Objectives of branch

1. To know the profit or loss of each branch separately

.2. To ascertain the financial position of each branch separately on a particular date.

3. To know the cash & goods requirements of the various branches.

4. To evaluate the progress and performances of each branch.

5. To calculate commission for payment to the managers, if based on profits of branch

.6. To give concrete suggestions for the improvement in the working of the various branches.

7. To meet the requirements of specific enactments as all branches of a company must keep the accounts for audit purpose.

## Difference between branch debtors account and memorandum branch debtors account:

**Branch debtors Account:**

* A branch debtors account is a type of account that’s **created to increase control over the branch debtors**.
* This account is allowed to**maintain when different branches** are allowed to sell goods and services on credit in particular.
* The Branch debtors account is similar to the **sundry debtors accounts**in terms of preparation.

**Memorandum Account:**

* A Memorandum account is prepared to **assess and evaluate the missing information** just like every other memorandum account.
* With the help of the memorandum account, we can access the required **opening or closing balances**that is been missing in the given account.
* It helps to trace out the required information.

Journal entries in Branch Accounting

Recording opening balances of Branch Assets

***Branch A/c Dr.***

***To Branch Assets (Individually)***

For recording opening balances of Branch Liabilities

***Branch Liabilities (Individual) Dr.***

***To Branch A/c***

When goods are supplied by the Head Office/another branch to branch

***Branch A/c Dr***

***To Goods sent to Branch A/c***

When goods are returned by the branch/branch customers directly to the Head Office

***Goods Sent to Branch A/c Dr***

***To Branch A/c***

When goods are supplied by the branch to another branch under instructions of Head Office

***Goods Sent to Branch A/c Dr.***

***To Branch A/c***

When goods are supplied by the head office but not received by the branch

***Goods-in Transit A/c Dr.***

***To Branch A/c***

When the Head Office meets the branch expenses or sends cash to the branch for meeting its expenses

**Branch A/c Dr.**

**To Cash/Bank A/c**

When remittances are received by the Head Office from the Branch/ Branch Customers

***Cash/Bank A/c Dr.***

***To Branch A/c***

When remittances are sent by the branch but not received by the Head Office

**Cash in-transit A/c Dr.**

**To Branch A/c**

When the balance in goods sent to Branch Account is transferred

***Goods sent to Branch A/c Dr.***

***To Purchases A/c (in case of Trading concerns) or,***

***To Trading A/c (in case of manufacturing concerns)***

For recording the closing balances of Branch Assets

***Branch Assets A/c (individually)***

***To Branch A/c***

For recording the closing balances of Branch Liabilities

***Branch A/c Dr.***

***To Branch Liabilities (Individually)***