

**Exercise no: 1.**

On December 31, 2009 the Trial balance of Huda & Company is as following

Huda & Co.  
Trial Balance  
31.12.2009

Account Title	Debit Taka	Credit Taka
Cash	39,525	
Accounts receivable	27,600	
Opening inventory	88,350	
Store supply	5,973	
Prepaid Insurance	4,800	
Store equipment	1,11,600	
Accumulated depreciation on store Equipment		44,100
Accounts payable		67,100
Huda's capital		1,25,982
Huda's drawings	36,000	
Sales		2,98,000
Sales return and allowance	2,961	
Purchase	1,86,900	
Purchase return and allowance		58,965
Purchase discount		4,068
Sales salaries expenses	64,050	
Freight in	6,783	
Rent expense	10,800	
Other selling expenses	7,842	
Utilities expenses	5,031	
Total	5,98,215	5,98,215

**Adjustments:**

1. Ending store supplies inventory Tk. 900.
2. Ending merchandise inventory Tk. 95,100.
3. Accrued sales salaries Tk. 240.
4. Outstanding utilities expanses Tk. 450.
5. Un-expired insurance Tk. 600
6. Estimate depreciation on store equipment Tk. 12,900.
7. Maintain allowances for doubtful debt Tk. 753 on accounts receivable.

**Required:**

1. A multiple-step income statement
2. A owner's equity statement
3. A classified balance sheet.

**Exercise no: 2.**

The Trial Balance of Mr. Santo on December **31**, 2010 is the following:

Mr. Santo  
Trial balance  
December **31**, 2010

Account titles	Debit (Taka)	Credit (Taka)
Cash	24,780	
Accounts receivable	5,000	
Allowance for doubtful account		400
Inventory	31,400	
Unexpired insurance	720	
Prepaid rent	4,800	
Office equipment	12,000	
Accumulated depreciation on Equipment		4,500
Accounts payable		8,000
Shanto's capital		12,000
Shanto's drawings	20,000	
Sales		3,01,400
Sales return and allowance	1,000	
Cost of goods sold	1,99,200	
Advertising expense	1,000	
Rent expense	1,800	
Salaries expenses	23,200	
Utilities expenses	1,400	
Total	3,25,300	3,25,300

Data for adjustments are as following:

1. Bad debts expense of the year ended December **31**, 2010 is estimate tk. 1196.
2. A 12 month fire insurance policy was purchased for tk. 720 on September **1**, 2010 the date on which insurance coverage begun.
3. On July **1**, 2010 Shanto paid Tk. 4500 for the next 12 month rent. The payment was recorded in the prepaid rent account.
4. Depreciation rate on office equipment is 12.5%.
5. Merchandise inventory at December **31**, 2010 was Tk. 25,400.
6. The inventory in the end includes goods worth tk. 1500 for which bill have neither been received nor accounted for.

**Required:**

1. Prepare income statement for the year ended December **31**, 2010.
2. Prepare balance sheet on December **31**, 2010

### **Exercise no: 3**

The following Trial balance of December 31, 2009 has been attached in the books of Mr. Karim.

Account Titles	Debit (Taka)	Credit(Taka)
Capital		62,500
Drawings	5,000	
Machinery	20,000	
Cash in hands	3,000	
Building	30,000	
Accounts receivable	65,000	
Accounts payable		46,000
Inventories	50,000	
Discount on sales	1,000	
Bank overdraft		10,000
Wages expenses	3,000	
Salaries expenses	2,000	
Advertisement expenses	1,000	
Freight expenses	3,000	
Interest on overdraft	1,000	
General expenses	4,000	
Sales revenue		1,70,000
Provision for bad debts		1,500
Sales return & allowance	1,500	
Cost of goods sold	90,000	
Total	2,79,500	2,79,500

You are required to prepare an income statement for the year ended 31 December, 2009 after considering the following adjustment:

1. Closing inventories Tk. 30,000.
2. Wages due Tk. 2,000 and salaries paid in advance Tk. 500.
3. Wages paid for the machine installation Tk. 2,000 were included in wages.
4. Maintain 5% provision for bad debts expenses.
5. Goods worth Tk. 1,000 returned to a supplier was not recorded.
6. Merchandise worth Tk. 2,000 has been taken by punter for personal use.

#### **Required:**

1. A multiple-step income statement
2. A classified balance sheet.

### **Exercise no: 4**

Tony Greig began operation as a private investigator on January, 2007. The trial balance for the business at March 31, 2007 is as follows:

Name of Accounts	Debit (Taka)	Credit (Taka)
Cash	15,000	
Accounts receivable	36,000	
Supplies	2,600	
Prepaid insurance	2,700	
Equipment	1,35,000	
Investment	40,000	
Notes payable		20,000
Accounts payable		15,000
Tony Greig's capital		90,000
Tony Greig's drawings	7,000	
Service revenue		1,35,000
Salaries	16,000	
Repairs	1,600	
Travel expenses	2,200	
Rent expenses	2,000	
Miscellaneous expenses	800	
Dividend received		2,000
Interest expenses	800	
Interest payable		300
Bad debts	600	
Total	2,62,300	2,62,300

#### **Data for adjustments:**

1. Ending inventory of supplies Tk. 600.
2. Rent was paid for 9 month.
3. A purchase of supplies on account for Tk. 1,000 was debited to equipment.
4. A Tk. 500 withdrawal of cash for Tony Greig personal use for debited to salaries expenses.
5. Insurance expires at the rate of Tk. 600 per month.

#### **Instructions:**

1. Prepare income statement for the period.
2. Prepare balance sheet as at March 31, 2007
3. Owner's equity statement for the period.

### **Exercise no: 5**

The following trial balance and additional data are for Gilders Dry Cleaner Ltd. Gilders Dry Cleaner Ltd.

Trial balance  
December 31, 2007

Accounts Titles	Debit (Taka)	Credit (Taka)
Cash	80,000	
Accounts receivable	1,60,000	
Prepaid rent	40,000	
Prepaid insurance	35,000	
Supplies expenses	18,000	
Notes receivable	37,000	
Cleaning equipment	3,00,000	
Accumulated depreciation - Cleaning equipment		60,000
Motor car	2,60,000	
Accumulated depreciation - Motor car		50,000
Accounts payable		70,000
Unearned cleaning revenue		24,000
Capital stock		5,00,000
Retained earning		45,000
Final dividend	25,000	
Interim	15,000	
Unclaimed dividend		12,000
Cleaning revenue		2,95,000
Salaries	55,000	
10% bank loan(1-1-2006)		80,000
Advertising	34,000	
Income tax	18,000	
Delivery expenses	13,000	
Repair expenses	10,000	
Loose tools	35,000	
Total	11,37,000	11,37,000

#### **Additional data:**

1. At the end of the year 2007 the prepaid rent was Tk. 10000.
2. Insurance expenses for the year Tk. 30,000.
3. Supplies on hand were Tk. 2,000.
4. Loose tools were valued at Tk. 30,000 on December 31, 2007. The advance payable covered four months cleaning.
5. 10% of the accounts Receivable are uncollectible.
6. Provide 205 income tax

#### **Required:**

1. Income statement for the year ended December 31, 2007.
2. Prepare balance sheet on December 31, 2007.

### **Exercise no: 6**

The trial balance of Graham wholesale company contained the following accounts at December 31, the end of the company liseal year.

Accounts Titles	Debit (Taka)	Credit (Taka)
Cash	25,500	
Accounts receivable	37,600	
Merchandise inventory	90,000	
Land	92,000	
Building	1,97,000	
Accumulated depreciation - building		54,000
Equipment	83,500	
Accumulated depreciation - Equipment		42,200
Notes payable		50,000
Accounts payable		37,500
Capital		2,67,000
Drawing	10,000	
Sales		9,04,100
Sales discount	4,600	
Cost of goods sold	7,09,900	
Salaries expanses	69,800	
Utility expenses	19,400	
Repair expenses	5,900	
Gas & Oil expenses	7,200	
Insurance expenses	3,500	
Total	13,55,800	13,55,800

#### **Adjustments Data:**

1. Depreciation is Tk. 10,000 on Building and Tk. 9,000 on equipment.
2. Interest of Tk. 7,000 is due and unpaid on notes payable at December 31.
3. Merchandise inventory actually on hand is Tk. 49,200.
4. Salaries expenses are 80% selling and 20% administrative.
5. Tk. 15,000 of the notes payable is paying in next year.

#### **Instructions:**

1. An income statement in multiple - step form.
2. Balance sheet as on December 31, 2010.

**Exercise no: 7**

The following balances are extracted from the ledger of General Company as at June 30, 2011

Accounts Title	Taka	Accounts Title	Taka
Capital	2,80,000	Cash	30,000
Sales	3,70,000	Opening inventory	14,000
Purchase return	5,000	Insurance	3,600
Accounts payable	36,000	Office supplies	2,800
Notes payable	6,000	Rent	1,200
Purchases	3,20,000	Salaries	6,400
Sales return	1,200	Drawings	1,800
Accounts receivable	1,00,000	Advertisement	3,000
Furniture	1,20,000	Delivery expenses	7,000
Office equipment	82,000	Freight in	4,000

The following adjustments are to made on June 30, 2011:

1. Inventory at closing Tk. 61,000.
2. Unexpired insurance Tk. 400.
3. Accrued salaries Tk. 1,600.
4. Depreciation to be provided 5% on furniture and 10% on office equipment.
5. Office supplies on hand Tk. 800.
6. The inventory in the end includes goods worth Tk. 1,500 for which bill have neither been received nor accounted for.
7. Goods costing Tk. 250 were taken by the owner for personal use and no record of it was maintained in the book of accounts.

**Required:**

- a. An income statement in multiple-step form
- b. Balance sheet as on June 30, 2011.

### **Exercise no: 8**

The following data are related to the New Life & Food Products. You are required to prepare an Income Statement, Statements of Owner equity and a Balance Sheet as at 31, December, 2010.

Details	Taka	Details	Taka
Cash	2,850	Sales revenue	6,10,050
Accounts receivable	4,600	Sales discounts	77,400
Notes receivable	8,000	Sales returns & allowance	24,800
Inventory	40,500	Interest revenue	4,400
Supplies	650	Purchases	39,845
Prepaid Insurance	1,200	Purchases discounts	40,000
Furniture & Fixtures	33,200	Purchase return & allowance	16,100
Accumulated depreciation	2,400	Freight in	8,500
Accounts payable	47,000	Rent expenses	3,600
Unearned sales revenue	2,000	Interest expenses	3,800
Note's payable-long term	12,000	Freight out	2,000
Capital	25,000	Gain on disposal on equipment	3,000
Withdrawals	34,100	Loss on sales of fixed assets	1,000

#### **Additional data:**

- Interest revenue earned but not yet collected Tk. 400.
- Supplies on hand Tk. 400.
- Prepaid insurance expired during the year Tk. 1,000.
- Depreciation for the current year Tk. 600.
- Unearned sales revenue earned during the year Tk. 1,300.
- Insurance expenses incurred but not yet paid Tk. 200.
- Inventory on hand Tk. 42,000.
- Accrued salaries on 31,December: Sales salaries Tk. 2,800 & Office Salaries Tk. 1,300.

#### **Required:**

1. An Income Statement,
2. A balance Sheet.



### **Exercise no: 9**

From the following information prepare an **Income Statement** and a **Balance Sheet** as at 31, December 2010.

Particulars	Taka	Particulars	Taka
Sundry debtors	48,000	Capital	50,000
Bills receivable	13,795	Revenue for bad debt	3,000
Goodwill	40,000	Mortgage loan 6% (1/1/02)	45,000
Machinery	60,000	Sundry creditors	12,080
Opening inventory	27,860	Bills payable	8,150
Cash	7,840	Commission	2,850
Manufacturing expenses	8,000	Sales	1,22,040
Wages	4,310	Returns outwards	5,000
Salaries	540		
Postage & telegram	950		
Rent	460		
Stationary & Printing	170		
General expenses	180		
Purchase	29,860		
Interest on mortgage loan	1,125		
Returns inward	3,500		
Bad debt	1,500		
Totals	2,48,120	Totals	2,48,120

### **Other Information:**

1. Closing inventory value Tk. 15,000.
2. Provision for bad debt @ 3% and discount on debtors @ 2%.
3. Depreciation on machinery @ 7.5%.
4. Unpaid bills for purchases amount to Tk. 3,500.
5. Intangible assets if any are to be written off to the extent of 25%.

### **Required:**

1. An income statement in multiple-step form.
2. Balance sheet as on December 31, 2010.