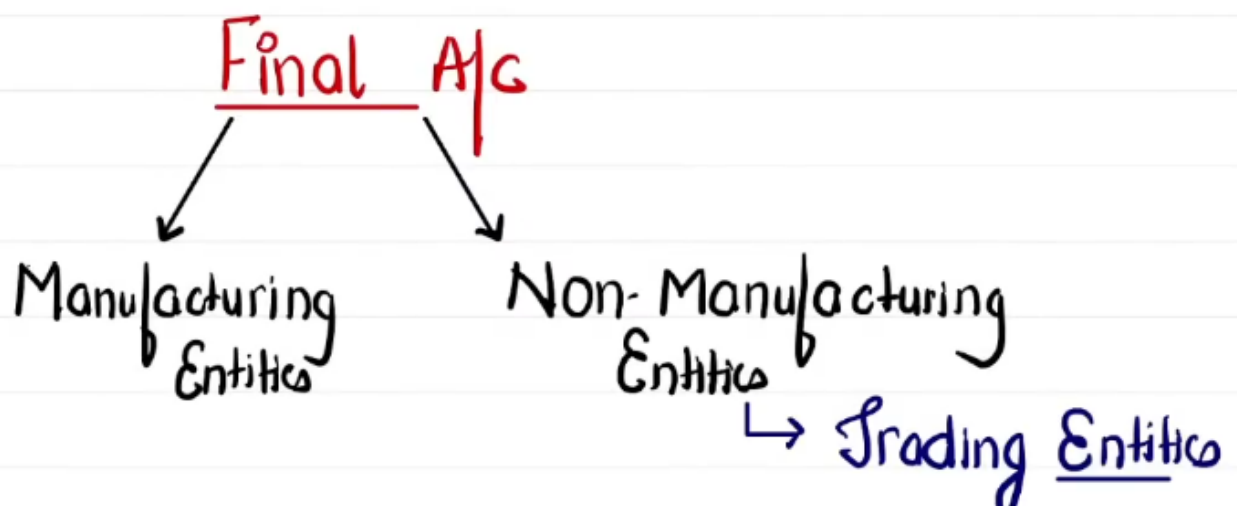
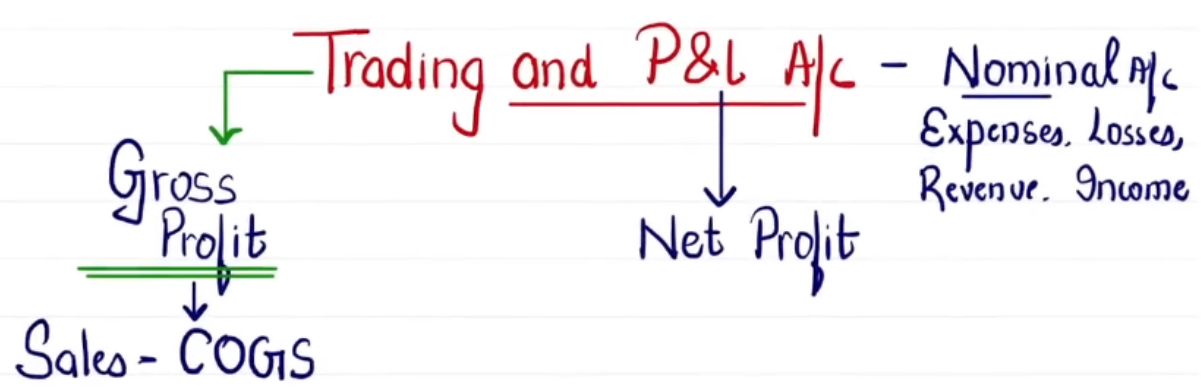
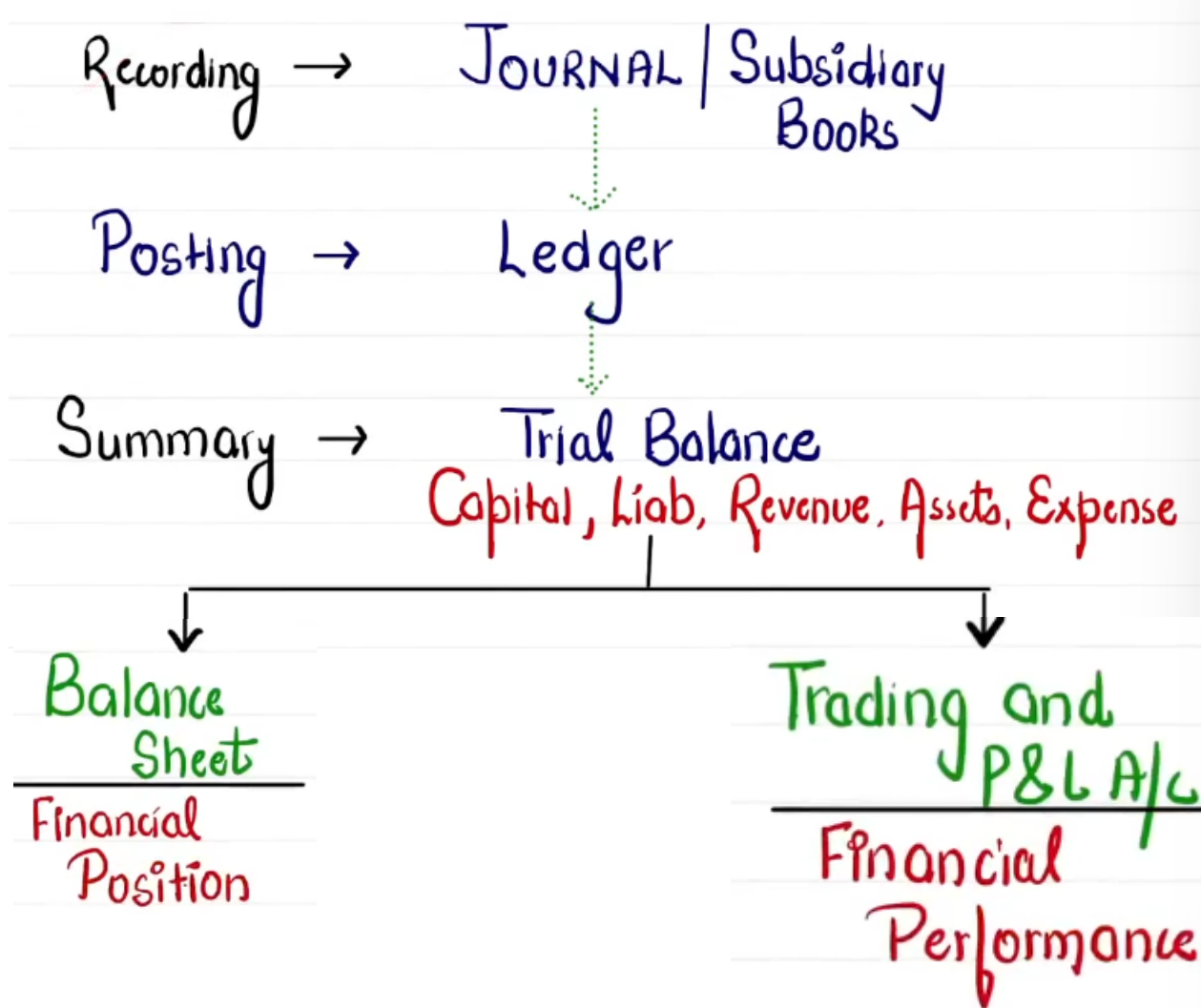


Final Accounts of Non-Manufacturing Entities



Accounting Process



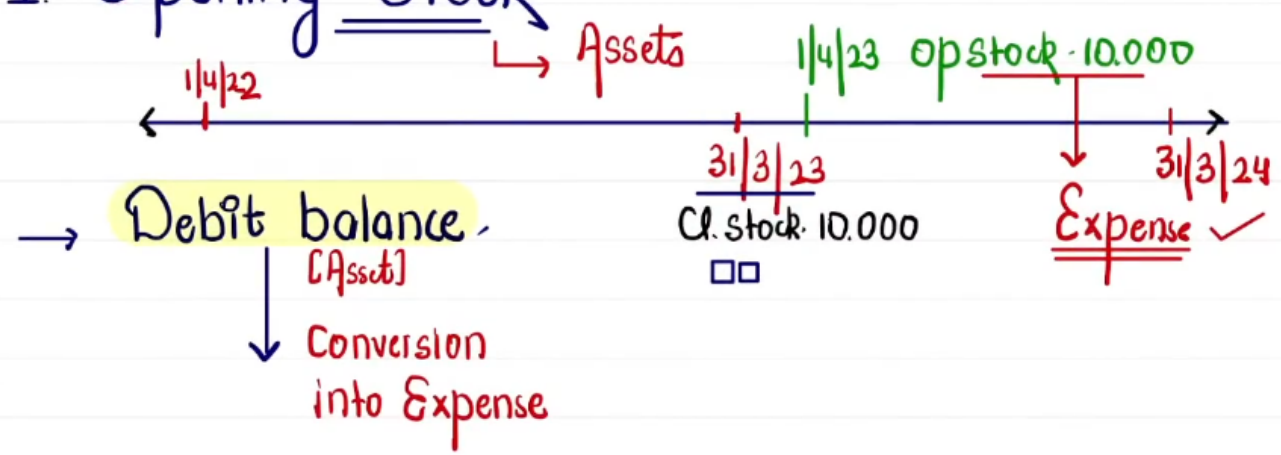
COGS = $\frac{\text{Op stock} + \text{Net Purchases} + \text{Direct exp} - \text{Cl. stock}}{\text{Cost of goods available for sale}}$

= Cost of Goods av. for Sale
 - cl. stock

Dr. Expenses		Trading A/c		Income Cr.
Particulars	₹	Part	₹	
To Op stock	100.000	By sales	10.00.000	
To purchases	400.000			
To Direct exp	50.000	by cl. stock	50.000	
To Gross Profit	<u>500.000</u>			
	<u>1050.000</u>			<u>10,50,000</u>

Dr. < Cr. = Gross Profit
 Dr. > Cr. = Gross Loss

1. Opening Stock



Journal Entry → Trading A/c Dr. Expense
 To Opening Stock A/c

2. Net Purchases [Purchases - Purchase Return]

- Goods purchased - ₹100,000
 → Purchases Dr. 100,000 → Dr. bal.
 To Bank A/c 100,000

- Purchase Returns - ₹10,000
 Bank A/c Dr.
 To purch. Ret A/c - Cr. bal

Net Purchases -

Purch. Ret A/c Dr.	10,000
To Purchase A/c	10,000
→ Purch ↓	10,000

Purchase Dr. 90,000

Journal -

Trading Dr. 90,000 [Net purchase
 to purchase A/c 90,000

Trading A/c

To purchases - 100,000	90,000
(-) Purch. Return <u>(10,000)</u>	

3. Direct Expenses:

→ Carriage Inward, wages, non-refundable Tax
↳ Exp Incurred in bringing the goods to the business premises.

- Carriage Inward 10,000

↳ Carriage Inward Dr. 10,000
Dr. bal. To Bank A/c 10,000

→ Trading A/c Dr. 10,000
To Carriage Inward 10,000

4. Net Sales [Sales - Sales Return]

Sales - ₹100,000
Cr. balance

Sales Ret - ₹10,000
Dr. balance

Sales Cr.
90,000

Net

Sales Dr. 10,000
To Sales Ret 10,000

Close

→ Sales Dr. 90,000
To Trading A/c 90,000

5. Closing Stock

Before Trial Bal.

After Trial Bal.

→ Closing Stock Dr.
 Asset ↑ To purchase A/c
 Exp ↓

Cl. Stock Dr
 To Trading A/c

Trial Bal.

	Dr	Cr
Purchase (Adj)	90.000	
Cl. stock	10.000	

↓
 Cl. stock will not appear
 in Trading A/c.

→ Profit & Loss A/c - Net profit / Loss



1] It starts with Gross Profit / Loss.

Journal → 1. Gross Profit
To profit & loss A/c

2. P&L A/c Dr
To Gross Loss

P&L A/c for the year ended.

Dr

Cr.

<p>To Gross Loss To all exp & losses (not covered in Trading A/c]</p>	<p>by Gross profit by Income (other than Sales]</p>
<p>To Net Profit (Cr. > Dr.]</p>	<p>by Net Loss (Dr > Cr]</p>

→ ADJUSTMENTS

1. Outstanding Expenses:

↳ Expense ✓ - benefit already consumed.
Payment X - Liability.

2022-23 Salary paid - ₹2,20,000

↓
Salary Dr. 2,20,000
To Bank A/c 2,20,000

Trial Balance

	Dr	Cr
Salary A/c	2,20,000	

Adj → 1 month Salary is Outstanding

No Treatment done.

1 month Salary = $\frac{2,20,000}{12}$ = ₹20,000

Adjustment :-
entry

Salary Dr. 20,000 → Expense
To o/s Salary A/c 20,000 → Liability
B/s 0

P&L A/c

To Salary 2,20,000			
+ O/s Salary <u>20,000</u>	2,40,000		

Rent Dr
To o/s Rent ✓

Example:-

Trial Balance

	Dr	Cr
Rent	120,000	
O/s Rent		<u>20,000</u>

Included

→ Rent Amt to be debited to P&L A/c
↳ 120,000

Rent Dr
To o/s Rent A/c

A/c appearing in Trial Balance

→ Recording is already Done ✓

→ Transfer of A/c to P&L & Balance to be done.

Adjustment

→ No Recording Done.

2. Prepaid Expense

Expense X - benefit not consumed
 Payment ✓

→ Insurance premium paid during the year - ₹1,50,000

Insurance premium Dr 150,000 ✓
 To Bank 150,000

Trial Balance

	Dr	Cr
Ins. premium	150,000	

Adjustment - Prepaid Insurance - ₹30,000

Adj. Entry → Prepaid Insurance Dr 30,000
 To Insurance prem. A/c 30,000

Asset
B/S

P&L A/c

To Ins. prem. 150,000 (-) Ins. prem. <u>(30,000)</u>	120,000
---	---------

3. Accrued Income (or Income) - Asset
 ↳ Income earned but not Received.

Ex-

Commission Received ₹ 2,20,000

Bank Dr 2,20,000
 To Commission A/c 2,20,000

Trial Balance

	Dr	Cr
Commission		2,20,000
Accrued Comm. ₹ 20,000 ✓		

Asset
B/s

Accrued comm. Dr 20,000
 To Commission A/c 20,000 ✓
 ↓ Income +

P&L A/c		Cr.
	By comm - 2,20,000 + Accrued <u>20,000</u>	240,000

4. Income Received in Advance
 ↓
Unearned Income ^{Liability}

Ex. Fees Received - 7 crore

Bank Dr. 7,00,00,000
 To fees 7,00,00,000

Trial Balance

	Cr.
Fees	7,00,00,000
Adj → Fees Received in Advance - ₹ 50,00,000	

← Fees A/c Dr. 50,00,000
 Income - TO Advance fees A/c 50,00,000
 ↓
 Liab-B/s

<u>P&L A/c</u>	
	By <u>Fee</u> 700.00.000
	↳ Advance <u>(50.00.000)</u> 6.50.00.000

5. Provision for Doubtful Debts

↓
Amts not
Certain

↓
Loss of Debtors

Example -

Trial Balance

	Dr	Cr
Debtors	100.000	

Adj] Create prov. for Doubtful debts @ 10% on debtors.

↓
Loss - Dr → P&L A/c Dr. 10.000
Debtor ↓ Cr. → To prov. for Doubtful debt 10.000
↓ contra A/c

<u>P&L A/c</u>	
Dr	
To prov. for Doubtful debt	10.000

Balance Sheet	
Debtors - 100.000	
↳ prov. for <u>(10.000)</u> Doubtful	90.000

Case-2

Trial Balance

	Dr	Cr
Debtors	100,000	

Adj- 1. Bad debts ₹10,000

↓
Adj entry:-

Bad debt Dr. 10,000 ^{← Nominal}
To Debtors 10,000

P&L A/c

Dr.	
To Bad debts	10,000

Balance Sheet

<u>Asset</u>	
Debtors - 100,000	
(-) Bad debt <u>10,000</u>	90,000

Case-3

Trial Balance

	Dr	Cr
Debtors	100,000	

Adj- 1. Bad debts ₹10,000
2. Prov. for Doubtful debt @ 10% on debtor
↳ Good debtors

Adj

Entry -

1. Bad debt Dr. 10,000
To Debtors 10,000

← Nominal

2. P&L A/c Dr. 9000
To prov. for Doubtful debt 9000

P&L A/c

Dr.

To Bad debts	10,000
To prov. for D.D	9000

Balance Sheet

Assets	
Debtors	100,000
↳ Bad debts (10,000)	
↳ Prov. for D.D (9000)	81000

Case 4

Trial Balance

	Dr	Cr
Debtors	100,000	
Bad debts	10,000	

Already Adj

Bad debt Dr
To Debtor

Adj - 1. Bad debts, ₹15,000
2. Prov. for Doubtful debt @ 10% on debtor

Adj. Entry → 1. Bad debt Dr. 15000
To Debtors A/c 15000

Total Bad debts = ₹25,000 → P&L Dr 25000
To Bad debts 25000

$$\begin{aligned} \text{Good Debtors} &= 1,00,000 - 15,000 \\ &= ₹85,000 \end{aligned}$$

2. P&L Dr ⁸⁵⁰⁰
To prov. for Doubtful Debt 8500

P&L A/c	
Dr.	
To Bad debts	25000
To prov. for DD	8500

Balance Sheet	
Assets	
Debtors - 100,000	
↳ Bad debt (15,000)	
↳ Prov. (<u>8,500</u>)	76,500

Case-5

Trial Balance

	Dr	Cr
Debtors	100,000	
Prov. for D.D.		10,000

P&L Dr. _____
To prov. for DD

Adj- 1. Bad debts. ₹8000
2. Maintain prov. for DD @10% on Debtors

Adj Entry -

1. Bad debt Dr 8000
To Debtor A/c 8000

Prov. for Doubtful debt Dr 8000
To Bad debt A/c 8000

Balance in - prov. for D.D. ₹2000

2. Good Debtors. ₹92000

10% → 9200.

P&L Dr 7200

To prov. for DD 7200 ✓

Dr. <u>P&L A/c</u>	
To prov. for Doubtful debt	7200

Balance Sheet

Assets	
Debtors - 100,000	
↳ Bad debt (8000)	
↳ Prov. (9200)	82800

Trial Balance

Case-6

	Dr	Cr
Debtors	100,000	
Prov. for D.D.		10,000
Bad debts	5000	

$$\begin{array}{r}
 100,000 \\
 (8000) \\
 \hline
 92000 \\
 \times 10\% = 9200 \\
 \hline
 \text{P\&L Dr}
 \end{array}$$

Adj. (i) Bad debts - ₹8000
 (ii) Prov for Doubtful debt @10% on Debtors

Adj. Entry - (i) Bad debt Dr. 8000
 To Debtor 8000

Total Bad debts ₹13000

Prov. for Doubtful Debt Dr 10,000
 P&L A/c Dr. 3000
 To Bad debt 13000

Dr. P&L A/c	
To Bad debt	3000
To prov. for DD	9200
	13000 -10000

Balance Sheet	
Assets	
Debtors - 100,000	92000
(-) Bad debt (8000)	
(-) Prov. (9200)	82800



Amt to be Dr. to p&L A/c → Total Bad debts
 (-) Old provision
 + New provision

Case-1

Trial Balance

	Dr	Cr
100,000		
(4,000)		
96,000		
9,600		
Debtors	100,000	
Prov. for D.D.		10,000
Bad debts	5,000	

- Adj. 1. Bad debts - 4,000
 2. Prov. for Doubtful debt @ 10% on Debtors

P&L A/c

Dr.

To prov. for DD	8,600
-----------------	-------

Balance Sheet

Assets	
Debtors - 100,000	
(-) Bad debt (4,000)	
(-) Prov. (9,600)	86,400

Case-8

Trial Balance

	Dr	Cr
Debtors	100,000	
Prov. for D.D.		8,000
Bad debts	5000	

Adj- All other debtors are good

→ Prov. for Doubtful debt Dr. 5000
To Bad debt 5000

* Balance remaining in Prov. for DD. is not required, will be written off in P&L A/c

→ Prov. for D.D Dr 3000
To P&L A/c 3000

$1500000 - 100000 = 1400000 \times 5\% = 70000$

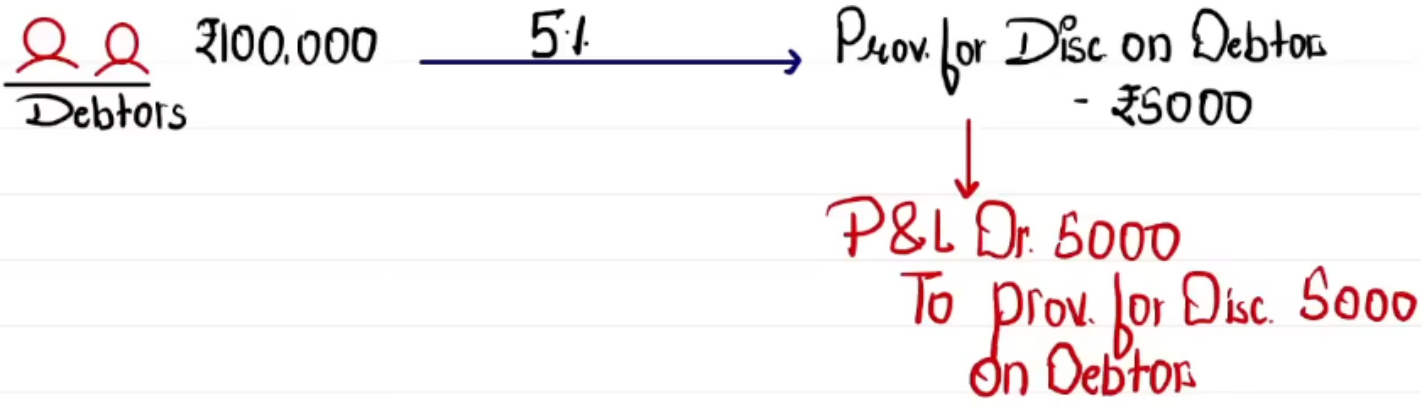
ILLUSTRATION 4

On 1st April 2021 provision for Doubtful Debts existed at ₹40,000. Trade receivables on 31.03.2021 were ₹15,00,000; bad debts totaled ₹1,00,000. It is required to write off the bad debts and create a provision equal to 5% of the Trade receivables' balances.

Show how you would compute the amount debited to the Profit and Loss Account.

<u>Ans-</u>	Total Bad debts to be written off	₹100,000
	(-) Already existing prov	(40,000)
	+ New prov. to be created [$\frac{5}{100} \times 1400000$]	70,000
	Amt to be Dr. to p&L A/c	<u>130,000</u>

6. Provision for Discount on Debtors.
 ↓
 Discount allowed



Ex-

1/4/2021 - Debtors - ₹100,000
During the year,

Bad debts. ₹10,000

- Prov. for Doubtful debt @ 10% on debtors
- Prov. for Disc on Debtors @ 2%.

J.E.

1. Bad debt Dr. 10,000
 To Debtors A/c 10,000

2. P&L A/c Dr 10,000
 To Bad debts 10,000

3. P&L A/c Dr 9000
 To prov. for D.D 9000

Prov. for Disc on Debtors =

Total Debtors	-	100,000
(-) Bad debts		(10,000)
		<u>90,000</u>
(-) Prov. for D.D		(9,000)
		<u>81,000</u>

Prov. for Disc on Debtors 1620

4. P&L A/c Dr 1620
 To prov. for Disc on Debtors 1620

P&L A/c	
Dr	
To Bad debb	10,000
To prov. for DD	9,000
To prov. for disc	1,620

Balance Sheet	
Assets	
Debtors	100,000
-> Bad debt	(10,000)
-> Prov for DD	(9,000)
-> Prov for Disc.	(1,620)
	79,380

7. Abnormal Loss of Inventory.

Fire, theft, earthquake

Adjustment: Stock costing ₹10,000 destroyed by fire

Adj. entry :- Loss by fire Dr. 10,000
To purchase/A/c 10,000

a) No Insurance

P&L A/c Dr. 10,000 -
To loss by fire 10,000

b) Ins claim. ₹8,000

↓ Loss
Insurance claim Dr. 8,000 ← Receivable B/s
P&L A/c Dr. 2,000 → Loss
To loss by fire 10,000

Bank Dr. 8,000 ←
To Ins claim 8,000

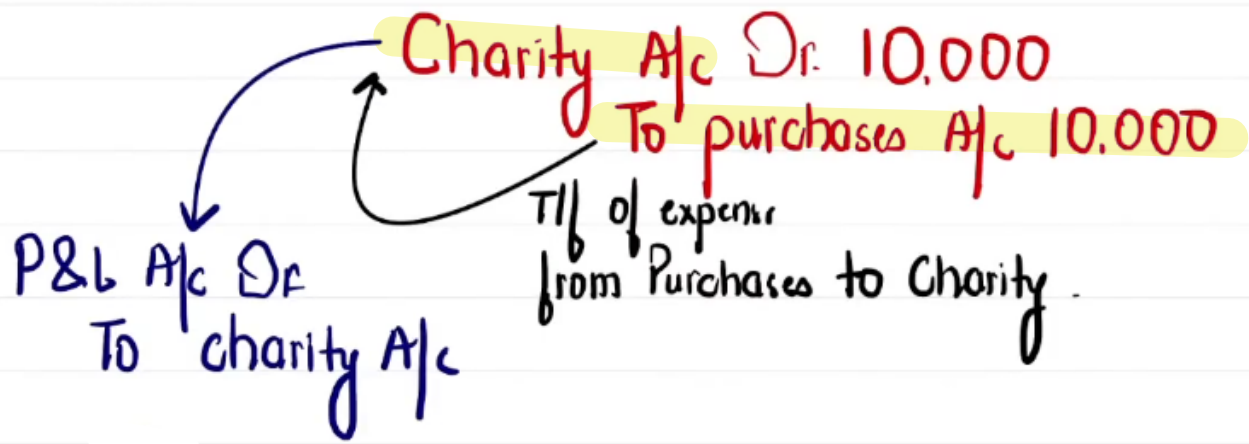
c) Ins. claim - ₹12000

Insurance claim Dr. 12000 ^{Receivable}

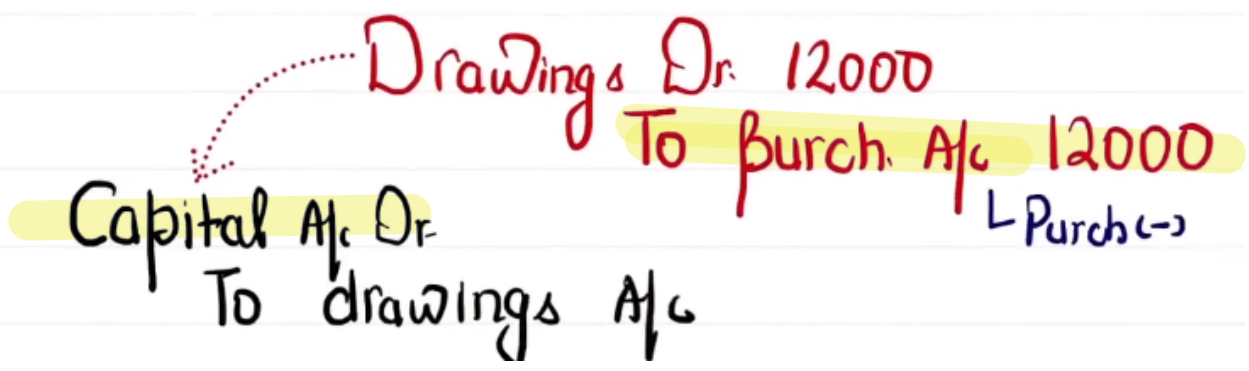
Gain ← To Loss by fire A/c 10,000
To P&L A/c 2000

8. Goods used other than Sale.

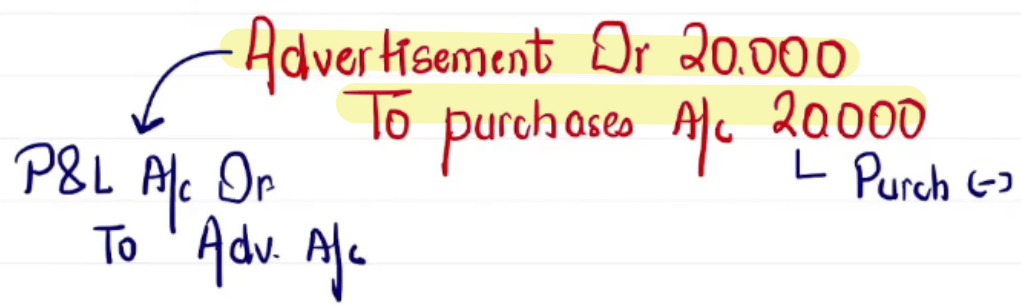
a) Donation of Goods - ₹10,000



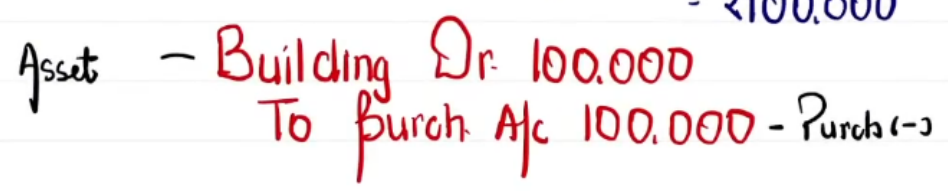
b) Drawings of Goods - ₹12000



c) Free Samples - ₹20,000



d) Goods used in construction of Assets - Building - ₹100,000



e) Goods used for Repair & Maintenance - ₹10,000



9. Commission to Manager, based on % of Profit

a. % of Net profit before charging commission.

Net profit before comm - 1,10,000 ✓
 Managers comm - 10% of net profit bef. commo 11,000

Net Profit after charging comm 99,000

Adj. entry:-

Managers' Commission Dr 11000
 To o/s Managers' comm. 11,000 ^{Payable}
 ↳ Liability

P&L A/c Dr
 To Manag. Comm

b. % of Net profit after charging comm.

Profit before comm. - 1,10,000

Managers' comm ↳

10% of net profit after ch. comm. ()
 ↳ Net profit after ch. comm. _____

Profit before comm		Comm.
$\frac{110}{110}$	-	$\frac{10}{110}$
1	-	$\frac{10}{110}$
$1 \times 1,10,000$	-	$(\frac{10}{110} \times 1,10,000)$

$$= \frac{\text{Rate}}{100 + \text{Rate}} \times \text{Profit before Commission}$$

Ex. Net profit before Commission - ₹ 2,20,000
Commission @ 10% on net profit after charging comm.

Manager's Comm. = $\frac{10}{110} \times 2,20,000$
= 20,000

Managers Comm Dr 20,000
To ofs Mon Comm 20,000

10. Hidden Adjustment

Trial Balance
as on 31.3.23

	Dr	Cr.
10% Bank Loan (1st Oct, 2022)		100,000

Interest on Bank Loan - $100,000 \times \frac{10}{100} \times \frac{6}{12} = 5000$
↳ ofs Int bcz there is no Int A/c in Trial

Adj Entry - Int on Bank Loan Dr 5000
To ofs Int A/c 5000
P&L A/c Dr. ↳ Liability

11. Inventory of Material in hand

Stationery purchase - ₹10,000

↓
Stationery Dr. 10,000
To Bank A/c 10,000

31st Mar - Stock of Stationery - ₹2000

↓
Stock of Stationery Dr. 2000 ^{- Asset}
To Stationery A/c 2000
Exp ↓

Closing → P&L A/c Dr. 8000
To Stationery A/c 8000

12. Income Tax

Sole proprietor

↓
Tax on Total Income

→ { Income Tax Dr. 20,00,000 ✓
To Bank A/c 20,00,000 ← Bank

→ Income tax paid by sole proprietor is his/her personal expense, not business expense.

Adj
Drawings Dr. 20,00,000 +
To Income Tax 20,00,000 (-)

→ Opening entry

Balance Sheet
as on 31st March, 2023

Capital	40,000	Cash	10,000
Creditors	8,000	Bank	12,000
		Stock	5,000
		Debtors	8,000
		Plant & Mach	13,000
	<u>48,000</u>		<u>48,000</u>

2023-24

1st April

↳

Cash A/c	→	Dr.	10,000
Bank A/c		Dr.	12,000
Stock A/c		Dr.	5,000
Debtors A/c		Dr.	8,000
Plant & Mach A/c		Dr.	13,000

To Creditors A/c 8,000
To Capital A/c 40,000

Cash A/c

Dr

Cr.

1/4/23 To bal b/d
10,000

31/3/23 by bal old 10,000

opening bal

ILLUSTRATION 11

The Balance Sheet of Mr. Popatlal, a merchant on 31st March, 2022 stood as below:

Liabilities	Amount	Assets		Amount
	₹			₹
Capital	2,40,000	Fixed Assets		1,25,600
Trade payables	1,64,000	Inventories		2,06,400
Bank Overdraft	1,46,000	Trade receivables	1,88,000	
		Less: Provision	(6,200)	1,81,800
		Cash		36,200
	5,50,000			5,50,000

Required

Show opening journal entry on 1st April, 2022 in the books of Mr. Popatlal.

In the Books of Mr. Popatlal Journal

1/4/22	Fixed Assets A/c Dr.	125600	}
	Inventories A/c Dr.	206400	
	Trade Receivable Dr.	188000	
	Cash A/c Dr.	36200	
	To Trade pay	164000	
	To capital	240.000	
	To provision	6200	
	To Bank overdraft	146000	

Imp

Following information is provided for M/s. VS Wires for the year ended 31st March, 2024:

	₹
Opening Inventory — Trading	6,00,000
Purchases	40,32,000
Carriage Inwards	1,80,000
Wages	3,00,000
Sales	66,00,000
Returns inward — S/R	6,00,000
Returns outward — P/R	4,32,000
Closing Inventory	12,00,000

You are required to pass necessary closing entries in the journal proper of M/s. VS Wires. (5 Marks)

↓
Nominal A/c - Close - t/l to Trading P&L

1. Return outward Dr 432000
To purch A/c 432000
2. Sales A/c Dr 600.000
To Ret. Inward 600000
3. Trading A/c Dr 4680.000
To op stock 600.000
To purch A/c 3600.000
To Wages 300.000
To Carriage inward 180.000

4. Sales A/c Dr 60,00,000
Cl. st. Dr 12,00,000
To Trading A/c 72,00,000

5. Trading A/c Dr 25,20,000
To Gross profit 25,20,000

6. Gross profit Dr 25,20,000
To P & L A/c 25,20,000

Ms. Manisha is engaged in business of selling magazines. Several of her customers pay money in advance for subscribing his magazines. Information related to year ended 31st March, 2024 has been given below:

On 1.4.2023 he had a balance of ₹6,00,000 advance from customers of which ₹4,50,000 is related to year 2023-24 while remaining pertains to year 2024-25. During the year 2023-24 she made cash sales of ₹15,00,000. You are required to compute:

- (i) Total income for the year 2023-24. $450000 + 1500000 - 1950000$
- (ii) Total money received during the year if the closing balance in Advance from customers Account is ₹5,10,000. (5 Marks)

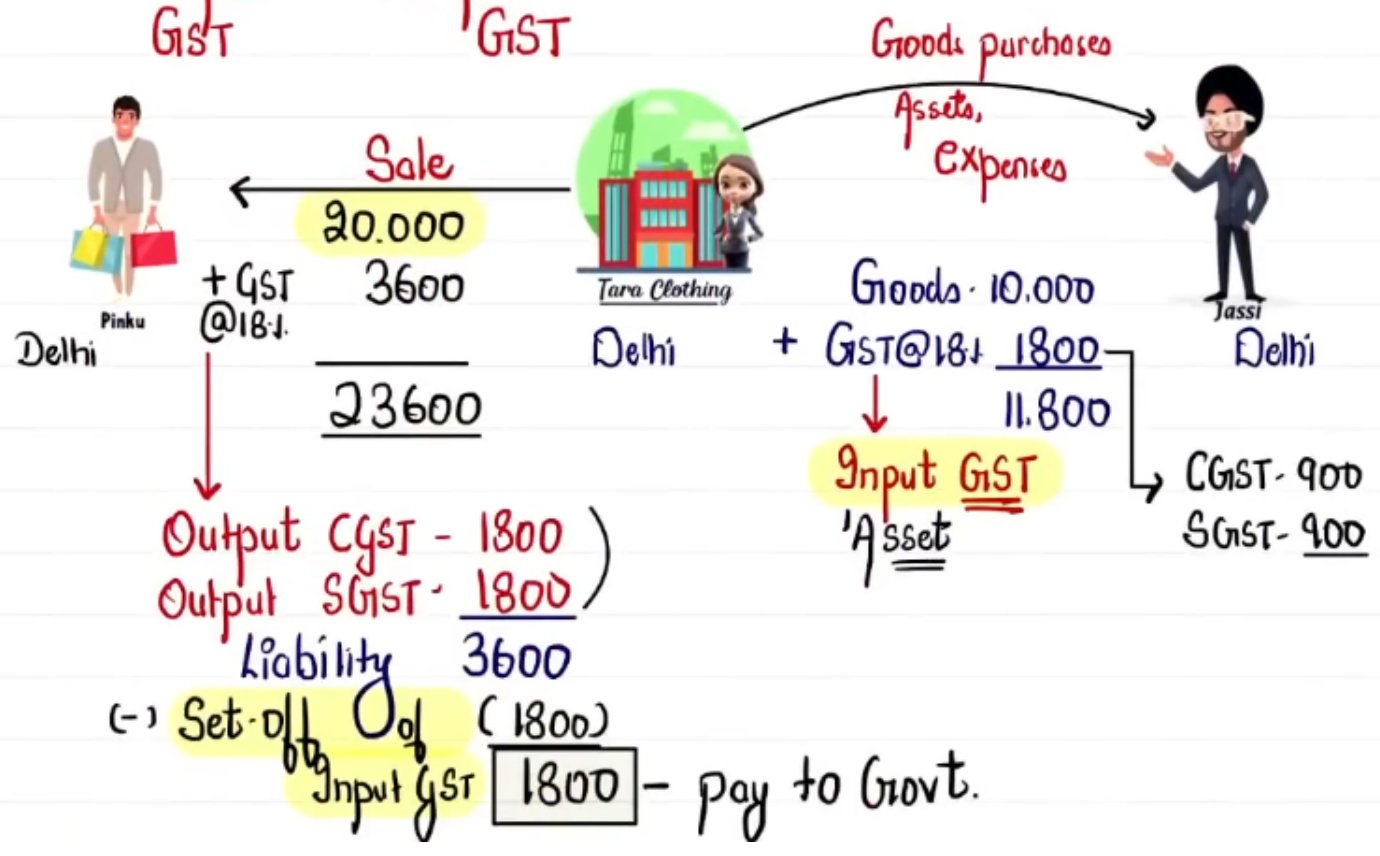
Advance A/c			
↓ Dr			↑
To Sales A/c	450000	by bal b/d	600.000
		By Bank A/c	360.000
To bal c/d	<u>510.000</u>		

Income
 \Rightarrow Adv Dr.
 To Sales A/c

Op bal. 600.000 ✓
 (450.000) ✓
 CY Adv Rec 150.000 ✓
 ↓ 360.000 ✓
810.000

GST

Input GST Output GST



Input GST - Asset - Dr. balance
Output GST - Liab - Cr. balance

Set-off Rules

Input IGST	Input CGST	Input SGST
1] Output IGST	Output CGST	Output SGST
2] Output CGST & SGST	Output IGST	Output IGST

eg

Output IGST - 10,000	Input IGST - 12,000
Output CGST - 8,000	Input CGST - 8,000
Output SGST - 8,000	Input SGST - 8,000

		IGST output	CGST output	SGST output	Balance
		10,000	8,000 ✓	8,000	Input
1. IGST Input	12,000	10,000	2,000		NIL
2. CGST Input	8,000		6,000		2,000
3. SGST Input	8,000			8,000	-
	Balance output	—	—	—	

eg-

Output IGST - 18,000	Input IGST - 8,000
Output CGST - 6,000	Input CGST - 10,000
Output SGST - 6,000	Input SGST - 4,000

		IGST output	CGST output	SGST output	Balance
		✓ 18,000	6,000 ✓	6,000	Input
1. IGST Input	8,000 ✓	(8,000)			NIL
2. CGST Input	10,000	(4,000)	(6,000)		NIL
3. SGST Input	4,000 ✓			(4,000)	NIL
	Payments	6,000	NIL	2,000	

Journal :-

9 GST output	Dr.	6,000
SGST output	Dr.	2,000
	To	Bank 8,000

Set off Rules of GST

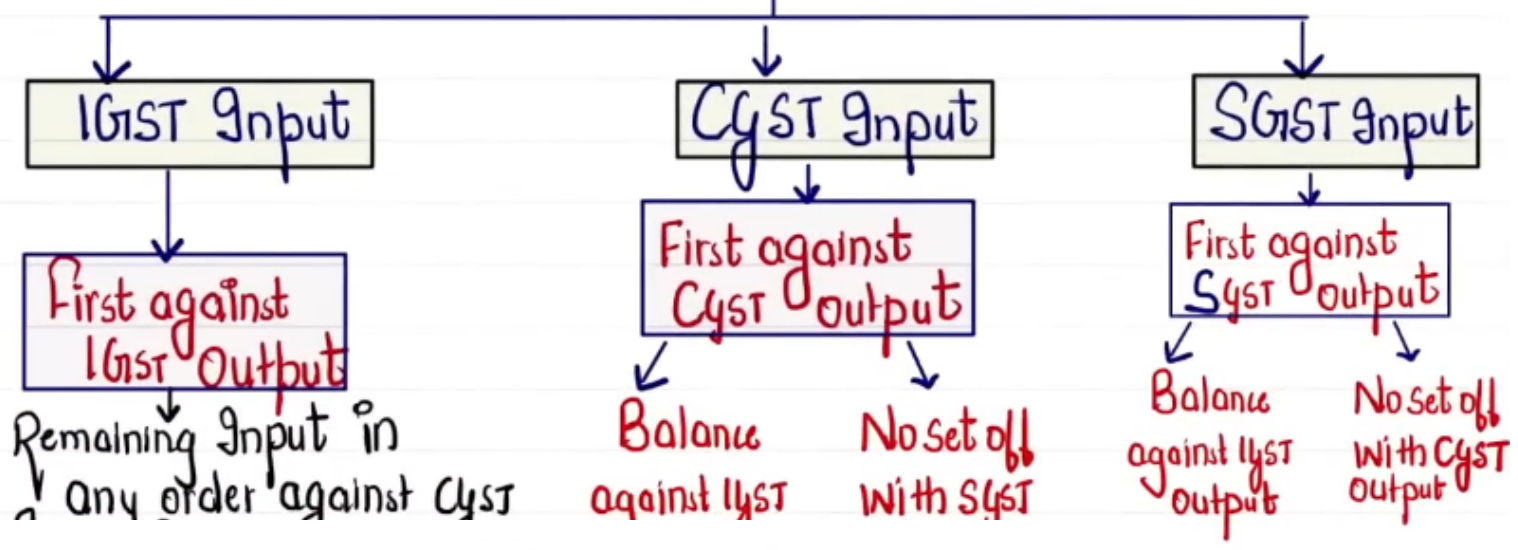


ILLUSTRATION 10

Mr. Mohan gives you the following trial balance and some other information:

Trial Balance as on 31st March, 2022

Particulars	₹	₹
Capital		6,50,000
Sales		9,70,000
Purchases	4,30,000	
Opening Inventory	1,10,000	
Freights Inward	40,000	
Salaries	2,10,000	
Other Administration Expenses	1,50,000	
Furniture	3,50,000	
Trade receivables and Trade payables	2,10,000	1,90,000
Returns	20,000	12,000
Discounts	19,000	9,000
Bad Debts	5,000	
Investments in Government Securities	1,00,000	
Cash in Hand and Cash at Bank	1,89,000	
Input CGST	10,000	
Input SGST	10,000	
Output CGST	8,000	
Output SGST	8,000	
Output IGST	6,000	
	18,53,000	18,53,000

Other Information:

- (i) Closing Inventory was ₹ 1,80,000;
- (ii) Depreciate Furniture @ 10% p.a.

Required

Prepare Trading and Profit and Loss Account for the year ended on 31.3.2022 and Balance Sheet of Mr. Mohan as on that date.

WN:

		IGST output	CGST output	SGST output	Balance
		6000 ✓	8000 ✓	8000	Input
1. IGST Input					—
2. CGST Input	10,000	2000 ✓	(8000)		NIL
3. SGST Input	10,000 ✓	2000		8000	NIL
		2000	NIL		
		<u>Liab</u>			

Journal :-

SGST output	Dr.	6000	
CGST output	Dr.	2000	
	To	Bank	8000

RTP

Mr. Bansal submitted to you the following trial balance, which he has not been able to agree. Rewrite the trial balance and prepare trading and profit and loss account for the year ended 31.3.2021 and a balance sheet as on that date after giving effect to the undermentioned adjustments:

Capital ✓	-	16,000
Opening stock ✓	17,500	-
Closing stock X < Trad B/s	-	18,790
Drawings ✓	3,305	-
Returns inward - S/R → Sales (-)	550	550 X
Carriage inward - Trad. Dr	1,240	-
Deposit with X - Asset	1,400	1,400 X
Returns outward - P/R	X 840	840
Carriage outward - Dr - P&L	725	725 X
Rent - P&L	800	-
Rent outstanding ✓ - Liab	X	150
Purchases ✓	13,000	-
Sundry debtors ✓	5,000	-
Sundry creditors ✓	-	2,200
Furniture ✓	1,500	-
Sales ✓	-	29,000
Wages - Trad ✓	850	-
Cash ✓	1,370	-
Advertisement → P&L	950	-
	<u>46,505</u>	<u>68,665</u>

Adjustments:

- Write off ₹ 600 as bad debt and make a provision for doubtful debts at 5% on balance sundry debtors.
- Stock valued at ₹ 2,000 was destroyed by fire on 25th March, 2021, but insurance company admitted a claim for ₹ 1,500 only and paid the sum in April, 2021.
- Depreciation to be provided on furniture at 10% per annum.

4. Closing stock - 18790

Trial Balance
as on 31.03.2021

	Dr	Cr.
Capital		16000
Op Stock	17500	
Drawings	3305	
Return Inward	550	
Carriage Inward	1240	
Deposit with X	1400	
Return outward		840
Carriage outward	725	
Rent	800	
Rent of		150
Purchases	13000	
Debtors	5000	
Creditors		2200
Furniture	1500	
Sales		24000
Wages	850	
Cash	1370	
Advertisement	950	
	<u>48190</u>	<u>48190</u>

Trading and Profit and Loss Account of Mr. Bansal

Dr.				Cr.
Particulars	₹	₹	Particulars	₹
To Opening stock		17,500	By Sales	29,000
To Purchases	13,000		Less: Returns inward	(550)
Less: Returns outward	(840)	12,160	By Stock destroyed by fire	2,000
To Wages		850	By Closing stock	18,790
To Carriage inward		1,240		
To Gross profit		<u>17,490</u>		
		<u>49,240</u>		<u>49,240</u>
To Carriage outward		725	By Gross profit	17,490
To Rent		800		
To Advertisement		950		
To Bad debts		600		
To Provision for doubtful debts (5% of ₹ 4,400)		220		
To Loss of stock by fire		500		
To Depreciation on furniture (10% of ₹1,500)		150		
To Net profit		<u>13,545</u>		
		<u>17,490</u>		<u>17,490</u>

Balance Sheet of Mr. Bansal

as at 31st March, 2021

<i>Liabilities</i>	₹	<i>Assets</i>	₹
Capital	16,000		
Add: Net profit	<u>13,545</u>	Furniture	1,500
	29,545	Less: Depreciation	<u>150</u>
Less: Drawings	<u>3,305</u>		1,350
	26,240	Deposit with X	1,400
Sundry creditors	2,200	Closing Stock	18,790
Outstanding rent	150	Sundry debtors	5,000
		Less: Bad debts	<u>600</u>
			4,400
		Less: Provision for Doubtful Debts	<u>220</u>
			4,180
		Insurance claim receivable	1,500
		Cash	<u>1,370</u>
	<u>28,590</u>		<u>28,590</u>

RTP - Final A/c + Rectification

9.6

The following is the Trial Balance of Mr. T on 31st March, 2022:

	Dr. ₹	Cr. ₹
Capital	-	18,00,000
Drawings	2,10,000	-
Fixed Assets (Opening)	4,20,000	-
Fixed Assets (Additions 01.10.2022)	6,00,000	-
Opening Stock	1,80,000	-
Purchases	48,00,000	-
Purchases Returns	-	2,07,000
Sales	-	66,00,000
Sales Returns	2,97,000	-
Debtors	7,50,000	-
Creditors	-	6,60,000
Expenses	1,50,000	-
Fixed Deposit with Bank	6,00,000	-
Interest on Fixed Deposit	-	60,000
Cash	-	24,000
Suspense A/c	-	6,000
Depreciation	42,000	-
Rent (17 months upto 31.8.2022)	51,000	-
Investments 12% (01.8.2021)	7,50,000	-
Bank Balance	<u>5,07,000</u>	<u>-</u>
	<u>93,57,000</u>	<u>93,57,000</u>

Stock on 31st March, 2022 was valued at ₹ 3,00,000. Depreciation is to be provided at 10% per annum on fixed assets purchased during the year. A scrutiny of the books of account revealed the following matters:

- (i) ₹ 60,000 drawn from bank was debited to Drawings account, but out of this amount withdrawn ₹ 36,000 was used in the business for day-to-day expenses.
- (ii) Purchase of goods worth ₹ 48,000 was not recorded in the books of account upto 31.03.2022, but the goods were included in stock.
- (iii) Purchase returns of ₹ 3,000 was recorded in Sales Return Journal and the amount was correctly posted to the Party's A/c on the correct side.
- (iv) Expenses include ₹ 18,000 in respect of the period after 31st March, 2022.

Give the necessary Journal Entries in respect of (i) to (iv) and prepare the Final Accounts for the year ended 31st March, 2022.

Journal

(i) Exp Dr 36000
To Drawings 36000

(ii) Purch Dr 48000
To Creditor A/c 48000

(iii) Supp. A/c Dr 6000
To purch Ret 3000
To Sales Ret 3000

(iv) Prepaid Exp Dr 18000
To Exp A/c 18000

Trading and Profit & Loss A/c for the year ended 31/3/2022

Dr		₹	Cr.	
Part			Part	₹
To op stock	180.000	180.000	By Sales	6600.000
To purch.	4800.000		↳ Sales Ret (294000)	6306000
Add: omission	48000		(297000 - 3000)	
less: Purch Reb	(210.000)	4638000	By cl. stock	300000
(207000 + 3000)				
To Gross profit		<u>1788000</u>		
To Dep on Fixed		72000	By Gross prof.	1788000
(42000 + 30.000)				
To Expenses			By Int on FD	60.000
(150.000 + 36000 - 18000)		168000	By Int on Inv	60.000
To Rent-	51000			
↳ Prep (15000)		36000		

Liab	₹	Assets	₹
Capital - 1800.000		Cl. stock	300.000
(-) Draw (114000)		Fixed Assets - 1020000	
[210.000 - 36000		(-) Dep (30.000)	990.000
Add NP 1632000	3258000	Prep Exp	18000
		Debtors	750.000
Creditors - 660.000		Fixed Dep With Bank	600.000
Add: omission 48000	708000		
Bank OD	24000	Prep Rent	15000
		Inv.	750.000
		Accrued Int on Inv	60.000
		Bank bal.	507000