salaries	75		45	
Rent			12	
Office Expenses	25		18	
Commission receipts		256		100
Branch/H.O. Current A/c	120			7
Total	4,880	4,880	390	390

The following information is also available:

- Stock as at 31st March, 2021  
Lucknow ₹ 1,50,000 Canberra A\$ 3125 (all stock are out of purchases made at Abroad)
- Head Office always sent goods to the Branch at cost plus 25%
- Provision is to be made for doubtful debts at 5%
- Depreciation is to be provided on Buildings at 10% and on Plant and Machinery at 20% on written down value.

You are required to:

- Convert the Branch Trial Balance into rupees by using the following exchange rates:  
 Opening rate 1 A \$ = ₹ 50  
 Closing rate 1 A \$ = ₹ 53  
 Average rate 1 A \$ = ₹ 51.00  
 For Fixed Assets 1 A \$ = ₹ 46.00
- Prepare Trading and Profit and Loss Account for the year ended 31st March 2021 showing to the extent possible H.O. results and Branch results separately

**Question 32** (ICAI Study Material)

Pg no. \_\_\_\_\_

S & M Ltd., Bombay, have a branch in Sydney, Australia. Sydney branch is an integral foreign operation of S & M Ltd. At the end of 31st March, 2021, the following ledger balances have been extracted from the books of the Bombay Office and the Sydney Office:

	Bombay		Sydney	
	(₹ thousands)		(Australian dollars thousands)	
	Debit	Credit	Debit	Credit
Share Capital	-	2,000	-	-
Reserves & Surplus	-	1,000	-	-
Land	500	-	-	-
Buildings (Cost)	1,000	-	-	-
Buildings Dep. Reserve	-	200	-	-
Plant & Machinery (Cost)	2,500	-	200	-
Plant & Machinery Dep. Reserve	-	600	-	130
Debtors / Creditors	280	200	60	30
Stock (1.4.2020)	100	-	20	-

Branch Stock Reserve	-	4	-	-
Cash & Bank Balances	10	-	10	-
Purchases / Sales	240	520	20	123
Goods sent to Branch	-	100	5	-
Managing Director's salary	30	-	-	-
Wages & Salaries	75	-	45	-
Rent	-	-	12	-
Office Expenses	25	-	18	-
Commission Receipts	-	256	-	100
Branch / H.O. Current A/c	120	-	-	7
	4,880	4,880	390	390

The following information is also available:

(1) Stock as at 31.3.2021:

- a. Bombay ₹ 1,50,000
- b. Sydney A \$ 3,125

You are required to convert the Sydney Branch Trial Balance into rupees;

(use the following rates of exchange :

Opening rate	A \$ = ₹ 20
Closing rate	A \$ = ₹ 24
Average rate	A \$ = ₹ 22
For Fixed Assets	A \$ = ₹ 18

Pg no. \_\_\_\_\_

### Question 33

The Washington branch of ABC India sent the following trial balance as on 31st December, 2021.

Particulars	\$	\$
Head office A/c	-	13,680
Sales	-	50,400
Debtors and creditors	2,880	2,040
Machinery	14,400	-
Cash at bank	720	-
Stock, 1 January, 2021	6,720	-
Goods from H.O.	38,400	-
Expenses	3,000	-
	66,120	66,120

In the books of head office, the Branch A/c stood as follows:

#### Washington Branch A/c

Particular	₹	Particular	₹
To Balance b/d	4,86,000	By Cash	23,25,600
To Goods sent to branch	23,55,600	By Balance c/d	5,16,000
	28,41,600		28,41,600

Goods are sent to the branch at cost plus 10% and the branch sells goods at invoice price plus 25%. Machinery was acquired on 31st January, 2016, when \$ 1.00 = ₹ 46.

Exchange rate per US\$ were:

1st January, 2021	₹ 64
31st December, 2021	₹ 66
Average Rate	₹ 65

Machinery is depreciated @ 10% on written down value basis. The branch manager is entitled to a commission of 5% on the profits of the branch.

You are required to prepare in the books of Head Office:

- Branch Trading & Profit & Loss A/c in dollars.
- Convert the Trial Balance of branch into Indian currency.
- Branch Trading & Profit and Loss Account in Rupees
- Branch Account

**Question 34** *(RTP May 2020) / (ICAI Study Material)*

Pg no. \_\_\_\_\_

“Assets and liabilities and income and expenditure items in respect of dependent foreign branches (integral foreign operations) are translated into Indian rupees at the prevailing rate of exchange at the end of the year. The resultant exchange differences in the case of profit, is carried to other Liabilities Account and the Loss, if any, is charged to statement of Profit and Loss.” Comment.

**Question 35** *(Inter May 2023) (5 Marks)*

Pg no. \_\_\_\_\_

Artis Limited has a branch at Seattle USA. Its Trial Balance as on 31<sup>st</sup> December, 2022 is as follows.:

	Dr. in US \$	Cr. In US \$
Stock as on 01.01.2022	22,000	-
Purchases	1,00,000	-
Sales	-	1,30,500
Goods from H.O.	30,000	-
Salaries	4,000	-
Head Office A/c.	-	27,000
Sundry Debtors	2,200	-
Sundry Creditors	-	1,500
Cash at Bank & Hand	800	-
Total	1,59,000	1,59,000

The following information is given

- Salaries outstanding are \$ 500.
- The Head Office sent goods to Branch for ₹ 24,00,000.
- The Head Office shows an amount of ₹ 21,90,000 due from Branch.

The exchange rates were as below :

- On 1<sup>st</sup> January 2022 - ₹ 79 to 1 \$.
- On 31<sup>st</sup> December 2022 - ₹ 83 to 1 \$.
- Average rate during the year was ₹ 79.50 to 1 \$.

You are required to prepare the Seattle Branch Trial Balance incorporating adjustments given above, converting dollars into rupees.