

**SHAH**EDUCATIONAL ACADEMY  
Bandra West | Vile Parle West**H. O. :** Shop No. 5, Hill Crest Society, 16<sup>th</sup> Road, Bandra (W),  
Mum: 50. Ph: 26051635 / 9820422953**Branch :** Avon Arcade, Shop No. A/121, 1<sup>st</sup> Fl., Vile Parle (W),  
Mumbai: 56. Ph: 9820418533***F.Y.BAF / BCOM***  
***(Sem – II)******Accounts Test – 2***  
***Branch Accounts******Marks:- 35***  
***Time:- 1 hr.*****Q.1. A] Multiple Choice Questions:-****(5)**

1. The following entry is passed for a dependent branch at Pune following the 'Debtors' method-  
Goods sent to Pune Branch A/c                      Dr.  
    To Pune Branch  
This entry may indicate
  - a. Goods returned to HO by the Pune branch
  - b. Goods returned to HO directly by the Pune branch customers
  - c. Goods sent by Pune branch to another branch
  - d. All the above
2. Under the 'Debtor' method, closing balance in the Goods sent to Branch Account
  - a. Indicated the closing stock at branch
  - b. Indicates gross profit/ loss at the branch
  - c. Is transferred to Purchases/Trading Account
  - d. Indicates the amount due from the branch debtors
3. Branch account under debtors system is a
  - a. Real Account                                      b. nominal account
  - c. personal account                                d. representative personal account
4. Depreciation on branch assets under debtors system is
  - a. Not shown separately in branch account
  - b. Shown in branch account
  - c. Not accounted
  - d. Shown in the profit and loss account of head office
5. Stock reserve in relation to closing stock appears
  - a. On the debit side of branch account
  - b. On the credit side of branch account
  - c. On the debit side of profit and loss account
  - d. On the credit side of the profit and loss account

- Q. 2** BPO Company has a branch at Pune. Goods are invoiced to the Branch at 20% profit on Invoiced Price. Branch has been instructed to send cash daily to the Head Office.all expenses of the Branch are paid by the Head Office except Petty expenses which are met by the Branch Manager. From the following particulars prepare Branch Account and Memorandum Branch Debtor Account in the books of the Head Office. The details of transaction for the year ended 31<sup>st</sup> December, 2013 were under:

**(15)**  
**P.T.O.**

Particulars		₹
Stock on 1 <sup>st</sup> Jan, 2013 (Invoice Price)		84,000
Sundry Debtors – 1 <sup>st</sup> Jan, 2013		36,000
Cash in hand – 1 <sup>st</sup> Jan, 2013		1,600
Furniture – 1 <sup>st</sup> Jan, 2013		8,000
Goods invoiced to Branch (invoice Price)		3,20,000
Goods returned to H.O. (Invoice Price)		4,800
Goods returned by Debtors		2,000
Cash received from Debtors		1,24,000
Cash Sales		2,00,000
Credit Sales		1,28,000
Discount allowed to Debtors		2,400
Expenses paid by H.O.		
- Rent	4,800	
- Salary	9,600	
- Stationery	16,000	30,400
Petty expenses paid by Branch Manager		1,200

Depreciation is to be provided on Furniture at 10% p.a. Stock on 31<sup>st</sup> December, 2013 at Invoice Price Rs. 60,000.

- Q. 3** Mr. Ram Rao, Delhi has a branch at Mumbai. All purchases are made by the head office. Goods are sent to Branch at invoice price which is cost plus 50%. The Branch does not maintain double entry books of accounts, the books are kept at the head office. Branch sells goods for cash as well as on credit. All the expenses of branch are paid by Head Office. All cash collection is sent to head office every day. From the following information supplied to you, prepare Branch A/c at Cost Price in the books of head office for the year ended March 2019. (15)

Particulars	₹
Stock at Branch at Invoice price on 1 <sup>st</sup> April, 2018	66,900
Debtors at Branch on 1 <sup>st</sup> April, 2018	1,32,300
Furniture at Branch on 1 <sup>st</sup> April, 2018	32,000
Goods sent to Branch at invoice price	7,20,000
Cash sales	2,80,000
Credit Sales	5,62,000
Cash received from Debtors	?
Bad Debts at Branch	32,260
Expenses of Branch paid by Head Office:	
Salaries	37,200
Rent	56,800
Printing and Stationery	28,800
Sundry Expenses	26,380
Goods returned by Branch to Head Office at Invoice Price	30,000
Goods returned by Branch to Debtors	24,000
Stock at Branch at Invoice price on 31 <sup>st</sup> March, 2019	78,000
Debtors at Branch on 31 <sup>st</sup> March, 2019	54,000
Furniture at Branch on 31 <sup>st</sup> March, 2019	28,800

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***F.Y.BAF / BCOM***  
***(Sem - II)***

## ***Accounts Test – 2***

### ***Branch Accounts***

**Marks:- 35**  
**Time:- 1 hr.**

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## To Pune Branch

This entry may indicate

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- All the above***

- 2. Under the 'Debtor' method, closing balance in the Goods sent to Branch Account**

- Indicated the closing stock at branch
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- Is transferred to Purchases/Trading Account**
- Indicates the amount due from the branch debtors

- 3. Branch account under debtors system is a**

- a. Real Account                      **b. nominal account**  
c. personal account                d. representative personal account

- 4. Depreciation on branch assets under debtors system is**

- Not shown separately in branch account**
- Shown in branch account
- Not accounted
- Shown in the profit and loss account of head office

- 5. Stock reserve in relation to closing stock appears**

- On the debit side of branch account
- On the credit side of branch account
- On the debit side of profit and loss account
- On the credit side of the profit and loss account

Q.2.

Pune Branch Account			
Dr.		Cr.	
Particulars	₹	Particulars	₹
To Balance b/d		By Stock Reserve	
- Stock (IP)	84,000	(loading in Op. St.)	16,800
- Debtors	36,000	By Goods sent to Branch (Returns)	4,800
- Cash	1,600	By Goods sent to Branch	64,000
- Furniture	8,000	(loading in goods sent)	
To Goods sent to Branch (IP)	3,20,000	By Cash from	
To Cash		- Debtors	1,24,000
- Rent	4,800	- Cash Sales	2,00,000
- Salary	9,600		3,24,000
- Stationery	16,000	By Balance c/d	
To Goods sent to Branch	960	- Stock	60,000
(Stock Reserve on Returns)		- Furniture (8,000 - 800)	7,200
To Stock Reserve (loading in Cl. St.)	12,000	- Cash (1,600 - 1,200)	400
To Profit & Loss A/c	19,840	- Debtors (WN)	35,600
	5,12,800		5,12,800

Working Note :

Branch Debtors Account			
Dr.		Cr.	
Particulars	₹	Particulars	₹
To Balance b/d	36,000	By Sales Returns	2,000
To Sales	1,28,000	By Cash	1,24,000
		By Discount	2,400
		By Balance c/d (Bal. Fig.)	35,600
	1,64,000		1,64,000

Q.3.

IN THE BOOKS OF M/S. RAM RAO, MUMBAI  
Branch Account (At Cost)

Particulars	₹	Particulars	₹
To Balance b/d		By Cash A/c (WN 2)	8,62,040
- Stock (66,900 x 2/3)	44,600	By Goods Sent to Branch A/c	20,000
- Debtors	1,30,300	(30,000 x 2/3)	
- Furniture	32,000	By Balance c/d	
To Goods Sent to Branch A/c	4,80,000	- Stock (78,000 x 2/3)	52,000
(7,20,000 x 2/3)		- Debtors	54,000
To Cash / Bank A/c		- Furniture	28,800
- Salaries	37,200		1,34,800
- Rent	56,800		
- Printing and Stationery	28,800		
- Sundry Expenses	26,380		
To Net Profit	1,80,760		
	10,16,840		10,16,840

Working Notes :

(1) Cost + 50% of Cost = I.P.

100 + 50 = 150

So, Cost of 2/3 of I.P.

(2)

## In the Books of Mumbai Branch

## Debtors Account

Particulars	₹	Particulars	₹
To Balance b/d	1,30,300	By Cash A/c (Bal. Fig.)	5,82,040
To Sales A/c	5,62,000	By Bad Debts A/c	32,260
		By Sales Return A/c	24,000
		By Balance c/d	54,000
	6,92,300		6,92,300

(3)

## Cash Account

Particulars	₹	Particulars	₹
To Balance b/d	-	By Head Office A/c (Bal. Fig.)	8,62,040
To Sales	2,80,000		
To Debtors (WN 1)	5,82,040		
	8,62,040		8,62,040

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