

**BRANCH ACCOUNTING**

1. The method of Branch Accounting varies with the nature and the status of branch.
  - a) True
  - b) False
  - c) Both a and b
  - d) None of the above
2. The normal and abnormal stock of goods doesn't appear in branch account as the closing stock is at the\_\_\_\_\_ figure.
  - a) Adjusted
  - b) Profit
  - c) Balance
  - d) Loss
3. Loading on surplus in stock is\_\_\_\_\_ to Branch Adjustment Account.
  - a) Debit.
  - b) Credit
  - c) Liability
  - d) Trading
4. Under Stock and Debtors System general income is credited to \_\_\_\_\_account.
  - a) Balance sheet
  - b) Branch stock account
  - c) Debtor account
  - d) Branch profit and loss
5. In Branch Accounting the balance on stock reserve Account at the end of the period is shown in the balance sheet by the way of deduction from
  - a) Opening stock.
  - b) Reserved stock.
  - c) Closing stock.
  - d) Profit or loss
6. Goods sent by the head office at the end of the year but not received by Branch before the year end is known as
  - a) Goods in transit
  - b) Loss by fire
  - c) Shortage.
  - d) Loss
7. The closing balance of book debts A/c is ascertained by preparing branch \_\_\_\_\_Account.
  - a) Stock
  - b) Trading.
  - c) Debtors
  - d) Adjustment
8. The removal of loading from the items of branch stock is adjusted through branch\_\_\_\_ A/c.
  - a) Adjustment
  - b) Debtor.
  - c) Stock
  - d) Profit and loss

9. All items of stock in Trading and Profit and loss Account are to be converted into cost price if these are given at an
- Profit ratio
  - Market price
  - Balance
  - Invoice price
10. Foreign Branch almost invariably trade independently and records their transaction in
- Cost price
  - Market value
  - Foreign currency
  - Invoice price
11. In branch accounts, in debtor's system, opening balances of assets are
- Credited to Branch Account
  - Debited to Branch Account
  - Not shown in Branch Account
  - None of the above
12. Which one of the following is NOT true about a dependent branch.
- These branches sell only those goods which are received from the head office.
  - Petty expenses are paid by the branch and petty cash account is prepared at the branch either as simple petty cash or on imprest system
  - Such branches maintain their own books of account.
  - All expenses of the branch are paid by the head office.
13. A branch which keeps complete record of all accounting transactions is called
- A Foreign branch
  - A Local branch
  - An Independent branch
  - A Dependent branch
14. Head Office of ABC & Co. transfers goods to Branch at a price that includes a mark-up/profit of 25% on cost. If the closing stock at Branch is ₹ 1,00,000, stock reserve will be created for:
- ₹ 25,000
  - ₹ 1,00,000
  - ₹ 20,000
  - ₹ 80,000
15. Dependent branch can make
- Only cash sales
  - Only credit sales
  - Both cash and credit sales
  - None of the above
16. If the head office has sent goods worth ₹ 5,00,000 to the branch but the branch has received goods worth only ₹ 3,00,000 by 31<sup>st</sup> March of the year, the entry to be passed in the books of the branch would be:
- Goods-in-Transit A/c Dr ₹ 2,00,000  
    To Head Office A/c ₹ 2,00,000
  - No entry will be passed by branch and only head office will pass an entry
  - Head Office A/c Dr ₹ 2,00,000  
    To Goods-in-Transit A/c ₹ 2,00,000

- d) Goods-in-Transit A/c Dr ₹ 5,00,000  
    To Head Office A/c ₹ 5,00,000
17. Which of the following are not considered as method of maintaining accounting of dependent branch under goods invoiced at cost or selling price?
- Debtors Method
  - Stock and Debtors Method
  - Trading and Profit and loss account Method or Final Method
  - Whole sale branches method
18. In which method of branch accounting, at the end of the year, the value of unsold stock, the total of customer's balances outstanding and that of petty cash are brought into the branch account on the credit side?
- Debtors Method
  - Stock and Debtors method
  - Final Accounts Method
  - None of the above
19. P Ltd opened a branch at Jaipur and sent goods costing ₹ 50,000 to Jaipur branch. Jaipur Branch sold entire goods on credit at ₹ 62,000. No other transaction occurred at the branch. What is the net profit earned by branch?
- ₹ 12,000
  - ₹ 22,000
  - ₹ 28,000
  - ₹ 18,000
20. X Ltd opened a new branch at Delhi. X Ltd sent goods costing ₹ 40,000 to Delhi branch. Delhi branch sold entire goods in cash at ₹ 70,000. Branch paid expenses of ₹ 12,000. No other transaction occurred at the branch. Find out the profit.
- ₹ 30,000
  - ₹ 8,000
  - ₹ 18,000
  - ₹ 12,000
21. Under branch accounting in Stock and Debtors method, what is the purpose of opening Branch Stock Account by the head office?
- Ascertainment of total expenses incurred
  - Ascertainment of closing balance of Debtors
  - Ascertainment of shortage or surplus
  - Ascertainment of cost of goods sent to branch
22. Calculate the amount of Net Profit transferred to General P&L A/c under Final Accounts Method if Gross Profit is ₹ 60,000; Expenses ₹ 30,000; Petty Cash Expenses ₹ 4,000 ?
- ₹ 24,000
  - ₹ 26,000
  - ₹ 30,000
  - ₹ 56,000
23. Calculate Closing balance on 31.03.2024 of Bangalore Branch Debtor A/c if Opening balance as on 01.04.2023 is ₹ 10,800; Cash ₹ 28,500; Discount ₹ 1,500; Sales ₹ 56,000 and Return ₹ 250?
- ₹ 36,500
  - ₹ 36,550
  - ₹ 36,250
  - ₹ 36,000

24. What is value of Stock reserve if net stock is valued at ₹ 48,000 and goods are sent at 20% above cost to branch?
- ₹ 8,000
  - ₹ 9,600
  - ₹ 8,600
  - ₹ 9,000
25. Calculate the value of Goods in Transit if head office situated at Delhi send goods to Ganganagar Branch at 25% above cost. Goods sent to branch is ₹ 5,30,000 till 31/03/2024 but goods received by Branch is ₹ 5,10,000.
- ₹ 16,000
  - ₹ 20,000
  - ₹ 26,000
  - ₹ 22,000
26. Calculate the amount of Debtors if Goods are invoiced at 20% above cost and amount of credit sales is ₹ 1,35,000 and amount of collection is ₹ 1,06,000?
- ₹ 6,500
  - ₹ 50,000
  - ₹ 29,000
  - None of the above
27. If M/s Puvi Nuvi Ltd. Has a business of sports equipment and send goods to number of outlets in India at cost plus 25% and then outlets sell goods at the retail shops at 20% above the wholesale price. What is the retail sales value if gross profit made by outlet is ₹ 75,000?
- ₹ 3,60,000
  - ₹ 4,50,000
  - ₹ 3,50,000
  - ₹ 3,75,000
28. Which of the given below statement are correct?
- Statement 1:- Branch maintains its entire books of account under double entry system in dependent branch.
- Statement 2:- Branch opens in its books a Head Office account to record all transactions that take place between Head Office and branch. The Head Office maintains a Branch account to record these transactions in independent branch.
- Only Statement 1
  - Only Statement 2
  - Both Statement 1 and 2
  - None of above
29. When books are kept by independent branch type what is the journal entry passed in the books of H.O. when Delhi Branch has paid its expenses?
- Expenses A/c Dr.  
To Bank or Cash A/c
  - Expenses A/c Dr.  
To Branch Bank or Cash A/c
  - No Entry
  - Branch Expenses A/c Dr.  
To Bank or Cash A/c

30. When books are kept by independent branch type what is the journal entry passed in the books of branch for depreciation on asset when Branch has purchased asset but asset account retained at H.O. books?
- Depreciation A/c Dr.  
To Head Office A/c
  - Depreciation A/c Dr.  
To Asset A/c
  - Depreciation A/c Dr.  
To Branch Asset A/c
  - Depreciation A/c Dr.  
To H.O. Asset A/c
31. Pass Journal entry in the books of an independent Branch to rectify or adjust the following: Branch paid ₹ 50,000 as salary to H.O supervisor, but the amount paid by branch has been debited to salary account in the books of branch.
- |                    |                             |          |          |
|--------------------|-----------------------------|----------|----------|
| a) Head office A/c | Dr.                         | ₹ 50,000 |          |
|                    | To Head office Salaries A/c |          | ₹ 50,000 |
| b) Head office A/c | Dr.                         | ₹ 50,000 |          |
|                    | To Branch Salaries A/c      |          | ₹ 50,000 |
| c) Branch A/c      | Dr.                         | ₹ 50,000 |          |
|                    | To Salaries A/c             |          | ₹ 50,000 |
| d) Head office A/c | Dr.                         | ₹ 50,000 |          |
|                    | To Salaries A/c             |          | ₹ 50,000 |
32. Which Accounting Standard is followed in accounting of foreign branches?
- AS-9
  - AS-12
  - AS-11
  - AS-13
33. Resulting exchange rate difference should be accumulated in a \_\_\_\_\_ until the disposal of "net investment in non-integral foreign operation".
- foreign currency reserve
  - foreign translation reserve
  - currency translation reserve
  - foreign currency translation reserve
34. \_\_\_\_\_ is a foreign operation, the activities of which are an integral part of those of the reporting enterprise.
- Foreign Operation
  - Integral Foreign Operation
  - Non-Integral Foreign Operation (NIFO)
  - None of above
35. The business of a \_\_\_\_\_ is carried on in a substantially independent way by accumulating cash and other monetary items, incurring expenses, generating income and arranging borrowing in its local currency.
- Foreign Operation
  - Integral Foreign Operation
  - Non-Integral Foreign Operation (NIFO)
  - None of above
36. As per AS 11 assets and liabilities of non-integral foreign operations should be converted at rate.

- a) Opening
  - b) Average
  - c) Closing
  - d) Transaction
37. The debit or credit balance of "Foreign Currency Translation Reserve Account"
- a) Is shown as "Miscellaneous Expenditure" in the Balance Sheet
  - b) Is shown under "Reserves and Surplus" as a separate line item
  - c) Is shown as "Other Non-current" in the Balance Sheet
  - d) Is shown as "Current Assets" in the Balance Sheet
38. If asset of an integral foreign operation is carried at cost, cost and depreciation of tangible fixed asset is translated at
- a) Average exchange rate
  - b) Closing exchange rate
  - c) Exchange rate at the date of purchase of asset
  - d) Opening exchange rate
39. Which of the following can be classified as an integral foreign operation?
- a) Branch office serving as an extension of the head office in terms of operations
  - b) Independent subsidiary of the parent company
  - c) Branch office independent of the head office in terms of operational decisions
  - d) None of the above
40. If goods are invoiced to branches at cost, trading results of branch can be ascertained by
- a) Debtor's method.
  - b) Stock and Debtors method.
  - c) Either (a) or (b).
  - d) Both (a) and (b).
41. Under branch trading and profit loss account method
- a) H.O prepares profit and loss account.
  - b) Each branch is treated separate entity.
  - c) Both (a) and (b).
  - d) Either (a) or (b).
42. Goods may be invoiced to branch at
- a) Cost or Selling price.
  - b) Wholesale price.
  - c) Both (a) and (b).
  - d) Either (a) or (b).
43. Under Debtors method, opening balance of Debtors is
- a) Debited to branch account.
  - b) Credited to branch account.
  - c) Debited to H.O account.
  - d) Credited to H.O account.
44. Cost of goods returned by branch will have the following effect
- a) Goods sent to branch account will be debited.
  - b) Branch stock account will be credited.
  - c) Both (a) and (b).
  - d) Either (a) or (b).

**Answers:**

1. (a)
2. (a)
3. (b)
4. (d)
5. (c)
6. (a)
7. (c)
8. (a)
9. (d)
10. (c)
11. (b)
12. (c)
13. (c)
14. (c)
15. (c)
16. (a)
17. (d)
18. (a)
19. (a)
20. (c)
21. (c)
22. (b)
23. (b)
24. (a)
25. (b)
26. (c)
27. (b)
28. (b)
29. (c)
30. (a)
31. (d)
32. (c)
33. (d)
34. (b)
35. (c)
36. (c)
37. (b)
38. (c)
39. (a)
40. (c)
41. (c)
42. (c)
43. (a)
44. (c)