

| i | Journal entries | | | | |
|---|-----------------|--|----|--------|--------|
| | date | particular | PR | Debit | Credit |
| | 1 | salary payable | | 2,000 | - |
| | | cash | | - | 2,000 |
| | | (to record cash paid to salary payable) | | | |
| | 2 | A/C receivable | | 21,000 | - |
| | | cash | | 11,000 | - |
| | | service revenue | | - | 32,000 |
| | | (to record service performed for cash and on account) | | | |
| | 3 | Prepaid rend | | 3,000 | - |
| | | cash | | - | 3,000 |
| | | (to record rend paid in advance) | | | |
| | 4 | Supplies | | 700 | - |
| | | A/C payable | | - | 700 |
| | | (to record purchase supplies on account) | | | |
| | 5 | Salary expenses | | 9,000 | - |
| | | cash | | - | 9,000 |
| | | (to record paid salary expenses) | | | |
| | 6 | Other operating expenses | | 4,200 | - |
| | | A/C payable | | - | 4,200 |
| | | (to record incurred other operation expenses) | | | |
| | 7 | cash | | 1,200 | - |
| | | unearned revenue | | - | 1,200 |
| | | (to record cash received from customer) | | | |
| | 8 | cash | | 19,000 | - |
| | | A/C receivable | | - | 19,000 |
| | | (to record cash received from customer) | | | |
| | 9 | A/C payable | | 500 | - |
| | | cash | | - | 500 |
| | | (to record cash paid to a/c payable) | | | |
| | 10 | Advertising expenses | | 1,800 | - |
| | | cash | | - | 1,800 |
| | | (to record cash paid for advertising expenses) | | | |
| | 11 | Divident | | 2,000 | - |
| | | cash | | - | 2,000 |
| | | (to record cash pard for divident) | | | |
| | 12 | land | | 1,500 | |
| | | Appreciation on land | | | 1,500 |
| | | (to record about land appreciation) | | | |
| | 13 | supplies expenses | | 1,080 | - |
| | | supplies | | - | 1,080 |
| | | (to record supplies expenses) | | | |
| | 14 | rent | | 3,000 | - |
| | | prepaid rent | | - | 3,000 |
| | | (to record recognized expired rend expenses) | | | |
| | 15 | Salary expenses | | 1,000 | - |
| | | Salary payable | | - | 1,000 |
| | | (to record salary earned by employee but not yet paid) | | | |

| | | | | |
|----|------------------------|--------|--------|-----------------|
| ii | T- ACCOUNTS | | | |
| | salary payable | | | |
| | 1 | 2,000 | 2,000 | opening balance |
| | | | 1,000 | 15 |
| | | | 1,000 | Balance |
| | cash | | | |
| | opening balance | 9000 | 2,000 | 1 |
| | 2 | 11,000 | 3,000 | 3 |
| | 8 | 19,000 | 9,000 | 5 |
| | 7 | 1,200 | 500 | 9 |
| | | | 1,800 | 10 |
| | | | 2,000 | 11 |
| | balance | 21,900 | | |
| | A/C receivable | | | |
| | opening balance | 2500 | 19,000 | 8 |
| | 2 | 21,000 | | |
| | Balance | 4,500 | | |
| | service revenue | | | |
| | | | 32,000 | 2 |
| | | | 32,000 | Balance |
| | Prepaid rend | | | |
| | opening balance | 1500 | 3,000 | 14 |
| | 3 | 3,000 | | |
| | Balance | 1,500 | | |
| | Supplies | | | |
| | opening balance | 500 | 1,080 | 13 |
| | 4 | 700 | | |
| | Balance | 120 | | |
| | A/C payable | | | |
| | 9 | 500 | 1,500 | opening balance |
| | | | 700 | 4 |
| | | | 4,200 | 6 |
| | | | 5,900 | Balance |

| | | | |
|---------------------------------|--------|-------|-----------------|
| Salary expenses | | | |
| 5 | 9,000 | | |
| 15 | 1,000 | | |
| Balance | 10,000 | | |
| Other operating expenses | | | |
| 6 | 4,200 | | |
| Balance | 4,200 | | |
| unearned revenue | | | |
| | | 1500 | opening balance |
| | | 1,200 | 7 |
| | | 2,700 | balance |
| Advertising expenses | | | |
| 10 | 1,800 | | |
| balance | 1,800 | | |
| Dividend | | | |
| 11 | 2,000 | | |
| Balance | 2,000 | | |
| Land | | | |
| opening balance | 7000 | | |
| 12 | 1,500 | | |
| Balance | 8,500 | | |
| Appreciation on land | | | |
| | | 1,500 | 12 |
| | | 1,500 | balance |
| supplies expenses | | | |
| 13 | 1,080 | | |
| balance | 1,080 | | |
| rent | | | |
| 14 | 3,000 | | |
| balance | 3,000 | | |
| notes payable | | | |

| | | | | |
|--|---------------------|--|--------|-----------------|
| | | | 2,500 | opening balance |
| | | | 2,500 | Balance |
| | | | | |
| | common stock | | | |
| | | | 10,000 | opening balance |
| | | | 10,000 | balance |

| | | | | |
|-----|----------------------|--------------------------|------------------|------------------|
| | | | | |
| iii | Trial Balance | | | |
| | S.N | Head of accounts | Dr amount | Cr amount |
| | 1 | salary payable | | 1,000 |
| | 2 | cash | 21,900 | |
| | 3 | A/C receivable | 4,500 | |
| | 4 | service revenue | | 32,000 |
| | 5 | Prepaid rend | 1,500 | |
| | 6 | Supplies | 120 | |
| | 7 | A/C payable | | 5,900 |
| | 8 | Salary expenses | 10,000 | |
| | 9 | Other operating expenses | 4,200 | |
| | 10 | unearned revenue | | 2,700 |
| | 11 | Advertising expenses | 1,800 | |
| | 12 | Dividend | 2,000 | |
| | 13 | Land | 8,500 | |
| | 14 | Appreciation on land | | 1,500 |
| | 15 | supplies expenses | 1,080 | |
| | 16 | rent | 3,000 | |
| | 17 | notes payable | | 2,500 |
| | 18 | common stock | | 10,000 |
| | 19 | Retained earning | | 3000 |
| | | Total | 58600 | 58600 |

| | | | | | |
|---------------|---|----------------------|---------------------|--|--|
| iv | Butawal Power company | | | | |
| | Income Statement | | | | |
| | For the year ended DEC 31, 2012 | | | | |
| | Particulars | Detail amount | Total amount | | |
| | Service revenue | 32,000 | | | |
| Less:- | Cost Of Goods Sold | 0 | | | |
| | Gross Profit | | 32,000 | | |
| Less:- | Operating Expenses: | | | | |
| A. | General and Administrative expenses: | | | | |
| | Salary expenses | 10,000 | | | |
| | Other operating expenses | 4,200 | | | |
| | rent | 3,000 | | | |
| | supplies expenses | 1,080 | | | |
| | Total A | 18,280 | | | |
| B. | Selling and Distribution expenses: | | | | |
| | Advertising expenses | 1,800 | | | |
| | Total B | 1,800 | | | |
| | Total Operating expenses (A+B) | | 20,080 | | |
| | Operating Expenses: | | 11,920 | | |
| Add:- | Non-Operating Income: | | | | |
| | Appericiation on land | 1,500 | 1,500 | | |
| | Income before interest and tax | | 13,420 | | |
| Less:- | Interest Expenses | | 0 | | |
| | Income before tax | | 13,420 | | |
| Less:- | Tax Expenses | | 0 | | |
| | Net Income | | 13,420 | | |
| | Statement of Retained Earnings | | | | |
| | Particulars | Amount | | | |
| | Opening Balance of Retained Earnins | 3000 | | | |
| | Add: Net Income | 13,420 | | | |
| | Total Income Available | 16420 | | | |
| | Less: Divident | 2,000 | | | |
| | Closing Balance of Retained Earnings | 14,420 | | | |

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|--|---|-------|---------------|---------------|
| | | | | |
| | Butawal Power Company | | | |
| | Balance Sheet | | | |
| | as on Dec 31, 2012 | | | |
| | Assets | | Amount | Amount |
| | Current Assets: | | | |
| | cash | | 21,900 | |
| | A/C receivable | | 4,500 | |
| | Prepaid rend | | 1,500 | |
| | Supplies | | 120 | |
| | Total Current Assets | | | 28,020 |
| | Investments | | | |
| | Property, Plant & Equipment: | | | |
| | Land | 7000 | | |
| | Add: Appreciation on land | 1,500 | 8,500 | |
| | Total PPE | | | 8,500 |
| | Intangible Assets | | | |
| | Total Assets | | | 36,520 |
| | Liabilities and Shareholder's Equity | | Amount | Amount |
| | Current Liabilites: | | | |
| | salary payable | | 1,000 | |
| | A/C payable | | 5,900 | |
| | notes payable | | 2,500 | |
| | Total Current Liabilities | | | 9,400 |
| | Long Term Liabilities: | | | |
| | Shareholder's Equity: | | | |
| | common stock | | 10,000 | |
| | unearned revenue | | 2,700 | |
| | Retained Earnings | | 14,420 | |
| | Total Shareholder's Equity | | | 27,120 |
| | Total Liabilities and Shareholder's Equity | | | 36,520 |

| | | | | |
|----------|---|--------------------|----------------|---------------|
| | | | | |
| v | Butawal Power company | | | |
| | Statement of Cash Flow | | | |
| | For the year ended dec 31, 2012 | | | |
| | | Particulars | Amount | Amount |
| 1 | Cash flow from Operating Activities: | | | |
| | A. Cash collection from sales and customers: | | | |
| | Service revenue | | 32,000 | |
| | Increase in A\C receivable | | -2,000 | |
| | Total A | | 30,000 | |
| | B. Cash paid to suppliers and creditors: | | | |
| | Cost of good sold | | 0 | |
| | Increase in A\C payable | | 4,400 | |
| | Decrease in supplies | | 380 | |
| | Total B | | 4,780 | |
| | C. Cash paid to employee and other operating expenses: | | | |
| | salary expenses | | -10,000 | |
| | Advertising expenses | | -1,800 | |
| | Decrease in salary payable | | -1,000 | |
| | prepaid rend | | 0 | |
| | rent | | -3,000 | |
| | Other operating expenses | | -4,200 | |
| | Supplies expenses | | -1,080 | |
| | Increase in unearned revenue | | 1,200 | |
| | Total C | | -19,880 | |
| | D Interest Paid | | | |
| | E. Tax Paid | | | |
| | Net Cash Flow From Operating Activities | | | 14,900 |
| 2 | Cash Flow From Investing Activities: | | | |
| | Net Cash Flow From Investing Actiivities | | | |
| 3 | Cash Flow From Financing Activities: | | | |
| | Notes payable | | 0 | |
| | Dividend | | -2,000 | |
| | Net Cash Flow From Financing Activities | | | -2,000 |
| | Net Cash flow | | | 12,900 |
| | Add: Opening Balance | | | 9000 |
| | Closing Cash Balance | | | 21,900 |