

## Preparation of Financial Statements

Q → Sangeeta Khanna has been trading for some years in food grains. The following list of balances has been extracted from her ledger as on 31st March, 2023, the end of financial year.

Particulars	Amount (rs)
Capital	83,887
Sales	2,59,870
Trade Creditors	19,840
Return Outwards	13,407
Provision for doubtful Debts	512
Purchases	<del>2,306</del> 1,35,680
Return Inwards	5624
Carriage Outwards	4,562
Drawings	18,440
Carriage Inwards	11,830
Rents, Rates and Insurance	25,973
Heating and Lighting	11,010
Postage, Stationery and Telephone	2,410
Advertising	5,980
Salaries and Wages	38,521
Bank Debt	2,008
Stock as on 1st April 2022	15,654
Trade Debtors	24,500
Fixtures and Fittings at cost	1,02,400
Provision for depreciation	17,750



Discount Allowed	2,306
Discount Received	1,750
Depreciation	12,074
Stock as on 31st March, 2023	1,77,750

The following additional information as on 31st March, 2023 is available :-

- (a) Insurance have been prepaid by 1,120 rs.
  - (b) Heating and Lighting expense is accrued by 1,360 rs
  - (c) Rates have been prepaid by 5,435 rs
  - (d) The provision for bad debts is to be adjusted so that it is 3% of trade debtors.
- Prepare final accounts.



Solution →

Trading and P&L Account  
for the year ended  
31st March, 2023

Dr.									Cr.
Particulars		₹	Particulars		₹				₹
To opening stock		15,654	By Sales	2,59,870					
To Purchases 1,35,680			Less: Returns	5,624				2,54,246	
Less: Returns 13,407		12,223							
To Carriage Inwards		11,830							
To Gross Profit c/d		1,04,489							
		2,54,246						2,54,246	
To Salaries and wages		38,521	By Gross Profit b/d					1,04,489	
To Discount allowed		2,306	By discount received					1,750	
To Carriage outwards		4,562							
To Rent, Rates and Insurance 25,973									
Less: Prepaid 6,555		19,418							
To Heating and Lighting 11,010									
Add: Outstanding: 1,360		12,370							
To Postage, Stationary and Telephone		2,410							
To Advertising		5,980							
To Bad Debts		2,008							
To Depreciation		12,074							
To Provision for doubtful debts 735									
Less: Old Provision: 512		223							
To Net Profit Transferred to Profit & Loss A/c 6,367									
		1,06,239						1,06,239	



Balance Sheet as on 31st March, 2023

Liabilities		Rs	Assets		Rs
Capital	83,887		Cash in hand		534
Add: Net Profit	6,367		Cash at bank		4,440
	<u>90,254</u>		Trade Debtors	24,500	
Less: Drawings	18,440	71,814	Less: Provision	735	23,765
Trade Creditors		19,840	Stock in hand		17,750
Outstanding for Heating and Lighting		1,360	Fixtures and Fittings	102,990	
			Less: Provision for Depreciation	63,020	39,970
			Prepaid Insurance		1,120
			Prepaid Rates		5,435
		<u>93,014</u>			<u>93,014</u>