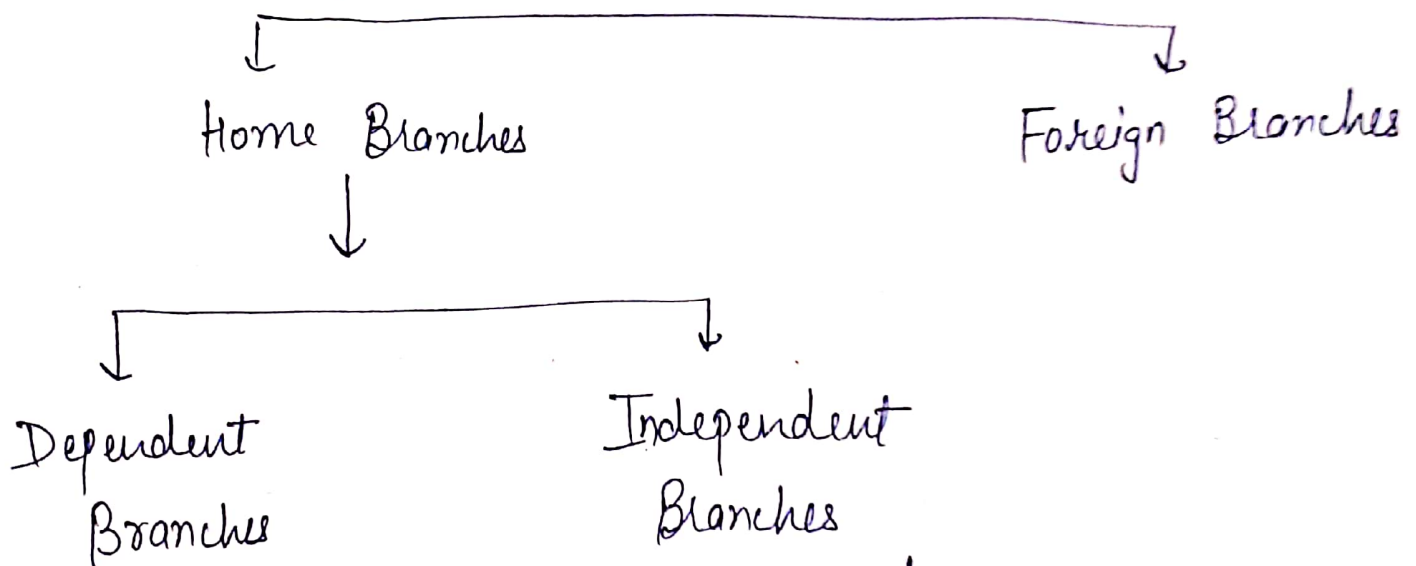


Important Questions of Branch A/c for B.com I year II SEM.

Q① What is Branch? What are the various types of Branch?

Ans:- Branch is established for the purpose of expanding the business. When the business grows, it establishes its various branches at various places or some other towns in the country or abroad for selling its products and services to customers.

Types of Branches:-



Q② Write a short note on 'Goods in Transit'?

Ans:- It is seen that a part of goods sent by the head office might not have been received by the branch at the time of balancing the accounts. Such goods are called 'Goods in Transit'. The following entry will be passed by the Head office.


Journal Entry :- Goods in transit A/c Dr

To Branch A/c

Q (3) :- Short note on 'Imprest System'?

Ans :- It is a case, where a definite sum is advanced to the branch for meeting petty expenses. The amount is called imprest money. The branch goes on incurring all daily expenses out of this imprest system. At the end of given period, the branch submits the amount/account to head office which reimburses the amount spent by the branch. For example :-

£ 5000 is advanced to branch on 1st April. If the branch spends £ 3000 by the end of April, it will again remit £ 3000 ~~by the end of~~ so that after including £ 2,000 it will again restart the original amount of £ 5,000 on the first day of May.

Q  Accounting Record :- The opening balance of Petty cash is recorded on the debit and closing balance is on credit side of Branch A/c. Because the petty expense met by the branch are reimbursed by the head office, these expenses are met by Head office, hence should be shown on the debit side of 'Branch A/c'.

Q (4) Branch Adjustment A/c ?

Ans :- To record the profit on all transactions, it is prepared. It is credited with the loads in opening stock and goods sent on branch; and debited with the closing stock and goods returned by branch.

Journal entries :-

(1) For recording the opening stock:-
Stock Reserve A/c Dr
 To Branch Adjustment A/c /-

(2) For recording the goods supplied to Branch:-
Goods Supplied to Branch Dr
 To Branch adjustment A/c /-

(3) For recording the goods returned by Branch:-
Branch adjustment A/c Dr
 To Goods Supplied to Branch /-

(4) For recording closing stock:-
Branch adjustment A/c Dr
 To Stock Reserve A/c /-

Q(5):- Short note on 'Cash in Transit'?

Ans:- Sometime branch remits cash to Head office. But Head office collects the money after sometime it is called 'Cash in Transit'. Suppose a branch remits cash on 30th June 2019 but it is received by the Head office after 30th June. Hence Branch A/c and Head office will show different Balances. In order to reconcile the two Balances, the branch will pass the following entry:-

Entry:- Cash in Transit A/c Dr /
To Head office. /—