

BRANCH ACCOUNT

To Opening Balance of Debtors	₹	By Cash received from Debtors By Closing Balance of Debtors	₹
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The following other items related to debtors are not shown in Branch Account :

- (i) Credit sales ;
- (ii) Goods Returned by Debtors ;
- (iii) Bad debts written off ;
- (iv) Discount allowed to Debtors ; and
- (v) Allowance allowed to Debtors.

The above five items are shown in Debtors account to find out any missing item related to Debtors.

Missing Items. Any missing item related to debtors may be any one of (i) Closing Debtors (ii) Cash received from Debtors and (iii) Opening Debtors. It is ascertained by preparing a Branch Debtors Account or Memorandum Branch Debtors Account as given below.

BRANCH DEBTORS ACCOUNT

To Balance b/d (Opening balance of Debtors)	₹	By Cash received from Debtors	₹
To Sales (Credit) either given or balancing figure	By Bad Debts
		By Discount Allowed
		By Allowance Allowed
		By Sales Return/Returns Inward
		By Balance c/d (Closing balance of Debtors)

(iv) Calculation of Branch Opening Debtors

Illustration 4. The following are the details of transactions of a branch :

	₹		₹
Goods sent to Branch at cost	50,000	Credit Sales	51,000
Goods returned from Branch at cost	3,000	Closing Stock with Branch	17,000
Expenses paid by Head Office	10,000	Branch Debtors (Closing Balance)	7,700
Remittance received from Branch	45,000	Discount allowed to customers by the Branch	1,800
Cash Sales	2,500		

You are required to record the above transactions in the books of the Head Office by adopting any one method of branch accounting best known to you. (B.Com. (Hons.) Delhi, 1987)

Solution

IN THE BOOKS OF HEAD OFFICE BRANCH ACCOUNT

To Branch Debtors A/c (Opening)	₹ 1,000	By Cash A/c (Remittances from Branch)	₹ 45,000
To Goods sent to Branch A/c	50,000	By Goods sent to Branch A/c (Goods returned by Branch)	3,000
To Cash A/c (Expenses)	10,000		

To General Profit and Loss A/c (Balancing Figure)	11,700	By Balance c/d (Closing):	
		Stock	17,000
		Debtors	<u>7,700</u>
	<u>72,700</u>		<u>24,700</u>
			<u>72,700</u>

BRANCH DEBTORS ACCOUNT

To Balance b/d (Balancing Figure)	₹ 1,000	By Cash Account	₹ 42,500
To Credit Sales	51,000	By Discount Allowed	1,800
		By Balance c/d	<u>7,700</u>
	<u>52,000</u>		<u>52,000</u>

Working Notes. Cash received from Debtors = ₹ 45,000 – ₹ 2,500 (Cash Sales) = ₹ 42,500.

(v) Calculation of Cash Received From Debtors

Illustration) 5. Asha Co., Pune opened a branch at Jodhpur on 1st April, 2014. The following information is available in respect of the branch for the year 2014-15 :

Goods sent to Branch	₹ 85,000
Credit Sales	70,000
Cash Sales	52,000
Expenses paid by Head Office:	₹
Salaries	15,000
Rent	12,000
Sundry Expenses	<u>3,000</u>
Debtors of branch	5,000
Stock at the branch	30,000

Prepare Branch Account to show the profit and loss from the branch for the year 2014-15.

Solution

IN THE BOOKS OF ASHA COMPANY (HEAD OFFICE)
PUNE BRANCH ACCOUNT
(FOR THE YEAR ENDING 31ST MARCH, 2015)

To Goods supplied to Branch A/c	₹ 85,000	By Cash A/c	₹
To Cash Account:		Sales	52,000
Salaries	15,000	From Debtors	<u>65,000</u>
Rent	12,000	By Balance c/d (Closing):	
Sundry Expenses	<u>3,000</u>	Stock	30,000
To General Profit and Loss A/c (Balancing Fig.)	37,000	Debtors	<u>5,000</u>
	<u>1,52,000</u>		<u>1,17,000</u>
			<u>1,52,000</u>

BRANCH DEBTORS ACCOUNT

To Credit Sales Account	₹ 70,000	By Cash Account (Balancing Figure)	₹ 65,000
		By Balance c/d	<u>5,000</u>
	<u>70,000</u>		<u>70,000</u>

(vi) Calculation of Closing Debtors

Illustration 6. Kanak Co. Ltd. has its head office at Mumbai and branch in Bokaro. This branch sells for cash as well as credit. With the help of the following transactions which took place between head office and branch office in the year 2014-15; prepare Branch Account and Debtors Account in the books of Head Office :

Opening Stock	15,000	₹
Closing Stock	12,000	
Opening Debtors	6,000	
Goods received by the branch from H.O.	56,000	
Cash Sales	40,000	
Credit Sales	39,000	
Cash received from Debtors	20,000	
Cash sent to branch for Office Expenses	12,000	
Goods returned by customers	2,000	
Discount allowed to customers	500	

Solution

**IN THE BOOKS OF HEAD OFFICE (KANAK COMPANY LIMITED)
BOKARO BRANCH ACCOUNT
(FOR THE YEAR ENDING 31ST MARCH, 2015)**

	₹	₹		₹	₹
To Balance b/d (Opening) :			By Cash Account :		
Stock	15,000		Sales	40,000	
Debtors	<u>6,000</u>	21,000	From Debtors	<u>20,000</u>	60,000
To Goods supplied to Branch A/c		56,000	By Balance c/d (Closing) :		
To Cash Account (Salaries)		12,000	Stock	12,000	
To General Profit and Loss A/c (Branch Profit Transferred)		5,500	Debtors	<u>22,500</u>	34,500
		<u>94,500</u>			<u>94,500</u>

BRANCH DEBTORS ACCOUNT

	₹		₹
To Balance b/d	6,000	By Cash Account	20,000
To Credit Sales Account	39,000	By Discount Allowed Account	500
		By Sales Returns Account	2,000
		By Balance c/d (Balancing Figure)	22,500
	<u>45,000</u>		<u>45,000</u>