

Accounting Problems on Branch Accounts

Branch Accounts: Problem and Solution # 1.

The Kanpur Shoe Company opened a branch at Delhi on 1st April 2010. From the following figures, prepare all the necessary accounts for the year ended 31st March, 2011 and Delhi Branch Account for the year ended 31st March 2012:

	2010-11 ₹	2010-2012 ₹
Goods sent to Delhi Branch	2,15,000	6,45,000
Cash sent to Branch for :		
Rent	31,800	31,800
Salaries	33,000	45,000
Other expenses	11,200	21,600
Cash received from the Branch	3,24,000	8,60,000
Closing stock	32,300	65,800
Closing petty cash in hand	1,040	2,030

BOOKS OF KANPUR SHOE COMPANY

Solution:

<i>Dr.</i>		Delhi Branch Account		<i>Cr.</i>	
		₹			₹
Apr. 1 2010 to Mar. 31 2011	To Goods Sent to Branch A/c	2,15,000	Apr. 1, 2010 to Mar. 31 2011	By Cash	3,24,000
	To Cash—		2011	By Stock at Delhi Branch A/c	32,300
	Rent	31,800	Mar. 31	By Petty Cash at Delhi Branch A/c	1,040
	Salaries	33,000	Mar. 31		
	Other Expenses	11,200			
		76,000			
2011 Mar. 31	To Net Profit transferred to Profit and Loss Account	66,340			
		3,57,340			3,57,340

<i>Dr.</i>		Goods Sent to Delhi Branch Account		<i>Cr.</i>	
		₹			₹
2011 Mar. 31	To Trading Account— transfer	2,15,000	Apr. 1, 2010 to Mar. 31 2010	By Delhi Branch A/c	2,15,000
		2,15,000			2,15,000

Dr.		Stock at Delhi Branch Account			Cr.	
2011		₹	2011		₹	
Mar. 31	To Delhi Branch Account	32,300	Mar. 31	By Balance c/d	32,300	
2011			2011			
Apr. 1	To Balance b/d	32,300	Apr. 1	By Delhi Branch A/c—transfer	32,300	

Petty Cash at Delhi Branch Account

Dr.					Cr.	
2011		₹	2011		₹	
Mar. 31	To Delhi Branch A/c	1,040	Mar. 31	By Balance c/d	1,040	
2011			2011			
Apr. 1	To Balance b/d	1,040	Apr. 1	By Delhi Branch A/c—transfer	1,040	

Dr.		Profit and Loss Account			Cr.	
			2011		₹	
			Mar. 31	By Delhi Branch A/c	66,340	

Dr.		Delhi Branch Account			Cr.	
2011		₹	Apr. 1		₹	
Apr. 1	To Stock at Delhi Branch A/c	32,300	2011 to			
"	To Petty Cash at Delhi Branch A/c.	1,040	Mar. 31	By Cash	8,60,000	
Apr. 1,			2012			
2011 to			Mar. 31	By Stock at Delhi Branch A/c	65,800	
Mar. 31,			"	By Petty Cash at Delhi Branch A/c	2,030	
2012	To Goods Sent to Branch A/c	6,45,000				
"	To Cash (expenses) : ₹					
	Rent	31,800				
	Salaries	45,000				
	Other Expenses	<u>21,600</u>				
		98,400				
2012						
Mar. 31	To Net Profit transferred to Profit & Loss A/c	1,51,090				
		<u>9,27,830</u>			<u>9,27,830</u>	

Branch Accounts: Problem and Solution # 2.

From following particulars relating to Patna Branch for the year ending 31st March, 2012, prepare accounts in the head office books:

Stock at Branch on 1st April, 2011	₹ 58,900
Branch Debtors on 1st April, 2011	14,700
Petty Cash at Branch on 1st April, 2011	720
Goods sent to Branch during the year	3,29,400
Cash sales during the year	3,15,800
Credits sales during the year	1,40,400
Cash received from debtors	1,37,900
Cash sent to Branch for expenses :	
Rent	12,000
Salaries	36,000
Petty cash	7,000
Stock at Branch on 31st March, 2012	55,400
Petty Cash at Branch on 31st March, 2012	730
Goods returned by Branch	1,800

Solution :

HEAD OFFICE LEDGER

Dr.			Branch Stock Account			Cr.		
2011		₹	2011		₹			
Apr. 1	To Balance <i>b/d</i>	58,900	Apr. 1	By Patna Branch				
2012			2012	Account—transfer	58,900			
Mar. 31	To Patna Branch A/c	55,400	Mar. 31	By Balance <i>c/d</i>	55,400			
2012								
Apr. 1	To Balance <i>b/d</i>	55,400						

Branch Debtors Accounts

2011		₹	2011		₹
Apr. 1	To Balance <i>b/d</i>	14,700	Apr. 1	By Patna Branch	
2012			2012	A/c—transfer	14,700
Mar. 31	To Patna Branch A/c*	17,200	Mar. 31	By Balance <i>c/d</i>	17,200
2012					
Apr. 1	To Balance <i>b/d</i>	17,200			

Branch Petty Cash Account

2011		₹			₹
Apr. 1	To Balance <i>b/fd</i>	720	2011	Apr. 1	By Patna Branch A/c—transfer
2012			2012		
Mar. 31	To Patna Branch A/c	730		Mar. 31	By Balance <i>c/d</i>
2012					730
Apr. 1	To Balance <i>b/d</i>	730			

Memorandum Branch Debtors Account

<i>Dr.</i>		₹			<i>Cr.</i>
	To Balance <i>b/fd</i>	14,700		By Cash	1,37,900
	To Credit Sales	1,40,400		By Balance <i>c/d</i>	17,200
		<u>1,55,100</u>			<u>1,55,100</u>

Patna Branch Account

2011		₹			₹
Apr. 1	To Branch Stock A/c	58,900	2011 to		
" "	To Branch Debtors A/c	14,700	Mar 31,		
" "	To Branch Petty Cash A/c	720	2012	By Cash :	₹
Apr. 1, 11				Cash Sales	3,15,800
to Mar. 31	To Goods Sent to			Receipts from	1,37,900
2012	Branch A/c	3,29,400		Debtors	<u>1,37,900</u>
" "	To Cash :		" "	By Goods Sent to Branch	4,53,700
	Rent	12,000		A/c (returns)	1,800
	Salaries	36,000	2012		
2012	Petty Cash	7,000	Mar. 31	By Branch Stock A/c	55,400
Mar. 31	To Profit and Loss A/c—		" "	By Branch Debtors A/c	17,200
	transfer of profit	70,110	" "	By Branch Petty Cash A/c	730
		<u>5,28,830</u>			<u>5,28,830</u>

Goods Sent to Branch Account

Apr. 1,		₹			₹
2011 to			April 1		
Mar. 31,	To Patna Branch A/c (returns)	1,800	2011 to		
2012			Mar. 31,		
2012	To Trading A/c—		2012	By Patna Branch A/c	3,29,400
Mar. 31	transfer	3,27,600			
		<u>3,29,400</u>			<u>3,29,400</u>

The profit disclosed by the Patna Branch Account can be verified by preparing trading and profit and loss account as follows:

Trading and Profit and Loss Account

	₹		₹
To Opening Stock	58,900	By Sales—	₹
To Goods Received from Head Office	3,29,400	Cash	3,15,800
Less: Returns	<u>1,800</u>	Credit	<u>1,40,400</u>
	3,27,600		4,56,200

To Gross Profit <i>c/d</i>	₹ 1,25,100	By Closing Stock	₹ 55,400
	5,11,600		5,11,600
To Rent	12,000	By Gross Profit <i>b/d</i>	1,25,100
To Salaries	36,000		
To Petty Cash Expenses*	6,990		
To Net Profit	70,110		
	1,25,100		1,25,100

Branch Accounts: Problem and Solution # 3.

Amrit Oils Ltd. open a branch at Delhi on 1st April, 2010. Goods are invoiced to the branch at cost plus $33\frac{1}{3}\%$ which is the selling price. From the following particulars relating to 2010-11 and 2011-2012 ascertain the profit made at Delhi Branch in the two years. For 2010-11 give journal entries and show how the relevant items will appear in the company's Balance Sheet as on 31st March, 2011.

	2010-11 ₹	2011-2012 ₹
Goods sent to Delhi Branch during the year, at selling price	6,45,000	8,70,000
Sales at Branch — Cash	3,15,000	6,00,400
— Credit	2,19,600	2,41,000
Cash received from debtors	1,75,400	2,32,300
Discounts allowed to customers	3,200	4,500
Cash sent to branch for expenses (including party cash)	96,000	1,10,000
Goods returned by the Branch (invoice price)	1,500	10,100
Stock at 31st March at invoice price	1,08,400	1,26,900
Petty cash at Branch on 31st March	690	970

Solution :

AMRIT OILS LTD.

Journal

		Dr.	Cr.
2010-11		₹	₹
?	Delhi Branch Account ... Dr. To Goods Sent to Delhi Branch Account The value of goods sent to Branch at invoice value.	6,45,000	6,45,000
?	Bank ... Dr. To Delhi Branch Account Cash received from branch against cash and credit sales made there.	4,90,400	4,90,400
?	Delhi Branch Account ... Dr. To Bank The amount remitted to Delhi Branch for expenses.	96,000	96,000
?	Goods Sent to Delhi Branch Account ... Dr. To Delhi Branch Account Goods returned by the branch at invoice value.	1,500	1,500
2011 Mar. 31	Delhi Branch Stock Account ... Dr. Delhi Branch Debtors Account* ... Dr. Delhi Branch Party Cash Account ... Dr. To Delhi Branch Account The various assets at the branch (stock at invoice value) on 31st March, 2011.	1,08,400 41,000* 690	1,50,090
"	Goods Sent to Delhi Branch Account ... Dr. To Delhi Branch Account The excess of invoice value over cost of the goods sent to Delhi Branch less returns—1/4 of ₹ 6,43,500.	1,60,875	1,60,875
"	Delhi Branch Account ... Dr. To Delhi Branch Stock Reserve Account The excess of invoice value of stock over cost—1/4 of ₹ 1,08,400	27,100	27,100

*The amount is ascertained by making a memorandum branch debtors account.

2011				₹	₹
Mar. 31	Goods Sent to Delhi Branch Account To Trading Account The balance in the Goods Sent to Delhi Branch Account transferred to Trading Account.	...	Dr.	4,82,625	4,82,625
"	Delhi Branch Account To Profit and Loss Account The transfer of profit at Delhi Branch to the Profit & Loss Account.	...	Dr.	34,765	34,765

Dr.		Delhi Branch Account				Cr.
Apr. 1, 2010 to Mar. 31, 2011	To Goods Sent to Delhi Branch A/c To Cash (for expenses)	₹ 6,45,000 96,000	Apr. 1, 2010 to Mar. 31, 2011	By Cash— Cash Sales 3,15,000 From Debtors 1,75,400	₹ 4,90,400	
2011				By Goods Sent to Delhi Branch A/c—returns	1,500	
Mar. 31	To Delhi Branch Stock Reserve A/c	27,100*	2011			
"	To Profit and Loss A/c—transfer of profit	34,765	Mar. 31	By Goods Sent to Delhi Branch Stock A/c—loading*	1,60,875	
			"	By Delhi Branch Stock A/c—	1,08,400	
			"	By Delhi Branch Debtors A/c	41,000	
			"	By Delhi Branch Petty Cash A/c	690	
		8,02,865			8,02,865	

*The goods are invoiced at cost plus $33\frac{1}{3}\%$. If cost is 100, profit, is $33\frac{1}{3}\%$; the selling price therefore, is $133\frac{1}{3}$. Hence, the ratio of profit to selling price is $33\frac{1}{3}/133\frac{1}{3}$ or $\frac{1}{4}$. The adjustment is made on the basis of $\frac{1}{4}$ of invoice price.

The other relevant ledger accounts will be as under :

Dr.		Goods Sent to Delhi Branch Account				Cr.
Apr. 1, 2010 to Mar. 31, 2011	To Delhi Branch Account (returns)	₹ 1,500	Apr. 1, 2010 to Mar. 31, 2011	By Delhi Branch A/c	₹ 6,45,000	
2011						
Mar. 31	To Delhi Branch A/c (loading)	1,60,875				
"	To Trading A/c (transfer of cost)	4,82,625				
		6,45,000			6,45,000	

Dr.		Delhi Branch Stock Account		Cr.	
2011 Mar. 31	To Delhi Branch A/c	₹ 1,08,400	2011 Mar. 31	By Balance c/d	₹ 1,08,400
2011 Apr. 1	To Balance b/d	1,08,400	2011 Apr. 1	By Delhi Branch A/c —transfer	1,08,400

Dr.		Delhi Branch Debtors Account		Cr.	
2011 Mar. 31	To Delhi Branch A/c	₹ 41,000	2011 Mar. 31	By Balance c/d	₹ 41,000
2011 Apr. 1	To Balance b/d	41,000	2011 Apr. 1	By Delhi Branch A/c —transfer	41,000

Dr.		Delhi Branch Debtors Account		Cr.	
2011 Mar. 31	To Delhi Branch A/c	₹ 690	2011 Mar. 31	By Alance c/d	₹ 690
2011 Apr. 1	To Balance b/d	690	2011 Apr. 1	By Delhi Branch A/c — transfer	690

Dr.		Delhi Branch Stock Reserve Account		Cr.	
2011 Mar. 31	To Balance c/d	₹ 27,000	2011 Mar. 31	By Delhi Branch A/c	₹ 27,100
2011 Apr. 1	To Delhi Branch A/c— transfer	27,100	2011 Apr. 1	By Balance b/d	27,100

Balance Sheet of Amrit Oils Ltd. as at 31st March, 2011
(Assets Side)

Delhi Branch Stock	₹	1,08,400	₹	
Less : Delhi Branch Stock Reserve		<u>27,100</u>	81,300	
Delhi Branch Debtors			41,000	
Delhi Branch Petty Cash			690	

Dr.		Delhi Branch Account		Cr.	
2011 Apr. 1	To Delhi Branch Stock A/c	₹ 1,08,400	2011 Apr. 1	By Delhi Branch Stock Reserve A/c	₹ 27,100
Apr. 1	To Delhi Branch Debtors A/c	41,000	Apr. 1		
Apr. 1	To Delhi Branch Petty Cash A/c	690	2011 to Mar. 31 2012	By Cash—	
April 1	To Goods Sent to Delhi Branch A/c	8,70,000		Cash Sales	₹ 6,00,400
2011 to Mar. 31	To Cash—			From Debtors	2,32,300
2012	for expenses	1,10,000	2012 Mar. 31	By Goods Sent to Delhi Branch A/c (returns)	10,100
Mar. 31	To Delhi Branch Stock Reserve A/c (required on closing stock)	31,725	" "	By Goods Sent to Delhi Branch A/c (adjustment)	2,14,975
2012	To Profit and Loss A/c —transfer of profit	96,130	" "	By Delhi Branch Stock A/c	1,26,900
			" "	By Delhi Branch Debtors A/c	45,200
			" "	By Delhi Branch Petty Cash A/c	970
		<u>12,57,945</u>			<u>12,57,945</u>



Branch Accounts: Problem and Solution # 4.

Vijay Merchant of Mumbai has a branch at Poona. Goods are invoiced to the branch at cost plus 25%. Branch is instructed to deposit cash every day in the head office account with the bank. All expenses are paid through cheques by the head office except petty cash expenses which are paid by the branch manager.

Prepare Branch Account in the books of head office after taking into account the following information also:

	₹
Stock at invoice price on 1st April, 2011	82,000
Stock at invoice price on 31st March, 2012	96,000
Debtors on 1st April, 2011	31,700
Debtors on 31st March, 2012	42,150
Furniture on 1st April, 2011	23,400
Cash sales	4,01,300
Credit sales	3,72,100
Goods invoiced to branch by head office	6,28,000
Furniture purchased on 1st October, 2011 by branch manager, payment having been made out of cash sales and collections from debtors	2,500
Expenses paid by head office	1,32,000
Petty expenses paid by branch	10,450
Depreciation is provided on branch furniture @ 10% per annum on diminishing balance method.	

Solution :

In the books of Head Office

<i>Dr.</i>	Branch Account	<i>Cr.</i>	
	₹	₹	
To Branch Stock (opening)	82,000	By Branch Stock Reserve (opening)	16,400
To Branch Debtors (opening)	31,700	By Bank (cash deposited by branch)	7,50,000
To Branch Furniture (opening)	23,400	By Goods sent to Branch Account	
To Goods Sent to Branch Account	6,28,000	(loading)	1,25,600
To Bank (Branch expenses paid by this office)	1,32,000	By Branch Stock (closing)	96,000
To Branch Stock Reserve (closing)	19,200	By Branch Debtors (closing)	42,150
To Profit and Loss Account (profit at branch)	1,37,285	By Branch Furniture (written down value of furniture at branch)	23,435
	10,53,585		10,53,585

Working Notes :

<i>(i) Depreciation on furniture for the year :</i>	₹
On ₹ 23,400 @ 10% p.a. for full year	2,340
On ₹ 2,500 @ 10% p.a. for 6 months	<u>125</u>
Total	<u>2,465</u>
 <i>(ii) Written down value of furniture on 31st March, 2012 :</i>	 ₹
Written down value on 1st April, 2009	23,400
Add : Addition made during the year	<u>2,500</u>
	25,900
Less : Depreciation for the year	<u>2,465</u>
	<u>23,435</u>

(iii) Collection from branch debtors:

Dr.	Memorandum Branch Debtors Account		Cr.
	₹		₹
To Balance b/fd	31,700	By Bank	
To Credit Sales	3,72,100	—collections (balancing figure)	3,61,650
		By Balance c/fd	<u>42,150</u>
	<u>4,03,800</u>		<u>4,03,800</u>

<i>(iv) Cash deposited by branch with bank</i>	₹
Cash sales	4,01,300
Add : Cash collected from debtors	<u>3,61,650</u>
	7,62,950
Less : Furniture purchased	2,500
Petty expenses	<u>10,450</u>
	<u>7,50,000</u>



**Branch Accounts:
Problem and
Solution # 5.**

Kanpur Cloth Mills opened a branch at Delhi on 1st April, 2011. The invoiced to the branch at selling price which was 125% of the cost to the head office.

The following are the particulars of the transactions relating to branch during the year March, 2012:

		₹
Goods sent to branch, at cost to head office		28,08,400
Sales :	₹	
Cash	12,50,700	
Credit	<u>17,74,300</u>	30,25,000
Cash collected from debtors		15,70,000
Discount allowed to debtors		15,700
Returns from debtors		10,000
Spoiled cloth in bales written off, at invoice price		5,000
Cheques sent to branch for :	₹	
Rent	72,000	
Salaries	1,80,000	
Other Expenses	<u>35,000</u>	2,87,000

Prepare Branch Account ascertaining profit for the year ended 31st March, 2012 after preparing Memorandum Branch Stock Account and Memorandum Branch Debtors Account.

Solution :

<i>Dr.</i>		Memorandum Branch Stock Account		<i>Cr.</i>
To Goods sent to Branch :		₹		₹
Cost	28,08,400		By Cash Sales	12,50,000
Add : Loading @ 25%	<u>7,02,100</u>	35,10,500	By Credit Sales	17,74,300
To Returns from Debtors		10,000	By Abnormal Loss	
			— Spoiled cloth	5,000
			By Stock on 31st March, 2,012	
			— Balancing figure	4,90,500
		<u>35,20,500</u>		<u>35,20,500</u>

<i>Dr.</i>		Memorandum Branch Debtors Account		<i>Cr.</i>
To Credit Sales		₹		₹
		17,74,300	By Cash collected	15,70,000
			By Discount allowed	15,700
			By Returns	10,000
			By Debtors on 31st March, 2012	
			— Balancing figure	1,78,600
		<u>17,74,300</u>		<u>17,74,300</u>

<i>Dr.</i>		Branch Account		<i>Cr.</i>
To Goods Sent to Branch Account		₹		₹
To Bank		35,10,500	By Bank	
— Rent	72,000		— Cash sales	12,50,700
— Salaries	1,80,000		— From debtors	<u>15,70,000</u>
— Other expenses	<u>35,000</u>	2,87,000	By Goods Sent to Branch Account	28,20,700
To Branch Stock Reserve		98,100	— Loading	7,02,100
To Profit and Loss Account			By Abnormal Loss	
— Transfer of profit		3,00,300	— Cost of spoiled cloth	4,000
			By Branch Stock	4,90,500
			By Branch Debtors	1,78,600
		<u>41,95,900</u>		<u>41,95,900</u>

Branch Accounts: Problem and Solution # 1

Rahul Limited operates a number of retail outlets to which goods are invoiced at wholesale price which is cost plus 25%. These outlets sell the goods at the retail price which is wholesale price plus 20%.

Following is the information regarding one of the outlets for the year ended 31.3.2012:

	₹ '000
Stock at the outlet 1.4.2011	300
Goods invoiced to the outlet during the year	3,240
Gross profit made by the outlet	600
Goods lost by fire	?
Expenses of the outlet for the year	200
Stock at the outlet on 31.3.2012	360

You are required to prepare the following in the books of Rahul Limited for the year ended 31.3.2012:

(a) Outlet stock Account.

(b) Outlet profit and Loss Account.

(c) Outlet Stock Reserve Account.

Solution :

Dr.		Outlet Stock Account		Cr.	
2011 April 1 1.4.2011 to 31.3.2012	To Balance b/fd	₹ '000 300	1.4.2011 to 31.3.2012	By Sales — working note (i)	₹ '000 3,600
	To Goods Sent to Outlet Account	3,24,000			
2012 Mar. 31	To Outlet Profit and Loss Account —transfer of gross profit	600	? 2012 March, 31	By Goods lost by Fire Account — balancing figure Balance c/fd	180 360
		<u>4,140</u>			<u>4,140</u>

Dr.		Outlet Profit and Loss Account		Cr.	
2012 Mar. 31	To Expenses	₹ '000 200	2012 March. 31	By Outlet Stock Account — gross profit	₹ '000 180
.. ..	To Goods Lost by Fire Account	180			
.. ..	To (General) Profit and Loss Account — transfer of profit at outlet	220			
		<u>600</u>			<u>600</u>

Dr.		Outlet Stock Reserve		Cr.	
2012 Mar. 31	To Balance c/fd — required amount as per working note (ii)	₹ '000 72	2011 April 1	By Balance b/fd — working note (ii)	₹ '000 60
			2012 March. 31	By (General) Profit and Loss Account— amount necessary to increase the Reserve to the required level	12
		<u>72</u>			<u>72</u>

Working Notes:

- (i) If cost is ₹ 100, wholesale price = ₹ 100 + ₹ 25 = ₹ 125
Retail price = ₹ 125 + 20% of ₹ 125 = ₹ 150.
Gross profit at outlet = ₹ 150 – ₹ 125 = ₹ 25.

Sales to earn gross profit of ₹ 600 thousand = ₹ 600 thousand $\times \frac{150}{25}$ = ₹ 3,600 thousand

- (iii) Opening balance of outlet stock reserve = ₹ 300 thousand $\times \frac{25}{125}$ = ₹ 60 thousand

Closing balance of outlet stock reserve = ₹ 360 thousand $\times \frac{25}{125}$ = ₹ 72 thousand



Branch Accounts: Problem and Solution

Carlin & Co. has head office at New York (U.S.A.) and branch at Mumbai (India). Mumbai branch furnishes you with its trial balance as on 31st March, 2012 and the additional information given thereafter:

	<i>Dr.</i> <i>Rupees in thousands</i>	<i>Cr.</i> <i>Rupees in thousands</i>
Stock on 1st April, 2011	300	—
Purchases and sales	800	1,200
Sundry debtors and creditors	400	300
Bills of exchange	120	240
Wages and salaries	560	—
Rent, rates and taxes	360	—
Sundry charges	160	—
Computers	240	—
Bank balance	420	—
New York office a/c	—	1,620
	<u>3,360</u>	<u>3,360</u>

Additional information:

(a) Computers were acquired from a remittance of US \$ 6,000 received from New York head office and paid to the suppliers. Depreciate computers at 60% for the year.

▼
(b) Unsold stock of Mumbai branch was worth Rs 4,20,000, on 31st March, 2012.

(c) The rates of exchange may be taken as follows:

(i) On 1.4.2011 @ Rs 40 per US \$

(ii) On 31.3.2012 @ Rs 42 per US \$

(iii) Average exchange rate for the year @ Rs 41 per US \$

(iv) Conversion in \$ shall be made up to two decimal accuracy.

You are asked to prepare in US dollars the revenue statement for the year ended 31st March, 2012 and the balance sheet as on that date of Mumbai branch as would appear in the books of New York head office of Carlin & Co. You are informed that Mumbai branch account showed a debit balance of US \$ 39609.18 on 31.3.2012 in New York books and there were no items pending reconciliation.

Solution :

**Trading and Profit and Loss Account of Mumbai branch
for the year ended 31st March, 2012**

	\$		\$
To Opening Stock	7,500.00	By Sales	29,268.29
To Purchases	19,512.20	By Closing Stock	10,000.00
To Gross profit c/d	12,256.09		
	39,268.29		39,268.29
To Wages and Salaries	13,658.54	By Gross profit b/d	12,256.09
To Rent, Rates and Taxes	8,780.49	By Net Loss	17,685.38
To Sundry Charges	3,902.44		
To Depreciation on Computers	3,600.00		
	29,941.47		29,941.47

Balance Sheet of Mumbai Branch as on 31.3.2012

<i>Liabilities</i>		\$	<i>Assets</i>	\$	\$
New York Office Account:	\$		Computers	6,000	
Balance b/fd	39,609.18		Less: Depreciation	3,600	
Less: Net Loss	17,685.38	21,923.80			2,400.00

	\$		\$
Sundry Creditors	7,142.86	Closing Stock	10,000.0
Bills payable	5,714.29	Sundry Debtors	9,523.8
		Bills Receivables	2,857.1
		Bank Balance	10,000.0
	34,780.95		34,780.9

Working Notes :

Converted Trial Balance of Mumbai Branch as on 31st March, 2012

<i>Name of Account</i>	<i>Rate per \$</i>	<i>Debit</i>	<i>Credit</i>	<i>Converted debit</i>	<i>Converted credit</i>
	₹	₹	₹	\$	\$
Stock on 1st April, 1998	40	300,000	—	7,500.00	—
Purchases and Sales	41	800,000	1200,000	19,512.20	29268.29
Sundry Debtors and Creditors	42	400,000	300,000	9,523.81	7142.86
Bills of Exchange	42	120,000	240,000	2,857.14	5714.29
Wages and Salaries	41	560,000	—	13,658.54	—
Rent, Rates and Taxes	41	360,000	—	8,780.49	—
Sundry Charges	41	160,000	—	3,902.44	—
Computers		240,000	—	6,000.00	—
Bank Balance	42	420,000	—	10,000.00	—
New York Office Account	—	—	1620,000	—	39,609.18
		3360,000	3360,000	81,734.62	81,734.62