



## UNIT-V

### INTRODUCTION TO FINANCIAL ACCOUNTING & PREPARATION OF FINAL ACCOUNTS

#### Introduction to Financial Accounting

*Financial accounting* is a specialized branch of accounting that keeps track of a company's financial transactions. Using standardized guidelines, the transactions are recorded, summarized, and presented in a financial report or financial statement such as an income statement or a balance sheet.

Companies issue financial statements on a routine schedule. The statements are considered *external* because they are given to people outside of the company, with the primary recipients being owners/stockholders, as well as certain lenders. If a corporation's stock is publicly traded, however, its financial statements (and other financial reporting's) tend to be widely circulated, and information will likely reach secondary recipients such as competitors, customers, employees, labour organizations, and investment analysts.

It's important to point out that the purpose of financial accounting is not to report the value of a company. Rather, its purpose is to provide enough information for others to assess the value of a company for themselves.

Because external financial statements are used by a variety of people in a variety of ways, financial accounting has common rules known as *accounting standards* and as *generally accepted accounting principles (GAAP)*.

**Definition:** Acc to American Institute of Certified Public Accountants (AICPA) in 1941, accounting is the art of recording, classifying and summarizing in a significant manner and in terms of money, transactions and events which are in part at least of a financial character and interpreting the results thereof.

#### Significance of Financial Accounting:

Accounting is very important for every business organization. It helps

- (a) To maintain its own records of business.
- (b) To monitor the business activities.
- (c) To calculate profit or loss for a given period.
- (d) To fulfill legal obligations.
- (e) To show financial position for a given period.
- (f) To communicate the information to the interested parties.

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**Define Double Entry System? Write its Advantages and Disadvantages?**

At the heart of financial accounting is the system known as double entry book keeping (or "double entry accounting"). Each financial transaction that a company makes is recorded by using this system.

Book of entry system was invented by an Italian Merchant named as *Luca Pacioli* in the year 1494. This is most common system of keeping accounting records and universally accepted system of accounting. In 1749, this system was further developed by Adver Jones as a named as Double Entry System. Under this System, in every transaction have two aspects. One is *benefit receiving* and another one is *benefit giving* aspect. In procedure of recording receiving aspect has to be **debited** and giving aspect has to be **credited**. The principle of double entry system is "For every debit is equal to every credit and vice-versa. This system is followed by all business units whether big or small.

**Advantages:**

The following are the advantages of Double Entry System.

- (a) It supplies complete information relating to all business transactions.
- (b) It shows arithmetical accuracy of books of accounts.
- (c) It ascertained true profit of the business firm.
- (d) It shows actual financial position of the firm.
- (e) It is helpful to prevent frauds and errors while recording the business activities.

**Disadvantages:**

- (a) In this system, number of books are required and to be maintained.
- (b) It is very costly one, small business units not able to bear the amount.
- (c) It is not applicable all types of business units.

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**Write Various Types of Accounts and Rules Governing the Each Account? or Accounting Standards or Generally Accepted Accounting Principles (GAAP)**

If financial accounting is going to be useful, a company's reports need to be credible, easy to understand, and comparable to those of other companies. To this end, financial accounting follows a set of common rules known as *accounting standards* or *generally accepted accounting principles* (GAAP, pronounced "gap").

Acc to Double Entry System all the business transactions are classified into following accounts.

- (A) Personal Accounts
- (B) Real Accounts
- (C) Nominal Accounts



(A) **Personal Accounts:** Personal account relating to persons and firms. Persons may be Natural persons (Rama, Krishna, Seetha, Geetha etc.), and artificial persons (Lakshmi General Stores, Andhra Bank, Kumar and Bro's etc.).

Rule of Personal Account: ***“Debit the Receiver and Credit the Giver”***.

(B) **Real Accounts:** Assets are related account is called real account. These are different types. Tangible assets and intangible assets. Tangible assets are visible and touchable. *For Ex:* fixed assets such as land & buildings, plant & machinery, furniture & fixers, Current assets such as cash, goods or stock and Intangible assets such as Goodwill, Patents, trademarks etc.

Rule of Real Account: ***“Debit, What Comes in and Credit, What Goes Out”***.

(C) **Nominal Accounts:** It relating to expenses, losses, incomes and gains or profits. In this items not visible and touchable. **For Ex:** salaries, rent, rates & taxes, interest, commission, discounts etc.

Rule of Nominal Account: ***“Debit all Expenses and Losses and Credit all incomes and gains”***.

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### **What are the Business Concepts- Explain?**

GAAP is based on some basic underlying principles or assumptions or conditions and concepts and which is the science of accounting. The following are the important concepts.

[A] **Business Entity Concept:** According to this concept, which makes only business affairs are recorded in the books of accounts but not makes the personal or private or proprietor affairs.

[B] **Money Measurement Concept:** According to this concept, accounting records only those transactions which can be expressed in terms of money.

[C] **Cost Concept:** Acc to concept, assets acquired or other transactions recorded in the books at cost or actual value or book value. In this concept, the market cannot be considered.

[D] **Going Concern Concept:** This concept assumes that the business will continue for a long time to come. So the business transactions are recorded in the books in view of going concern concept of the business firm.

[E] **Dual Concept:** Acc to this concept, every business transactions should have two aspects, one is benefit receiving and another one is benefit giving aspect. It is also called as Double entry Concept.

[F] **Accounting Period Concept:** Acc to this concept, at the end of each accounting period an income statements and a balance sheet are prepared.

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**Write Short Notes on (A) Accounting Cycle (B) Journal (C) Ledger (D) Trail Balance**

[A] An Accounting Cycle is a complete sequence beginning with the recording of transactions and ending with calculation of profit or loss and showing financial position. They include the process of preparing journal, ledger, trail balance and final accounts.

**Steps involved in Accounting Cycle:**

**Recording → Classifying → Summerizing → Analyzing Results**

(Journal) (Ledger) (Trail Balance) (Final Accounts)

[B] **Journal:** In every business firm all the business transactions are required to record first in the book called as journal on permanent basis. Journal is derived from the French word “Jour” which means a day. So the business transactions are recorded in the chronological order (date wise) in a journal according to the three accounting principles (personal, real and nominal account rules) i.e. known as journalizing. Journal is also called as first book or primary book or day book or book of original entry.

**Ruling of Journal:**

Date	L.F	Particulars	Debit (Rs.)	Credit (Rs.)

[C] **Ledger:** After recording the all business transaction in the journal, the next stage is transfer of transactions into their respective accounts opened in the ledger. Ledger means a set of accounts of the business firm like Personal Accounts, Real Accounts, and Nominal Accounts. So it is the Book of Secondary Entry or Final Entry or Principle Book.

The form of Ledger Account is as under:

Dr				Name of the Account				Cr	
Date	L.F	Particulars	Amount (Rs.)	Date	L.F	Particulars	Amount (Rs.)		

[D] **Trail Balance:** Preparation of Trail Balance is third step in the process of accounting. All the business transactions are properly entered, totaled, balanced in the journal and ledger then the trail balance is prepared at the end of the year. It shows equal totals both debit and credits.

**Definition:** The Trail Balance is a statement containing the balances of all ledger accounts, as at any given date in the form of debit and credit columns placed side by side and prepared for the purpose of checking the arithmetic accuracy of the ledger posting.

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### **How and Why is Preparing the Final Accounts?**

Final Accounts of Sole Trading firm are Prepared as under:

**[A] Trading Account:** Trading Account prepared during an accounting period to know the gross profit or gross loss of the business. This account prepares on the basis of Nominal account principle. It is actually part of profit & loss account, so the gross profit will be transferred to profit & loss account.

In trading account, in debit side opening stock, purchases, all direct expenses and in credit side closing stock and sales are considered. Following equations shows how the gross profit is ascertained.

**Gross Profit** = Sales – Cost of Goods Sold

**Cost of Goods Sold** = Opening Stock + Purchases less returns + All Direct Expenses – Closing Stock (or) Sales – Gross Profit.

**[B] Profit & Loss Account:** it is the second step in final accounts. This account starts with Gross Profit or Loss was taken from trading account. It prepares on the basis of nominal account principle. In this account all the incomes are to be credited and indirect expenses are to be debited. It is prepared to calculate net results of the business firm i.e. net profit or loss is to be transferred to capital account.

**[C] Balance Sheet:** it is final step in final accounts. Which is not an account; it is a statement containing assets and liabilities of business firm but it looks like an account having two sides. The left hand side is known as liabilities such as capital, outside liabilities and credit balances in personal account and right hand side is known as assets includes current assets, fixed assets, and intangible assets. It is prepared to know the financial position of the business on a particular date. Balance sheet shows equal totals both assets and liabilities sides.

The following equations give better information about the balance sheet.

Total Assets = Total Liabilities

Total Liabilities = Capital + Outside Liabilities

Capital = Total Assets – Outside Liabilities

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### **What are the objectives or importance or advantages and limitations of the Final Accounts?**

**Introduction:** Final Accounts have two main objectives are to find profit made by the business and to ascertain the financial position of the business on a given date.

#### **Importance (or) Advantages of Final Accounts:**

- [1] To reveals financial results of the business i.e. profit or loss.
- [2] To reveals financial position of the business i.e. assets and liabilities.
- [3] To understand liquidity and solvency of the business.
- [4] To helps in tax calculation.



**Limitations (or) Disadvantages of Final Accounts:**

- [1] True profit or loss of the firm cannot be calculated.
- [2] Assets and liabilities values also not accurate.
- [3] Window dressing is possible in preparing final accounts.
- [4] Personal opinions of accountants or owners will influence final accounts to some extent.

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**PROBLEMS ON JOURNAL ENTRIES**

**(1) Journalize the following transactions and post them into Ledger**

2013, Sep 1 Ali commenced business with cash Rs.17, 000

Sep 2 Paid into Bank Rs.7,000

Sep 3 Purchase goods for cash Rs.100

Sep 4 Bought furniture for Office Rs.700

Sep 5 Drew from Bank cash for office Rs.4, 000

Sep 6 Goods sold to Khanna Rs.800

Sep 7 Bought goods from Arvind Rs.500

Sep 8 Paid Trade Expenses Rs.100

Sep 9 Paid to Ali on account Rs.300

Sep10 Received Cash from Khanna Rs.500

Sep11 Paid Rent Rs.100

Sep 12 Cash Sales Rs.18, 000

**Solution:**

Journalise in the Books of Ali				
<i>Date</i>	<i>LF</i>	<i>Particulars</i>	<i>Dr, Rs.</i>	<i>Cr, Rs.</i>
2013 Sept-1		Cash A/c Dr To Capital A/c (Being Ali commenced business)	17,000 -	- 17,000
Sept-2		Bank A/c Dr To Cash A/c (Being Paid into Bank)	7,000 -	- 7,000
Sept-3		Purchase A/c Dr To Cash A/c (Being Purchase goods for cash)	100 -	- 100
Sept-4		Furniture A/c Dr To Cash A/c (Being Bought furniture for Office)	700 -	- 700
Sept-5		Cash A/c Dr To Bank A/c (Being Drew from Bank cash for office)	4,000 -	- 4,000
Sept-6		Kanna A/c Dr To Sales A/c	800 -	- 800



		(Being Goods sold to Khanna)		
Sept-7		Purchases A/c Dr To Arvind A/c (Being Bought goods from Arvind)	500 - 	- 500 
Sept-8		Trade Expenses A/c Dr To Cash A/c (Being Paid Trade Expenses)	100 - 	- 100 
Sept-9		Ali A/c Dr To Cash A/c (Being Amount Paid to Ali)	300 - 	- 300 
Sept-10		Cash A/c Dr To Kanna A/c (Being Received Cash from Khanna)	500 - 	- 500 
Sept-11		Rent A/c Dr To Cash A/c (Being Paid Rent)	100 - 	- 100 
Sept-12		Cash A/c Dr To Sales A/c (Being Cash Sales)	18,000 - 	- 18000 

<b>Dr</b>			<b>Cash Account</b>			<b>Cr</b>	
<b>Date</b>	<b>Particulars</b>	<b>Rs.</b>	<b>Date</b>	<b>Particulars</b>	<b>Rs.</b>		
2013 Sept-1	To Capital A/c	17,000	2013 Sept-2	By Bank A/c	7,000		
Sept-5	To Bank A/c	4,000	Sept-3	By Purchases A/c	100		
Sept-10	To Kanna A/c	500	Sept-4	By Furniture A/c	700		
Sept-12	To Sales	18,000	Sept-8	By Trade Expenses	100		
			Sept-9	By Ali A/c	300		
			Sept-11	By Rent A/c	100		
			<b>Sept-30</b>	<b>By Balance C/d →</b>	<b>31,200</b>		
		<b>39,500</b>			<b>39,500</b>		

**(2) Journalize the following transactions and Post them into Ledger**

- (i) Ram invested Rs.10,000 in cash
- (ii) He bought goods worth Rs.2000 from Shyam
- (iii) He bought a machine for Rs.5000 from Lakshman on account
- (iv) He paid to Lakshman Rs.2000
- (v) He sold goods for cash Rs.3000
- (vi) He sold goods to Anusha on account for Rs.4000
- (vii) He paid to Shyam Rs. 1000
- (viii) He received amount from Anusha Rs.2000.



**Solution:**

Journalise in the Books of Ram				
<i>Date</i>	<i>LF</i>	<i>Particulars</i>	<i>Dr, Rs.</i>	<i>Cr, Rs.</i>
(i)		Cash A/c Dr To Capital A/c (Being Ram invested in business)	10,000 -	- 10,000
(ii)		Purchase A/c Dr To Shyam A/c (Being bought goods from shyam)	2,000 -	- 2,000
(iii)		Machinery A/c Dr To Lakshman A/c (Being Bought Machine from Lakshman)	5,000	- 5,000
(iv)		Lakshman A/c Dr To Cash A/c (Being Paid to Lakshman)	2,000 -	- 2,000
(v)		Cash A/c Dr To Sales (Being Sold goods for Cash)	3,000 -	- 3,000
(vi)		Anusha A/c Dr To Sales A/c (Being Goods sold to Khanna)	4,000 -	- 4,000
(vii)		Shyam A/c Dr To Cash A/c (Being Paid to Shyam)	1,000 -	- 1,000
(viii)		Cash A/c Dr To Anusha A/c (Being Paid Trade Expenses)	2,000 -	- 2,000

**Ledger Accounts:**

Cash Account					
Dr			Cr		
<b>Date</b>	<b>Particulars</b>	<b>Rs.</b>	<b>Date</b>	<b>Particulars</b>	<b>Rs.</b>
(i)	To Capital A/c	10,000	(iv)	By Lakshman A/c	2,000
(v)	To Sales A/c	3,000	(vii)	By Shyam A/c	1,000
(viii)	To Anusha A/c	2,000		<b>By Balance C/d →</b>	<b>12,000</b>
		<b>15,000</b>			<b>15,000</b>

Syam Account					
Dr			Cr		
<b>Date</b>	<b>Particulars</b>	<b>Rs.</b>	<b>Date</b>	<b>Particulars</b>	<b>Rs.</b>
(vii)	To Cash A/c	1,000	(ii)	By Purchases A/c	2,000
	<b>To Balance C/d →</b>	<b>1,000</b>			
		<b>2,000</b>			<b>2,000</b>





Dr			Lakshman Account			Cr
Date	Particulars	Rs.	Date	Particulars	Rs.	
(iv)	To Cash A/c	2,000	(iii)	By Machinery A/c	5,000	
	To Balance C/d →	3,000				
		5,000			5,000	

Dr			Anusha Account			Cr
Date	Particulars	Rs.	Date	Particulars	Rs.	
(vi)	To Sales A/c	4,000	(viii)	By Cash A/c	2,000	
				By Balance C/d →	2,000	
		4,000			4,000	

**(3) Identify the recording process of Journal Entry in a systematic manner?**

01-07-2016 Business Commenced with a cash Rs.10,00,000  
 03-07-2016 Deposited in Bhuvaneswari Bank Ltd Rs.8,00,000  
 08-07-2016 Goods Purchased from Hindu Heritage Ltd. Rs.50,00,000  
 12-07-2016 Sold Goods to Amaravathi Infra Ltd. Rs.75,00,000  
 18-07-2016 Salaries & Rent Paid through bank Rs.8,00,000  
 25-07-2016 Received a Bank Cheque From Amaravathi Infra Ltd Rs.30,00,000  
 28-07-2016 Paid to Hindu Heritage Ltd. Rs.25,00,000  
 31-07-2016 Paid Office Expenses through bank Rs.5,00,000

**Solution:**

Journalise in the Books of -----				
Date	LF	Particulars	Dr, Rs.	Cr, Rs.
01-07-2016		Cash A/c Dr To Capital A/c (Being Business Commenced)	10,00,000 -	- 10,00,000
03-07-2016		Bhuvaneswari Bank Ltd A/c Dr To Cash (Being Deposited in Bhuvaneswari Bank)	8,00,000 -	- 8,00,000
08-07-2016		Purchases A/c Dr To Hindu Heritage Ltd A/c (Being Goods Purchased from Hindu Heritage Ltd)	50,00,000	- 50,00,000
12-07-2016		Amaravathi Infra Ltd A/c Dr To Sales A/c (Being Sold Goods to Amaravathi Infra)	75,00,000 -	- 75,00,000
18-07-2016		Salaries & Rent A/c Dr To Bank A/c (Being Sold goods for Cash)	8,00,000 -	- 8,00,000



25-07-2016		Bank A/c Dr To Amaravathi Infra Ltd A/c (Being Received a Bank Cheque From Amaravathi Infra Ltd)	30,00,000 -	- 30,00,000
28-07-2016		Hindu Heritage Ltd A/c Dr To Cash A/c (Being Paid to Hindu Heritage Ltd)	25,00,000 -	- 25,00,000
31-07-2016		Office Expenses A/c Dr To Bank A/c (Being Paid Office Expenses)	5,00,000 -	- 5,00,000

**(4) Journalize the following transactions and post them into ledger**

2015 Jan1 Shyam started business with cash Rs.40,000

2015 Jan 4 Goods purchased from Gopi Rs.23,000

2015 Jan 6 Goods sold to Rahim Rs. 16,000

2015 Jan 8 Goods returned to Gopi Rs.5,000

2015 Jan10 Goods returned by Rahim Rs. 800

2015 Jan 13 Deposited into bank Rs.3,000

2015 Jan 15 Interest Received Rs.50

2015 Jan 31 Salaries Paid Rs. 5,000

**Solution:**

<b>Journal entries in the Books of Shyam</b>				
<i>Date</i>	<i>LF</i>	<i>Particulars</i>	<i>Dr, Rs.</i>	<i>Cr, Rs.</i>
01-01-2015		Cash A/c Dr To Capital A/c (Being Shyam started business)	40,000 -	- 40,000
04-01-2015		Purchases A/c Dr To Gopi (Being Goods purchased from Gopi)	23,000 -	- 23,000
06-01-2015		Rahim A/c Dr To Sales A/c (Being Goods sold to Rahim)	16,000	- 16,000
08-01-2015		Gopi A/c Dr To Purchase Returns A/c (Being Goods returned to Gopi)	5,000 -	- 5,000
10-01-2015		Sales Returns A/c Dr To Rahim A/c (Being Goods returned by Rahim)	800 -	- 800
13-01-2015		Bank A/c Dr To Cash A/c (Being Deposited into bank)	3000 -	- 3000
15-01-2015		Cash A/c Dr To Interest A/c (Being Interest Received )	50 -	- 50
31-01-2015		Salaries A/c Dr To Cash A/c (Being Paid Salaries)	5000 -	- 5000



**Ledger Accounts:**

<b>Dr Cash Account Cr</b>					
Date	Particulars	Rs.	Date	Particulars	Rs.
Jan-1, 05	To Capital A/c	40,000	Jan-13	By Bank A/c	3,000
Jan-15	To Interest A/c	50	Jan-31	By Salaries A/c	5,000
			Jan-31	<b>By Balance C/d →</b>	<b>35,050</b>
		<b>40,050</b>			<b>40,050</b>

<b>Dr Gopi Account Cr</b>					
Date	Particulars	Rs.	Date	Particulars	Rs.
Jan-8	To P Returns A/c	5,000	Jan-04	By Purchases A/c	23,000
Jan-31	<b>To Balance C/d →</b>	<b>18,000</b>			
		<b>23,000</b>			<b>23,000</b>

<b>Dr RahimAccount Cr</b>					
Date	Particulars	Rs.	Date	Particulars	Rs.
Jan-6	To Sales A/c	16,000	Jan-10	By Sales Returns A/c	800
			Jan-31	<b>To Balance C/d →</b>	<b>15,200</b>
		<b>16,000</b>			<b>16,000</b>

**(5) Journalise the following transactions.**

2003 Jan.1 ABC firm commenced business with Rs.40,000

Jan.2 Deposited into bank Rs.30,000

Jan.3 Bought goods worth Rs.48,000 from Kamala

Jan.4 Sold goods worth Rs.60,000

**Solution:**

<b>Journal entries in the Books of ABC Firm</b>				
Date	LF	Particulars	Dr, Rs.	Cr, Rs.
01-01-2003		Cash A/c Dr To Capital A/c (Being ABC firm commenced business)	40,000 -	- 40,000
02-01-2003		Bank A/c Dr To Cash A/c (Being Deposited into bank)	30,000 -	- 30,000
03-01-2003		Purchases A/c Dr To Kamala A/c (Being Bought goods from Kamala)	48,000	- 48,000
04-01-2003		Cash A/c Dr To Sales A/c (Being Sold goods)	60,000 -	- 60,000



**(6) Prepare ledger posting for the following transactions.**

2003 Jan.5 Paid rent Rs.4, 000

Jan.6 Sold goods worth Rs.50, 000 to Suresh

Jan.7 Bought goods from Devi Rs.14, 000

Jan.8 Paid salaries Rs.1, 000

**Solution:**

Journal Entries				
Date	LF	Particulars	Dr, Rs.	Cr, Rs.
Jan-5, 2003		Rent A/c Dr To Cash A/c (Being Rent Paid)	4,000 -	- 4,000
Jan-6, 2003		Suresh A/c Dr To Sales A/c (Being Goods sold to Suresh )	50,000 -	- 50,000
Jan-7, 2003		Purchases A/c Dr To Devi A/c (Being Bought goods from Devi)	14,000	- 14,000
Jan-8, 2003		Salaries A/c Dr To Cash A/c (Being Paid Salaries)	1,000 -	- 1,000

**Ledger Accounts:**

Cash Account					
Dr			Cr		
Date	Particulars	Rs.	Date	Particulars	Rs.
			Jan-5	By Rent A/c	4,000
			Jan-8	By Salaries A/c	1,000
Jan-31	To Balance C/d →	5,000			
		5,000			5,000

Suresh Account					
Dr			Cr		
Date	Particulars	Rs.	Date	Particulars	Rs.
Jan-6	To Sales	50,000			
			Jan-31	By Balance C/d →	50,000
		50,000			50,000

Devi Account					
Dr			Cr		
Date	Particulars	Rs.	Date	Particulars	Rs.
			Jan-7	By Purchases A/c	14,000
Jan-31	To Balance C/d →	14,000			
		14,000			14,000



Purchase Account					
Date	Particulars	Rs.	Date	Particulars	Rs.
Jan-7	To Devi A/c	14,000	Jan-31	BY Balance C/d →	14,000
		14,000			14,000

Sales Account					
Date	Particulars	Rs.	Date	Particulars	Rs.
Jan-31	To Balance C/d →	50,000	Jan-7	By Suresh A/c	50,000
		50,000			50,000

(7) Journalize the following Transactions from the books of Miss. Madhuri?

- Madhuri Commenced business with a capital of Rs.1, 00,000/-
- Purchased furniture Rs.3,000/-
- Sold Goods worth Rs.3,500/-
- Paid Salaries Rs.10,000/-
- Office Expenses paid Rs.800/-
- Cash deposited into bank Rs.30,000/-
- Purchased good on credit basis from Miss. Shreya Rs.40,000/-
- Cash withdraw from bank Rs.15,000/-

**Solution:**

Journal Entries in the Books of Madhuri				
Date	LF	Particulars	Dr, Rs.	Cr, Rs.
(a)		Cash A/c Dr To Capital A/c (Being Madhuri Commenced business)	1,00,000 -	- 1,00,000
(b)		Furniture A/c Dr To Cash A/c (Being Purchased furniture)	3,000 -	- 3,000
(c)		Cash A/c Dr To Sales A/c (Being Sold Goods)	3,500 -	- 3,500
(d)		Salaries A/c Dr To Cash A/c (Being Paid Salaries)	10,000 -	- 10,000
(e)		Office Expenses A/c Dr To Cash A/c (Being Office Expenses paid)	800 -	- 800
(f)		Bank A/c Dr To Cash A/c (Being Deposited into bank)	30,000 -	- 30,000
(g)		Purchase A/c Dr To Miss. Shreya A/c (Being Purchased goods on credit from Miss. Shreya)	40,000 -	- 40,000
(h)		Cash A/c Dr To Bank A/c (Being Cash withdraw from bank)	15,000 -	- 15,000



(8) Journalize the following transactions for March 31, 2020:

March 1 Vamsi started business with a capital of Rs.20,000

3 Paid cash to Madan Rs.2,000

5 Sold goods to Samuel Rs.4,000

6 Rent Paid Rs.500

**Solution:**

<b>Journal Entries in the Books of Vamsi</b>				
<i>Date</i>	<i>LF</i>	<i>Particulars</i>	<i>Dr, Rs.</i>	<i>Cr, Rs.</i>
March-1, 2020		Cash A/c Dr To Capital A/c (Being Vamsi started business)	20,000 -	- 20,000
March-3		Madan A/c Dr To Cash A/c (Being Paid cash to Madan)	2,000 -	- 2,000
March-5		Samuel A/c Dr To Sales A/c (Being Sold goods to Samuel)	4,000	- 4,000
March-6		Rent A/c Dr To Cash A/c (Being Rent Paid)	500 -	- 500

(9) Journalise the following transactions in the books of Khan and Co.

2018

Jan 2 Started the business with Rs.8,00,000

Jan 3 Bought furniture for Rs.1,20,000

Jan 4 Bought stationery for Rs.5,000

Jan 5 Purchased goods for cash at Rs. 2,00,000

Jan 6 Sold goods for cash worth Rs.50,000

Jan 7 Sold to R. Desai goods worth Rs.1,00,000

Jan 9 Bought goods from Mundra Bros at Rs. 80,000

Jan 12 Paid office cleaning charges Rs.1,500

Jan 13 Bought goods from Hari worth Rs.1,00,000

Jan 15 Sold to Sharma and Co; good worth Rs. 60,000

Jan 20 Received Cash from R. Desai Rs.50,000

Jan 23 Paid to Hari Rs.90,000

Jan 25 Bought typewriter for Rs.80,000

Jan 26 Paid house rent of Rs.7,500

Jan 28 Paid light charges of Rs.5,000

Jan 29 Paid salary accounting to Rs.50,000

Jan 31 Received commission to Rs.15,000



<b>Journalise in the Books of Khan and Co</b>				
<i>Date</i>	<i>LF</i>	<i>Particulars</i>	<i>Dr, Rs.</i>	<i>Cr, Rs.</i>
2018				
Jan-2		Cash A/c Dr To Capital A/c (Being Khan and Co started business)	8,00,000 -	- 8,00,000
Jan-3		Furniture A/c Dr To Cash A/c (Being Bought furniture)	1,20,000 -	- 1,20,000
Jan-4		Stationery A/c Dr To Cash A/c (Being Bought stationery)	5,000	- 5,000
Jan 5		Purchases A/c Dr To Cash A/c (Being Purchased goods for cash)	2,00,000 -	- 2,00,000
Jan 6		Cash A/c Dr To Sales A/c (Being Sold goods for cash)	50,000 -	- 50,000
Jan 7		R. Desai A/c Dr To Sales A/c (Being Goods Sold to R. Desai)	1,00,000 -	- 1,00,000
Jan 9		Purchase A/c Dr To Mundra Bros A/c (Being Bought goods from Mundra Bros)	80,000 -	- 80,000
Jan 12		Cleaning Charges A/c Dr To Cash A/c (Being Paid office cleaning charges)	1,500 -	- 1,500
Jan 13		Purchases A/c Dr To Hari (Being Bought goods from Hari)	1,00,000	1,00,000
Jan 15		Sharma & Co A/c Dr To Sales (Being Sold to Sharma and Co)	60,000	60,000
Jan 20		Cash A/c Dr To R. Desai A/c (Being Cash Received from R. Desai)	50,000	50,000
Jan 23		Hari A/c Dr To Cash A/c (Being Paid to Hari)	90,000	90,000
Jan 25		Typewriter A/c Dr To Cash A/c (Being Bought typewriter)	80,000	80,000
Jan 26		House Rent A/c Dr To Cash A/c (Being Paid house rent)	7,500	7,500
Jan 28		Light Charges Dr To Cash A/c (Being Paid light charges)	5,000	5,000
Jan 29		Salary A/c Dr To Cash A/c (Being Paid salary)	50,000	50,000
Jan 31		Cash A/c Dr To Commission A/c (Being Received Commission)	15,000	15,000



**(10)** Journalize the following transactions.

2021,

January 1. Commenced business with a capital of Rs. 1,00,000

„ 2. Cash deposited into bank Rs. 9000

„ 3. Bought Furniture for cash Rs. 3,000

„ 4. Bought goods for cash from ‘B’ Rs. 5000

„ 5. Sold goods for cash to ‘A’ Rs. 2,000

„ 6. Purchased goods from ‘C’ on credit Rs.2000

„ 7. Goods sold to ‘D’ on credit Rs. 1500

„ 20. Received interest Rs. 500

„ 31. Paid rent Rs. 4000

„ 31. Paid salary to ‘P’ Rs.10,000

**Solution:**

<b>Journal Entries</b>				
<i>Date</i>	<i>LF</i>	<i>Particulars</i>	<i>Dr, Rs.</i>	<i>Cr, Rs.</i>
2021 January 1		Cash A/c Dr To Capital A/c (Being Commenced business)	1,00,000 -	- 1,00,000
January 2		Bank A/c Dr To Cash A/c (Being Purchased furniture)	9,000 -	- 9,000
January 3		Furniture A/c Dr To Cash A/c (Being Purchased furniture)	3,000	- 3,000
January 4		Purchases A/c Dr To Cash A/c (Being Bought goods for cash from ‘B’)	5,000 -	- 5,000
January 5		Cash A/c Dr To Sales A/c (Being Sold goods for Cash to ‘A’)	2,000 -	- 2,000
January 6		Purchases A/c Dr To ‘C’ A/c (Purchased goods from ‘C’ on credit)	2,000 -	- 2,000
January 7		‘D’ A/c Dr To Sales A/c (Being Goods sold to ‘D’ on credit)	1,500 -	- 1,500
January 20		Cash A/c Dr To Interest A/c (Being Received interest)	500 -	- 500
January 31		Rent A/c Dr To Cash A/c (Being Paid Rent)	4,000 -	- 4,000
January 31		Salary A/c Dr To Cash (Being Paid Salary)	10,000 -	- 10,000





**(11)** Journalize the following transactions:

June 1,2021 Commenced with Cash Rs. 10,00,000

June 3,2021 Purchased Goods worth Rs.2,00,000

Jan 8,2021 Sold goods to Mr.Raghu Rs.1,00,000

June 30,2021 Salaries Paid Rs. 20,000

June 30,2021 Rent Paid Rs. 10,000

**Solution:**

<b>Journal Entries</b>				
<i>Date</i>	<i>LF</i>	<i>Particulars</i>	<i>Dr, Rs.</i>	<i>Cr, Rs.</i>
01-06-2021		Cash A/c Dr To Capital A/c (Being Commenced Business)	10,00,000 -	- 10,00,000
03-06-2021		Purchases A/c Dr To Cash A/c (Being Purchased Goods)	2,00,000 -	- 2,00,000
08-06-2021		Mr.Raghu A/c Dr To Sales A/c (Being Sold goods to Mr.Raghu)	1,00,000	- 1,00,000
30-06-2021		Salaries A/c Dr To Cash A/c (Being Salaries Paid)	20,000 -	- 20,000
30-06-2021		Rent A/c Dr To Cash A/c (Being Rent Paid)	10,000	10,000

**(12)** Post the following transactions in ledger accounts:

April-1, 2021 Sold goods for cash Rs.8,000

April-5 Paid cash to Uma Rs.2,000

April-7 Bought furniture Rs.2,000

April-20 Paid salaries Rs.3,000

**Solution:**

**Ledger Accounts:**

<b>Cash Account</b>					
<b>Dr</b>			<b>Cr</b>		
<b>Date</b>	<b>Particulars</b>	<b>Rs.</b>	<b>Date</b>	<b>Particulars</b>	<b>Rs.</b>
01-04-2021	To Sales A/c	8,000	05-04-2021	By Uma A/c	2,000
			07-04-2021	By Furniture A/c	2,000
			20-04-2021	By Salaries A/c	3,000
			30-04-2021	<b>By Balance C/d →</b>	<b>1,000</b>
		<b>8,000</b>			<b>8,000</b>



**(13) Enter the following transactions in Krishna account and bring down the balances?**

2019 January 1 Sold Goods Krishna Rs.21, 000  
 2019 January 3 Purchased Goods from Krishna Rs.11, 400  
 2019 January 10 Paid Cash to Krishna Rs.12, 000  
 2019 January 15 Sold Goods to Krishna Rs.4,000  
 2019 January 15 Received Cash from Krishna Rs. 2,400

**Solution:**

**Ledger Accounts:**

<b>Dr</b>			<b>Krishna Account</b>			<b>Cr</b>
<b>Date</b>	<b>Particulars</b>	<b>Rs.</b>	<b>Date</b>	<b>Particulars</b>	<b>Rs.</b>	
01-01-2019	To Sales A/c	21,000	03-01-2019	By Purchases A/c	11,400	
10-01-2019	To Cash A/c	12,000	01-01-2019	By Cash A/c	2,400	
15-01-2019	To Sales A/c	4,000				
			30-04-2021	<b>By Balance C/d →</b>	<b>23,400</b>	
		<b>37,000</b>			<b>37,000</b>	

**(14) Enter the following transactions in proper subsidiary books of Ram**

2021 August 1 Sold goods to Ramesh 5250  
 August -1 Bought from Hari Ram 7800  
 August -2 Ramesh returned goods 750  
 August -2 Sold to Dev 5500  
 August -2 Purchased goods from Mangal 7000  
 August -4 Return goods to Mangal 1000  
 August -4 Bought from Devi dayal 3250  
 August -4 Sold to Zakeer 3500  
 August -5 Zakeer returned goods 450  
 August -6 Sold to Ram Saran 5000  
 August -6 sold to Gyan 3000  
 August -7 Ram Saran returned goods 500  
 August -7 Bought from Devi dayal 7000  
 August -8 Return goods to Devi dayal 750  
 August -9 Purchased goods from Raghu subject to trade discount of 10% 10,000  
 August -10 Sold to Rajaram goods subject to trade discount of 5% 5,000



**Solution:**

**Proper Subsidiary Books of Ram**

<b>Sales Book</b>			
<b>Date</b>	<b>Invoice Number</b>	<b>Particulars</b>	<b>Amount (Rs.)</b>
1-8-2021		Ramesh	5,250
2-8-2021		Dev	5,500
2-8-2021		Zakeer	3,500
6-8-2021		Ram Saran	5,000
6-8-2021		Gyan	3,000
10-8-2021		Rajaram (5,000 - 5,000 x 5%)	4,750
		<b>Total</b>	<b>27,000</b>

<b>Purchase Book</b>			
<b>Date</b>	<b>Invoice Number</b>	<b>Particulars</b>	<b>Amount (Rs.)</b>
1-8-2021		Hari Ram	7,800
2-8-2021		Mangal	7,000
4-8-2021		Devi dayal	3,250
7-8-2021		Devi dayal	7,000
9-8-2021		Raghu (10,000 – 10,000 x 10%)	9,000
		<b>Total</b>	<b>30,050</b>

<b>Sales Returns Book</b>			
<b>Date</b>	<b>Debit Note</b>	<b>Particulars</b>	<b>Amount (Rs.)</b>
2-8-2021		Ramesh	750
5-8-2021		Zakeer	450
7-8-2021		Ram Saran	500
		<b>Total</b>	<b>1,700</b>

<b>Purchase Returns Book</b>			
<b>Date</b>	<b>Credit Note</b>	<b>Particulars</b>	<b>Amount (Rs.)</b>
4-8-2021		Mangal	1,000
8-8-2021		Devi dayal	750
		<b>Total</b>	<b>1,750</b>



(15) Preparing **Trial Balance** for the following:

Capital Rs.20,000, Cash Rs.18,500, Purchases Rs.8,000, Sales Rs.8,000, Furniture Rs.2,000, X account of Rs.4,000, Y account Rs.3,000 and Rent Rs.500.

**Solution:**

<b>Dr</b>		<b>Trial Balance</b>		<b>Cr</b>
Debit Balances		Rs.	Credit Balances	Rs.
Cash		18,500	Capital	20,000
Purchases		8,000	Sales	8,000
Furniture		2,000	X A/c (Creditors)	4,000
Rent		500		
Y A/c (Debtors)		3,000		
		<b>32,000</b>		<b>32,000</b>

(16) Following are the extracts from the Trial Balance of a firm as at 1st March 2017

Particulars	Dr. Rs	Cr. Rs
Sundry Debtors	2,05,000	-
Provision for doubtful debts	-	10,000
Bad Debts	3,000	-

**Additional information:** Additional bad debts Rs.5,000. Maintain the provision for doubtful debts @ 10% on debtors. Show the relevant accounts.

**Solution:**

<b>Dr</b>		<b>Profit &amp; Loss Account</b>		<b>Cr</b>
Particulars		Rs.	Particulars	Rs.
To Bad Debts 3,000				
<b>Add:</b> Additional 5,000		8,000		
To Provisional Doubtful Debts (New – Old) 20,000 – 10,000)		10,000		

<b>Balance Sheet</b>			
Liabilities	Rs.	Assets	Rs.
		Sundry Debtors	2,05,000
		<b>Less:</b> Addl. Bad debts	5,000
			2,00,000
		<b>Less:</b> Provision for Doubtful Debts (2, 00,000 x 10%)	20,000
			1,80,000

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Proforma for Final Accounts

Dr Trading, Profit & Loss Account of -----for the year ended ----- Cr			
Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
To Opening Stock	xxx	By Sales	xxx
To Purchases	xxx	<b>Less:</b> Returns	xx
<b>Less:</b> Returns	xx	By Closing Stock	xxx
To Carriage inwards	xxx		
To wages	xxx		
<b>Add:</b> Outstanding	xx		
To <b>All Manufacture/Factory Expenses:</b>	xxx		
Coal, Fuel, water, Motive power, Electricity & Gas, Factory Rent, & Insurance, Lighting, & Heating	xxx		
To Export Duty	xxx		
To Freight on Purchases	xxx		
<b>To Gross Profit c/d</b> →	<b>XXX</b>		
	<b>XXXX</b>		<b>XXXX</b>
To Salaries	xxx	<b>By Gross Profit B/d</b> →	<b>XXX</b>
<b>Add:</b> Outstanding	xx	By Received Interest	xxx
To Rent, Taxes, & Insurance	xx	<b>Add:</b> Receivable	xx
<b>Less:</b> Prepaid	xx	By Received Commission	xxx
To Trading Expenses	xxx	By Received Discount	xxx
To General Expenses	xxx	By Received Dividend	xxx
To Carriage Outwards	xxx	By Profit of Sale on Asset	xxx
To Freight on Sales	xxx	By Bad debt reserve	xxx
To Discount	xxx	By Appreciation on Assets	xxx
To Bank Charges	xxx		
To Advertisement	xxx		
To Printing & Stationery	xxx		
To Repairs	xxx		
To Bad debts	xxx		
<b>Add:</b> Additional	xx		
To Travelling expenses	xxx		
To Interest	xxx		
To Depreciation	xxx		
<b>To Net Profit</b> (Transferred to Capital Account) →	<b>XXX</b>		
	<b>XXXX</b>		<b>XXXX</b>



Balance Sheet of -----as on 31-12-----				
Liabilities		A.Rs	Assets	A.Rs.
Creditors		xxx	Land & Buildings	xxx
Bills Payable		xxx	<b>Less:</b> Depreciation	xx
Bank overdraft		xxx	Plant & Machinery	xxx
Outstanding expenses		xxx	<b>Add:</b> Appreciation	xx
Debentures		xxx	Furniture & Fixtures	xxx
Long term loans		xxx	Equipment	xxx
Capital	xxx		Investments	xxx
<b>Add:</b> Additional Capital	xxx		Premises	xxx
<b>Add:</b> Interest on Capital	xxx		Motor Vehicle	xxx
	xxx		Other Fixed Assets	xxx
<b>Less:</b> Drawings	xxx		Cash in hand	xxx
<b>Add:</b> Net Profit	xxx	xxx	Cash at bank	xxx
			Debtors	xxx
			<b>Less:</b> Bad debts	xx
				xxx
			<b>Less:</b> Bad debt reserve	xx
			Bills receivable	xxx
			Prepaid expenses	
			Accrued Income	
			Closing Stock	xxx
		<b>XXX</b>		<b>XXX</b>

**Adjustments:** These must appear in two times, firstly, it appear in Trading, Profit & Loss Account and Second time appear in Balance Sheet.

Some of the important adjustments and their signing explained as follows:

- (1) **Closing stock:** First appear in credit side of Trading account and secondly on assets side of balance sheet.
- (2) **Outstanding (+)** added t related item its appear either Trading or P&L A/c Debit side and second time appear in Liability Side.
- (3) **Prepaid (-)** less from related item in Trading or P&L A/c Debit side and second time appear in Assets Side.
- (4) **Receivable or Accrued Income (+)** added to related item and it's appear either Trading or P&L A/c Credit side and second time appear in Assets Side.
- (5) **Depreciation (-)** less from related assets in assets side and second time appear in Debit side of Profit & Loss Account.
- (6) **Appreciation (+)** added to related assets in assets side and secondly appear in Credit side of Profit & Loss Account.
- (7) **Bad Debts (-)** less from Debtors in assets side and second time appear in Debit side of P&L Account.
- (8) **Bad doubtful debts (-)** less from Debtors in assets side and second time appear in Debit side of P&L Account.

**Prepared By: Dr.N.Suresh Babu, Asst. Professor (C), Dept.of Management, RGUKT-Nuzvid**



(1) From the following balances, taken from the Trial Balance of SCo Ltd. Prepare a trading and Profit and Loss account for the year ending 31st December 2020

Particulars	Dr. Rs.	Cr, Rs.
Stock on 1-1-2020	2,000	-
Purchase and Sales	20,000	30,000
Returns	2,000	1,000
Carriage inwards	1,000	-
Carriage outwards	1,000	-
Rent	1,000	-
Interest Received	-	2,000
Salaries	5,000	-
General Expenses	1,000	-
Discount	-	500
Insurance	500	-
	<b>33,500</b>	<b>33,500</b>

The closing stock on 31st December 2020 is Rs.5, 000.

**.Solution:**

Dr Trading, Profit & Loss A/c of SCo Ltd for the year ended 31st Dcm 2020 Cr			
Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
To Opening Stock	2,000	By Sales	30,000
To Purchases 20,000		<b>Less:</b> Returns	2,000
<b>Less:</b> Returns 1,000	19,000	By Closing Stock	5,000
To Carriage inwards	1,000		
<b>To Gross Profit c/d →</b>	<b>11,000</b>		
	<b>33,000</b>		<b>33,000</b>
To Salaries	5,000	<b>By Gross Profit B/d →</b>	<b>11,000</b>
To Carriage outwards	1,000	By Received Interest	2,000
To Rent	1,000	By Received Discount	500
To General Expenses	1,000		
To Insurance	500		
<b>To Net Profit</b>			
(Transferred to Capital A/c) →	<b>5,000</b>		
	<b>13,500</b>		<b>13,500</b>

& & & &

(2) Prepare Profit and Loss Account, from the following balances of Mr. X for the year ending 31.03.2014.

Particulars	Amount Rs.
Office Rent	3,000
Printing expenses	2,200
Tax and Insurance	1,400
Discount Received	400
Advertisement	3,600
Salaries	8,000
Stationary	2,400
Discount allowed	600
Travelling expenses	2,600
Gross Profit transferred from the Trading Account	25,000



**Solution:**

Trading, Profit & Loss A/c of Mr. X for the year ended 31st March, 2014			
Dr			Cr
Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
To Office Rent	3,000	By Gross Profit B/d →	25,000
To Printing expenses	2,200	To Discount Received	400
To Tax and Insurance	1,400		
To Advertisement	3,600		
To Salaries	8,000		
To Stationary	2,400		
To Discount allowed	600		
To Travelling expenses	2,600		
<b>To Net Profit</b> (Transferred to Capital A/c) →	1,800		
	<b>25,400</b>		<b>25,400</b>

& & & &

(3) Prepare Trading and Profit and Loss Account of M/s. Gupta and Sons for the year ending 31st December, 2020 from the following information.

Particulars	Amount (Rs.)
Stock (1-1-2020)	2,00,000
Purchases	2,55,000
Wages	1,00,000
Carriage	5,000
Purchase Returns	13,250
Export duty	9,000
Sales	5,75,000
Coal and Coke	25,000
Sales returns	10,000
Printing and Stationary	2,250
Stock (31-12-2020)	3,00,000
Salaries	30,000
Rent & Taxes	12,000
Depreciation	3,020
Repairs	6,000
Discount allowed	12,505
Bad debts	9,000
Advertisement	2,500
Gas and Water	1,500
Factory lighting	2,500
General expenses	4,000





**Solution:**

<b>Dr Trading, P &amp; L A/c of M/s. Gupta for the year ended 31st December, 2020 Cr</b>			
<b>Particulars</b>	<b>Amount (Rs.)</b>	<b>Particulars</b>	<b>Amount (Rs.)</b>
To Opening Stock	2,00,000	By Sales	5,75,000
To Purchases	2,55,000	<b>Less:</b> Returns	10,000
<b>Less:</b> Returns	13,250	By Closing Stock	3,00,000
To Carriage inwards	5,000		
To wages	1,00,000		
To Export duty	9,000		
To Coal and Coke	25,000		
To Factory lighting	2,500		
<b>To Gross Profit c/d</b>	<b>2,81,750</b>		
	<b>8,65,000</b>		<b>8,65,000</b>
To Printing and Stationary	2,250	<b>By Gross Profit B/d</b>	<b>2,81,750</b>
To Salaries	30,000		
To Rent & Taxes	12,000		
To Depreciation	3,020		
To Repairs	6,000		
To Discount allowed	12,505		
To Bad debts	9,000		
To Advertisement	2,500		
To General expenses	4,000		
<b>To Net Profit</b> (Transferred to Capital Account)	<b>2,00,475</b>		
	<b>2,81,750</b>		<b>2,81,750</b>

**& & & &**

**(4)** From the following balance extracted from the books of RKC Co. Prepare a trading and Profit and Loss account and Balance Sheet.

<b>Particulars</b>	<b>Amt. (Rs.)</b>	<b>Particulars</b>	<b>Amt (Rs.)</b>
Opening Stock	1,250	Plant & Machinery	6,230
Sales	11,800	Returns outwards	1,380
Depreciation	667	Cash in hand	895
Commission (Cr)	211	salaries	750
Insurance	380	Debtors	1,905
Carriage Inwards	300	Discount (Dr)	328
Furniture	670	Bills Receivable	2,730
Printing Charges	481	Wages	1,589
Carriage outwards	200	Returns Inward	1,659
Capital	9,228	Bank overdraft	4,000
Creditors	1,780	Purchases	8,679
Bills Payable	541	Petty cash in hand	47
Bad Debts	180		

The value of Stock on 31st December 2021 was Rs.3,700

**Prepared By: Dr.N.Suresh Babu, Asst. Professor (C), Dept.of Management, RGUKT-Nuzvid**



**Solution:**

<b>Dr Trading, Profit &amp; Loss A/c of RKC Co. for the year ended 31st Dec 2021 Cr</b>			
<b>Particulars</b>	<b>Amount (Rs.)</b>	<b>Particulars</b>	<b>Amount (Rs.)</b>
To Opening Stock	1,250	By Sales	11,800
To Purchases	8,679	<b>Less:</b> Returns	1,659
<b>Less:</b> Returns	1,380	By Closing Stock	3,700
To Carriage inwards	300		
To wages	1,589		
<b>To Gross Profit c/d</b>	<b>3,403</b>		
	<b>13,841</b>		<b>13,841</b>
To Salaries	750	<b>By Gross Profit B/d</b>	<b>3,403</b>
To Depreciation	667	By Commission (Cr)	211
To Insurance	380		
To Printing Charges	481		
To Carriage outwards	200		
To Bad Debts	180		
To Discount (Dr)	328		
To Petty cash in hand	47		
<b>To Net Profit</b> (Transferred to Capital Account)	<b>581</b>		
	<b>3,614</b>		<b>3,614</b>

<b>Balance Sheet of RKC Co. as on 31-12-2020</b>			
<b>Liabilities</b>	<b>A.Rs</b>	<b>Assets</b>	<b>A.Rs.</b>
Creditors	1,780	Furniture	670
Bills Payable	541	Plant & Machinery	6,230
Bank overdraft	4,000	Cash in hand	895
Capital	9,228	Debtors	1,905
<b>Add:</b> Net Profit	<b>581</b>	Bills Receivable	2,730
		Closing Stock	3,700
	<b>16,130</b>		<b>16,130</b>

**& & & &**

**(5)** Following is the Trial Balance of Ram Chandra on 31st March, 2021 Draw the final accounts from the balances there from trial balance. Value of closing stock as on 31st March 2021 was Rs. 50,000.

<b>Particulars</b>	<b>Dr. Rs.</b>	<b>Cr. Rs.</b>
Capital	-	1,50,000
Stock on 1-4-2020	30,000	-
Cash at Bank	10,000	-
Cash in hand	5,000	-
Machinery	1,00,000	-
Furniture	13,000	-
Purchases	2,00,000	-
Wages	50,000	-
Carriage Inwards	33,000	-
Salaries	70,000	-
Discount	4,000	5,000
Advertising	50,000	-
Other expenses	40,000	-
Sales	-	5,00,000
Sundry debtors	90,000	-
Sundry Creditors	-	40,000
	<b>6,95,000</b>	<b>6,95,000</b>



**Solution;**

Dr Trading, P & L A/c of Ram Chandra for the year ended 31st March, 2021 Cr			
Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
To Stock on 1-4-2020	30,000	By Sales	5,00,000
To Purchases	2,00,000	By Closing Stock	50,000
To Carriage inwards	33,000		
To wages	50,000		
<b>To Gross Profit c/d</b> →	<b>2,37,000</b>		
	<b>5,50,000</b>		<b>5,50,000</b>
To Salaries	70,000	<b>By Gross Profit B/d</b> →	<b>2,37,000</b>
To Discount	4,000	By Discount	5,000
To Advertising	50,000		
To Other expenses	40,000		
<b>To Net Profit</b> (Transferred to Capital Account) →	<b>78,000</b>		
	<b>2,42,000</b>		<b>2,42,000</b>

Balance Sheet of Ram Chandra as on 31st March, 2021			
Liabilities	A.Rs	Assets	A.Rs.
Creditors	40,000	Cash at Bank	10,000
Capital 1,50,000		Cash in hand	5,000
<b>Add: Net Profit</b> 78,000	<b>2,28,000</b>	Machinery	1,00,000
		Furniture	13,000
		Sundry debtors	90,000
		Closing Stock	50,000
	<b>2,68,000</b>		<b>2,68,000</b>

**& & & &**

(6) Prepare Trading and Profit and Loss Account and Balance Sheet of Jagat Shah as at 31st March, 2019 from the following balances:

Particulars	Amt. (Rs.)	Particulars	Amt (Rs.)
Capital (Cr)	3,600	Salaries	600
Machinery	700	General expenses	200
Sales	8,200	Rent	500
Purchases	4,000	Purchase Return	50
Sales Returns	100	Debtors	3000
Stock on 1 <sup>st</sup> April, 2018	1,000	Cash	400
Drawings	400	Carriage outwards	200
Wages	1,000	Advertising	200
Carriage Inwards	50	Creditors	500

The closing stock was valued Rs. 2000.



**Solution:**

Dr Trading, P & L A/c of Jagat Shah for the year ended 31st March, 2019 Cr			
Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
To Stock on 1 <sup>st</sup> April, 2018	1,000	By Sales	8,200
To Purchases	4,000	<b>Less:</b> Returns	100
<b>Less:</b> Returns	50	By Closing Stock	2,000
To wages	1,000		
To Carriage Inwards	50		
<b>To Gross Profit c/d</b>	<b>4,100</b>		
	<b>10,100</b>		<b>10,100</b>
To Salaries	600	<b>By Gross Profit B/d</b>	<b>4,100</b>
To General Expenses	200		
To Rent	500		
To Carriage outwards	200		
To Advertising	200		
<b>To Net Profit</b> (Transferred to Capital Account)	<b>2,400</b>		
	<b>4,100</b>		<b>4,100</b>

Balance Sheet of Jagat Shah as on 31st March, 2019			
Liabilities	A.Rs	Assets	A.Rs.
Creditors	500	Debtors	3,000
Capital	3,600	Cash	400
<b>Less:</b> Drawings	400	Closing Stock	2,000
	3,200	Machinery	700
<b>Add:</b> Net Profit	<b>2,400</b>		
	5,600		
	<b>6,100</b>		<b>6,100</b>

& & & &

(7) From the following balances taken from the books of Hari and Co., prepare Trading and Profit and Loss Account for the year ended 31st March, 2014 and Balance Sheet as at that date.

Particulars	Amt. (Rs.)	Particulars	Amt (Rs.)
Capital	3,50,000	Salaries	11,100
Building	1,87,500	Discount allowed	2,000
Machinery	92,500	Stock (01-04-2013)	1,65,000
Debtors	70,000	Bills Payable	50,000
General expenses	8,000	Sales	6,35,000
Rent Paid	37,100	Purchases	4,68,500
Drawings	6,500	Wages	25,000
Electricity charges	1,900	Cash in hand	18,000
Carriage Inwards	8,500	Sundry Creditors	1,00,000
Cash at Bank	30,000	Return inward	4,500
Returns outward	1,100		

Closing stock was Rs. 1,82,100.

**Prepared By: Dr.N.Suresh Babu, Asst. Professor (C), Dept.of Management, RGUKT-Nuzvid**



**Solution:**

Dr Trading, P & L A/c of Hari and Co for the year ended 31st March, 2014 Cr			
Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
To Stock (01-04-2013)	1,65,000	By Sales	6,35,000
To Purchases	4,68,500	<b>Less:</b> Returns	4,500
<b>Less:</b> Returns	1,100	By Closing Stock	1,82,100
To wages	25,000		
To Carriage Inwards	8,500		
<b>To Gross Profit c/d</b>	<b>→ 1,46,700</b>		
	<b>8,12,600</b>		<b>8,12,600</b>
To General expenses	8,000	<b>By Gross Profit B/d</b>	<b>→ 1,46,700</b>
To Rent Paid	37,100		
To Electricity charges	1,900		
To Salaries	11,100		
To Discount allowed	2,000		
<b>To Net Profit</b> (Transferred to Capital Account)	<b>→ 86,600</b>		
	<b>1,46,700</b>		<b>1,46,700</b>

Balance Sheet of Hari and Co as on 31st March, 2014			
Liabilities	A.Rs	Assets	A.Rs.
Creditors	1,00,000	Building	1,87,500
Bills Payable	50,000	Machinery	92,500
Capital	3,50,000	Debtors	70,000
<b>Less:</b> Drawings	6,500	Cash at Bank	30,000
	3,43,500	Cash in hand	18,000
<b>Add:</b> Net Profit	<b>86,600</b>	Closing Stock	1,82,100
	<b>4,30,100</b>		
	<b>5,80,100</b>		<b>5,80,100</b>

& & & &

(8) The following is the Trial Balance of ABC Co. Ltd., was prepared on 31st March 2014. Prepare Trading and Profit& Loss Account and Balance Sheet.

Particulars	Dr. Rs.	Cr. Rs.
Capital	-	22,000
Opening Stock	10,000	-
Debtors and Creditors	8,000	12,000
Machinery	20,000	-
Cash at Bank	2,000	-
Bank overdraft	-	14,000
Returns	4,000	8,000
Trade expenses	12,000	-
Purchase and Sales	26,000	44,000
Wages	10,000	-
Salaries	12,000	-
Bills Payable	-	10,600
Bank deposits	6,600	-
	<b>1,10,600</b>	<b>1,10,600</b>

Closing Stock was valued at Rs.60, 000



**Solution:**

Dr Trading, P & L A/c of ABC Co. Ltd for the year ended 31st March, 2014 Cr			
Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
To Stock (01-04-2013)	10,000	By Sales	44,000
To Purchases	26,000	<b>Less:</b> Returns	4,000
<b>Less:</b> Returns	8,000	By Closing Stock	60,000
To wages	10,000		
<b>To Gross Profit c/d</b>	<b>62,000</b>		
	<b>1,00,000</b>		<b>1,00,000</b>
To Trade expenses	12,000	<b>By Gross Profit B/d</b>	<b>62,000</b>
To Salaries	12,000		
<b>To Net Profit</b> (Transferred to Capital Account)	<b>38,000</b>		
	<b>62,000</b>		<b>62,000</b>

Balance Sheet of ABC Co. Ltd as on 31st March, 2014			
Liabilities	A.Rs	Assets	A.Rs.
Creditors	12,000	Machinery	20,000
Bank overdraft	14,000	Bank deposits	6,600
Bills Payable	10,600	Debtors	8,000
Capital	22,000	Cash at Bank	2,000
<b>Add: Net Profit</b>	<b>38,000</b>	Closing Stock	60,000
	<b>96,600</b>		<b>96,600</b>

& & & &

(9) From the following Trail Balance prepare Trading, Profit & Loss A/c for the year ended 31-03-2017 and Balance sheet as on that data.

Debit Balances	Amount (Rs.)	Credit Balances	Amount (Rs.)
Sundry Debtors	52,000	Sundry Creditors	22,000
Cash in hand	1,592	Sales	2,92,000
Motor Car	22,000	Capital	70,000
Furniture	3,500		
Purchases	1,95,000		
Sales Returns	2,600		
Patents	8,420		
Opening Stock	7,000		
Motor Car expenses	11,400		
Rent, Rates and Taxes	6,108		
Insurance Premium	2,400		
Machinery	24,000		
Wages	23,600		
General expenses	2,680		
Carriage Inwards	2,040		
Carriage Outwards	1,130		
Discount	500		
Fuel	6,430		
Drawings	8,000		
3,80,400	<b>3,84,000</b>		<b>3,84,000</b>

Closing stock: Rs.35,000.

**Prepared By: Dr.N.Suresh Babu, Asst. Professor (C), Dept.of Management, RGUKT-Nuzvid**



**Solution:**

Dr Trading, P & L A/c for the year ended 31st March, 2017 Cr			
Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
To Stock (01-04-2013)	7,000	By Sales	2,92,000
To Purchases	1,95,000	<b>Less:</b> Returns	2,600
To wages	23,600	By Closing Stock	35,000.
To Carriage Inwards	2,040		
To Fuel	6,430		
<b>To Gross Profit c/d</b> →	<b>90,330</b>		
	<b>3,24,400</b>		<b>3,24,400</b>
To Motor Car expenses	11,400	<b>By Gross Profit B/d</b> →	<b>90,330</b>
To Rent, Rates and Taxes	6,108		
To Insurance Premium	2,400		
To General expenses	2,680		
To Carriage Outwards	1,130		
To Discount	500		
<b>To Net Profit</b> (Transferred to Capital Account) →	<b>66,112</b>		
	<b>90,330</b>		<b>90,330</b>

Balance Sheet as on 31st March, 2017			
Liabilities	A.Rs	Assets	A.Rs.
Creditors	22,000	Sundry Debtors	52,000
Capital	70,000	Cash in hand	1,592
<b>Less:</b> Drawings	8,000	Motor Car	22,000
	62,000	Furniture	3,500
<b>Add: Net Profit</b>	<b>66,112</b>	Patents	8,420
	1,28,112	Machinery	24,000
		Closing Stock	35,000.
		<b>Suspense Account</b> →	<b>3,600</b>
		(Trail Balance Difference)	
	<b>1,50,112</b>		<b>1,50,112</b>

**& & & &**

**(10)** From the following information, prepare trading, profit and loss account and balance sheet.

Particulars	Dr. Rs.	Cr. Rs.
Purchases	30,000	-
Sales	-	70,000
Returns	1,400	1,600
Opening Stock	20,000	-
Wages	1,000	-
Salaries	1,400	-
Depreciation	2,000	-
Rent Received	-	10,000
Buildings	30,000	-
Capital	-	60,000
Debtors	21,800	-
Creditors	-	14,000
Bank OD	-	10,000
Cash	58,000	-
	<b>1,65,600</b>	<b>1,65,600</b>

**Adjustments:** Closing Stock was valued at Rs.30,000, Outstanding Wages Rs.1,000 and Appreciation on Buildings @ 10%.

**Prepared By: Dr.N.Suresh Babu, Asst. Professor (C), Dept.of Management, RGUKT-Nuzvid**



**Solution:**

Dr -----Trading, P & L A/c for the year ended -----Cr			
Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
To Stock (01-04-2013)	20,000	By Sales	70,000
To Purchases	30,000	<b>Less:</b> Returns	1400
<b>Less: Returns</b>	1,600	By Closing Stock	30,000
To wages	1,000		
<b>Add: Outstanding</b>	1,000		
<b>To Gross Profit c/d</b> →	48,200		
	<b>98,600</b>		<b>98,600</b>
To Salaries	1,400	<b>By Gross Profit B/d</b> →	48,200
To Depreciation	2,000	By Rent Received	10,000
		<b>By Appreciation on Machinery</b>	3,000
<b>To Net Profit</b> (Transferred to Capital Account) →	57,800		
	<b>61,200</b>		<b>61,200</b>

-----Balance Sheet as on-----			
Liabilities	A.Rs	Assets	A.Rs.
<b>Outstanding Wages</b>	1,000	Buildings	30,000
Creditors	14,000	<b>Add:</b> Appreciation @ 10%	3,000
Bank OD	10,000	Debtors	21,800
Capital	60,000	Cash	58,000
<b>Add: Net Profit</b>	57,800	Closing Stock	30,000
	<b>1,42,800</b>		<b>1,42,800</b>

& & & &

(11) From the following balances of SKML Tent House, prepare Trading and Profit and Loss Account and Balance Sheet as on 31st December, 2013.

Particulars	Dr. Rs.	Cr. Rs.
Capital	-	10,000
Plant and Machinery	14,000	-
Furniture and Fixtures	200	-
Debtors and Creditors	2,400	1,700
Drawings	1,000	-
Purchases	10,500	-
Wages	5,000	-
Cash in Hand	200	-
Cash at Bank	800	-
Stock (1-1-2013)	2,000	-
Returns outwards	-	500
Rates and Taxes	400	-
Depreciation	420	-
Sales	-	26,800
Manufacturing Expenses	800	-
Travelling Expenses	100	-
Sundry Expenses	400	-
Bad Debts	150	-
Printing and Stationery	50	-
Carriage	130	-
Returns inward	400	-
Repairs	50	-
	<b>39,000</b>	<b>39,000</b>





**Solution:**

Dr ----Trading, P & L A/c of SKML Tent House, for the year ended 31st December, 2013 Cr			
Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
To Stock (01-01-2013)	2,000	By Sales	26,800
To Purchases	10,500	<b>Less:</b> Returns	400
<b>Less: Returns</b>	500	By Closing Stock	----
To wages	5,000		
To Manufacturing Expenses	800		
To Carriage	130		
<b>To Gross Profit c/d</b>	<b>8,470</b>		
	<b>26,400</b>		<b>26,400</b>
To Rates and Taxes	400	<b>By Gross Profit B/d</b>	<b>8,470</b>
To Depreciation	420		
To Travelling Expenses	100		
To Sundry Expenses	400		
To Bad Debts	150		
To Printing and Stationery	50		
To Repairs	50		
<b>To Net Profit</b> (Transferred to Capital Account)	<b>6,900</b>		
	<b>8,470</b>		<b>8,470</b>

-----Balance Sheet of SKML Tent House, as on 31st December, 2013			
Liabilities	A.Rs	Assets	A.Rs.
Creditors	1,700	Plant and Machinery	14,000
Bank OD		Furniture and Fixtures	200
Capital	10,000	Debtors	2,400
<b>Less:</b> Drawings	1,000	Cash in Hand	200
	9,000	Cash at Bank	800
<b>Add: Net Profit</b>	<b>6,900</b>	Closing Stock	---
	<b>15,900</b>		
	<b>17,600</b>		<b>17,600</b>

**& & & &**

- (12) Prepare (i) Trading Account and (ii) Profit and Loss Account for the information given which is related to Sai & Co for the year ended 31-12-18. Stock on 31-12-18 was valued at Rs. 1800.

Particulars	Dr. Rs.	Cr. Rs.
Capital	-	7,610
Cash in hand	30	-
Purchases	8,990	-
Sales	-	11,060
Cash at bank	885	-
Fixtures and fittings	225	-
Lighting and Heating	65	-
Freehold Premises	1,500	-
Bills Receivables	825	-
Returns inwards	30	-
Salaries	1,075	-
Creditors	-	1,950
Debtors	5,700	-
Stock on 31-12-17	3,000	-
Printing	225	-
Bills Payables	-	1,875
Rent, Rates	190	-
Discount	200	445
	<b>22,940</b>	<b>22,940</b>



**Solution:**

Dr ----Trading, P & L A/c of Sai & Co, for the year ended 31st December, 2018 Cr			
Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
To Stock on 31-12-17	3,000	By Sales	11,060
To Purchases	8,990	<b>Less:</b> Returns	11,030
		30	
To Lighting and Heating	65	By Closing Stock	1,800
<b>To Gross Profit c/d</b> →	<b>775</b>		
	<b>12,830</b>		<b>12,830</b>
To Salaries	1,075	<b>By Gross Profit B/d</b> →	<b>775</b>
To Printing	225	By Discount	445
To Rent, Rates	190		
To Discount	200	<b>To Net Loss</b> (Transferred to Capital Account)	<b>470</b>
		→	
	<b>1,690</b>		<b>1,690</b>

-----Balance Sheet of Sai & Co as on 31st December, 2018			
Liabilities	A.Rs	Assets	A.Rs.
Creditors	1,950	Cash in hand	30
Bills Payable	1,875	Cash at bank	885
Capital	7,610	Fixtures and fittings	225
<b>Less: Net Loss</b> 470	7,140	Freehold Premises	1,500
		Bills Receivables	825
		Debtors	5,700
		Closing Stock	1,800
	<b>10,965</b>		<b>10,965</b>

& & & &

(13) From the following Trail balance, prepare Trading account, Profit and loss account and Balance sheet as on 31-3-2013 of Miss. Srilekha & Co.

Particulars	Amt. (Rs.)	Particulars	Amt (Rs.)
Sales	40,000	Furniture	60,000
Capital	50,000	Rent	800
Land	20,000	Sundry Debtors	40,000
Opening Stock	15,000	Carriage Inwards	500
Wages	2,500	Bad debts	1,000
Purchases	10,000	Carriage outwards	600
Returns Inwards	1,000	Salaries	900
Returns Outwards	1,500	Rent (Credit)	5,000
Interest	700	Buildings	70,000
Bills Payable	66,500	Bank overdraft	50,000
Sundry Creditors	60,000	Bills Receivables	50,000

Adjustments: 1. Closing stock Rs. 60,000 2. Bad-debts on debtors Rs 1000.



**Solution:**

<b>Dr ----Trading, P &amp; L A/c of Miss. Srilekha &amp; Co for the year ended 31-3-2013 Cr</b>			
<b>Particulars</b>	<b>Amount (Rs.)</b>	<b>Particulars</b>	<b>Amount (Rs.)</b>
To Opening Stock	15,000	By Sales 40,000	
To Purchases 10,000		<b>Less:</b> Returns 1,000	39,000
<b>Less:</b> Returns 1,500	8,500	By Closing Stock	60,000
To Wages 2,500			
To Carriage Inwards 500			
<b>To Gross Profit c/d →</b>	<b>72,500</b>		
	<b>99,000</b>		<b>99,000</b>
To Rent 800		<b>By Gross Profit B/d →</b>	<b>72,500</b>
To Interest 700		By Rent (Credit)	5,000
To Bad debts 1,000			
<b>Add:</b> Additional 1,000	2,000		
To Carriage outwards 600			
To Salaries 900			
<b>To Net Profit (Transferred to Capital Account) →</b>	<b>72,500</b>		
	<b>77,500</b>		<b>77,500</b>

<b>-----Balance Sheet of Miss. Srilekha &amp; Co as on 31-3-2013</b>			
<b>Liabilities</b>	<b>A.Rs</b>	<b>Assets</b>	<b>A.Rs.</b>
Creditors	60,000	Land	20,000
Bills Payable	66,500	Furniture	60,000
Bank overdraft	50,000	Sundry Debtors 40,000	
Capital 50,000		<b>Less:</b> Bad Debts 1,000	39,000
<b>Add: Net Profit 72,500</b>	<b>1,22,500</b>	Buildings	70,000
		Bills Receivables	50,000
		Closing Stock	60,000
	<b>2,99,000</b>		<b>2,99,000</b>

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**(14)** The Trial Balance of Kamala as at March 31,2012 revealed the following balances:

Debit Balances	Amount (Rs.)	Credit Balances	Amount (Rs.)
Plant and machinery	1,60,000	Capital account	2,00,000
Purchases	1,36,000	Sales	2,50,000
Sales returns	2,000	Purchase returns	6,550
Opening stock	60,000	Discount received	1,600
Discount allowed	700	Sundry creditors	50,000
Bank charges	150		
Sundry debtors	90,000		
Salaries	13,600		
Wages	20,000		
Freight	1,500		
Carriages outwards	2,400		
Rent and rates	4,000		
Advertisements	4,000		
Cash in hand	13,800		
	<b>5,08,150</b>		<b>5,08,150</b>

**Adjustments:**

- (a) Closing stock was valued at Rs.70,000
- (b) Provide depreciation on debtors @ 4%.
- (c) Provide for depreciation on plant @ 10% per annum.
- (d) Salaries yet to be paid Rs.500

Find Gross profit, Net profit and Balance Sheet Total.

**.Solution:**

<b>Dr ----Trading, P &amp; L A/c of Kamala for the year ended March 31,2012 Cr</b>			
<b>Particulars</b>	<b>Amount (Rs.)</b>	<b>Particulars</b>	<b>Amount (Rs.)</b>
To Opening Stock	60,000	By Sales	2,50,000
To Purchases	1,36,000	<b>Less:</b> Returns	2,000
<b>Less:</b> Returns	6,550		
To Wages	20,000	By Closing Stock	70,000
To Freight	1,500		
<b>To Gross Profit c/d</b>	<b>1,07,050</b>		
	<b>3,18,000</b>		<b>3,18,000</b>
To <b>Depreciation on Plant</b>	<b>16,000</b>	<b>By Gross Profit B/d</b>	<b>1,07,050</b>
To Discount allowed	700	By Discount received	1,600
To Bank charges	150		
To <b>Bad debts</b>	<b>3,600</b>		
To Salaries	13,600		
<b>Add:</b> Outstanding	<b>500</b>		
To Carriages outwards	2,400		
To Rent and rates	4,000		
To Advertisements	4,000		
<b>To Net Profit</b> (Transferred to Capital A/c)	<b>63,700</b>		
<b>→</b>			
	<b>1,08,650</b>		<b>1,08,650</b>

<b>-----Balance Sheet of Kamala as on March 31,2012</b>			
<b>Liabilities</b>	<b>A.Rs</b>	<b>Assets</b>	<b>A.Rs.</b>
<b>Outstanding Salary</b> (Yet to be paid)	<b>500</b>	Plant and machinery	1,60,000
Sundry creditors	50,000	<b>Less:</b> Depreciation@ 10%	<b>16,000</b>
Capital	2,00,000	Sundry Debtors	90,000
<b>Add: Net Profit</b>	<b>63,700</b>	<b>Less:</b> Bad Debts@4%	<b>3,600</b>
		Cash in hand	13,800
		Closing Stock	70,000
	<b>3,14,200</b>		<b>3,14,200</b>



**(15)** From the following trail balance as at September 30,2020, prepare trading, profit and loss account for the year ended Dec. 31,2020 and a balance sheet as on that date.

Debit Balances	Rs.	Credit Balances	Rs.
Sundry debtors	64,000	Sales	2,65,000
Stock(1.1.2020)	44,000	Sundry creditors	25,300
Cash in hand	70	Bills payable	15,000
Cash at bank	3,090	Capital	1,59,000
Plant and machinery	35,000		
Trade expenses	2,150		
Salaries	4,450		
Carriage outwards	800		
Rent	1,800		
Purchases	2,37,740		
Discount	2,200		
Land and buildings	69,000		
	<b>4,64,300</b>		<b>4,64,300</b>

**Also adjusts the following:**

- Stock as on December 31, 2002 amounted to Rs.24, 900.
- Rent outstandingRs.170.
- Trade expenses yet to be paid Rs.300.
- Write off bad debts Rs.800.
- Provide 5% for doubtful debts.
- Depreciate plant and machinery@10% per annum.

**Solution:**

Dr -----Trading, P & L A/c for the year ended Dec. 31,2020 -----Cr			
Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
To Stock(1.1.2020)	44,000	By Sales	2,65,000
To Purchases	2,37,740	By Closing Stock	24, 900
<b>To Gross Profit c/d →</b>	<b>8,160</b>		
	<b>2,89,900</b>		<b>2,89,900</b>
To <b>Depreciation on Plant &amp; Machinery</b>	<b>3,500</b>	<b>By Gross Profit B/d →</b>	<b>8,160</b>
To Trade expenses 2,150			
<b>Add: Outstanding 300</b>	<b>2,450</b>		
To Salaries	4,450		
To Carriage outwards	800		
To Rent 1,800			
<b>Add: Outstanding 170</b>	<b>1,970</b>		
To Discount	2,200		
To <b>Bad Debts</b>	<b>800</b>		
To <b>Bad doubtful debt reserve</b>	<b>3,160</b>	<b>By Net Loss →</b>	<b>11,270</b>
	<b>19,430</b>		<b>19,430</b>

-----Balance Sheet as on Dec. 31,2020			
Liabilities	A.Rs	Assets	A.Rs.
<b>Outstanding Trade expenses</b>	<b>300</b>	Sundry debtors 64,000	
<b>Outstanding Rent</b>	<b>170</b>	<b>Less: Bad debts 800</b>	
Sundry creditors	25,300		63,200
Bills payable	15,000	<b>Less: Doubtful Debts@5% 3,160</b>	60,040
		Cash in hand	70
Capital 1,59,000		Cash at bank	3,090
<b>Less: Net Loss 11,270</b>	<b>1,47,730</b>	Plant and machinery 35,000	
		<b>Less: Depreciation@10% 3,500</b>	31,500
		Land and buildings	69,000
		Closing Stock	24, 900
	<b>1,88,500</b>		<b>1,88,600</b>



(16) Prepare trading and profit and loss account for the year ending 31.12.2020 and a balance sheet as on the date from the following trial balance.

Particulars	Dr. Rs.	Cr. Rs.
Sales	-	1,25,000
Purchases	78,000	-
Sales returns	2,700	-
Purchases returns	-	3,600
Discount received	-	1,250
Discount allowed	1,850	-
Opening stock	6,675	-
Salaries	23,000	-
Electricity and gas	1,500	-
Rent and rates	1,000	-
Sundry expenses	2,350	-
Premises	50,000	-
Equipment	15,000	-
Vehicle	10,750	-
Debtors	11,420	-
Bank overdraft	-	425
Cash	60	-
Creditors	-	7,750
Capital	-	55,000
Drawings	5,220	-
Long term loan	-	16,500
	<b>2,09,525</b>	<b>2,09,525</b>

Adjust the following:

- Closing stock Rs. 15,000
- Outstanding salaries Rs.2000
- Prepaid rent and rates Rs.1000
- Provide depreciation on equipment@10%per annum

**Solution:**

Dr -----Trading, P & L A/c for the year ended 31.12.2020 -----			
Cr			
Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
To Stock(1.1.2020)	6,675	By Sales	1,25,000
To Purchases	78,000	<b>Less:</b> Returns	2,700
<b>Less:</b> Returns	3,600		1,22,300
To Electricity and gas	1,500		
<b>To Gross Profit c/d</b> →	<b>54,725</b>	By Closing Stock	15,000
	<b>1,37,300</b>		<b>1,37,300</b>
To Discount allowed	1,850	<b>By Gross Profit B/d</b> →	<b>54,725</b>
To Salaries	23,000	By Discount received	1,250
<b>Add:</b> Outstanding	<b>2,000</b>		
To Rent and Taxes	1,000		
<b>Less:</b> Prepaid	<b>1,000</b>		
To Sundry expenses	2,350		
To <b>Depreciation on Equipment</b>	<b>1,500</b>		
<b>To Net Profit</b> →	<b>25,275</b>		
	<b>55,975</b>		<b>55,975</b>



-----Balance Sheet as on 31.12.2020-----			
Liabilities	A.Rs	Assets	A.Rs.
Outstanding Salaries	2,000	Premises	50,000
Bank overdraft	425	Equipment	15,000
Creditors	7,750	<b>Less:</b> Depreciation@ 10% 1500	13,500
Long term loan	16,500	Vehicle	10,750
Capital		Debtors	11,420
55,000		Cash	60
<b>Less:</b> Drawings	5,220	<b>Prepaid Rent &amp; Taxes</b>	<b>1,000</b>
	49,780	Closing Stock	15,000
<b>Add: Net Profit</b>	<b>25,275</b>		
	75,055		
	<b>1,01,730</b>		<b>1,01,730</b>

& & & &

(17) ) From the following trial balance taken from the books of Srikrishna &Co., prepare trading and profit and loss account for the year 31.12.2020 and a balance sheet as on that date.

Particulars	Dr. Rs.	Cr. Rs.
Machinery	3,67,000	-
Opening stock	1,16,800	-
Purchases and sales	8,00,000	9,52,000
Returns	16,800	15,200
General expenses	40,000	-
Stationary	4,000	-
Loan from Andhra bank	-	2,76,200
Cash	25,300	-
Apprentice premium	-	6,400
12% loan	-	20,000
Bad debts	13,600	-
Debtors & creditors	2,56,000	80,000
Provision for bad debts	-	8,000
Interest	300	-
Sri Krishna Capital	-	2,82,000
	<b>16,39,800</b>	<b>16,39,800</b>

**Adjustments:**

- Purchases include Rs.8, 000 being the value of machinery purchased in January, 2020
- Provide 5% per annum as interest on capital
- Provide 10% depreciation on machinery
- Value of stock on 31.12.2020 was Rs. 68,000



**Solution**

Dr ---Trading, P & L A/c of Srikrishna &Co., for the year ended Dec. 31,2020----Cr			
Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
To Opening stock	1,16,800	By Sales	9,52,000
To Purchases	8,00,000	<b>Less:</b> Returns	16,800
<b>Less:</b> Machinery value	8,000	By Apprentice premium	6,400
<b>Less:</b> Returns	15,200	By Closing Stock	68,000
<b>To Gross Profit c/d</b>	<b>→ 1,16,000</b>		
	<b>10,09,600</b>		<b>10,09,600</b>
To Depreciation on Machinery	37,500	<b>By Gross Profit B/d</b>	<b>→ 1,16,000</b>
To General expenses	40,000	By Provision for bad debts	8,000
To Stationary	4,000		
To Bad debts	13,600		
To Interest	300		
To Interest on Capital	14,100		
<b>To Net Profit</b>	<b>→ 14,500</b>		
	<b>1,24,000</b>		<b>1,24,000</b>

-----Balance Sheet of Srikrishna &Co., as on Dec. 31,2020-----			
Liabilities	A.Rs	Assets	A.Rs.
Loan from Andhra bank	2,76,200	Machinery	3,67,000
12% loan	20,000	<b>Add:</b> Include Purchases	8000
Creditors	80,000		3,75,000
Capital	2,82,000	<b>Less:</b> Depreciation	37,500
<b>Add: Interest @ 5%</b>	<b>14,100</b>	Cash	25,300
<b>Add: Net Profit</b>	<b>14,500</b>	Debtors	2,56,000
	3,10,600	Closing Stock	68,000
	<b>6,86,800</b>		<b>6,86,800</b>

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**(18)** From the following information, prepare Final Accounts?

Particulars	Dr. Rs.	Cr. Rs.
Purchase	15,000	-
Sales	-	35,000
Returns	700	800
Opening Stock	10,000	-
Wages	500	-
Salaries	700	-
Depreciation	1000	-
Rent Received	-	5,000
Building	15,000	-
Capital	-	30,000
Debtors	10,000	-
Creditors	-	7,000
Bank overdraft	-	5,000
Cash	29,900	-
	<b>82,800</b>	<b>82,800</b>

Adjustments:

(a) Closing Stock was valued Rs.15,000/-

(b) Outstanding wages Rs.500/-

(c) Appreciation on Building @ 10%.

**Prepared By: Dr.N.Suresh Babu, Asst. Professor (C), Dept.of Management, RGUKT-Nuzvid**





**Solution:**

Dr-----Trading, P & L A/c -----Cr			
Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
To Opening stock	10,000	By Sales	35,000
To Purchases	15,000	<b>Less:</b> Returns	700
<b>Less:</b> Returns	800	By Closing Stock	15,000
To wages	500		
<b>Add:</b> outstanding	500		
<b>To Gross Profit c/d</b> →	24,100		
	49,300		49,300
To Depreciation	1000	<b>By Gross Profit B/d</b> →	24,100
To Salaries	700	By Rent Received	5,000
<b>To Net Profit</b> →	28,900	By <b>Appreciation on Building</b>	1500
	30,600		30,600

-----Balance Sheet -----			
Liabilities	A.Rs	Assets	A.Rs.
<b>Outstanding wages</b>	500	Building	15,000
Creditors	7,000	<b>Add:</b> Appreciation @ 10%	1500
Bank overdraft	5,000	Debtors	10,000
Capital	30,000	Cash	29,900
<b>Add: Net Profit</b>	28,900	Closing Stock	15,000
	71,400		71,400

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(19) Prepare Trading, Profit and Loss Account and Balance Sheet as on 31-12-2018 from the Trial Balance of Shiva Co Ltd.,

Debit Balances	Amount (Rs.)	Credit Balances	Amount (Rs.)
Purchases	25,200	Sales	61,604
Furniture	1,600	Capital	35,000
Wages	3,500	Creditors	3,903
Machinery	20,000	Purchase Returns	222
Opening Stock	17,525		
Sales Returns	1,200		
Debtors	10,400		
Freight on purchase	200		
Salaries	10,600		
Freight on sales	503		
Rent and Taxes	2001		
Cash at bank	8000		
	1,00,729		1,00,729

**Adjustments:** i) Closing Stock Rs. 16,800 ii) Outstanding Salaries Rs. 400 iii) Prepaid Rent & Taxes Rs. 201 iv) Provide for Bad Debts Reserve @ 5% v) Depreciation on Machinery @ 10% vi) Calculate Interest on Capital @ 5%..

**Prepared By: Dr.N.Suresh Babu, Asst. Professor (C), Dept.of Management, RGUKT-Nuzvid**



**Solution:**

Dr-----Trading, P & L A/c of Shiva Co Ltd for the year ended 31-12-2018 -----Cr			
Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
To Opening stock	17,525	By Sales	61,604
To Purchases	25,200	<b>Less:</b> Returns	1,200
<b>Less:</b> Returns	222	By Closing Stock	16,800
To wages	3500		
To Freight on purchase	200		
<b>To Gross Profit c/d</b> →	<b>31,001</b>		
	<b>77,204</b>		<b>77,204</b>
To Depreciation on Machinery	2,000	<b>By Gross Profit B/d</b> →	<b>31,001</b>
To Bad debt Reserve	520		
To Salaries	10,600		
<b>Add:</b> Outstanding	<b>400</b>		
To Freight on sales	503		
To Rent and Taxes	2001		
<b>Less:</b> Prepaid	<b>201</b>		
To Interest on Capital	1,750		
<b>To Net Profit</b> →	<b>13,428</b>		
	<b>31,001</b>		<b>31,001</b>

Balance Sheet of Shiva Co Ltd as on 31-12-2018			
Liabilities	A.Rs	Assets	A.Rs.
<b>Outstanding Salaries</b>	<b>400</b>	Furniture	1,600
Creditors	3,903	Machinery	20,000
Capital	35,000	<b>Less:</b> Depreciation@ 10%	<b>2,000</b>
<b>Add:</b> Interest@ 5%	<b>1,750</b>	Debtors	10,400
<b>Add:</b> Net Profit	<b>13,428</b>	<b>Less:</b> Bad debt Reserve@ 5%	<b>520</b>
		Cash at bank	8000
		<b>Prepaid Rent and Taxes</b>	<b>201</b>
		Closing Stock	16,800
	<b>54,481</b>		<b>54,481</b>

**& & & &**

**(20)** From the following Trial Balance prepare Final Accounts of Evergreen and Company Ltd.

Particulars	Dr. Rs.	Cr. Rs.
Cash in hand	2,400	-
Purchases	2,40,000	-
Stock on 1-1-2019	70,000	-
Debtors	1,00,000	-
Plant & Machinery	1,20,000	-
Furniture	30,000	-
Bills Receivable	40,000	-
Rent & Taxes	20,000	-
Wages	32,000	-
Salaries	37,600	-
Capital	-	2,00,000
Bills Payable	-	44,000
Creditors	-	48,000
Sales	-	4,00,000
	<b>6,92,000</b>	<b>6,92,000</b>

**Adjustments:** i) Closing inventory as on 31-12-2019: Rs. 50,000 ii) Outstanding wages: Rs. 5,000 iii) Prepaid Rent and Taxes Rs1000

**Prepared By: Dr.N.Suresh Babu, Asst. Professor (C), Dept.of Management, RGUKT-Nuzvid**



**Solution:**

Dr-----Trading, P & L A/c of Evergreen Company Ltd for the year ended 31-12-2019 -----Cr			
Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
To Opening stock on 1-1-2019	70,000	By Sales	4,00,000
To Purchases	2,40,000	By Closing Stock	50,000
To wages 32,000			
Add: Outstanding 5,000	37,000		
To Gross Profit c/d →	1,03,000		
	4,50,000		4,50,000
To Rent and Taxes 20,000		By Gross Profit B/d →	1,03,000
Less: Prepaid 1,000	19,000		
To Salaries	37,600		
To Net Profit →	46,400		
	1,03,000		1,03,000

Balance Sheet of Evergreen Company Ltd as on 31-12-2019			
Liabilities	A.Rs	Assets	A.Rs.
Outstanding Wages	5,000	Cash in hand	2,400
Bills Payable	44,000	Debtors	1,00,000
Creditors	48,000	Plant & Machinery	1,20,000
Capital 2,00,000		Furniture	30,000
Add: Net Profit 46,400	2,46,400	Bills Receivable	40,000
		Prepaid Rent and Taxes	1,000
		Closing Stock	50,000
	3,43,400		3,43,400

& & & &

(21) The following are the balances extracted from the books of Rakesh on 31st March 2015.

Particulars	Amount (Rs.)
Rakesh Capital	30,000
Rakesh Drawings	5,000
Furniture and fixtures	2,600
Opening Stock	22,000
Debtors	18,000
Rent from tenants	1,000
Purchases	1,10,000
Sales	1,50,000
Electricity Charges	1,100
Sales Returns	2,000
Discount (Dr)	1,600
Bank overdraft	4,200
Creditors	13,800
Discount (Cr)	2,000
Tax & Insurance	2,000
General Expenses	4,000
Salaries	9,000
Commission (Dr)	2,200
Carriage on purchases	1,800
Bad debts	800

**Adjustments:** (a) Closing stock at the end was Rs 20,060; (b) Depreciate furniture and fixtures by Rs 550. Prepare Trading, Profit and Loss account and Balance Sheet for the year ended 31st March 2015 after taking the above adjustments.

**Prepared By: Dr.N.Suresh Babu, Asst. Professor (C), Dept.of Management, RGUKT-Nuzvid**



**Solution:**

Dr-----Trading, P & L A/c of Rakesh for the year ended 31st March 2015-----Cr			
Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
To Opening stock	22,000	By Sales	1,50,000
To Purchases	1,10,000	<b>Less:</b> Returns	2,000
To Electricity Charges	1,100		
To Carriage on purchases	1,800	By Closing Stock	20,060
<b>To Gross Profit c/d</b> →	<b>33,160</b>		
	<b>1,68,060</b>		<b>1,68,060</b>
To <b>Depreciation on Furniture &amp; fixtures</b>	550	<b>By Gross Profit B/d</b> →	<b>33,160</b>
To Discount (Dr)	1,600	By Rent from tenants	1,000
To Tax & Insurance	2,000	By Discount (Cr)	2,000
To General Expenses	4,000		
To Salaries	9,000		
To Commission (Dr)	2,200		
To Bad debts	800		
<b>To Net Profit</b> →	<b>16,010</b>		
	<b>36,160</b>		<b>36,160</b>

Balance Sheet of Rakesh as on 31st March 2015			
Liabilities	A.Rs	Assets	A.Rs.
Bank overdraft	4,200	Furniture and fixtures	2,600
Creditors	13,800	<b>Less:</b> Depreciation	550
Capital	30,000	Debtors	18,000
<b>Less:</b> Drawings	5,000	Closing Stock	20,060
<b>Add: Net Profit</b>	<b>16,010</b>	<b>Suspense Account</b>	<b>18,900</b>
		(Trail Balance Different Amount)	
	<b>59,010</b>		<b>59,010</b>

& & & &

(22) From the following prepare Trading, Profit and loss and Balance Sheet as on 31-03-2015.

Particulars	Dr. Rs.	Cr. Rs.
Capital	-	20,000
Purchases	29,000	-
Sales	-	55,000
Carriage Inwards	5,000	-
Wages outstanding	-	2,000
Plant	20,000	-
Depreciation on plant	4,000	-
Rent received	-	1,000
Salaries and Wages	3,000	-
Reserve for bad and doubtful debts	-	1,000
Bad debts	2,000	-
Interest	-	5,000
Premises	20,000	-
Interest Paid	5,000	-
Creditors	-	6,000
Opening stock	25,000	-
Loans	-	38,000
Debtors	15,000	-
	<b>1,28,000</b>	<b>1,28,000</b>

**Adjustment:** (a) Closing stock at the end: Rs 40,000 (b) Depreciate Plant at the rate of 15% per annum.

**Prepared By: Dr.N.Suresh Babu, Asst. Professor (C), Dept.of Management, RGUKT-Nuzvid**



**Solution:**

Dr-----Trading, P & L A/c for the year ended 31st March 2015-----Cr			
Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
To Opening stock	25,000	By Sales	55,000
To Purchases	29,000	By Closing Stock	40,000
To Carriage Inwards	5,000		
<b>To Gross Profit c/d</b> →	<b>36,000</b>		
	<b>95,000</b>		<b>95,000</b>
To Depreciation on plant 4,000		<b>By Gross Profit B/d</b> →	<b>36,000</b>
<b>Add: Additional Depreciation</b> 3,000	7,000	By Rent received	1,000
To Salaries and Wages	3,000	By Reserve for bad doubtful debts	1,000
To Bad debts	2,000	By Interest	5,000
To Interest Paid	5,000		
<b>To Net Profit</b> →	<b>26,000</b>		
	<b>43,000</b>		<b>43,000</b>

Balance Sheet as on 31st March 2015			
Liabilities	A.Rs	Assets	A.Rs.
Wages outstanding	2,000	Plant 20,000	
Creditors	6,000	<b>Less: Depreciation@15%</b> 3,000	17,000
Loans	38,000	Premises	20,000
Capital 20,000		Debtors	15,000
<b>Add: Net Profit</b> 26,000	46,000	Closing Stock	40,000
	<b>92,000</b>		<b>92,000</b>

& & & &

(23) Prepare final accounts for Priyank for the year ended 31st March, 2020 from the following information.

Particulars	Dr. Rs.	Cr. Rs.
Cash in hand	4,500	-
Purchases	10,500	-
Sales	-	15,000
Returns	2,000	500
Opening Stock	5,000	-
Carriage Inwards	1,000	-
Bad Debts	1,000	-
Rent	4,000	4,000
Commission	1,000	2,000
Discount	2,000	1,500
Machinery	10,000	-
Debtors	9,000	-
Interest	1,000	3,000
Creditors	-	1,000
Capital	-	23,000
Provision for Bad Debts	-	1,000
	<b>51,000</b>	<b>51,000</b>

**Adjustments:**

1. Closing stock is Rs. 15,000
2. Depreciate machinery at 10%
3. Further Bad debts are Rs. 1,000
4. Make a provision for Bad Debts at 10% on debtors.



**Solution:**

Dr-----Trading, P & L A/c of Priyank for the year ended 31st March 2020-----Cr			
Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
To Opening stock	5,000	By Sales	15,000
To Purchases		<b>Less:</b> Returns	2,000
10,500			13,000
<b>Less:</b> Returns	500	By Closing Stock	15,000
To Carriage Inwards	1,000		
<b>To Gross Profit c/d</b>	<b>→ 12,000</b>		
	<b>28,000</b>		<b>28,000</b>
To Bad Debts	1,000	<b>By Gross Profit B/d</b>	<b>→ 12,000</b>
<b>Add: Additional Bad debts</b>	<b>1,000</b>	By Rent	4,000
To <b>Provision for Bad Debts</b>	800	By Commission	2,000
To Rent	4,000	By Discount	1,500
To Commission	1,000	By Provision for Bad Debts	1,000
To Discount	2,000	By Interest	3,000
To <b>Depreciation on Machinery</b>	1,000		
To Interest	1,000		
<b>To Net Profit</b>	<b>→ 11,700</b>		
	<b>23,500</b>		<b>23,500</b>

Balance Sheet of Priyank as on 31st March 2020			
Liabilities	A.Rs	Assets	A.Rs.
Creditors	1,000	Cash in hand	4,500
Capital		Debtors	9,000
23,000			
<b>Add: Net Profit</b>	<b>11,700</b>	<b>Less:</b> Bad debts	<b>1,000</b>
	34,700	<b>Less: Provision for Bad Debts</b>	7,200
		800	
		(9000-1000 = 8000 x 10%)	
		Machinery	10,000
		<b>Less: Depreciation@10%</b>	<b>1,000</b>
		Closing Stock	15,000
	<b>35,700</b>		<b>35,700</b>

& & & &



(24) Prepare Trading and Profit and Loss Account for the year ended 31st March 2021 and Balance sheet as at that date from the following trail Balance of India & Co.,

Debit Balances	Amount (Rs.)	Credit Balances	Amount (Rs.)
Drawings	45,000	Capital	1,60,000
Goodwill	80,000	Bills payable	33,800
Land and Buildings	60,000	Creditors	70,000
Plant and Machinery	40,000	Purchase returns	2,650
Loose Tools	3,000	Sales	4,18,000
Bills Receivables	3,000	Capital	1,60,000
Stock (1-4-2020)	40,000		
Purchases	2,51,000		
Wages	20,000		
Carriage outwards	500		
Carriage Inwards	1,000		
Coal	5,800		
Salaries	35,000		
Rent, Rates & Taxes	2,800		
Discount	1,500		
Cash at bank	25,000		
Cash in hand	400		
Sundry debtors	45,000		
Repairs	1,800		
Printing & stationary	500		
Bad debts	1,200		
Advertisements	3,500		
Sales returns	2,000		
Furniture	11,200		
General Expenses	5,250		
	<b>6,84,450</b>		<b>6,84,450</b>

### Adjustments

- (i) Closing stock on 31.03.2013 was Rs.35,000
- (ii) Provide 5% on debtors against bad debts and 2% against discount on creditors
- (iii) Provide Rs.1,500 for wages
- (iv) Advertisements prepaid Rs.500
- (v) Depreciate plant & machinery, Tools and furniture by 10% and Land & Buildings by 5%



**Solution**

<b>Dr-----Trading, P &amp; L A/c of India &amp; Co for the year ended 31st March 2021--Cr</b>			
<b>Particulars</b>	<b>Amount (Rs.)</b>	<b>Particulars</b>	<b>Amount (Rs.)</b>
To Opening stock	40,000	By Sales 4,18,000	
To Purchases 2,51,000		<b>Less:</b> Returns 2,000	4,16,000
<b>Less:</b> Returns 2,650	2,48,350	By Closing Stock	35,000
To Wages 20,000			
<b>Add: Outstanding 1,500</b>	21,500		
To Carriage Inwards	1,000		
To Coal	5,800		
<b>To Gross Profit c/d → 1,34,350</b>			
	<b>4,51,000</b>		<b>4,51,000</b>
To <b><u>Depreciation:</u></b>		<b>By Gross Profit B/d → 1,34,350</b>	
Machinery	3,000	<b>By Discount on Creditors</b>	1,400
Plant and Machinery	4,000		
Loose Tools	300		
Furniture	1,120		
To Carriage outwards	500		
To Salaries	35,000		
To Rent, Rates & Taxes	2,800		
To Discount	1,500		
To <b>Bad debts</b> (1200 +2250)	3,450		
To Repairs	1,800		
To Printing & stationary	500		
To Advertisements 3,500			
<b>Less:</b> Prepaid 500	3,000		
To General Expenses	5,250		
<b>To Net Profit → 73,530</b>			
	<b>1,35,750</b>		<b>1,35,750</b>





Balance Sheet of India & Co as on 31st March 2021			
Liabilities	A.Rs	Assets	A.Rs.
Outstanding Wages	1,500	Goodwill	80,000
Bills payable	33,800	Land and Buildings 60,000	
Creditors 70,000		Less: Depreciation@5% 3,000	57,000
Less: Discount@2% 1,400	68,600	Plant and Machinery 40,000	
		Less: Depreciation@10% 4,000	36,000
Capital 1,60,000		Loose Tools 3,000	
Less: Drawings 45,000		Less: Depreciation@10% 300	2,700
Add: Net Profit 73,530	1,88,530	Closing Stock	
		Bills Receivables	3,000
		Cash at bank	25,000
		Cash in hand	400
		Sundry debtors 45,000	
		Less: Bad debts@5% 2,250	42,750
		Prepaid Advertisement	500
		Furniture 11,200	
		Less: Depreciation@10% 1,120	10,080
		Closing Stock	35,000
	<b>2,92,430</b>		<b>2,92,430</b>

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