

The following entries are made in the books of Head Office to ascertain the Profit/Loss of Branches :

1	For recording of Opening Stock, Opening balance of Petty Cash or Opening balance of any other assets : Branch Account To Opening Stock Account To Opening Petty Cash Account To Opening Balance of Other Assets Account (Opening Balances at the Branch)	Dr.
2	When goods are supplied by head office to branch : Branch Account To Goods sent to Branch Account (Goods supplied to Branch)	Dr.
3	When goods are returned by branch to head office : Goods Sent to Branch Account To Branch Account (Goods returned by Branch)	Dr.
4	When branch expenses are met by the head office or cash is sent to branch for expenses : Branch Account To Cash or Bank Account (Amount sent to branch for expenses)	Dr.
5	When cash is sent to branch for petty expenses : Branch Account To Cash or Bank Account (Amount sent to Branch for petty expenses)	Dr.
6	On receipt of cash from the branch : Cash or Bank Account To Branch Account (Cash received from Branch)	Dr.
7	For recording of Closing Stock, closing balance of petty cash or closing balance of any other asset : Stock at Branch Account (Closing Stock) Closing Petty Cash Account Closing Balance of other Assets Account To Branch Account (Closing balances at the Branch)	Dr. Dr. Dr.

8	When branch account discloses a profit : Branch Account To General Profit and Loss account (Profit at branch transferred to General Profit and Loss Account)	Dr.
9	In order to close the Goods sent to Branch Account : Goods sent to Branch Account To Trading Account (Balance of goods sent to Branch Account transferred to Trading Account)	Dr.

Important Note : In cases of loss the reverse entry of Profit (8) is made.

On the basis of the above journal entries, the Branch Account in the book of Head office is prepared as follows :

Format of Branch Account in the Books of Head Office

BRANCH ACCOUNT

₹	₹		₹
To Balance b/d (Opening Balance) :		By Balance b/d (Opening Balances) :	
Stock		Liabilities, if any	
Petty Cash		By Cash or Bank A/c (Amount received	
Other Asset		From branch or cash sales from Debtors)	
To Goods supplied/sent to branch A/c		By Goods sent to branch A/c	
To Cash or Bank A/c (for expenses):		(Returned by branch)	
Salaries		By Balance c/d (Closing Balances) :	₹
Rent		Stock	
Wages		Petty Cash	
Office Expenses		Other Assets	
Sundry Expenses		By General Profit and Loss Account (if any loss)	
Other Expenses			
To Cash or Bank Account			
(for Petty Expenses)			
To Balance of Branch Liability, if any			
To General Profit and Loss Account (if profit)			