Method 1.Branch Stock & Debtors

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Branch Accounts

Stock & Debtors Method

Generally to compute profit following a/c are prepared
1. Branch stock a/c at invoice price
2. Branch debtors a/c
3. Branch cash a/c
4. Branch expense a/c
5. Branch adjustment a/c
6. Branch P&L account

Note : The above list is not exhaustive i.e. if there are details you can prepare other accounts in order to identify missing information,
   Like Fixed Asset a/c - compute depreciation
   Creditors a/c - to compute credit purchase

Note : You can also prepare goods sent to branch a/c if reqd in the question

Branch Stock A/c

Particulars	$	Particulars	$

Opening Stock
    Cost:
    Branch adj:
	Xxx
	(Invoice Price)
		Branch Cash (Sales)
		    ASP:
		    +Redn
		    -Excess
			Xxx
			(Invoice Price)

GSTB
    Cost:
    Branch Adj:
	Xxx
	(Invoice Price)
		Branch Debtors (Sales)
		    ASP:
		    +Redn
		    -Excess
			Xxx
			(Invoice Price)

Branch Creditors/Branch Cash (Purchase)
    Cost: xx
    Branch Adj: xx
	Xxx
	(Invoice Price)
		Gstb(Returns)
		    Cost :
		    Branch Adj:
			Xxx
			(Invoice Price)

Branch Cash/Debtors (Sales Return)
    Selling Price: xx
    +Redn :   xx
    -Excess :   (xx)
	Xxx
	(Invoice Price)
		Branch Cash/Creditors (Purchase Returns)
		    Cost:
		    Branch adj:
			Xxx
			(Invoice Price)

		Branch Abnormal Loss
		    Cost:
		    Branch Adj :
			Xxx
			(Invoice Price)

		Branch Closing Stock
		    Cost:
		    Branch Adj :
			Xxx
			(Invoice Price)

	xxx		**xxx**

Note: If after posting, opening gstb, sales and closing stock; branch stock a/c does not tally (generally it should have tallied)

Credit Side	Debit side
Excess	In excess

BF will be assumed to
Be excess SP

Balancing fig. can either be
abnormal Loss or
Reduction in selling price

Branch Debtors A/c

Particulars	$	Particulars	$
Opening debtors	Xxx	Branch Cash	Xxx
Branch Stock (Credit Sales)	Xxx (ASP)	Branch Expenses (bad debts, disc etc)	Xxx
		Branch Stock (Sales Returns)	Xxx
		Closing Debtors	Xxx
	Xxx		Xxx

Branch Cash

Opening Cash	Xxx	Branch Expenses	xxx
HO (Money paid by HO)	XXX	Branch stock (sales return)	xxx
Branch Stock (Cash Sales)	Xxx	HO (Money paid to HO/ Other Branch)	xxx
HO (Money from oth branch)	Xxx	Branch Stock (cash purchase)	xxx
Branch Debtors (collection)	Xxx		

Branch Expense A/c

Branch Stock (Abnormal Loss)	Xxx cost	Branch P&L (transfer to PL	XXX
Branch Debtors (Bad debts, disc)	Xxx		
Branch Cash (Salary, int)	Xxx		
Branch Fixed A. (Depreciation)	Xxx		

	XXX		XXX

Branch Adj A/c

To redn in SP (On sales)	xxx	By margin on O.S	XXX
To excess SP (on sales return)	xxx	By margin on GSTB	XXX
To Gstb®	xxx	By margin on Purchases	Xxx
To Margin on puchase returns	xxx	By excess SP (On sales)	XXX
To Abnormal loss	xxx	By Redn in SP (On Sales Return)	XXX
To Closing stock	xxx		
To GP	Xxx		
	XXX		XXX

Branch P&L a/c

Particulars	$	Particulars	$
Branch Expense	Xxx	By GP	Xxx
Net Profit	Xxx		
	XXX		XXX

GSTB A/c

Particulars	$	Pariculars	$
Branch Stock (Returns)	xxx	By Branch Stock	Xxx Cost
Trading a/c Or Purchase a/c (bal fig.)	Xxx		
	XXX		XXX

Method 2.Final A/c Model

Trading A/c

Particulars	$	Particulars	#
Opening Stock	Cost	Sales xxx -SR (xx) #Actual Sales	Xxx
GSTB	Cost	Abnormal loss	cost
Purchases	Cost	Closing Stock	cost
GP	XXX		
To Branch EXPENSES	xxx	By GP	XXX
To Net Profit	XXX		

ARG Q1. HO in bombay

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Branch Stock

Opening Stock
    Cost:10000
    Adj:2500
	12500	Branch Cash (Sales)	16000

GSTB
    Cost:32000
    Adj:8000
	40000	GSTB®
		    Cost:1920
		    Adj:480
			2400

Excess SP	20900	Branch Debtors	40000

		Closing Stock
		    Cost
		    ADJ:
			15000

	52500		73400

Branch Debtors

Opening Balance	12000		
Branch Stock	40000	By Branch Cash	29500
		By closing	22500

Key
Cost : 100
Profit : 25
Sales : 125

Branch Adj

GSTB(R	480	Margin on opening	2500
		Margin on GSTB	8000
Margin on closing	3000	Excess SP	20900
Gp	27920		

Branch Expense

To Branch Cash	14510	By p&l	14510

Branch Cash & Bank

Opening Cash	0	By HO	45500
Branch Stock	16000	By expense	14510
Branch debtors	29500		
HO	14510		
		Closing Cash	0

GSTB a/c

Branch Stock ®	1920	Branch Stock	32000

P&l

To expense	14510	By Adj	27920
NP	13410		

Trading A/c

Particulars	$	Particulars	#
Opening Stock	10000	Sales 56000 -SR (xx) #Actual Sales	56000
GSTB	30080		
		Closing Stock	12000
GP	27920		
To Branch EXPENSES	14510	By GP	27920
To Net Profit	13410		

ARG Q2. X ltd. Madurai

Branch Stock A/c

Particulars	$	Particulars	$

Opening Stock
    Cost:
    Branch adj:
	0
	(Invoice Price)
		Branch Cash (Sales)
		    ASP:
		    +Redn
		    -Excess
			17000
			(Invoice Price)

GSTB
    Cost:50000
    Branch Adj:10000
	60000
	(Invoice Price)
		Branch Debtors (Sales)
		    ASP:
		    +Redn
		    -Excess
			58000
			(Invoice Price)

Excess of Sales	27000	Branch Closing Stock
		    Cost:5000
		    In Transit:5000
		    Branch Adj :2000
			12000
			(Invoice Price)

	87000		**87000**

Branch Debtors A/c

Particulars	$	Particulars	$
Opening debtors	0	Branch Cash	37000
Branch Stock (Credit Sales)	58000 (ASP)	Branch Expenses (bad debts, disc etc)	200
		Closing Debtors	20800
	Xxx		Xxx

Branch Cash

Opening Cash	0	Branch Expenses	12000
HO (Money paid by HO)	3000		
Branch Stock (Cash Sales)	17000	HO (Money paid to HO/ Other Branch)	43000
Branch Debtors	37000	Closing Cash	2000

Branch Expense A/c

		Branch P&L (transfer to PL	12200
Branch Debtors (Bad debts, disc)	200		
Branch Cash (Salary, int)	12000		
	12200		12200

Branch Adj A/c

To redn in SP (On sales)	xxx	By margin on O.S	0
To excess SP (on sales return)	xxx	By margin on GSTB	10000
To Gstb®	xxx	By margin on Purchases	0
To Closing stock	2000	Excess sales	27000
To GP	35000		
	37000		37000

Branch P&L a/c

Particulars	$	Particulars	$
Branch Expense	12200	By GP	35000
Net Profit	22800		
	XXX		XXX

GSTB A/c

Particulars	$	Particulars	$
Branch Stock (Returns)	xxx	By Branch Stock	50000 Cost
Trading a/c Or Purchase a/c (bal fig.)	50000		

	XXX		XXX