

Chapter - 15 Final Accounts

Final Account



- Manufacturing Alc → →
- Trading Alc → Trading Alc
- Profit & loss Alc → P&L Alc → P&L Alc
- Balance sheet → Balance sheet → Balance sheet

★ Format:

Trading Account of ... for the year ended ...

* related to goods

Particulars	₹	Particulars	₹
To opening stock	xxx	By sales	xx
To Purchases	xxx	less: returns inward	xx
less: Returns outward	xxx	By closing stock	xx
To Direct expenses:		By Gross Loss c/d*	xx
Freight & Carriage	xxx	By drawings of goods By goods sent on consign By loss by fire (Goods) By free sample → (or less from purchases)	
Customs & insurance	xx		
Wages	xx		
Gas, Water & fuel	xx		
Factory expenses	xx		
Royalty on production	xx		
To Gross profit	xx		

Profit & Loss Account for the year ended ...

Particulars	₹	Particulars	₹
To Gross Loss b/d		By Gross Profit b/d	
- Management expenses		- Other income	
To Salaries		By Discount received	
To office rent, rates & taxes		By commission received	
To Printing & stationery		- Non-trading income	
To Telephone charges		By Bank Interest	
To Postage & telegrams		By Rent of property let out	
To Insurance		By Dividend from shares	
To Audit fees		- Gain on sale of asset	
To Legal Charges		By Profit on sale of mach.	
To Electricity charges		By profit on sale of investment	
- Maintenance expenses			
To Repairs & renewals		By Net loss (transferred	
To Depreciation on:		to capital A/c)	
Office equipment			
Office furniture			
Office buildings			
- Selling & Distribution expenses			
To Salaries (selling staff)			
To Advertisement			
To Godown rent			
To Carriage outward			
To Bad debts			
To Provision for bad debts			
To Selling commission			
- Financial expenses			
To Bank charges			
To Interest on loans			

Profit & Loss A/c

To Discount on bills		
To Discount allowed to customers		
- Abnormal losses		
To loss on sale of machinery		
To loss on sale of investment		
To loss by fire		
To Net Profit (transferred to Capital A/c)		

Balance sheet as on

Liabilities	₹	Assets	₹
Capital A/c.		Tangible Fixed Assets:	
Balance		Land & Building	
Add: Net Profit/Less: Net loss		Plant & Machinery	
Less: Drawings		Furniture & Fixture	
Long Term loans:		Vehicles	
Term loans.		Intangibles:	
Other loans		Goodwill	
Short Term Loans:		Patent rights	
Cash credit		Designs & Brand names	
Overdrafts		Investments:	
Other loans		Long term investments	
Current liabilities:		Current Assets:	
Trade payables.		Inventory in Trade	
Outstanding expenses		Trade receivables	
Advance taken		Short term investments	
Provision:		Prepayments	
Provision for bad debts		Advances	
Provision for retirement benefits		Bank balances	
Provision for taxation		Cash in hand	

* Classify the following items if in TB.

1. Capital - Balance sheet (Liability side)
2. Drawings - Less from capital, Balance sheet (liability)
3. Salary - P & I Alc (Dr)
4. Klages Trading Alc (Dr)
5. Purchase return Trading Alc, less from purchase (Dr)
6. Bad debts P & I Alc (Dr)
7. Depreciation P & I Alc (Dr)
8. Fixed asset Balance sheet, (asset)
9. Creditors Balance sheet, (liability)
10. Discount received P & I Alc, (Cr)
11. Discount allowed P & I Alc, (Dr)
12. Commission paid P & I Alc, (Dr)
13. Royalty Trading Alc, (Dr)
14. Sales Trading Alc, (Cr)
15. Debtors Balance sheet, (Assets)
16. Bills payable Balance sheet, (liability)
17. Advertisement P & I Alc, (Dr)
18. Insurance Dividend received P & I Alc, (Cr)
19. Audit fees P & I Alc, (Dr)
20. Bills receivable Balance sheet, (Asset)
21. Interest paid P & I Alc, (Dr)
22. Insurance P & I Alc (Dr)
23. Prepaid Insurance Balance sheet (Asset)
24. o/s Insurance Balance sheet (Liability)
25. Subscription received P & I Alc (Cr)

26. Subscription receivable: Balance sheet (Asset)
27. Subscription received in advance: Balance sheet (Liability)
28. Opening stock - Trading Alc (Dr.)
29. Cash Balance - Balance sheet (Asset)
30. Bank Balance - Balance sheet (Asset)
31. Bank o/d. - Balance sheet (Liability)

26. Subscription receivable: Balance sheet (Asset)
27. Subscription received in advance: Balance sheet (Liability)
28. Opening stock - Trading Alc (Dr.)
29. Cash Balance - Balance sheet (Asset)
30. Bank Balance - Balance sheet (Asset)
31. Bank o/d: Balance sheet (Liability)

★ Accrual

Expenses ← Prepaid expenses
 ↳ o/s expenses.

T.B.

Rent → P&I Dr.

Prepaid rent - B/s Asset

O/s exp. - B/s Liability

Rent = ₹ 1000 pm. Paid = ₹ 14,000

Rent paid = 14,000

Rent paid = 10,000

1/1/19 ←

31/12/19 ←

31/12/20 ←

Rent a/c Dr. 14,000
 To C/B. 14,000

(next year)
 reverse entry → Rent 2000

To Prepaid rent 2000

Prepaid rent Dr. 2000
 To Rent a/c 2000

Rent 10,000
 To C/B. 10,000

P&I Alc. 12,000
 To Rent a/c 12,000

P&I 12,000
 To Rent a/c 12,000

* Expenses

- Prepaid expenses (Dr) [A] - O/s expenses - (Cr) [L]

Prepaid expenses - (B/S, A)

To Expense a/c (Less from exp)

Expenses A/c (Add in exp)

To O/s exp. A/c

(B/S, L)

* Income

- Accrued Income (Dr) [A]

(Cr) [L]

- Income recd. in advance

Accrued income Dr. (B/S, A)

To Income a/c (Add in income)

Income (Less from inc.)

To income recd. in adv. (B/S, L)

* Examples

① O/s salary ₹ 2000

Salary (Add in salary)

To O/s salary (B/S, L)

② Prepaid rent ₹ 1200

Prepaid rent (B/S, A)

To Rent A/c (Less from rent)

③ Interest received in advance ₹ 900

Interest A/c (Less from interest)

To interest received in advance (B/S, L)

④ Accrued commission ₹ 100

Accrued commission (B/S, A)

To commission A/c (Add in commission)

Trial Balance

Prepaid exp → B/s, A.

Ol's exp → B/s, L.

Income received in advance → B/s, L.

Accrued income → B/s, A.

* Interest on capital

(Nominal Alc) Interest on capital (P & L, Dr)
To capital (Add in capital)

* Interest on drawings

(Nominal Alc) Drawings / Capital Alc - (Less from capital)
To interest on drawings (P & L, Cr.)

→ * Goods.

→ Drawing of goods [C]

Drawings (Less from capital)
To Purchases (Less from purchases)

→ Free sample [C]

Advertisement / Free sample (Add in Advt.)
To Purchases (Less from pur.)

→ Loss by fire [C]

Loss by fire (P & L, Dr)
To Purchases (Less from pur.)

→ Fixed asset [C]

Fixed asset (B/s, A)
To Purchases (Less from pur.)

→ Repairs [C]
 Repairs (P&I, Dr)
 To Purchases (Less from pur.)

* Loss by fire

Cash	Fixed asset	Goods
(P&I, Dr) Loss by fire 2000 To cash 2000 (Less from cash) ↓ Insurance claim 2000 Insurance claim receivable 2000 To loss by fire 2000	Loss by fire 20000 To Fixed asset 20000 (Less from FA) ↓ Insurance claim 15,000 Insurance claim 15000 To loss by fire 15000	Loss by fire 1000 To purchases 1000 (Less from pur.) ↓ Insurance claim 800 Insurance claim 800 To loss by fire 800

P&I Alc	P&I Alc	Trading Alc
Loss by fire 2000 (-) insurance claim 2000 0	Loss by fire 20,000 (-) insurance claim 15,000 5,000	Purchases 50,000 (-) loss by fire 1,000 ⇒ P&I Alc 49,000

B/S	B/S	B/S
Insurance claim receivable 2000 Cash 2000 (-) Loss by fire 2000 0	⇒ B/S FA 20,000 (-) loss 20,000 0 Insurance claim receivable 15,000	⇒ B/S Loss by fire 1,000 (-) claim 800 200 ⇒ B/S Insurance claim receivable 800

* Common debt. Liability Alc Dr. } With lower
To Asset Alc } Amount

Liza.
→ Sugar xx
Oil xx
Biscuit xx
Soap xx
Maggie xx
4500

Anand
Sir.
CA classes.
20,000

(Receivable)
Anand 4500
To sales 4500

Expenses/Drawings 20,000
To Anand 20,000
↑
payable

Less from debtors 4500
Less from creditors 4500

B/S.

Creditors 20,000	Debtors 4500
(-) 4500	(-) Common 4500
15,500	debt 0.

* Drawings of Goods / Cash / Fixed asset.

Drawings (less from cap.)
To purchases
(less from pur.)

Drawings (less from cap.)
To cash
(less from cash)

(less from cap)
Drawings
To Fixed asset
(less from FA)

Que. 1.

Trading Alc
 In the books of M/s ABC Traders
 For the year ended 31st March 2006

Particulars	₹	₹	Particulars	₹	₹
To opening stock		1,00,000	By sales alc	12,00,000	
To purchases	6,72,000		(-) Return inward	1,00,000	10,00,000
(-) Return outward	72,000	6,00,000			
To Carriage inward alc		30,000	By closing stock		2,00,000
To wages Alc		50,000			
To Gross profit.		420,000			
		<u>12,00,000</u>			<u>12,00,000</u>

Que 2.

Profit & loss Alc
 In the books of M/s ABC Traders
 For the year ended 31st March 2006.

Particulars	₹	Particulars	₹
To salaries alc	1,10,000	By gross profit	4,20,000
To Discount allowed alc	19,000	By discount received alc	18,000
To Bad debts alc	17,000		
To Depreciation alc	65,000		
To legal charges alc	25,000		
To consultancy fees alc	32,000		
To Audit fees alc	1,000		
To telephone postage and telegrams alc	12,000		

To Electricity charges A/c	17,000		
To Stationery a/c	27,000		
To interest paid on loans	70,000		
To Net profit	43,000		
	<u>4,38,000</u>		<u>4,38,000</u>

* Depreciation on fixed asset

① Depreciation A/c Dr. LL (P&I - Dr.)
To Fixed asset a/c LL (Less from FA)

② Depreciation appears in TB → P & I, Dr.

③ Sale on loss

Cash / Bank 7,00,000 (Add in cash)

Loss on sale 75,000 (P&I - Dr.)

To Furniture a/c 7,75,000 (Less from furniture)

④ Sale on profit

Cash / Bank 8,50,000 (Add in cash)

To Furniture A/c 7,75,000 (Less from furniture)

To Profit on sale 75,000 (P&I Cr.)

Depreciation of fixed asset

Year	P&L	B/S
1st year	Depreciation 1L	Furniture 10L (-) Depn. 1L 9L
2nd year	Dep. 1L	Furn. 9L (-) Dep. 1L 8L
3rd year	Dep. 25000 Loss on sale	Furn. 8,00,000 (-) Dep. 25000 (1L x 3/12) 7,75,000 BV (-) 7,75,000

Dep for 3 months ←

★ Example

Adj:- During the year entity sold furniture of Book value ₹ 2 lakh, rate of depreciation 10% on 30/06/2021 for ₹ 1,80,000. Accountant credited cash received to furniture A/c. Year end is 31/12/2021.

Book value = 2,00,000

(-) Dep. @ 10% (6m) = 10,000

Book value (30/6/21) 1,90,000

Sale value 1,80,000

Loss on sale. 10,000

Wrong entry

Cash/Bank A/c 1,80,000

To Furniture 1,80,000

Depreciation 10,000 (P&L Dr.)

To Furniture 10,000

(Less from furniture)

Cash/Bank 180,000 X
 Loss on sale 10,000 (P&I Dr.)
 To Furniture 190,000 ←
 (Less from furniture only 10,000)

→ Entry would be:

Loss on sale 10,000 (P&I Dr.)
 To Furniture 10,000 (Less from furniture)

* Goods sold on sale or return basis ₹ 4,00,000.
 No approval was received until year end. Cost of goods is ₹ 180,000

(Reverse entry of sales)

① Sales Alc Dr. 4,00,000 (Less from sales)
 To Debtors Alc. 4,00,000 (Less from debtors)

@ cost ② Stock with customer 180,000 (B/S, A)
 To Trading alc. 180,000 (Trading alc Cr.)

* Closing stock

Closing stock alc dr. → B/S A.
 To Trading alc → Trading Cr.

(Cost or market price whichever is lower)

(Closing stock in TB - B/S Asset)

Q.3 In the books of C. Inlandoo

Trading Alc. & Profit & loss Alc.
For the year ended 31st Dec. 2006.

Particulars	₹	Particulars	₹
To opening stock	2000	By sales alc	50,000
To purchases alc	18200	By closing stock	2700
To wages alc	10,000		
To GP alc.	22,500		
	<u>52,700</u>		<u>52,700</u>
		By Gross profit b/d.	22500
To Salaries alc.	10,000	By discount received	300
To Discount allowed	500		
To sundry office expenses	6,000		
To Net profit	6300		
	<u>22,800</u>		<u>22,800</u>

Balance Sheet
as on 31st Dec 2006

Liabilities		₹	Assets		₹
Capital A/c	10,000		Machinery a/c		7360
(+) Net profit	<u>6300</u>	16,300			
			Closing stock		2700
Sundry creditors		3700	Sundry debtors		8500
			Cash in hand		<u>1440</u>
		<u>20,000</u>			<u>20,000</u>

① Debtors (Aish) 11,000 (1/11/2004)
To Sales 11,000

② P&I Alc 11,000 (31/12/2004)
To Reserve for doubtful debts 11,000

③ Bad debts 11,000 (31/12/2007)
To Aish 11,000

④ Cash Alc Dr. 11,000 (31/12/2015)
To bad debts recovered 11,000

* Format

- ① Bad debts - TB - P&I Debit
- ② Bad debts - Adjustment - Bad debts (P&I Debit)
To Debtors (less from debtor)
- ③ RDD - TB - old RDD
- ④ RDD - Adjustment: new RDD

P&I Alc		B/S	
Bad debts (TB)	xxx	Debtors	xxx
(+) Further BD (Adj)	xxx	(-) Further BD (Adj)	(xxx)
(+) New RDD	xxx	(-) New RDD	(xxx)
(-) old RDD	xxx		
	xxx		

* 2019 Sale = 5,00,000
2019 Received = 3,00,000
RDD @ 5%

Debtors	5,00,000
To Sales	5,00,000
G/B	3,00,000
To Debtors	3,00,000

P&I (2019)

B/S (2019)

To RDD 10,000

Debtors 2,00,000

(-) RDD @ 5%

190,000

190,000

★ 2020

Sale - 4,00,000
 Cash received - 3,00,000

Debtors - 1,00,000
 Debtors of previous year - 2,00,000

P & I		B/S
To New RDD	15,000	Debtors 3,00,000
(-) Old RDD	10,000, 5,000	RDD @ 15,000
		5% 285,000

★ 2021

Sale - 0
 Cash received - 2,73,000
 Bad debts - 27,000

P & I		B/S
BD	27,000	Debtors 3,00,000
(+) new	0	(-) Cash 2,73,000
(-) old RDD	15,000, 12,000	(-) Bad debts 27,000

option ① ★ Bad debts existing in TB = ₹ 1,00,000

P & I Alc		B/S
Bad debts (TB)	1,00,000	Debtors 15,00,000
(+) Further BD	0	(-) RDD 75,000
(+) New RDD	75,000	@ 5%
(-) Old RDD	(40,000)	
	1,35,000	14,25,000

Provision for DD.	
To Bad debts 1,00,000	By bal. b/d 40,000
To bal. c/d. 75,000	By P & I A/c 135,000 (bal. figure)

Option ⁽²⁾ ★ When Bad debts is given in adjustment.

P & I A/c.		B/S.	
To BD (TB) -		Debtors 15,00,000	
(+) Further BD 1,00,000		(-) B.D. (Adj) (1,00,000)	
(Adj) 70,000			14,00,000
(+) New RDD 70,000		(-) RDD @ 5%	70,000
(-) old RDD 40,000			13,30,000
	130,000		

Provision for DD.	
To Bad debts 100,000	By bal. b/d 40,000
To bal. c/d 70,000	By P & I A/c 130,000

★ Debtors balance ₹ 4,00,000

(a) Goods sold on sale or return basis 20,000

(b) Common debt 15,000

(Adj) (c) Bad debts @ 10% of debtors

(d) RDD @ 5% of debtors

Balance sheet

Debtors	4,00,000
(-) Goods sold (20,000) on sale (net)	
(-) Common debt (15,000)	
	3,65,000
(-) Bad debt (36,500) (1)	
@ 10%	3,28,500
(-) RDD @ 5%	(16,425) (2)
	3,12,075

Balance sheet

Prov. for
disc on debtors
@ 2%

	Debtors 4,00,000
	(-) Goods sold (20,000) on sale / net.
	(-) Common debt (15,000)
	3,65,000
	(-) Bad debt (36,500) (1)
	@ 10% 3,28,500
	(-) RDD @ 5% (16,425) (2)
	3,12,075
	(-) Prov. for disc @ 2% 6,241
	<u>305,834</u>

* Discount allowed (TB) → P & I Alc. 305,834
 Prov. for discount (TB) → opening balance
 Provision for discount (Adj) → closing balance

1. Discount allowed = 4000 (TB)
2. Debtors balance = 90,000
3. Prov. for disc on debtors = 1000 (op. bal.)
4. Prov. for disc. on debtors = 1250 (cl. bal.)

P&I		B/S
Disc. allowed 4000		Debtors 90,000
(+) cl. prov. 1250		(-) Prov. for (1250) disc.
(-) op. prov. (1000)		<u>88,750</u>
4250		

* Hidden Adjustment

Trial Balance 31/12/2021.

	Debit	Credit	
10% loan (1/1/2021)			Ind = 90,000
Int. on loan	50,000	9,00,000	Paid = 50,000
			o/s int. 40,000

P&I Alc. → Accrual concept.

B/s.

Int. alc 50,000	
(+) o/s int. 40,000, 90,000	o/s interest 40,000
NP. 120,000	

★ Subscription

① Cash / Bank 5,50,000
To subscription 5,50,000

② Subscription 50,000
To income recd. in adv. 50,000
next year. (reverse)

③ Income received in adv. 50,000
To subscription 50,000

④ Cash / Bank Alc 450,000
To subscription alc. 450,000

Subscription Alc (2020-21)		Subs. Alc (2021-22)	
To P&I Alc 50,000			By income recd. in adv. 50,000
To inc. (closing need in adv. 50,000)	By C/B 550,000	To P&I Alc 5,00,000	By C/B 450,000

Income recd. in adv. - Cr. bal. opening Cr. Closing Dr.

★ Income Alc.

To Acc. income (op) By inc. rec. in adv. (op)
To P&I Alc By C/B
To income rec. in adv. (cl) By acc. income (cl)

★ Expense Alc.

To prepaid exp. By obs exp (op)
(op) By P&I
To C/B By prepaid exp (cl)
To obs exp (cl)

5.

In the books of Mr. Mohan

Trading & Profit & loss A/c

Particulars	₹	₹	Particulars	₹	₹
To opening stock		1,20,000	By sales a/c	9,70,000	9,50,000
To Purchases a/c	430,000		(-) sales return	(20,000)	9,50,000
(-) Pur. return	(12,000)	418,000	By closing stock		1,80,000
To Freight inward		40,000			
To Gross profit		5,62,000			
		<u>11,30,000</u>			<u>11,30,000</u>
			By GP b/d.		5,62,000
To salaries		2,10,000	By discount received		9,000
To other admin expenses		1,50,000			
To discount allowed		19,000			
To bad debts		5,000			
To Depreciation		35,000			
To Net profit		<u>1,52,000</u>			

Balance sheet

As on 31st March 2006.

Liabilities	₹	₹	Assets	₹	₹
Capital	6,50,000		Furniture	3,50,000	
+ net profit	252,000	8,02,000	(-) Dep. @ 20%	(35,000)	3,15,000
Creditors		2,90,000	Debtors		2,10,000
			Closing stock		2,80,000
			Investment in gort. securities		1,00,000
			Cash in hand & at bank.		1,87,000
		<u>9,92,000</u>			<u>9,92,000</u>

As NP is given there is no hidden adjustment.

Q. 4.

In the books of M/s Deyal Bros.

Balance sheet As on 31/3/2006.

Liabilities	₹	₹	Assets	₹	₹
Capital Alc.	7,00,000		Land & Building		3,00,000
(+) Net profit	1,00,000		Furniture		2,00,000
(-) Drawings	(60,000)	7,40,000			
147. Term loan.		1,00,000	Advance to supplier		1,00,000
Loan from M/s D.&G.		4,00,000	Sundry debtors.		4,20,000
Sundry creditors		40,000	Stock in trade		6,00,000
			Cash in hand		20,000
		<u>16,40,000</u>			<u>16,40,000</u>

Q. 29.

Rectification Entries

- | | | | |
|---|-----|------|------|
| 1. Sales return A/c (+ in SR) | Dr. | 2575 | |
| To purchases A/c (- from pur) | | | 2575 |
| (Being sales return wrongly included in purchases a/c) | | | |
| 2. Sales A/c (- from sales) | Dr. | 1725 | |
| To purchases return a/c (+ in PR) | | | 1725 |
| (Being purchases return wrongly included in sales A/c) | | | |
| 3. Drawings A/c (- from capital) | Dr. | 3500 | |
| To purchases A/c (- from pur) | | | 3500 |
| (Being goods withdrawn for personal use now adjusted) | | | |
| 4. Plant and Machinery A/c (+ in P&M) | Dr. | 450 | |
| To wages a/c (- from wages) | | | 450 |
| (Being wages paid for installation of Plant & Machinery ^{recorded in wages} , now rectified) | | | |
| 5. Advertisement a/c (+ in advt.) | Dr. | 825 | |
| To purchases / Trading a/c (- from pur) | | | 825 |
| (Being distributed free samples, now rectified) | | | |

In the books of Mr. XYZ

Trading & P & L A/c

Particulars	₹	₹	Particulars	₹	₹
To opening stock a/c		32,250	By sales a/c	2,15,300	21
To purchases a/c	₹60,000		(-) sales return	(25,75)	
(-) sales return	(25,75)		(-) pur return	(17,25)	2,11,000
(-) purchase return	(17,25)		By closing stock		125,000
(-) Drawings	(3,500)				
(-) free sample	(825)	1,51,375			
- To wages a/c	12,165	11,715			
(-) installation wages	450	17,15			
To carriage inward		1,125	By bad debts recovered		450
To Gross profit		1,39,535			
To salaries		22,850	By GP b/d		1,39,535
To Rent a/c		4,300	By bad debts recovered		450
To carriage outward		1,350			
To advertisement	3,350	35			
(+) Free samples	825	4,175			
To Printing & Stationery		1,250			
To office expenses		10,160			
To interest on loan		3,000			
To Depreciation a/c					
Plant & Mach	3,000				
Furniture	1,025	4,025			

To baddebts (TB)	1100	
(+) New RDPD (Adj)	6000	
(-) old RDPD (TB)	<u>(3200)</u>	3900
To New prov. for disc	2850	
(-) old prov. for disc. (TB)	<u>(1375)</u>	1475
To Net Profit		<u>83800</u>

Balance sheet

as on 31/03/17.

Liabilities	₹	₹	Assets	₹	₹
Capital	65,000		Plant & Machinery	19,550	
(-) Drawings	(11,500)		(+) Installation wages	450	
(+) Net profit	<u>83,800</u>	<u>1,37,300</u>		20,000	
			(-) Depn. @ 15%	(3,000)	17,000
			Furniture & fittings	10,250	
			(-) Depn. @ 10%	(1,025)	9,225
Sundry creditors		47,500			
Bank old		80,000	Sundry debtors	1,20,000	
Salaries payable		2450	(-) prov. for doubtful debts @ 5%	(6,000)	
				1,14,000	
			(-) prov. for discount on debtors @ 2.5%	(2,850)	1,11,150
			Prepaid rent		300
			Cash in hand		1,450
			Cash at bank		3,125
			Closing stock		4,25,000
			(W.N. (2))		
		<u>1,12,67,250</u>			<u>2,67,250</u>

W.N. (1)

Drawings = 8000 (Given in TB)

(+) goods consumed = 3500

Total drawings. 11,500

W.N. (2)

Valuation of closing stock

Cost of stock	Value	Bank old
100	80	64
$\frac{100}{64}$		80,000

Closing stock = $\frac{80,000 \times 100}{64} = 1,25,000$

Q. 11.

In the books of Shri Gravastor,
Trading & Profit & loss Account
For the year ended 31/7/17

Particulars	₹	₹	Particulars	₹	₹
To opening stock.		620,000	By sales a/c	23,00,000	
To Purchases	14,00,000		(-) sales return	(42,000)	22,58,000
(-) purchase return	(26,000)			22,58,000	
	13,74,000	13,34,000	(-) Sale of steel table	(14,000)	22,44,000
(-) purchase of typewriter	(40,000)	13,34,000	By closing stock		4,40,000
To freight on purchase		12000			
To Gross profit		<u>7,18,000</u>			
To salaries		40,000	By Gross profit		7,18,000
To Rent for godown	55000		By disc. received		16,000
(+) o/s rent	11000	66000			
($\frac{55000 \times 2}{10}$)					

To int. on loan from Vishwanath	27,000	
(+) o/s int.	6,000	33,000
$(300,000 \times 12\% \times \frac{11}{12})$		
To rates & taxes		21,000
To Discount allowed		21,000
To carrying outward		20,000
To printing & stationery		28,000
To Electricity charges		22,000
To insurance premium	55,000	55,000
(-) Drawings	(40,000)	
(-) Prepaid insurance	(3,000)	12,000

To General office expenses		30,000
To Bad debts	20,000	
(+) RDD (New)	43,000	32,000
(-) old RDD	(30,000)	33,000

To Bank charges		16,000
To Motor car expense		36,000
To Depreciation		
Building	30,000	
Motor car	40,000	
Furniture	20,000	
Equipment	30,000	120,000

To Net profit		173,000
---------------	--	---------

Balance sheet.

As on.

Liabilities	₹	₹	Assets	₹	₹
Capital	16,20,000		Building	6,00,000	
(-) Drawings a/c.	(120,000)		(-) Depn @ 5%	39,000	570,000
(-) Drawings (Insurance premium)	(40,000)		Motor car	2,00,000	
(+) Net profit	173,000	16,33,000	(-) Depn @ 20%	(40,000)	1,60,000
			Furniture	214,000	
			(-) sale of stool table	14,000	
				2,00,000	
			(-) Depn @ 10% office equipment	(20,000)	1,80,000
Loan from Vishwanath	300,000		160,000		
			(+) Typewriter	40,000	
			(-) Dep @ 15%	2,00,000	1,70,000
			(30,000)		
			Prepaid insurance		3,000
Sundry creditors.	430,000		Sundry debtors	860,000	
			(-) RDD @ 5%	(43,000)	817,000
o/s rent	14,000				
			Closing stock		440,000
o/s interest on loan	6,000		Cash in hand		14,000
			Cash at bank		26,000
		<u>23,80,000</u>			<u>23,80,000</u>

W.N.

Insurance premium = 55,000

Life insurance of prop.
(Drawings) 40,000

Balance (1/4/16 to 30/6/17)

25 months
3 months prepaid
Prepaid insurance = 3000

W.N.

Furniture & Fixtures	214,000
↳ sale of steel table	<u>(14,000)</u>
	200,000
↳ Depreciation @ 10%	<u>(20,000)</u>
	180,000

Note: No Depreciation is provided on steel table as date of sale and acquisition is not given.

W.N.

Office equipment	160,000
(+) typewriter - purchased	<u>40,000</u>
	200,000
(-) Depreciation @ 15%	<u>(30,000)</u>
	170,000

Note:- It is assumed that typewriter is bought at the beginning of the year.

Q.23.

In the books of Hari.

Trading & Profit & Loss A/c.

For the year ended 31st Dec. 2017.

Particulars	₹	₹	Particulars	₹	₹
To opening stock		40,800	By sales A/c	3,89,600	
To purchases	3,21,700		(-) sales return a/c	(8,600)	3,81,000
(-) pur. return	(5,800)				
	3,15,900				
(-) Drawings	(600)				

(+) unsold stock	400	315700	By closing stock	78600
To carriage inward		19600		
To Gross profit.		77500		
		<u>459600</u>		<u>459600</u>

To Rent & fares	4700		By Gross profit b/d	77500
To Salaries & wages	9300		By disc. earned	4440
To Bank interest	11,000			

(+) o/s interest ~~2800~~ 2800
 (20,000 x 14%) 1700

To Printing & stationery 2400
 Exp prepaid @ 1/4 (3600) 10800

To Discount allowed 1800
 (+) prov. for discount 437 2237

To General exp. 1450
 To insurance 1300
 To postage & telegram 2330
 To Travelling expense 870
 To Prov. for DD. 1150
 To Prov. for disc. on debt ~~500~~
 To Depreciation 500
 To Net profit 34503

Balance sheet
As on 31st Dec. 2017.

Liabilities	₹	₹	Assets	₹	₹
Hari's capital	76,690		Furniture & fittings	5,000	
(-) Drawings	(30,000)		(-) Dep @ 10%	(500)	4,500
(-) Drawings (personal purchase)	(600)				
(+) Net profit	<u>34,503</u>	80,593			
Sundry creditors	14,800		Sundry debtors	24,000	
(-) common debt	(1,000)		(-) common debt	(1,000)	
(+) unrecorded purchase	400	14,200		23,000	
			(-) Prov. for Doubtful debts (RDD) @ 5%	(1,150)	
Bank loan @ 14%		20,000		21,850	
			(-) Prov. for disc. on debtors @ 2%	(437)	21,413
0/s interest		1,700	Prepaid st. exp.		3,600
			Closing stock		78,000
			Bank balance		8,000
			Cash balance		380
		<u>1,16,493</u>			<u>1,16,493</u>

Q. 31.

In the books of T
Journal entries.

Particulars	₹	₹
① Expenses A/c	Dr. 12,000	
To Drawings A/c.		12,000
(Being expenses incurred for business wrongly debited to drawings, now rectified)		
② Purchases a/c	Dr. 10,000	
To creditors a/c		10,000
(Being goods purchased omitted to be recorded)		

now rectified)

③ Suspense A/c	Dr.	2,000	
To purchase return a/c			1,000
To sales return a/c			1,000
(Being purchase return wrongly recorded in sales return, but party a/c correctly posted, now rectified.)			

4. Prepaid expenses a/c	Dr.	6000	
To expenses a/c			6000
(Being expenses prepaid recorded)			

Working note.

CE
① Expense a/c 12,000
Drawings 8,000
To Bank 20,000

WE
Drawings 20,000
To Bank 20,000

RE
Expenses 12,000
To Drawings 12,000

③ Party a/c 1000
To pur. return 1000

Party 1000
Sales return 1000
To pur. return

Suspense A/c 2000
To pur. return 1000
To sales return 1000

In the books of T Ltd.
 Trading & Profit & Loss A/c.
 For the year ended 31/03/2019

To opening stock		60,000	By sales	22,00,000
To purchases	16,16,000		(-) sales return	(98,000)
(-) purchase return	(70,000)	15,46,000		21,02,000
			By closing stock	1,00,000
To Gross profit		5,96,000		
		<u>2,202,000</u>		<u>2,202,000</u>
To Expenses	50,000		By gross profit b/d.	5,96,000
(-) prepaid exp.	(6,000)		By int on FD	20,000
(+) Exp debited to drawings	12,000	56,000	By int on investment	20,000
To Rent a/c	17,000		($250,000 \times 12\% \times \frac{8}{12}$)	
(-) prepaid rent	(5,000)	12,000		
To Depreciation				
Given in TB	4,000			
(+) on purchases	10,000	14,000		
To Net profit		544,000		
		<u>630,000</u>		<u>630,000</u>

Liabilities	₹	₹	Assets	₹	₹
Capital	6,00,000	6,00,000	Fixed asset	1,40,000	
(-) Drawings	(58,000)		(+) Addition 1/10/18	20,000	
(+) Net profit	544,000	1,086,000		340,000	
			(-) Dep. only on Add.	10,000	3,30,000
			(200,000 × 10% × 6/12)		
			FD with bank		2,00,000
			Accrued int (on inv investment)		20,000
Creditors			Debtors a/c		250,000
Bank old		8,000	Prepaid expense		6,000
			Prepaid rent a/c		5,000
Creditors	220,000		Investment		2,50,000
(+) unrecd purchase	16,000	236,000			
			Cash balance		1,69,000
			Closing stock		1,00,000
		<u>1,330,000</u>			<u>13,33,000</u>

W.N.

Suspense Alc.

To purchase return	1,000	By bal. b/d	2000
To sales return	1,000		
	<u>2000</u>		<u>2000</u>

W.N.

Drawings

① Given in trial balance	70,000
↳ used for day to day expenses	<u>12,000</u>
	58,000

WN	16,00,000
Purchases:	<u>16,000</u>
(+) unrecorded purchases	16,16,000

WN.	69,000
Purchase return:	<u>1,000</u>
(+) purchase return not recorded	70,000

WN.	99,000
Sales return:	<u>1,000</u>
(-) wrongly recorded	98,000

Q. 27.

In the books of Kumar
 Trading & P&I A/c.
 For the year ended 31st Dec, 2017

Particulars	₹	₹	Particulars	₹	₹
To opening stock		23,400	By Sales a/c	1,94,800	
To purchases	1,60,850		(-) returns inward	(4,300)	1,90,500
(-) return outward	(2,900)				
(-) drawings	(300)	1,57,850	By closing stock		39,300
(+) unrecorded purchases	200				
To carriage inwards		9,800			
To Gross profit		38,750			
		<u>2,29,800</u>			<u>2,29,800</u>
			By gross profit b/d		38,750
To Rent & taxes		2,350	By discount		
To salaries & wages		4,650	received		2,220
To bank interest	550				
(+) o/s interest	850	1,400			
(14 × 10,000 = 2400 - 550)					
To Printing & stationery	7,200				
(-) prepaid print & st.	1,800	5,400			
(7,200 × 1/4)					
To Discount allowed	900				
(+) prov. for discount	218	1,118			
To General expenses		5,725			
To insurance		650			

To postage & telegram expenses

1165 1165

To travelling expenses

435

To prov. for bad debts

575

To Depreciation

250

To Net profit

17252

40,970

40,970

Balance sheet

as at 31st Dec. 2017

Liabilities	₹	₹	Assets	₹	₹
Kumari's capital at	38,345		Furniture & fittings	2500	
(-) Drawings	(15000)		(-) Depreciation @ 10%	250	2250
(-) Drawings (personal pur)	(300)				
(+) Net profit	17,252	40,297	Sundry debtors	12,000	
			(-) common debt.	(500)	
Sundry creditors	7400			11500	
(-) common debt	(500)		(-) prov. for bad debts @ 5%	(575)	
(+) unrecorded pur.	200	7100		10,925	
			(-) prov. for discount on debtors @ 2%	(218)	10,707
Bank loan @ 11%		10,000			
ols interest.		850	Prepaid printing & stationery		1800
			Closing stock		39,300

Bank balance	₹ 1,000
Cash balance	190
	<u>58,247</u>
	<u>58,247</u>

Q.24.

In the books of M/s Raghuram
Trading & Profit & loss A/c
For the year ended 31/03/2018.

Particulars	₹	₹	Particulars	₹	₹
To opening stock		3,20,000	By sales	15,00,000	
To purchases	12,00,000		(-) sales return	(24,000)	14,76,000
(-) purchase return	(18,000)	11,82,000	By closing stock		4,10,000
To freight inwards		62,000			
To Gross profit		3,22,000			
		<u>18,86,000</u>			<u>18,86,000</u>
			By gross profit b/d		3,22,000
To carriage outwards		8,500			
To Rent of godown	55,000		By discount		
(+) o/s rent	5,000	60,000	received		12,000
($\frac{55000 \times 1 \text{ month}}{12}$)					
To Rates & taxes		24,000			
To salaries		72,000			
To discount allowed		7,500			
To printing & stationery		6,000			

To insurance premium	48,000	
(-) Drawings (Proprietor's Insurance)	(42,000)	
(-) prepaid insurance	(1,200)	48,000
To Electricity charges		14,000
To General expense		11,000
To bank charges		38,000
To bad debts	12,200	
(+) New provision (280,000 x 5%)	14,000	
(-) old provision	(10,000)	16,200
To repairs of motor		13,000
To interest on loan	4,400	
(+) Dls interest (100)	100	4,500
(60,000 x 10% x 9/12)		
To Depreciation		80,000
To Net profit		8,700
		<u>334,000</u>
		<u>334,000</u>

Balance sheet

As on 31/03/2018

Liabilities	₹	₹	Assets	₹	₹
Capital Alc	14,11,400		Motor vehicle	1,00,000	
(-) Drawings	(8,000)		(-) Depreciation @ 20%	(20,000)	80,000
(+) Net profit	8,700		Land & building	5,00,000	
	14,00,100		(-) Depreciation @ 5%	(35,000)	475,000
(-) proprietor's insurance	(42,000)	13,58,100	Office equipment	2,00,000	
			(-) Depreciation @ 15%	(30,000)	170,000
Loan from Rajan		60,000	Furniture & fixtures	50,000	
			(-) Depreciation @ 10%	(5,000)	45,000

o/s interest	100	Sundry debtors	2,80,000
Sundry creditors	62,000	↳ Reserve for	
o/s rent	5,000	bad and doubtful	
		debts @ 5% (4,000)	2,66,000
		Prepaid insurance	1,200
		Closing stock	4,10,000
		Cash at bank	22,000
		Cash in hand	16,000
	<u>14,85,200</u>		<u>14,85,200</u>

W.N.

Insurance premium : 48,000

$\frac{42,000}{\text{proprietor's insurance (drawings)}}$
 $\frac{6,000 \text{ (1/4/17) to (30/6/18)}}{15 \text{ months}}$
 3 months - prepaid.
 15 months = 6,000
 3 months = ?
 $6,000 \times \frac{3}{15} = 1,200$

Q.6

In the books of Charat Tulsian
Trading & Profit & loss A/c
for the year ended 31st March 2012.

Particulars	₹	₹	Particulars	₹	₹
To opening stock		54,000	By sales	165,000	
To purchases	84,000		↳ returns	(5,000)	₹6
↳ returns	(4,000)	80,000		160,000	
To freight inward		5,000	↳ Goods sold on sale	(10,000)	150,000
To wages & salaries		1,000	Return basis		
			By closing stock.		61,500
To Gross profit		1,00,000	By loss by fire		10,000
			By stock with customer		8,000
			By stocks in transit		10,500
		<u>240,000</u>		<u>240,000</u>	
To bad debts A/c		5,000	By G.P. b/d.		1,00,000
To freight outward		7,000	By bad debts		26,450
To Discount allowed		2,000	recovered.		
To commission a/c		4,000	By discount		
To Rent a/c		3,000	received		1,000
To interest		2,500	By commission		3,000
To office & admin.			By rent a/c.		4,000
expenses.		6,000	By interest		3,000
To selling & dist.			earned.		
expenses		10,000	By interest		450
To Depreciation		11,000	on drawings		
on Plant & Machinery			(10,000 × 1/12 × 6/12)		
To interest on capital		9,900			
To loss by fire	10,000				
↳ insurance claim					
receivable	(6,000)	4,000			

To commission

3500

To Net profit.

70,000

137900

137900

Balance sheet

As on 31st March 2012.

Liabilities	₹	₹	Assets	₹	₹
Capital	170,000		Plant & Machinery	1,10,000	
(-) drawings	(10,000)		(-) Depreciation	(11,000)	99,000
(+) Int. on capital	9,900		@ 10%		
(-) Int on drawings	(450)				
(+) Net Profit	<u>70,000</u>	2,39,450	Stock in transit		10,500
			Insurance claim receivable		6,000
Creditors		20,200	Debtors	2,55,000	
Bills payable		5,000	(-) goods sold on		
Loan		50,000	sale on return basis	10,000	<u>2,05,000</u>
OLS management comm.		3,500	Stock with customers		8,000
Bank old at			Bills receivable		10,000
Canara bank		20,000	Loan		20,000
			Investment		50,000

Q.34.

In the books of Shri Mittal.

Trading & P&I A/c

For the year ended 31st March 2020

Particulars	₹	₹	Particulars	₹	₹
To opening stock		72,000	By sales	12,10,000	
To purchases	6,05,000		(-) sales return	(40,000)	1,170,000
(-) purchase return	(30,000)	575,000			
			By closing stock		1,00,000
To Gross profit.		<u>6,23,000</u>			
		12,70,000			<u>12,70,000</u>
To Salaries		2,70,000	By gross profit b/d		6,23,000
To Advertisements		1,10,000			
To other expenses		60,000			
To Net profit		<u>1,83,000</u>			
		<u>6,23,000</u>			<u>6,23,000</u>

Balance sheet
As on 31st March 2020

Liabilities	₹	₹	Assets	₹	₹
Capital	8,70,000		Building		8,90,000
(+) Net profit	4,83,000	10,53,000	Furniture		4,50,000
14% Bank loan		2,00,000	Trade receivables		90,000
Trade payables		1,70,000	Closing stock		1,00,000
Overdrafts		1,12,000	Cash in hand		5,000
		<u>15,35,000</u>			<u>15,35,000</u>

Q.25.

In the books of Mr. Fazlil

Trading & P&I A/c

For the year ended 31st March, 2018.

Particulars	₹	Particulars	₹
To cost of goods sold	22,00,000	By sales	25,00,000
To Gross profit b/d	23,00,000		
	<u>45,00,000</u>		<u>45,00,000</u>
To salaries paid	12,00,000	By gross profit b/d	23,00,000
To General expenses	6,00,000	By other income	35,000
To selling expenses	45,000		
(25,00,000 x 1%)			
To commission to manager	1,00,000		
To Net profit	4,00,000		
	<u>23,45,000</u>		<u>23,45,000</u>

Q. 26

	Assets	Liabilities	Capital
(a)	30,00,000	5,00,000	25,00,000
(b)	4,50,000	3,00,000	1,50,000
(c)	29,00,000	1,50,000	27,50,000
(d)	1,14,00,000	(5,60,000)	11,960,000

⇒ Assets = Liabilities + Capital.

Q. 28.

In the books of Mr. Sandeep.

Trading & P & I A/c

For the year ended 31st Dec., 2018.

Particulars	₹	₹	Particulars	₹	₹
To opening stock		1400	By sales	9,000	
To purchases	12,000		(-) Sales return	(1,000)	8000
(-) purchase return	(2,000)	10,000			
To Gross profit		1100	By closing stock		4500
		12,500			
To salaries	2500		By Gross profit b/d		12500
(+) o/s salary	100	2600	By commission	500	1100
To tax and insurance	500		(-) adv. comm.	(100)	400
(+) o/s tax	200		By accrued interest		200
(-) prepaid insurance	(50)	650	By Net loss		200
To interest on o/d.		300			2500

To bad debts	500		
(+) New provision	1000		
	1500		
(-) old provision	(1000)	500	
To Depreciation		160	
To Net profit:			
		<u>4210</u>	<u>4210</u>

Balance sheet

Liabilities	₹	₹	Assets	₹	₹
Capital	16,000		Furniture	1,600	
(-) Drawings	(2,000)		(-) Dep. @ 10%	(160)	1,440
	14,000				
(-) Net loss	(200) 1,950		Debtors	5,000	
	(2,500)	11,500	(-) provision		
Bank overdraft		2,000	for bad debt	(1,000)	4,000
By Creditors		2,000	Investment		4,000
Bills payable		2,800	Bills receivable		3,000
o/s salary		200	prepaid insurance		50
o/s tax		200	Closing stock		4,500
Adv. commission		100	Cash in hand		1,500
o/s int. on old		300	Accrued interest		210
		<u>18,700</u>			<u>18,700</u>

Q.14.

(i) Salaries to be charged to profit and loss A/c for the year ended 31st Dec, 2016

Salaries of 8 employees for full year @ 33000 per month each	31,68,000
Salaries of 2 trainees for 6 months @ 21,000 per month	2,52,000
	<u>34,20,000</u>

2. Amount actually paid during the year ended 2016.

Employees

paid in Jan (1) (Dec) 8 employees x 30,000 x 1 month	240,000
paid in Feb (2) (Jan to Nov) 8 employees x 33000 x 11 months	2,904,000
to Dec. [A]	<u>31,44,000</u>

Trainees

(1) (Aug to Dec) 2 trainees x 21,000 x 5 months [B]	210,000
---	---------

Total paid during the year 33,54,000

3 Outstanding salaries as on 31st Dec 2016.

ols salary for the month of Dec 2016	
8 employees x 33000 x 1	2,64,000
2 Trainees x 21000 x 1	42,000
	<u>3,06,000</u>

Q.32.

(i) Salaries to be charged to profit and loss a/c for the year ended 31st, Dec. 2019.

Salaries of 9 workers @ ₹ 44,000 per month each.

47,52,000

Salaries of 2 trainees for 6 months @ ₹ 21,000

2,52,000

50,04,000

(i) Amount of salary actually paid during the year ended 2019

Employees

①	9 workers \times 40,000 \times 1 month	360,000
②	9 workers \times 44,000 \times 11 months	4,356,000
		<u>4,716,000</u>

Trainees

(+)	2 trainees \times 5 months \times 21,000	210,000
		<u>4,926,000</u>

(ii) Outstanding Salaries on 31st Dec. 2019

	9 workers \times 44,000 \times 1	396,000
	2 trainees \times 21,000 \times 1	42,000
		<u>438,000</u>

Q. 16.

Subscription for Magazine A/c.
For the year 2016-17.

Date	Particulars	₹	Date	Particulars	₹
	To P&I A/c	650,000	1/4/2016	By subscription for magazine received in advance	2,00,000
31/3/17	To subscription received in advance (50,000 + 170,000)	220,000		By cash (5,00,000 + 170,000)	6,70,000

1. Amount to be transferred to P&I A/c.

(a) Cash received during the year = 6,70,000
(Cash sales + Advance)
(5,00,000 + 170,000)

+ (b) opening received in advance = 2,00,000

- (c) Closing received in advance = (2,20,000)

Income for current year 650,000

2. Amount received during the year.

(1) Cash sales 5,00,000

(2) Advance received 1,70,000

during the year 670,000

Q.10

Cash in hand a/c Dr. 43,000
 Cash at bank a/c Dr. 2,67,500
 Trade receivable a/c Dr. 7,49,500
 Closing inventory a/c Dr. 9,00,000
 Machinery & Equipment Dr. 6,00,000
 To Mahindra & Sons 5,60,000
 To Capital a/c 20,00,000

(Being opening entry passed to incorporate Assets & liabilities.)

* Cost of goods sold.

(1)

Trading A/c		TB	
To opening stock 50	By sales 1500	op. stock 50	
To purchases 1000	By closing stock 500	Purchases 1000	
To Wages 50		Wages 50	
To carriage inward 200		Carriage inward 200	
To GP 700		Sales 1500	
		Cash* 200	
		<u>1500</u>	<u>1500</u>

Closing stock 500.

Cost of goods sold. (Option 1)

opening stock 50
 (+) purchases 1000
 (+) Direct exp. 250
 (-) closing stock (500)
 Cost. 800

Cost of goods sold (option 2)

Sales	1500
(-) GIP	<u>700</u>
Cost	<u>800</u>

(2)

TB

Trading Ac.

Cost of goods sold	800		To cost of goods sold	800
Sales		1500		
Closing stock	500		To GIP	700
Cash	200			
				<u>1500</u>
	<u>1500</u>	<u>1500</u>		<u>1500</u>

B/s A

Que 7:

Computation of cost of goods sold.

Opening stock	2,00,000
(+) purchases (closing stock is already adjusted)	<u>10,00,000</u>
Cost of goods sold.	<u>12,00,000</u>

Note: As closing stock appears in trial balance, it means following entry is already passed

Closing stock	3,00,000
To purchases	3,00,000

As closing stock is credited to purchases (i.e. it is subtracted from purchases & given in trial balance) while calculating cost of goods sold no need to subtract closing stock from purchases.

Creditor's A/c			
Particulars	₹	Particulars	₹
To cash / bank (bal. figure)	12,00,000	By balance b/d	3,00,000
		By purchases (10,00,000 + 3,00,000)	13,00,000
To balance b/d.	4,00,000		
	<u>16,00,000</u>		<u>16,00,000</u>

Q.17 In the books of Mr. Birla.
Trading and P&I A/c.
for the year ended 31st March, 2020.

Particulars	₹	Particulars	₹
To cost of goods sold	45,00,000	By sales	1,00,00,000
To Gross profit	55,00,000		
	<u>100,00,000</u>		<u>1,00,00,000</u>
To Rent A/c	20,00,000	By CrP b/d.	55,00,000
To office expenses	13,00,000	By Miscellaneous expense	
To Selling expenses	1,00,000	income	5,00,000
To Commission to manager	2,00,000		
To Net profit	18,00,000		
	<u>60,00,000</u>		<u>60,00,000</u>

A. ① Net profit.

Manager's commission = 10% of net profit before charging commission.

$$2,00,000 = 10\% \text{ of } x.$$

$$2,00,000 \times \frac{100}{10} = x.$$

Net profit before charging commission. $x = 20,00,000$

Net profit = Net profit before charging commission

$$20,00,000 - 2,00,000 = 18,00,000$$

B. ② Selling expenses

Total income = 60,00,000

Total expenses other

$$\text{than selling expense} = (26,00,000 + 13,00,000 + 2,00,000) \\ = 41,00,000.$$

Net profit = 18,00,000.

Total income = total expense including selling expense + net profit.

$$60,00,000 = 41,00,000 + \text{selling expense} + 18,00,000$$

$$\text{selling expense} = 60,00,000 - 41,00,000 - 18,00,000 \\ = 1,00,000.$$

C. ③ Sales.

selling expense = $\frac{1}{100}$ of sales.

$$1,00,000 = \frac{1}{100} x.$$

$$100,000 \times 100 = x.$$

$$x = 100,00,000.$$

D. ④ Gross profit.

G.P. = sales - cost of goods sold.

$$= 100,00,000 - 45,00,000$$

$$= 55,00,000.$$

E (5) Miscellaneous income.

Total income - GIP.

$$60,00,000 - 55,00,000$$

$$= 5,00,000.$$

F. (6) Total of Trading A/c = 100,00,000

G. (7) Total of P&L A/c = 60,00,000.

for the year ended 31st March 2016.

Q.13	Particulars	₹	₹	Particulars	₹	₹
	To opening stock		2,34,000	By sales	14,18,000	
	To purchases	12,15,500		(-) sales return (43,000)		
	(-) purchases return (29,000)			(+) sales return (15,000)		13,90,000
	(-) furniture purchased (19,000)		11,76,500			
	To carriage inwards		93,000	By closing stock		3,93,000
	To Gross profit		2,79,500			
			<u>17,83,000</u>			<u>17,83,000</u>
	To Rent		28,500	By Gross profit b/d		2,79,500
	To salaries		46,500	By interest recd		72,500
	To printing & stationery		17,000	By discount received		14,950
	To advertisement		56,000	By interest received		7,250
	To General expenses		19,600	(+) interest receivable		10,000
	To Discount allowed		37,700			17,250
	To audit fees		3800			
	To fire insurance premium		3,000			

To travelling expenses		11,050		
To postage & telegram		4,350		
To provision for doubtful debts		4,750		
To interest	4,500			
(+)ols interest	<u>3,000</u>	7,500		
To Depreciation:				
on furniture		1,150		
To Net profit.		70,500		
		<u>311,700</u>		<u>311,700</u>

Balance sheet

As on 31st March, 2016

Liabilities	₹	₹	Assets	₹	₹
Shareholder's capital	510,500		Furniture	9,000	
(-) Drawings	(50,000)		(+) additions (1/1/16)	10,000	
(+) Net profit	70,500	561,000		19,000	
			(-) Depreciation	1,150	17,850
			$(9000 \times 10\% \times \frac{22}{32}) + (\frac{10,000}{32} \times 10\% \times \frac{3}{12})$		
			Investments		250,000
			Deposit @ 10% (1/4/15)		150,000
Sundry creditors	74,000		Sundry debtors	120,000	
(-) common debt (10,000)	64,000		(-) sales return	(15,000)	
				105,000	
Loan from Dena bank		1,00,000	(-) common debt	(10,000)	
				95,000	
old interest	3,000		(-) provision for doubtful debts @ 5%	(4,750)	90,250
			Accrued interest		10,000
			Closing stock		3,93,000
			Cash with traders bank		40,000
			Cash in hand		1,900
		<u>7,28,000</u>			<u>7,28,000</u>

W.N. (1)		Int on 12% Dena bank loan	
1/4/15	Loan	50,000	int \Rightarrow 6000
31/3/16	Loan	50,000	int \Rightarrow 0
		<u>100,000</u>	<u>6000</u>

W.N. (2)

Int. paid 4,800 (TB)	
Int. paid to Dena bank (paid) 3000 (given adj)	Other* 1500
(+) o/s 3000	
6000.	

W.N. (3)

Int. on deposit and investment.

Date	Particulars	Amt.	Int.
1/4/15	Investment	25,000	$25,000 \times 5\% \times \frac{12}{12} = 1250$
1/4/15	Deposit	150,000	$150,000 \times 10\% \times \frac{12}{12} = 15000$
			<u>16250</u>

$$\therefore \text{Accrued } (16250 - 6250) = 10,000$$

$$\text{Int. received} = 7250$$

Int on investment
& deposit
6250

On debtors
1000

* Manufacturing Alc.

To opening stock			
Raw material	xx	By sale of scrap	xx
Work in progress	xx	By closing stock of RM	xx
To purchases	xx	By closing stock of WIP	xx
To Carriage inward	xx		
To Wages	xx	By cost of manufacturing	xx
To Royalty	xx	(Transferred to trading Alc)	
To Power & fuel	xx		
To Dep. on factory P&M	xx		
	<u>xx</u>		<u>xx</u>

Q. 20.

In the books of Mr. Pantaj
Manufacturing Alc for the year ended 31/3/16

Particulars	₹	₹	Particulars	₹	₹
To opening work-in-progress		3,90,000	By closing work-in-progress	507,000	
To Raw material consumed:			By products	20,000	
Opening inventory	3,02,000		By Trading Alc - cost of finished goods transferred	17,81,000	
(+ Purchases)	<u>12,10,000</u>				
	15,12,000				
(-) Returns	<u>(18,000)</u>				
	14,94,000				
(-) closing inventory	<u>(3,10,000)</u>	11,84,000			
To Direct wages		210,000			
To Direct expenses:					
Royalty		1,30,000			

To Manufacturing overhead:			
Indirect material	10,000		
Indirect wages	48,000		
Repairs & maintenance	2,30,000		
Dep on factory shed.	40,000		
Dep on P & M	60,000	394,000	
		<u>23,08,000</u>	<u>23,08,000</u>

L 19

In the books of Mr. Vimal
Manufacturing A/c for the year ended 30/6/2016.

Particulars	₹	₹	Particulars	₹	₹
To opening Work-in-progress		16,000	By closing Work-in-progress		20,000
To Raw material consumed			By Trading A/c - cost of finished goods transferred	₹	19,00,800
Opening inventory	170,000				
(+) Purchases	820,000				
	990,000				
By Closing inventory	(190,000)	8,00,000			
To Direct wages (W.N. 1)		4,04,800			
To direct expenses					
Hire charges (W.N. 3) on machinery		3,00,000			
To Indirect expenses					
Hire charges of factory shed		220,000			
Repairs & Maint		180,000			
		<u>19,20,800</u>			
					<u>19,20,800</u>

No.

Date: / /

Working note.

① Direct wages.

5,00,000 units @ ₹ 0.80	=	4,00,000
12,000 units @ ₹ 0.40	=	<u>4,800</u>
		4,04,800

② Hire charges on machinery

5,00,000 units @ ₹ 0.60	=	3,00,000
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Working note

① Direct wages

5,00,000 units @ ₹ 0.80	=	4,00,000
12,000 units @ ₹ 0.40	=	4,800
		<u>4,04,800</u>

② Hire charges on machinery

5,00,000 units @ ₹ 0.60	=	3,00,000
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Q. 35

Date	Particulars	Dr.	Cr.
1/1/2017	Fixed Assets Alc	Dr. 1,25,600	
	Inventories Alc	Dr. 2,06,400	
	Trade receivables Alc	Dr. 1,88,000	
	Cash Alc	36,200	
	To Trade payables Alc		1,64,000
	To Bank overdraft		1,46,000
	To Provision for doubtful debts		6,200
	To Capital Alc.		2,40,000
	(Being opening entry passed to incorporate Assets & liabilities)		

Q. 21

Raw material Alc			
Particulars	₹	Particulars	₹
To opening stock (given)	1,00,000	By Raw material consumed.	10,00,000
To Creditors Alc. (WN-1)	13,00,000	By closing stock. (bal. fig)	4,00,000
	<u>14,00,000</u>		<u>14,00,000</u>

Manufacturing A/c

To Raw material consumed (Bal. fig) 10,00,000	By transferred to trading a/c. 18,00,000
To Wages A/c. (WN-2) 3,00,000	
To direct expenses (WN-3) 2,00,000	
To Depreciation (WN-3) 3,00,000	
18,00,000	18,00,000

WN-1

Creditors A/c

To bank A/c. 22,00,000	By bal. b/d 15,00,000
By bal. c/d. 6,00,000	By purchases (bal. figure) 13,00,000
28,00,000	28,00,000

WN-2

Wages paid to factory workers will be included in Manf A/c and wages paid ₹ 50,000 to office workers will be excluded from manufacturing A/c.

WN-3

Direct expenses (given) 2,44,000
 (-) electricity charges wrongly included in manf A/c related to office (24,000)
 (80,000 × 30%)

(-) Delivery charges to customers (20,000)
 Direct expenses 7,00,000

W.N. ④ Depreciation

Dep. (given) 2,00,000
 (+) further dep. on additions 1,00,000
 (10,00,000 × 10%) 3,00,000

W.N. ⑤ Revised bal. transferred to Trading A/c.

Current balance as per M/f A/c. 17,94,000
 (+) Depreciation (Increase) 100,000
 (-) Wages related to office (50,000)
 (-) office expenses
 Electricity charges 24000
 Delivery charges 20000 (44000)
18,20,000

Q.33

Raw material A/c.

To opening stock	2,27,000	By Raw material consumed	9,15,000
To creditors A/c (W.N. 1)	1,42,000	By closing stock	65,200
	<u>1,56,700</u>		<u>1,56,700</u>

Manufacturing A/c.

To Raw material consumed (bal. fig)	9,15,000	By Trading A/c (W.N. 5)	1,83,200
To Wages (W.N. 2)	3,15,000		
To Depreciation (W.N. 3)	1,80,000 7,39,500		
To Direct expenses (W.N. 4)	2,07,000		
	<u>1,83,200</u>		<u>1,83,200</u>

W.N. ①

Creditors A/c

To bank a/c	23,50,000	By bal. c/d	15,70,000
To bal. c/d	6,60,000	By purchases	<u>11,40,000</u>

W.N. ②

Wages paid to factory workers ₹ 3,15,000 should only be included in Manf. A/c and paid to labour at office Rs. 50,000 should be excluded.

$$36,5000 - 50,000 = 315,000$$

WN. (3)

Dep (given)	215,000.
(+) Dep. on additions	<u>180,000</u>
(12,00,000 x 15%)	395,000

WN. (4)

Direct expenses.	2,49,000
(-) Electricity charges	<u>(20,000)</u>
(80,000 x 25%)	
(-) Delivery charges.	<u>(22,000)</u>
	207,000.

WN. (5)

Bal. of Manufacturing A/c (given)	17,44,000
(+) Dep. (increase)	180,000
(-) Wages paid to labour at office	<u>(50,000)</u>
(-) Electricity + delivery charges	<u>(42,000)</u>
(20,000) + (22,000) =	<u>18,32,000</u>

Q. 15.

Trading & P&L A/c.
For the year ending 31st March 2016.

Particulars	₹	Particulars	₹
To opening stocks	500,000	By sales	17,00,000
To purchases	12,50,000	By closing stocks	10,00,000
To wages	300,000		
To Gross profit	650,000		
	<u>27,00,000</u>		<u>27,00,000</u>
		By Gross Profit/btl	650,000
To salaries	220,000		
To bad debts	50,000		
To Depreciation	1,50,000		
To Net profit.	230,000		
	<u>650,000</u>		<u>650,000</u>

Balance sheet

As on 31st March 2016.

Liabilities	₹	Assets	₹
Capital	2500,000	Trade receivable	350,000
(+) Net profit	230,000	Furniture & fixtures	150,000
	2730,000	Plant & machinery	15,70,000
Trade payable	9,00,000	Closing stock	10,00,000
		Cash in hand	560,000
	<u>3630,000</u>		<u>36,30,000</u>

Q.9.

Revised Profit & loss A/c

Particulars	₹	Particulars	₹
To Expenses		By bal. b/d.	15,30,000
ols expense	1,80,000	By Prepaid insurance	20,000
To Net profit (Revised)	<u>1,37,000</u>		
	<u>1,55,000</u>		<u>1,55,000</u>

Balance sheet

As on 31st Dec. 2017.

Liabilities	₹	Assets	₹
Capital 50,00,000		Plant & Mach. 30,00,000	
(+) Net profit 1,37,000		(-) Depn. @ 10% <u>3,00,000</u>	27,00,000
(-) Drawings <u>(60,000)</u>	57,70,000	Furniture 3,00,000	
(+) Int. on cap @ 6% <u>3,00,000</u>	60,70,000	(-) Depn. @ 5% <u>(15,000)</u>	2,85,000
ols expense 1,80,000		Prepaid insurance 20,000	
Trade payable 11,40,000		Inventories 14,50,000	
		Trade receivable 20,00,000	
		(-) prov for DD @ 5% <u>(1,00,000)</u>	19,00,000
		Cash at bank 10,35,000	
	<u>7,39,000</u>		<u>7,39,000</u>

Final Accounts (Journal entries)

- | | | | |
|---|---|---|--|
| <p>① Outstanding Expense/
Salary
Salary (+ in salary)
To old salary (B/S, L)</p> <p>② Prepaid rent/expenses
Prepaid rent (B/S A)
To Rent a/c (- from rent)</p> <p>③ Interest ^{Income} received in adv.
Interest A/c (- from int.)
To Int. recd. in adv.
(B/S, L)</p> <p>④ Accrued commission/income
Accrued commission (B/S A)
To commission A/c
(+ in comm.)</p> <p>⑤ Drawings of goods
Drawings (- from cap.)
To purchases/(- from pur.)
Trading</p> | <p>⑥ Free sample
Adv. / Free sample ^(Add in adv.)
To purchases/ Trading
(- from pur.)</p> <p>⑦ Loss by fire.
Loss by fire (P&I Dr.)
To purchases/ Trading (- from pur.)</p> <p>⑧ Fixed asset.
Fixed asset (B/S, A)
To purchases/ (- from pur.)
Trading</p> <p>⑨ Repairs.
Repairs (P&I Dr.)
To purchases/ (- from pur.)
Trading</p> <p>⑩ Loss by fire of cash/
Fixed asset/ Goods
Loss by fire (P&I Dr.)
To cash/ Fixed asset/
purchases.</p> | <p>⑪ Interest on capital.
Int. on capital (P&I Dr.)
To capital (+ in cap.)</p> <p>⑫ Interest on drawings
Drawings (- from cap.)
To interest on (P&I drawings Cr.)</p> <p>⑬ Depreciation on fixed asset.
Depreciation A/c
To Fixed asset.</p> <p>⑭ Goods sold on sale or return basis.
① Sales (- from sales)
To Debtors (- from debtors)
② Stock with customer (B/S A)
To Trading A/c Tr. Cr.</p> | <p>⑮ Closing stock.
Closing stock Dr.
To trading
If in TB then only in B/S asset side.</p> <p>⑯ Reserve for doubtful debts.
P&I A/c Dr.
To Reserve for doubtful debts.</p> |
|---|---|---|--|