

Q.1 Following are the balances extracted from the books of Manish on 31st March, 2019:

	₹		₹
Capital	1,90,000	Cash at Bank	26,000
Drawing	7,000	Salaries	8,000
Plant and Machinery	1,20,000	Repairs	1,900
Delivery Vehicle	26,000	Stock on 1st April, 2018	16,000
Sundry Debtors	36,000	Rent	4,500
Sundry Creditors	26,000	Manufacturing Expenses	1,500
Purchases	20,000	Bills Payable	23,500
Sales	42,000	Bad Debts	5,000
Wages	8,000	Carriage	1,600

Prepare Trading and Profit and Loss Account and Balance Sheet as at 31st March, 2019 after following adjustments are made:

- (i) Closing Stock was ₹ 16,000.
- (ii) Depreciate Plant and Machinery @ 10% and Delivery Vehicle @ 15%.
- (iii) Unpaid Rent amounted to ₹ 500.

The solution can be presented as follows

### Trading Account

for the year ended March 31, 2019

Dr.		Cr.	
Particulars	Amount (₹)	Particulars	Amount (₹)
Opening stock	16,000	Sales	42,000
Purchases	20,000	Closing Stock	16,000
Wages	8,000		
Manufacturing Expenses	1,500		
Carriage	1,600		
Gross Profit (Balance Figure)	10,900		
	<b>58,000</b>		<b>58,000</b>

**Profit and Loss Account**

for the year ended March 31, 2019

Dr.			Cr.	
Particulars		Amount (₹)	Particulars	
Salaries		8,000	Gross Profit	10,900
Repairs		1,900	Net Loss (Balancing Figure)	24,900
Rent	4,500			
Add: Unpaid Rent	500	5,000		
Bad Debts		5,000		
Depreciation on:				
Plant and machinery	12,000			
Delivery Vehicle	3,900	15,900		
		<b>35,800</b>		<b>35,800</b>

**Balance Sheet**

as on March 31, 2019

Liabilities		Amount (₹)	Assets		Amount (₹)
Capital	1,90,000		<b>Fixed Assets</b>		
Less: Drawings	(7,000)		Plant and Machinery	1,20,000	
Less: Net Loss	(24,900)		Less: 10% Depreciation	(12,000)	1,08,000
		1,58,100	Delivery Vehicle	26,000	
<b>Current Liabilities</b>			Less: 15% Depreciation	(3,900)	22,100
Sundry Creditors	26,000		<b>Current Assets</b>		
Bills Payable	23,500		Closing Stock		16,000
Unpaid Rent	500		Sundry Debtors		36,000
		<b>2,08,100</b>	Cash at Bank		26,000
					<b>2,08,100</b>

**Q.2 Prepare Trading and Profit and Loss Account and Balance Sheet from the following balances, relating to the year ended 31st March, 2019:**

	₹		₹
Capital	1,00,000	Wages	50,000
Creditors	12,000	Bank	10,000
Returns Outward	5,000	Repairs	500
Sales	1,64,000	Stock on 1st April, 2018	20,000
Bills Payable	5,000	Rent	4,000
Plant and Machinery	40,000	Manufacturing Expenses	8,000
Sundry Debtors	24,000	Trade Expenses	7,000
Drawings	10,000	Bad Debts	2,000
Purchases	1,05,000	Carriage	1,500
Returns Inward	3,000	Fuel and Power	1,000

**Additional Information:**

- (i) Closing Stock was valued at ₹ 14,500.
- (ii) Depreciate Plant and Machinery by ₹ 4,000.
- (iii) Write off Bad Debts ₹ 5,000.
- (iv) ₹ 400 is due for repairs.

The solution can be presented as follows

**Trading Account**  
for the year ended March 31, 2019

Dr.		Cr.	
Particulars	Amount (₹)	Particulars	Amount (₹)
Opening stock	20,000	Sales	1,64,000
Purchases	1,05,000	Less: Return Inwards	(3,000)
Less: Return out words	(5,000)	Closing Stock	14,500
Wages	50,000	Gross Loss (Balancing Figure)	5,000
Manufacturing Expenses	8,000		
Carriage	1,500		
Fuel and Power	1,000		
	<b>1,80,500</b>		<b>1,80,500</b>

**Profit and Loss Account**  
for the year ended March 31, 2019

Dr.		Amount (₹)	Cr.	
Particulars		Amount (₹)	Particulars	Amount (₹)
Gross Loss		5,000		
Repairs	500			
Add: outstanding	400	900		
Rent		4,000		
Miscellaneous Expenses		7,000		
Bad Debts	2,000		Net Loss (Balancing Figure)	27,900
Add: Additional bad debts	5,000	7,000		
Depreciation on Plant and Machinery		4,000		
		<b>27,900</b>		<b>27,900</b>

**Balance Sheet**  
as on March 31, 2019

Liabilities		Amount (₹)	Assets	
Liabilities		Amount (₹)	Assets	Amount (₹)
Capital	1,00,000		<b>Fixed Assets</b>	
Less: Drawings	(10,000)		Plant and Machinery	40,000
Less: Net Loss	(27,900)	62,100	Less: Depreciation	(4,000)
<b>Current Liabilities</b>			<b>Current Assets</b>	
Creditors		12,000	Closing Stock	14,500
Bills Payable		5,000	Sundry Debtors	24,000
Outstanding Repairs		400	Less: Further Bad Debts	(5,000)
		<b>79,500</b>	Bank	10,000
				<b>79,500</b>

Q.3 Following Trial Balance has been extracted from the books of Prasad on 31st March, 2019:

Particulars	Dr. (₹)	Particulars	Cr. (₹)
Machinery	4,00,000	Capital	9,00,000
Cash at Bank	1,00,000	Sales	16,00,000
Cash in Hand	50,000	Sundry Creditors	4,50,000
Wages	1,00,000	Interest Received	30,000
Purchases	8,00,000		
Stock on 1st April, 2018	6,00,000		
Sundry Debtors	4,40,000		
Bills Receivable	2,90,000		
Rent	45,000		
Commission	25,000		
General Expenses	80,000		
Salaries	50,000		
	<b>29,80,000</b>		<b>29,80,000</b>

**Additional Information:**

(i) Outstanding salaries were ₹ 45,000.

(ii) Depreciate Machinery at 10%.

(iii) Wages outstanding were ₹ 5,000.

(iv) Rent prepaid ₹ 10,000.

(v) Provide for interest on capital @ 5% per annum.

(vi) Stock on 31st March, 2019 ₹ 8,00,000.

Prepare Trading and Profit and Loss Account for the year ended 31st March, 2019 and Balance Sheet as at that date.

The solution can be presented as follows

**Financial Statement of M/s. Ram Prasad & Sons**  
**Trading Account**  
for the year ended March 31, 2019

<b>Dr.</b>		<b>Cr.</b>	
<b>Particulars</b>	<b>Amount (₹)</b>	<b>Particulars</b>	<b>Amount (₹)</b>
Opening Stock	6,00,000	Sales	16,00,000
Purchases	8,00,000	Closing Stock	8,00,000
Wages	1,00,000		
Add: Outstanding Wages	5,000		
Gross Profit (Balancing Figure)	8,95,000		
	<b>24,00,000</b>		<b>24,00,000</b>

**Financial Statement of M/s. Ram Prasad & Sons**  
**Trading Account**  
for the year ended March 31, 2019

<b>Dr.</b>		<b>Cr.</b>	
<b>Particulars</b>	<b>Amount (₹)</b>	<b>Particulars</b>	<b>Amount (₹)</b>
Opening Stock	6,00,000	Sales	16,00,000
Purchases	8,00,000	Closing Stock	8,00,000
Wages	1,00,000		
Add: Outstanding Wages	5,000		
Gross Profit (Balancing Figure)	8,95,000		
	<b>24,00,000</b>		<b>24,00,000</b>

**Balance Sheet**  
as on March 31, 2019

Liabilities	Amount (₹)	Assets	Amount (₹)
Capital	9,00,000	<b>Fixed Assets</b>	
Add: Net Profit	<u>6,50,000</u>	Machinery	4,00,000
<b>Current Liabilities</b>		Less: 10% Depreciation	<u>(40,000)</u>
Sundry Creditors	4,50,000		3,60,000
Outstanding Salary	45,000	<b>Current Assets</b>	
Outstanding Wages	5,000	Closing Stock	8,00,000
		Sundry Debtors	4,40,000
		Bills Receivable	2,90,000
		Prepaid Rent	10,000
		Cash at Bank	1,00,000
		Cash in Hand	50,000
	<b>20,50,000</b>		<b>20,50,000</b>

**Q.4 From the following Trial Balance of Shradha as on 31st March, 2019, prepare Trading and Profit and Loss Account and Balance Sheet:**

Heads of Accounts	Debit Balances (₹)	Credit Balances (₹)
Capital	...	80,000
Drawings	18,000	...
Sales	...	1,55,000
Purchases	82,600	...
Stock (1st April, 2018)	42,000	...
Returns Outward	...	1,600
Carriage Inwards	1,200	...
Wages	4,000	...
Power	6,000	...
Machinery	50,000	...
Furniture	14,000	...
Rent	22,000	...
Salary	15,000	...
Insurance	3,600	...
8% Bank Loan	...	25,000
Debtors	20,600	...
Creditors	...	18,900
Cash in Hand	1,500	...
<b>Total</b>	<b>2,80,500</b>	<b>2,80,500</b>

**Adjustments:****(i) Closing Stock ₹ 64,000.****(ii) Wages outstanding ₹ 2,400.****(iii) Bad Debts ₹ 600.****(iv) Provision for Doubtful Debts to be 5%.****(v) Rent is paid for 11 months.****(vi) Insurance premium is paid per annum, ended 31st May, 2019.****(vii) Loan from the bank was taken on 1st October, 2018.****(viii) Provide Depreciation on machinery @ 10% and on Furniture @ 5%.**

The solution can be presented as follows

**Financial statement of M/s. Shradha & Sons****Trading Account**

for the year ended March 31, 2019

<b>Dr.</b>			<b>Cr.</b>	
<b>Particulars</b>	<b>Amount (₹)</b>		<b>Particulars</b>	<b>Amount (₹)</b>
Opening Stock	42,000		Sales	1,55,000
Purchases	82,600			
Less: Return Outwards	(1,600)	81,000		
Carriages Inwards	1,200		Closing Stock	64,000
Wages	4,000			
Add: Outstanding Wages	2,400	6,400		
Power	6,000			
Gross Profit (Balancing Figure)	82,400			
	<b>2,19,000</b>			<b>2,19,000</b>



**Profit and Loss Account**  
for the year ended March 31, 2019

Dr.		Cr.	
Particulars	Amount (₹)	Particulars	Amount (₹)
Rent	22,000	Gross Profit	82,400
Add: Outstanding for One month (22,000/11)	2,000		
	24,000		
Salary	15,000		
Insurance	3,600		
Less: Prepaid 2 month (3,600 × 2/12)	(600)		
	3,000		
Outstanding Interest on Bank Loan (25,000 × 8% × 6/12)	1,000		
Bad Debts	600		
Add: Provision for Doubtful Debts	1,000		
	1,600		
Depreciation on:			
Machinery	5,000		
Furniture	700		
	5,700		
Net Profit (Balancing Figure)	32,100		
	<b>82,400</b>		<b>82,400</b>

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**Balance Sheet**  
as on March 31, 2019

Liabilities	Amount (₹)	Assets	Amount (₹)
Capital	80,000	<b>Fixed Assets</b>	
Add: Net Profit	32,100	Machinery	50,000
Less: Drawings	(18,000)	Less: 10% Depreciation	(500)
8% Bank Loan	25,000	Furniture	14,000
Add: Outstanding Interest	1,000	Less: 5% Deprecation	(700)
<b>Current Liabilities</b>		<b>Current Assets</b>	
Creditors	18,900	Closing Stock	64,000
Wages Outstanding	2,400	Debtors	20,600
Rent Outstanding	2,000	Less: Bad Debts	(600)
		Less: 5% Provision for doubtful Debts	(1,000)
		Prepaid Insurance	600
		Cash in hand	1,500
	<b>1,43,400</b>		<b>1,43,400</b>

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Q.5 Trial Balance of a business as at 31st March, 2019 is given below:

Particulars	Dr. (₹)	Particulars	Cr. (₹)
Stock on 1st April, 2018	25,000	Sales	2,27,800
Furniture	8,000	Commission	500
Plant and Machinery	1,50,000	Returns Outward	1,000
Debtors	30,000	Creditors	40,000
Wages	12,000	Capital	1,50,000
Salaries	20,000		
Bad Debts	1,000		
Purchases	1,20,000		
Electricity Charges	1,200		
Telephone Charges	2,400		
General Expenses	3,000		
Postage Expenses	1,800		
Returns Inward	900		
Insurance Premium	1,500		
Cash in Hand	2,500		
Cash at Bank	40,000		
	<b>4,19,300</b>		<b>4,19,300</b>

Prepare Trading and Profit and Loss Account for the year ended 31st March, 2019 and Balance Sheet as at that date after taking into account the following adjustments:

- (i) Closing Stock was valued at ₹ 7,000.
- (ii) Outstanding liabilities for wages were ₹ 600 and salaries ₹ 1,400.
- (iii) Depreciation is to be provided @ 5% p.a. on fixed assets.
- (iv) Included in Plant and Machinery is a machine purchased for ₹ 10,000 on 1st October, 2018.
- (v) Insurance premium paid in advance ₹ 200.

The solution can be presented as follows

**Trading Account**  
for the year ended March 31, 2019

Dr.		Amount (₹)	Cr.	
Particulars		Amount (₹)	Particulars	Amount (₹)
Opening Stock		25,000	Sales	2,27,800
Purchases	1,20,000		Less: Returns	900
Less: Returns	1,000	1,19,000	Closing Stock	7,000
Wages	12,000			
Add: Outstanding Wages	600	12,600		
Gross Profit		77,300		
		<b>2,33,900</b>		<b>2,33,900</b>

**Profit & Loss Account**  
for the year ended March 31, 2019

Dr.		Amount (₹)	Cr.	
Particulars		Amount (₹)	Particulars	Amount (₹)
Bad Debts		1,000	Gross Profit	77,300
Insurance Premium	1,500		Commission	500
Less: Prepaid	200	1,300		
Salaries	20,000			
Add: Outstanding Salaries	1,400	21,400		
Electricity Charges		1,200		
General Expenses		3,000		
Postage Expenses		1,800		
Telephone Charges		2,400		
Depreciation on:				
Furniture	400			
Plant & Machinery	7,250	7,650		
Net Profit		38,050		
		<b>77,800</b>		<b>77,800</b>

**Balance Sheet**  
as on March 31, 2019

Dr.		Cr.	
Liabilities	Amount (₹)	Assets	Amount (₹)
Creditors	40,000	Furniture	8,000
Outstanding Wages	600	Less: Depreciation	400
Outstanding Salaries	1,400	Plant & Machinery	1,50,000
Capital	1,50,000	Less: Depreciation	7,250
Add: Net Profit	38,050	Cash at Bank	40,000
	1,88,050	Cash in Hand	2,500
		Closing Stock	7,000
		Debtors	30,000
		Prepaid Insurance	200
	<b>2,30,050</b>		<b>2,30,050</b>

**Q.6** Following are the balances extracted from the books of Narain on 31st March, 2019:

Particulars	Amount (₹)	Particulars	Amount (₹)
Narain's Capital	3,00,000	Sales	15,00,000
Narain's Drawings	50,000	Sales Return	20,000
Furniture and Fittings	26,000	Discounts (Dr.)	16,000
Bank Overdraft	42,000	Discounts (Cr.)	20,000
Creditors	1,38,000	Insurance	20,000
Business Premises	2,00,000	General Expenses	40,000
Stock on 1st April, 2018	2,20,000	Salaries	90,000
Debtors	1,80,000	Commission (Dr.)	22,000
Rent from Tenants	10,000	Carriage on Purchases	18,000
Purchases	11,00,000	Bad Debts Written off	8,000

**Additional Information:**

- (i) Closing Stock as on 31st March, 2019 was ₹ 2,00,600, whereas its Net Realisable Value (Market Value) was ₹ 2,05,000.
- (ii) Depreciate: Business Premises by ₹ 3,000 and Furniture and Fittings by ₹ 2,500.
- (iii) Make a provision of 5% on debtors for doubtful debts.
- (iv) Carry forward ₹ 2,000 for unexpired insurance.
- (v) Outstanding salary was ₹ 15,000.

Prepare Trading and Profit and Loss Account for the year and Balance Sheet as at that date.

The solution can be presented as follows

**Trading Account**  
for the year ended March 31, 2019

Dr.		Cr.	
Particulars	Amount (₹)	Particulars	Amount (₹)
Opening Stock	2,20,000	Sales	15,00,000
Purchases	11,00,000	Less: Returns	20,000
Carriage on Purchases	18,000	Closing Stock	2,00,600
Gross Profit	3,42,600		
	<b>16,80,600</b>		<b>16,80,600</b>

N.B: Closing stock is taken to be at the market value or the book value whichever is less as per the prudence concept,

**Profit & Loss Account**  
for the year ended March 31, 2019

Dr.		Cr.	
Particulars	Amount (₹)	Particulars	Amount (₹)
Commission	22,000	Gross Profit	3,42,600
Insurance Premium	20,000	Discount	20,000
Less: Prepaid	2,000	Rent from Tenants	10,000
Salaries	90,000		
Add: Outstanding	15,000		
Salaries	1,05,000		
Bad Debts Written Off	8,000		
Provision for Doubtful Debts	9,000		
Discount	16,000		
General Expenses	40,000		
Depreciation on:			
Furniture	2,500		
Business Premises	3,000		
Net Profit	1,49,100		
	<b>3,72,600</b>		<b>3,72,600</b>

**Balance Sheet**  
as on March 31, 2019

Dr.			Cr.
Liabilities	Amount (₹)	Assets	Amount (₹)
Bank Overdraft	42,000	Furniture & Fittings	26,000
Creditors	1,38,000	Less: Depreciation	2,500
Outstanding Salaries	15,000	Business Premises	2,00,000
Capital	3,00,000	Less: Depreciation	3,000
Less: Drawings	50,000	Debtors	1,80,000
Add: Net Profit	1,49,100	Less: Provision	9,000
	3,99,100	Closing Stock	2,00,600
	5,94,100	Prepaid Insurance	2,000
	5,94,100		5,94,100

**Q.7** Following balances are taken from the books of Niranjan. Prepare Trading and Profit and Loss Account and Balance Sheet for the year ended 31st March, 2019:

Particulars	₹	Particulars	₹
Capital	12,00,000	Drawings	2,10,000
Opening Stock	4,50,000	Plant and Machinery	2,40,000
Furniture	15,000	Purchases	29,50,000
Sales	43,50,000	Insurances	15,000
Purchases	40,000	Sales Return	70,000
Return		Trade Expenses	20,000
Rent	50,000	Wages	4,00,000
Salaries	2,40,000	6% Investments	5,00,000
Bad Debts	10,000	Sundry Creditors	1,90,000
Sundry Debtors	4,00,000	Cash	1,22,000
Bills Payable	8,000	Miscellaneous Income	12,000
Advertisement Expenses	60,000		
Patents	48,000		

**Adjustments:**

(i) Closing Stock ₹ 7,50,000.

(ii) Depreciate Machinery by 10% and Furniture by 20%.

(iii) Wages ₹ 50,000 and salaries ₹ 20,000 are outstanding.

(iv) Write off ₹ 50,000 as further Bad Debts and create 5% Provision for Doubtful Debts. Also, create a reserve for discount on Debtors @ 2%.

(v) Investments were made on 1st July, 2018 and no interest has been received so far.

The solution can be presented as follows

**Financial statements of Mr. Niranjan**  
**Trading Account**  
for the year ended March 31, 2019

Dr.			Cr.		
Particulars	Amount (₹)	Particulars	Amount (₹)		
Opening Stock	4,50,000	Sales	43,50,000		
Purchases	29,50,000	Less: Sales Return	(70,000)		
Less: Purchases Return	(40,000)	Closing Stock		42,80,000	
Wages	4,00,000			7,50,000	
Add: Outstanding wages	50,000				
Gross Profit (Balancing Figure)	12,20,000				
	<b>50,30,000</b>				
				<b>50,30,000</b>	

**Financial statements of Mr. Niranjan**  
**Trading Account**  
for the year ended March 31, 2019

Dr.			Cr.		
Particulars	Amount (₹)	Particulars	Amount (₹)		
Opening Stock	4,50,000	Sales	43,50,000		
Purchases	29,50,000	Less: Sales Return	(70,000)		
Less: Purchases Return	(40,000)	Closing Stock		42,80,000	
Wages	4,00,000			7,50,000	
Add: Outstanding wages	50,000				
Gross Profit (Balancing Figure)	12,20,000				
	<b>50,30,000</b>				
				<b>50,30,000</b>	



**Balance Sheet**  
as on March 31, 2019

Liabilities	Amount (₹)	Assets	Amount (₹)
Capital	12,00,000	<b>Fixed Assets</b>	
Less: Drawings	(2,10,000)	Patents	48,000
Add: Net Profit	7,38,350	Plant and Machinery	2,40,000
<b>Current Liabilities</b>		Less: 10% Depreciation	(24,000)
Sundry Creditors	1,90,000	Furniture	15,000
Wages Outstanding	50,000	Less: 20% Depreciation	(3,000)
Salaries Outstanding	20,000	6% Investment	5,00,000
Bills Payable	8000	Add: Accrued Interest	22,500
		<b>Current Assets</b>	
		Closing Stock	7,50,000
		Debtors	4,00,000
		Less: Further Bad Debts	(50,000)
		Less: Provision for Doubtful Debts	(17,500)
			3,32,500
		Less: Provision for Discount	(6,650)
		Cash	1,22,000
	<b>19,96,350</b>		<b>19,96,350</b>

**Q.8 From the following Trial Balance of Mahesh, prepare his Final Accounts for the year ended 31st March, 2019:**

Heads of Accounts	Debit Balances (₹)	Credit Balances (₹)
Purchases	2,50,000	...
Sales	...	5,00,000
Returns Inward	12,000	...
Returns Outward	...	10,000
Carriage	8,000	...
Wages	60,000	...
Miscellaneous Expenses	2,000	...
Insurance	1,200	...
Repairs	8,000	...
Debtors	1,15,000	...
Creditors	...	1,00,000
Printing and Stationery	6,000	...
Advertisement	15,000	...
Bills Receivable	4,000	...
Bills Payable	...	2,000
Opening Stock	30,000	...
Cash in Hand	12,000	...
Interest on Bank Loan	2,800	...
Machinery	2,80,000	...
Furniture	34,000	...
Drawings	20,000	...
Commission	...	1,000
12% Bank Loan	...	30,000
Capital	...	2,40,000
Rent Received	...	5,000
Cash at Bank	28,000	...
<b>Total</b>	<b>8,88,000</b>	<b>8,88,000</b>

**Additional Information:**

- (i) Closing Stock on 31st March, 2019 was ₹ 21,000.
- (ii) Rent of ₹ 1,200 has been received in advance.
- (iii) Outstanding liability for Miscellaneous expenses ₹ 12,000.
- (iv) Commission earned during the year but not received was ₹ 2,100.
- (v) Goods costing ₹ 2,000 were taken by the proprietor for his personal use but entry was not passed in the books of account.

The solution can be presented as follows

**Financial Statement of Mahesh**

**Trading Account**

for the year ended March 31, 2019

Dr.			Cr.	
Particulars	Amount (₹)	Particulars	Amount (₹)	
Opening stock	30,000	Sales	5,00,000	
Purchases	2,50,000	Less: Return Inwards	(12,000)	4,88,000
Less: Drawings	(2,000)	Closing Stock		21,000
Less: Return Outwards	(10,000)			
Carriage	8,000			
Wages	60,000			
Gross Profit (Balancing Figure)	1,73,000			
	<b>5,09,000</b>			<b>5,09,000</b>

**Profit and Loss Account**

for the year ended March 31, 2019

Dr.			Cr.	
Particulars	Amount (₹)	Particulars	Amount (₹)	
Miscellaneous expenses	2,000	Gross Profit	1,73,000	
Add: Outstanding Miscellaneous Expenses	12,000	Commission	1,000	
Insurance	1,200	Add: Accrued Commission	2,100	3,100
Repairs	8,000	Rent Received	5,000	
Advertisement	15,000	Less: Advance Rent	1,200	3,800
Interest on Bank Loan	2,800			
Add: Interest Outstanding	800			
Printing and Stationary	6,000			
Net Profit (Balancing Figure)	1,32,100			
	<b>1,79,900</b>			<b>1,79,900</b>

### Balance Sheet

as on March 31, 2019

Liabilities		Amount (₹)	Assets	Amount (₹)
Capital	2,40,000		<b>Fixed Assets</b>	
Less: Drawings	(22,000)		Machinery	2,80,000
Add: Net Profit	1,32,100	3,50,100	Furniture	34,000
10% Loan from Bank	30,000		<b>Current Assets</b>	
Add: Outstanding Interest	800	30,800	Closing Stock	21,000
<b>Current Liabilities</b>			Debtors	1,15,000
Creditors		1,00,000	Bills Receivable	4,000
Bills Payable		2,000	Cash at Bank	28,000
Advance Rent		1,200	Cash in Hand	12,000
Outstanding Trade Expenses		12,000	Commission Accrued	2,100
		<b>4,96,100</b>		<b>4,96,100</b>

#### Working Notes:

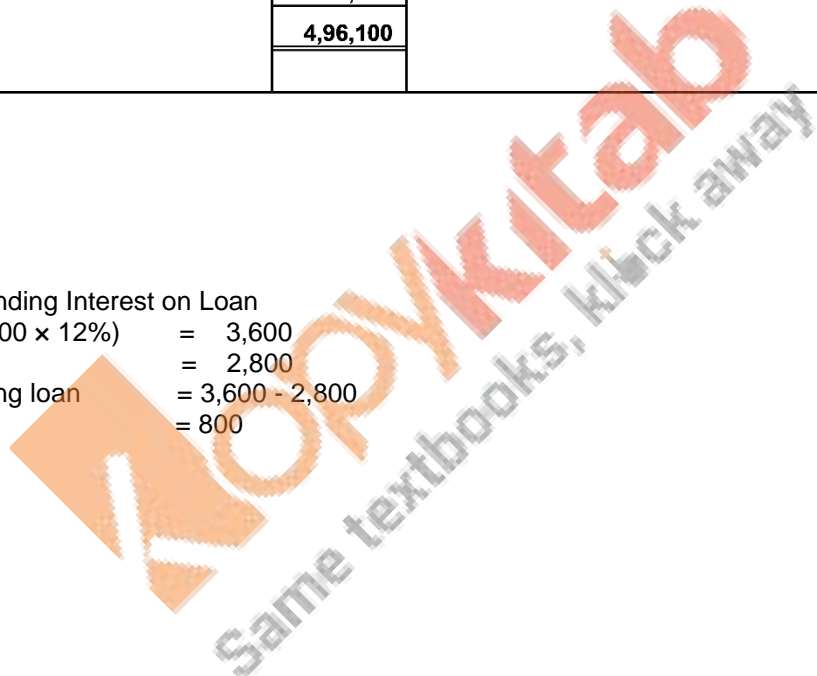
Calculation of Outstanding Interest on Loan

Interest on loan (30,000 × 12%) = 3,600

Less: Interest Paid = 2,800

Interest on Outstanding loan = 3,600 - 2,800

= 800



Q.9 Following balances were extracted from the books of Vijay on 31st March, 2019:

Particulars	₹	Particulars	₹
Capital	2,45,000	Loan	78,800
Drawings	20,000	Sales	6,53,600
General Expenses	47,400	Purchases	4,70,000
Building	1,10,000	Motor Car	20,000
Machinery	93,400	Provision for Doubtful Debts	9,000
Stock on 1st April, 2018	1,62,000	Commission (Cr.)	13,200
Insurance	13,150	Car Expenses	18,000
Wages	72,000	Bills Payable	38,500
Debtors	62,800	Cash	800
Creditors	25,000	Bank Overdraft	33,000
Bad Debts	5,500	Charity	1,050

Prepare Trading and Profit and Loss Account for the year ended 31st March, 2019 and Balance Sheet as at that date after giving effect to the following adjustments:

- Stock as on 31st March, 2019 was valued at ₹ 2,30,000.
- Write off further ₹ 1,800 as Bad Debts and maintain the Provision for Doubtful Debts at 5%.
- Depreciate Machinery at 10%.
- Provide ₹ 7,000 as outstanding interest on loan.

The solution can be presented as follows

**Financial Statement of Vijay Kumar**

**Trading Account**

for the year ended March 31, 2019

Dr.		Cr.	
Particulars	Amount (₹)	Particulars	Amount (₹)
Opening Stock	1,62,000	Sales	6,53,600
Purchases	4,70,000	Closing Stock	2,30,000
Wages	72,000		
Gross Profit (Balancing Figure)	1,79,600		
	<b>8,83,600</b>		<b>8,83,600</b>

**Profit and Loss Account**  
for the year ended March 31, 2019

Dr.			Cr.	
Particulars		Amount (₹)	Particulars	Amount (₹)
Taxes and Insurance		13,150	Gross Profit	1,79,600
Bad Debts	5,500		Commission	13,200
Add: Further Bad Debts	1,800			
Add: Provision for Doubtful Debts	3,050			
	10,350			
Less: Exiting Provision	9,000	1,350		
Car Expenses		18,000		
Charity		1,050		
Depreciation on Machinery		9,340		
Outstanding Interest on Loan		7,000		
General Expenses		47,400		
Net Profit (Balancing Figure)		95,510		
		1,92,800		1,92,800

**Balance Sheet**  
as on March 31, 2019

Liabilities	Amount (₹)	Assets	Amount (₹)
Capital	2,45,000	<b>Fixed Assets</b>	
Add: Net Profit	95,510	Building	1,10,000
Less: Drawings	(20,000)	Machinery	93,400
Loan	78,800	Less: 10% Depreciation	9,340
Add: Outstanding Interest	7,000	Motor Car	20,000
	85,800	<b>Current Assets</b>	
<b>Current Liabilities</b>		Closing Stock	2,30,000
Creditors	25,000	Debtors	62,800
Bills Payable	38,500	Less: Bad Debts	(1,800)
Bank Overdraft	33,000	Less: 5% Provision for Doubtful Debts	(3,050)
		Debtors	57,950
		Cash	800
	5,02,810		5,02,810

**Q.10 From the following Trial Balance and other information, prepare Trading and Profit and Loss Account for the year ended 31st March, 2019 and Balance Sheet as at that date:**

Particulars	Dr. (₹)	Cr. (₹)
Sundry Debtors	3,20,000	...
Stock on 1st April, 2018	2,20,000	...
Cash in Hand	350	...
Cash at Bank	15,450	...
Plant and Machinery	1,75,000	...
Sundry Creditors	...	1,06,500
General Expenses	10,750	...
Sales	...	13,45,000
		0
Salaries	22,250	...
Carriage Outwards	4,000	...
Rent	9,000	...
Bills Payable	...	75,000
Purchases	11,88,70	...
	0	
Discounts	11,000	...
Premises	3,45,000	...
Capital on 1st April, 2018	...	7,95,000
<b>Total</b>	<b>23,21,500</b>	<b>23,21,500</b>
	<b>0</b>	<b>0</b>

Stock on 31st March, 2019 was ₹ 1,24,500. Rent was unpaid to the extent of ₹ 850 and ₹ 1,500 were outstanding for General Expenses; ₹ 4,000 are to be written off as bad debts out of the above debtors; and 5% is to be provided for doubtful debts. Depreciate Plant and Machinery by 10% and Premises by 2%. Manager is entitled to a commission of 5% on net profit after charging his commission.

The solution can be presented as follows.

**Financial Statement**  
**Trading Account**  
for the year ended March 31, 2019

Dr.		Cr.	
Particulars	Amount (₹)	Particulars	Amount (₹)
Opening Stock	2,20,000	Sales	13,45,000
Purchases	11,88,700	Closing Stock	1,24,500
Gross Profit ( <i>Balancing Figure</i> )	60,800		
	<b>14,69,500</b>		<b>14,69,500</b>

**Profit and Loss Account**  
for the year ended March 31, 2019

Dr.		Cr.	
Particulars	Amount (₹)	Particulars	Amount (₹)
Rent	9,000	Gross Profit	60,800
Add: Outstanding Rent	850	Net Loss ( <i>Balancing Figure</i> )	42,750
General Expenses	10,750		
Add: Outstanding General Expenses	1,500		
Bad Debts	4,000		
Add: Provision for Debts	15,800		
Depreciation on			
Plant and Machinery	17,500		
Business Premises	6,900		
Salaries	22,250		
Carriage Outwards	4,000		
Discount	11,000		
	<b>1,03,550</b>		<b>1,03,550</b>



**Balance Sheet**  
as on March 31, 2019

Liabilities	Amount (₹)	Assets	Amount (₹)
Capital	7,95,000	<b>Fixed Assets</b>	
Less: Net Loss	<u>(42,750)</u>	Plant and Machinery	1,75,000
<b>Current Liabilities</b>	7,52,250	Less: 10% Depreciation	<u>(17,500)</u>
Sundry Creditors	1,06,500		1,57,500
Bills Payable	75,000	Premises	3,45,000
Rent Outstanding	850	Less: 2% Depreciation	<u>(6,900)</u>
General Expenses Outstanding	1,500		3,38,100
		<b>Current Assets</b>	
		Closing Stock	1,24,500
		Sundry Debtors	3,20,000
		Less: Bad Debts	<u>(4,000)</u>
			3,16,000
		Less: 5% Provision for Doubtful Debts	<u>(15,80)</u>
			3,00,200
		Cash at Bank	15,450
		Cash in Hand	350
	<b>9,36,100</b>		<b>9,36,100</b>

**Note:** Manager commission will be not payable as firm suffered loss

Q.11 From the following Trial Balance of Shubho, prepare final accounts for the year ended 31st March, 2019 and Balance Sheet as at that date:

Particulars	Dr. Balances (₹)	Cr. Balances (₹)
Land and Building	50,000	
Purchases (Adjusted)	2,10,000	
Stock (31st March, 2019)	45,000	
Returns Inward	1,500	
Returns Outward		2,500
Wages	45,300	
Salaries	39,000	
Office Expenses	15,400	
Carriage Inwards	1,200	
Carriage Outwards	2,000	
Discount allowed	750	
Discount received		1,200
Bad Debts	1,200	
Sales		3,85,000
Capital Account		1,15,000
Chatterji's Loan A/c (taken on 1st Oct., 2018 @ 18% p.a.)		25,000
Insurance	1,500	
Commission		1,500
Plant and Machinery	50,000	
Furniture and Fixtures	20,000	
Bills Receivable	20,000	
Sundry Debtors	40,000	
Sundry Creditors		25,000
Cash at Bank	16,000	
Office Equipments	12,000	
Bills Payable		12,350
Expenses Payable		3,300
<b>Total</b>	<b>5,70,850</b>	<b>5,70,850</b>

The following adjustments be taken care of:

- (i) Depreciate Land and Building @ 6%, Plant and Machinery @ 10%, Office equipments @ 20% and Furniture and Fixtures @ 15%.
- (ii) Calculate Provision for Doubtful Debts at 2% on Sundry Debtors.
- (iii) Insurance premium includes ₹ 250 Insurance Premium paid in advance.
- (iv) Provide salary to Shubho ₹ 15,000 p.a.
- (v) Outstanding Salaries ₹ 11,500.
- (vi) 10% of the final profit is to be transferred to General Reserve.

The solution can be presented as follows

**Trading Account**  
for the year ended March 31, 2019

Dr.		Amount (₹)	Cr.		Amount (₹)
Particulars			Particulars		
Purchases (Adjusted)	2,10,000		Sales	3,85,000	
Less: Returns	2,500	2,07,500	Less: Returns	1,500	3,83,500
Carriage Inwards		1,200			
Wages		45,300			
Gross Profit		1,29,500			
		<b>3,83,500</b>			<b>3,83,500</b>

**Profit & Loss Account**  
for the year ended March 31, 2019

Dr.		Amount (₹)	Cr.		Amount (₹)
Particulars			Particulars		
Carriage Outwards		2,000	Gross Profit		1,29,500
Salaries	39,000		Commission		1,500
Add: Outstanding	11,500		Discount		1,200
Add: Payable to Proprietor	15,000	65,500			
Insurance Premium	1,500				
Less: Prepaid	250	1,250			
Discount		750			
Office Expenses		15,400			
Outstanding Interest on Loan		2,250			
Bad Debts	1,200				
Add: Provision for Doubtful Debts	800	2,000			
Depreciation on:					
Furniture & Fixtures	3,000				
Land & Building	3,000				
Office Equipment	2,400				
Plant & Machinery	5,000	13,400			
General Reserve		2,965			
Net Profit		26,685			
		<b>1,32,200</b>			<b>1,32,200</b>

**Balance Sheet**  
as on March 31, 2019

Dr.		Cr.	
Liabilities	Amount (₹)	Assets	Amount (₹)
Bills Payable	12,350	Furniture & Fixtures	20,000
Creditors	25,000	Less: Depreciation	3,000
Expenses Payable	3,300	Land & Building	50,000
Capital	1,15,000	Less: Depreciation	3,000
Add: Salary Payable	15,000	Debtors	40,000
Add: Net Profit	26,685	Less: Provision	800
Chatterji's Loan	25,000	Plant & Machinery	50,000
Add: Outstanding Interest	2,250	Less: Depreciation	5,000
General Reserve	2,965	Office Equipment	12,000
Outstanding Salaries	11,500	Less: Depreciation	2,400
		Bills Receivable	20,000
		Closing Stock	45,000
		Cash at Bank	16,000
		Prepaid Insurance	250
	<b>2,39,050</b>		<b>2,39,050</b>

**Q.12** Following is the Trial Balance as on 31<sup>st</sup> March, 2019. Prepare Trading and Profit and Loss Account and Balance Sheet:

Particulars	Dr. (₹)	Cr. (₹)
Stock on 1 <sup>st</sup> April, 2018	8,000	
Sales		2,20,000
Purchases	1,26,000	
Productive Wages	56,500	
Salaries	16,000	
Stores Consumed	6,050	
Carriage	3,050	
Rent	5,200	
Insurance	1,320	
Machinery	52,000	
Building	67,000	
Capital Less Drawings		1,45,600
Sundry Debtors	44,000	
Sundry Creditors		20,000
Secured Loan		16,000
Furniture	3,350	
General Expenses	2,600	
Cash in Hand	1,930	
Bad Debts	1,020	
Bank	6,580	
Input CGST	3,000	
Input SGST	3,000	
Output CGST		2,500
Output SGST		2,500
<b>Total</b>	<b>4,06,600</b>	<b>4,06,600</b>

Stock on 31<sup>st</sup> March, 2019, ₹ 20,600.

You are to make adjustments in respect of the following:

- (a) Depreciate Machinery at 10% p.a.
- (b) Make a provision @ 5% for Doubtful Debts.
- (c) Provide discount on debtors @ 2 1/2%.
- (d) Rent includes Rent deposit of ₹ 400.
- (e) Insurance Prepaid ₹ 120.

The solution can be presented as follows

**Trading Account**  
for the year ended March 31, 2019

Dr.			Cr.		
Particulars		Amount (₹)	Particulars		Amount (₹)
Purchases (Adjusted)	2,10,000		Sales	3,85,000	
Less: Returns	2,500	2,07,500	Less: Returns	1,500	3,83,500
Carriage Inwards		1,200			
Wages		45,300			
Gross Profit		1,29,500			
		<b>3,83,500</b>			<b>3,83,500</b>

**Profit & Loss Account**  
for the year ended March 31, 2019

Dr.			Cr.		
Particulars		Amount (₹)	Particulars		Amount (₹)
Salaries		16,000	Gross Profit		41,000
Insurance Premium	1,320				
Less: Prepaid	120	1,200			
Depreciation on Machinery		5,200			
Rent	5,200				
Less: Deposit	400	4,800			
Bad Debts	1,020				
Add: Provision for Doubtful Debts	2,200				
Add: Provision for Discount	1,045	4,265			
General Expenses		2,600			
Net Profit		6,935			
		<b>1,32,200</b>			<b>1,32,200</b>

**Balance Sheet**  
as on March 31, 2019

Dr.		Cr.	
Liabilities	Amount (₹)	Assets	Amount (₹)
Creditors	20,000	Bank	6,580
Secured Loan	16,000	Building	67,000
Capital	1,45,600	Closing Stock	20,600
Add: Net Profit	6,935	Cash in Hand	1,930
	1,52,535	Debtors	44,000
		Less: Provision for DD	2,200
		Less: Provision for Discount	1,045
			40,755
		Machinery	52,000
		Less: Depreciation	5,200
			46,800
		Furniture	3,350
		Prepaid Insurance	120
		Rent Deposit	400
		Input CGST	500
		Input SGST	500
	1,88,535		1,88,535

**Q.13 Prepare Trading and Profit and Loss Account for the year ended 31st March, 2019 and Balance Sheet as at that date from the following Trial Balance:**

Particulars	Dr. (₹)	Cr. (₹)
Capital	...	1,00,000
Cash	15,000	...
Bank Loan	...	20,000
Purchases	1,20,000	...
Sales	...	1,50,000
Sales Return	10,000	...
Purchases Return	...	20,000
Establishment Expenses	22,000	...
Taxes and Insurance	5,000	...
Bad Debts	5,000	...
Provision for Doubtful Debts	...	7,000
Debtors	50,000	...
Creditors	...	20,000
Commission	...	5,000
Deposits	40,000	...
Opening Stock	30,000	...
Drawings	14,000	...
Furniture	6,000	...
Bills Receivable	32,000	...
Bills Payable	...	25,000
Input CGST	10,000	...
Input SGST	10,000	...
Output CGST	...	8,000
Output SGST	...	8,000
Output IGST	...	6,000
<b>Total</b>	<b>3,69,000</b>	<b>3,69,000</b>

**Adjustments:**

(i) Taxes ₹ 3,000 are outstanding but Insurance ₹ 500 is prepaid.

(ii) Commission ₹ 1,000 received in advance for the next year.

(iii) Interest ₹ 2,100 is to be received on Deposits and Interest on Bank Loan ₹ 3,000 is to be paid.

(iv) Provision for Doubtful Debts to be maintained at ₹ 10,000.

(v) Depreciate Furniture by 10%.

(vi) Stock on 31st March, 2019 is ₹ 45,000.

(vii) A fire occurred on 1st April, 2019 destroying goods costing ₹ 10,000. These goods were purchased paying CGST and SGST @ 6% each.

The solution can be presented as follows

**Financial Statements****Trading Account**

for the year ended March 31, 2019

Dr.			Cr.	
Particulars	Amount (₹)	Particulars	Amount (₹)	
Opening Stock	30,000	Sales	1,50,000	
Purchases	1,20,000	Less: Return	(10,000)	1,40,000
Less: Return	(20,000)	Closing Stock		45,000
Gross Profit (Balancing Figure)	55,000			
	<b>1,85,000</b>			<b>1,85,000</b>

**Profit and Loss Account**  
for the year ended March 31, 2019

Dr.			Cr.		
Particulars	Amount (₹)		Particulars	Amount (₹)	
Taxes and Insurance	5,000		Gross Profit		55,000
Add: Outstanding Taxes	3,000		Commission	5,000	
Less: Prepaid Insurance	(500)	7,500	Less: Advance Commission	(1,000)	4,000
Bad Debts	5,000		Interest Accrued on Investment		2,100
Add: Bad Debts Reserve	10,000				
Less: Existing Reserve	(10,000)	5,000			
Depreciation on Furniture		600			
Outstanding Interest on Loan		3,000			
Establishment Charges		25,000			
Net Profit (Balancing Figure)		20,000			
		<b>61,100</b>			<b>61,100</b>

**Balance Sheet**  
as on March 31, 2019

Liabilities	Amount (₹)		Assets	Amount (₹)	
Capital	1,00,000		Investments (Deposits)	40,000	
Less: Drawings	(14,000)		Add: Accrued Interest	2,100	42,100
Add: Net Profit	20,000	1,06,000	Furniture	6,000	
Bank Loan	20,000		Less: 10% Depreciation	(600)	5,400
Add: Interest Outstanding	3,000	23,000	Sundry Debtors	50,000	
Sundry Creditors		20,000	Less: Provision for Doubtful Debts	(10,000)	40,000
Advance Commission		1,000	Bills Receivable		32,000
Bills Payable		25,000	Prepaid Insurance		500
Taxes Outstanding		3,000	Closing Stock		45,000
GST Payable		2,000	Cash in Hand		15,000
		<b>1,80,000</b>			<b>1,80,000</b>



### Working Notes:

(1) Loss of stock by fire has occurred on 1st April, 2019. Hence, it will not affect the Balance Sheet dated 31st March, 2019.

(2) GST Calculation

$$\begin{aligned}\text{CGST Payable/(Receivable)} &= \text{Output CGST} - \text{Input CGST} \\ &= 8,000 - 10,000 \\ &= 2,000\end{aligned}$$

$$\begin{aligned}\text{SGST Payable/(Receivable)} &= \text{Output SGST} - \text{Input SGST} \\ &= 8,000 - 10,000 \\ &= 2,000\end{aligned}$$

$$\begin{aligned}\text{IGST Payable/(Receivable)} &= \text{Output IGST} - \text{Input CGST} - \text{Input SGST} \\ &= 6,000 - 2,000 - 2,000 \\ &= 2,000\end{aligned}$$

$$\begin{aligned}\text{GST Payable} &= \text{Output IGST} \\ &= 2,000\end{aligned}$$



**Q.14 From the following Trial Balance of Ramesh, prepare Trading, Profit and Loss Account for the year ending 31st March, 2019 and a Balance Sheet as on that date:**

Heads of Accounts	Dr. (₹)	Cr. (₹)
Drawings	15,000	
Capital		3,50,000
Plant and Machinery	2,05,000	
Debtors	50,000	
Creditors		28,000
Returns Inward	8,000	
Returns Outward		7,000
Discount Allowed	7,000	
Discount Received		6,000
Commission	15,000	
Interest on Bank Loan	12,000	
Furniture	55,000	
Provision for Doubtful Debts		13,000
Wages	50,000	
Salaries	45,000	
Advertisement	15,000	
Rent and Taxes	13,000	
Purchases	2,60,000	
Sales		4,00,000
Stock on 1st April, 2018	70,000	
Carriage	5,000	
Land and Building	98,000	
Cash in Hand	8,000	
Cash at Bank	20,000	
10% Bank Loan as on 1st April, 2018		1,50,000
Input CGST	9,000	
Input SGST	9,000	
Output IGST		15,000
<b>Total</b>	<b>9,69,000</b>	<b>9,69,000</b>

**Adjustments:**

- (i) Cost of stock on 31st March, 2019 was ₹ 37,000. However, its market value was ₹ 35,000.
- (ii) Wages outstanding were ₹ 6,000 and salaries outstanding were ₹ 5,000 on 31st March, 2019.
- (iii) Depreciate Land and Building @ 212/12%, Plant and Machinery @ 10% p.a. and Furniture @ 15% p.a.
- (iv) Purchase includes purchase of machinery for ₹ 10,000 on 1st October, 2018.
- (v) Debtors include bad debts of ₹ 2,000. Maintain a provision for doubtful debts @ 10% on Debtors.

The solution can be presented as follows

**Trading Account**  
for the year ended March 31, 2019

Dr.		Amount (₹)	Cr.	
Particulars		Amount (₹)	Particulars	Amount (₹)
Opening Stock		70,000	Sales	4,00,000
Purchases	2,60,000		Less:	8,000
Less: Machinery	10,000		Returns	
Less: Returns	7,000	2,43,000	Closing Stock	35,000
Carriage		5,000		
Wages	50,000			
Add: Outstanding	6,000	56,000		
Gross Profit		53,000		
		<b>4,27,000</b>		<b>4,27,000</b>

**Profit & Loss Account**  
for the year ended March 31, 2019

Dr.		Amount (₹)	Cr.	
Particulars		Amount (₹)	Particulars	Amount (₹)
Interest on Bank Loan	12,000		Gross Profit	53,000
Add: Outstanding	3,000	15,000	Discount Received	6,000
Salaries	45,000		Old Provision for DD	13,000
Add: Outstanding	5,000	50,000	Less: Provision for DD	4,800
Advertisement		15,000	Net Loss	81,500
Commission		15,000		
Discount Allowed		7,000		
Further Bad Debts		2,000		
Rent and Taxes		13,000		
Depreciation on:				
Land & Building	2,450			
Plant & Machinery	21,000			
Furniture	8,250	31,700		
		<b>1,48,700</b>		<b>1,48,700</b>

**Balance Sheet**  
as on March 31, 2019

Dr.

Cr.

Liabilities	Amount (₹)	Assets	Amount (₹)
Creditors	28,000	Plant & Machinery	2,05,000
Wages Outstanding	6,000	Add: Purchases	10,000
Capital	3,50,000	Less: Depreciation	21,000
Less: Drawings	15,000	Furniture	55,000
Less: Net Loss	81,500	Less: Depreciation	8,250
Outstanding Salaries	5,000	Debtors	50,000
Bank Loan	1,50,000	Less: FBD	2,000
Add: Outstanding Interest	3,000	Less: Provision	4,800
		Closing Stock	35,000
		Cash at Bank	20,000
		Land & Building	98,000
		Less: Depreciation	2,450
		Input SGST	3,000
		Cash in Hand	8,000
	<b>4,45,500</b>		<b>4,45,500</b>

Kopykitab

Same textbooks, black away