

## PROBLEMS FINANCIAL STATEMENTS (1)

**Problem # 19.1:** Prepare Adjustment Entries, Adjusted Trial Balance and three Informal Financial Statements excluding cash flow statement.

*Mah Gul Jadoon*

Trial Balance

31-Dec-15

Description	Debit	Description	Credit
Sundry Debtors	145,000	Sundry Creditors	63,000
Drawings	52,450	Opening Capital	710,000
Insurance Expense (6000-2000)	<del>6,000</del> 4000	Purchase Return	5,000
General Expenses	30,000	Sales	988,800
Salaries	150,000	Commission	3,200
Patents	75,000	acc. exp_machinery	20000
Machinery	200,000	acc. amor_patent	15000
Leasehold Land	100,000		
Building	300,000		
Opening Inventory 58,600-68000	<del>58,600</del> 126,600		
Carriage on Purchases	20,400		
Carriage on Sales	32,000		
Fuel and Power	47,300		
Wages (104800-700)	<del>104,800</del> 97800		
Return Inward	6,800		
Cash at Bank	29,500		
Cash in Hand	5,400		
Purchases (406750 - 68000)	<del>406,750</del> 338,750		
dep. expense_machinery	20,000		
unexpired insurance	2000		
<b>Total</b>	<b>Rs. 1,770,000</b>	<b>Total</b>	<b>Rs. 1,770,000</b>

amor. expense\_patents  
prepaid wages

15,000  
7000

**1,805,000**

**Adjustments**

- (a) Inventory on 31<sup>st</sup>, December 2015 was valued at Rs. 68,000
- (b) Depreciation Machinery by 10 % and Amortization of Patents by 20 %
- (c) Unexpired Insurance at the end financial year was Rs. 2,000
- (d) Wages includes Rs. 7,000 paid as advance to employees (Prepaid Wages Debit)

## General Journal

### Solution # 2 Adjusted Trial Balance

31-Dec-15

### Financial Statement



***Mah Gul Jadoon***

## Statement of Owner Equity

*For the Year ended 31<sup>st</sup> December, 2015*

<i>Description</i>	<i>Debit</i>	<i>Description</i>	<i>Credit</i>
<b>Total</b>	<b>Rs. 944,950</b>	<b>Total</b>	<b>Rs. 944,950</b>

***Mah Gul Jadoon***

## Balance Sheet

*As on 31<sup>st</sup> December, 2015*

<i>Assets</i>	<i>Debit</i>	<i>Equities</i>	<i>Credit</i>
<b>Total</b>	<b>Rs. 990,500</b>	<b>Total</b>	<b>Rs. 990,500</b>