

**Illustration 10**

Following is the Trial Balance of Mr H Basak as on 31.03.2015. You are required to prepare Trading and Profit and Loss Account for the year ended 31.3.2015 and Balance Sheet as on the same date :

Debit Balance	₹	Credit Balance	₹
Opening Stock	10,000	Capital	1,66,000
Plant and Machinery	80,000	Sundry Creditors	20,000
Furniture	50,000	Sales	70,000
Drawings	10,000	Commission Received	1,600
Sundry Debtors	30,000		
Wages	4,000		
Salaries	6,000		
Commission Paid	1,600		
Purchases	40,000		
bad Debts	7,000		
Insurance	2,000		
Cash In Hand	11,000		
	2,51,600		2,51,600

**Additional information :**

- Stock as on 31.3.2015 ₹ 16,000.
- Create a provision for doubtful debts @ 6% on Sundry Debtors and write off ₹ 3,000 as further bad debts.
- Goods worth ₹ 12,000 were lost by fire and insurance claim of ₹ 8,000 was received.
- Wages include ₹ 400 for installation of plant.
- Provide depreciation @ 15% on Machinery and 10% on Furniture.

[C.U.B.Com. (General) — 2016]

## 15.42 Final Accounts of Trading Concern

**Solution**  
**Dr.**

**Mr H Basak**

**Trading and Profit and Loss Account for the year ended 31st March, 2015**

Particulars	₹	Particulars	Cr. ₹
To Opening Stock	10,000	By Sales	70,000
To Purchases	40,000	By Goods Destroyed by Fire	12,000
To Wages 4,000		By Closing Stock	16,000
Less: Wages Paid for Installation of Machinery 400	3,600		
To Gross Profit c/d	44,400		
	98,000		98,000
To Salaries	6,000	By Gross Profit b/d	44,400
To Commission Paid	1,600	By Commission Received	1,600
To Bad Debts 7,000			
Add: Further Bad Debts 3,000	10,000		
To Goods Destroyed by Fire (₹ 12,000 – 8,000)	4,000		
To Depreciation :			
on Plant and Machinery (Note 1)	12,060		
on Furniture	5,000		
To Insurance	2,000		
To Provision for Bad Debts	1,620		
To Net Profit (Transferred to Capital Account)	3,720		
	46,000		46,000

### Balance Sheet of Mr H Basak as at 31st March, 2015

Liabilities	₹	Assets	₹
Capital Account 1,60,000		<b>Fixed Assets :</b>	
Add : Net Profit 3,720		Plant and Machinery 80,000	
1,63,720		Add: Wages for Installation 400	
Less: Drawings 10,000	1,53,720	80,400	
Sundry Creditors 20,000		Less: Depreciation @ 15% (Note 1) 12,060	68,340
		Furniture 50,000	
		Less: Depreciation @ 10% 5,000	45,000
		<b>Current Assets :</b>	
		Stock 16,000	
		Sundry Debtors 30,000	
		Less: Further Bad Debts 3,000	
		27,000	
		Less: Provision for Bad Debts @ 6% 1,620	25,380
		Insurance Claim 8,000	
		Cash in Hand 11,000	
	1,73,720		1,73,720

#### Working Note :

##### (1) Depreciation on Plant and Machinery :

Depreciation is to be charged @ 15%. Therefore, it has been calculated for whole year. The depreciation will be :  
15% of (₹ 80,000 + 400) = ₹ 12,060.

### Illustration 11

From the following Trial Balance and other information of Mr. S. Basu, prepare Trading and Profit and Loss Account of Mr. Basu for the year ended 31.3.2015 and a Balance Sheet as on that date :

	Debit (₹)	Credit (₹)
Capital	—	100,000
Drawings	10,000	—
Land and Buildings	90,000	—
Plant and Machinery	20,000	—
Furniture	5,000	—
Sales	—	1,40,000
Return Outward	—	4,000
Debtors	18,400	—
Loan taken on 01.07.2014 @ 6% p.a.	—	30,000



Purchases	80,000	—
Return Inward	5,000	
Carriage Inward	10,000	
Sundry Expenses	600	
Insurance Expenses	1,500	
Provision for Bad Debts	—	1,380
Bad Debts	400	
Stock on 01.04.2014	21,300	
Salaries and Wages	18,500	
Creditors	—	12,000
Trade Expenses	800	
Cash at bank	4,600	
Cash in Hand	1,280	
	2,87,380	2,87,380

**Additional information :**

- Stock on 31.3.2015 — ₹ 27,300.
- A fire broke out on 23.03.2015 and ₹ 10,000 worth of goods were destroyed..
- Bad Debts amounting to ₹ 400 are to be written-off. Provision for bad debts is to be made at 8%.
- Mr. Basu took away goods worth ₹ 2,000 for personal use but no record was made thereof.
- Charge Depreciation at 2% on Land and Building, 20% on Plant and Machinery and 5% on Furniture.
- Insurance prepaid amounts to ₹ 200.

[C.U.B.Com. (General) — 2015]

**Solution****Mr S Basu****Trading and Profit and Loss Account for the year ended 31st March, 2015**

Particulars	₹	Particulars	₹
To Opening Stock	21,300	By Sales	1,40,000
To Purchases	80,000	Less: Return Inward	5,000
Less: Return Outward	4,000	By Abnormal Loss of Stock	10,000
Less: Drawings (Goods taken away)	2,000	By Closing Stock	27,300
To Carriage Inward	10,000		
To Gross Profit c/d	67,000		
	1,72,300		1,72,300
To Sundry Expenses	600	By Gross Profit b/d	67,000
To Outstanding Interest on Loan	1,350		
To Insurance Premium	1,500		
Less: Prepaid	200		
To Provision for Bad Debts :	1,300		
Bad Debt	400		
Add: Further Bad Debts	400		
Add: New Provision	1,440		
Less: Old Provision	2,240		
To Salaries and Wages	18,500		
To Trade Expenses	800		
To Abnormal Loss	10,000		
To Depreciation on Land and Building @ 2%	1,800		
To Depreciation on Plant and Machinery @ 20%	4,000		
To Depreciation on Furniture @ 5%	250		
To Net Profit	27,540		
	67,000		67,000

**Balance Sheet of Mr. S Basu as at 31st March, 2015**

Liabilities	₹	Assets	₹
Capital		Land and Building	90,000
Add: Net Profit	1,00,000	Less: Depreciation @ 2%	1,800
	27,540	Plant and Machinery	20,000
Less: Drawings (Goods taken)	1,27,540	Less: Depreciation @ 2%	4,000
Less: Drawings (Cash)	2,000	Furniture	5,000
Loan Taken	10,000	Less: Depreciation @ 5%	250
Creditors	1,15,540	Closing Stock	27,300
	30,000		
	12,000		

## 15.44 Final Accounts of Trading Concern

Outstanding Interest on Loan	1,350	Debtors	18,400	
		Less: Bad Debts	400	
			18,000	
		Less: Provision for Bad Debts (8%)	1,440	
		Prepaid Insurance		16,560
		Bank		200
		Cash		4,600
	1,58,890			1,280
				1,58,890

### Illustration 12

Following is the Trial Balance of Mr. A. Bose as on 31st March, 2014. You are required to prepare Trading and Profit and Loss Account for the year ended 31st March, 2014 and a Balance Sheet as on that date after making necessary adjustments:

#### Trial Balance as on 31.03.2014

	Debit (₹)	Credit (₹)
Capital and Drawings	18,000	1,50,000
Cash in Hand	1,800	
Cash at Bank	21,900	
Plant and Machinery	90,000	
Furniture	9,000	
Insurance Charges	1,200	
Miscellaneous Expenses	600	
Trade Mark Rights	30,000	
Stock on 01.04.2013	40,500	
Loan from M. Roy (taken on 1st October, 2013 @ 6% p.a.)		15,000
Interest on above loan	300	
Salary and Wages	27,300	
Debtors and Creditors	34,200	25,200
Rent, Rates and Taxes	9,300	
Trade Expenses	900	
Purchases and Sales	1,42,800	2,40,000
Bad Debts	2,400	
<b>TOTAL</b>	<b>4,30,200</b>	<b>4,30,200</b>

#### Adjustments:

- Stock on 31st March, 2014 ₹ 38,200.
- Depreciate Plant and Machinery @ 10% p.a. and Furniture @ 5% p.a.
- Out of the Debtors ₹ 1,200 are bad and should be written-off.
- Create a provision of 5% on Debtors for bad and doubtful debts.

[C.U.B.Com. (General) — 2014]

#### Solution

#### Mr A Bose

#### Dr. Trading and Profit and Loss Account for the year ended 31st March, 2014

Particulars	₹	Particulars	Cr. ₹
To Stock (1.4.2013)	40,500	By Sales	2,40,000
To Purchases	1,42,800	By Closing Stock	38,200
To Gross Profit c/d	94,900		2,78,200
	2,78,200		94,900
To Provision for Bad Debts	1,650	By Gross Profit b/d	
To Insurance Charges	1,200		
To Miscellaneous Expenses	600		
To Depreciation on Machinery	9,000		
To Interest on Loan	300		
Add: Outstanding Interest	150		
To Depreciation on Furniture	450		
To Salaries and Wages	27,300		
To Rent, Rates and Taxes	9,300		
To Trade Expenses	900		
To Bad Debts	2,400		
Add: Further Bad Debts	1,200		
To Net Profit (Transferred)	40,450		
	94,900		



**Balance Sheet of Mr. A. Bose as at 31st March, 2014**

Liabilities		₹	Assets		₹
Capital		1,50,000	Machinery		
Add: Net Profit	40,450		Less: Depreciation (10%)	90,000	
	1,90,450		Furniture	9,000	81,000
Less: Drawings	18,000	1,72,450	Less: Depreciation (5%)	9,000	
Loan from M Roy		15,000	Trade Mark Rights	450	8,550
Outstanding Interest on Loan		150	Closing Stock		30,000
Creditors		25,200	Debtors		38,200
			Less: Bad Debts	34,200	
				1,200	
			Less: Provision for Bad Debts	33,000	
			Cash at Bank	1,650	31,350
			Cash in Hand		21,900
		2,12,800			1,800
					2,12,800

**Illustration 13**

Following is the Trial Balance of Mr X as on 31.03.2013. You are required to prepare Trading and Profit and Loss Accounts for the year ended 31.03.2013 and a Balance Sheet as on that date after making necessary adjustments.

**Trial Balance as on 31.03.2013**

Particulars	Dr. (₹)	Particulars	Cr. (₹)
Purchases	1,20,000	Sales	
Sales Ledger Balance	60,800	Purchase Ledger Balance	2,00,000
Return Inward	4,000	Discount Received	48,800
Discount Allowed	4,000	Return Outward	1,200
Building	90,400	Capital	4,800
Depreciation on Building	4,000	Annual Apprenticeship Premium for the period upto 30.6.13	1,22,400
Income Tax	4,000	Provision for Bad Debts	4,800
Wages	4,000	Commission	4,000
Salaries	8,000		3,200
Stock in trade (01.04.2012)	12,000		
Trade Expenses	40,000		
Insurance	8,000		
Cash in Hand and Bank	800		
	33,200		
	3,89,200		3,89,200

**Adjustments :**

- Stock in trade on 31.03.2013 ₹ 40,000.
- Stock valued at ₹ 8,000 was destroyed by fire on 15.03.2013 for which insurance company admitted a claim of ₹ 4,800.
- Out of purchase, goods of ₹ 8,000 was distributed as free sample.
- Maintain provision for bad debts @ 5% on Debtors and provision for discount @ 2% on Debtors.

[C.U.B.Com. (General) — 2013]

**Solution****Mr X  
Trading, Profit and Loss Account for the year ended 31st March, 2013**

Particulars	₹	Particulars	₹
To Opening Stock	40,000	By Sales	2,00,000
To Purchases		Less: Return Inward	4,000
Less: Return Outward	1,20,000	Add: Advertisement (Note 1)	1,96,000
To Wages	4,800		8,000
To Gross Profit c/d	1,15,200	By Closing Stock	2,04,000
	8,000	By Goods Lost by Fire	40,000
	88,800		8,000
	2,52,000		2,52,000
To Advertisement (Note 2)	8,000	By Gross Profit b/d	88,800
To Discount Allowed	4,000	By Discount Received	1,200
To Depreciation on Building	4,000	By Apprenticeship Premium (9/12 x 4,800)	3,600
To Salaries	12,000	By Commission	3,200



## 15.46 Final Accounts of Trading Concern

To Trade Expenses	8,000	By provision for Bad Debts :		
To Insurance	800	Old	4,000	
To Goods Lost by Fire	3,200	Less: New	<u>3,040</u>	960
To Provision for Discount on Debtors (2% on ₹ 57,760)	1,155			
To Net Profit	56,605			
	<u>94,760</u>			<u>94,760</u>

### Balance Sheet of Mr X as at 31st March, 2013

Liabilities	₹	Assets	₹
Capital	1,22,400	Building	
Add: Net Profit	<u>56,605</u>	Sales Ledger Balance	60,800
	1,79,005	Less: Provision for Bad Debts	<u>3,040</u>
Less: Drawings (Income Tax)	<u>4,000</u>		57,760
Purchase Ledger Balance	48,800	Less: Provision for Discount on Debtors	<u>1,155</u>
Apprenticeship Premium Received in Advance	1,200	Closing Stock	56,605
		Insurance Claim (Loss of Stock)	40,000
		Cash in Hand and at Bank	4,800
	<u>2,25,005</u>		<u>33,200</u>
			<u>2,25,005</u>

Notes : (1) Alternatively, it can be deducted from Purchases.

(2) Goods distributed as free sample will be treated as advertisement.

### Illustration 14

The following is the Trial Balance of Mr G as on 31st March, 2012 :

Particulars	₹	Particulars	₹
Plant and Machinery	3,10,000	Capital	4,20,000
Opening Stock	30,000	Sundry Creditors	20,000
Sundry Debtors	40,000	Sales	2,10,000
Wages	10,000	Return Outward	20,000
Salaries	15,000	Provision for Doubtful Debts	1,000
Rent (April 2011 to June 2012)	18,000	Interest	4,000
Purchases	1,50,000		
Return Inward	10,000		
Bad Debt	9,000		
Insurance	3,000		
Office Expenses	5,000		
Cash in Hand	30,000		
Cash at Bank	45,000		
	<u>6,75,000</u>		<u>6,75,000</u>

#### Additional information :

- Stock on 31st March, 2012 was valued at ₹ 35,000.
- Further bad debt of ₹ 1,000 is to be written off and a provision for doubtful debts @ 5% on Sundry Debtors is to be maintained.
- Goods costing ₹ 5,000 have been distributed as free sample.
- Purchase of machinery worth ₹ 20,000 on 01.10.2011 has been wrongly included in Purchases Account. Depreciation @ 10% p.a. is to be charged on machinery.
- Office expenses outstanding ₹ 500.

Prepare Trading Account, Profit and Loss Account for the year ended 31.03.2012 and a Balance Sheet of Mr. G as on that date.

#### Solution

Mr. G				Cr.
Trading and Profit and Loss Account for the year ended 31.3.2012				
Particulars		₹	Particulars	₹
To Opening Stock			By Sales	2,10,000
To Purchases		30,000	Less: Return Inward	<u>10,000</u>
Less: Machinery	1,50,000		By Closing Stock	35,000
Sample	20,000			
Return Outward	5,000			
	<u>20,000</u>	1,05,000		



To Wages		10,000		
To Gross Profit c/d		90,000		
		2,35,000		2,35,000
To Salaries	18,000	15,000	By Gross Profit b/d	90,000
To Rent	3,600	14,400	By Interest	4,000
Less: Prepaid (18,000 ÷ 15 x 3)				
To Provision for Bad Debts:				
Bad Debts (9,000+1,000)	10,000			
Add: New Provision	1,950			
Less: Old Provision	(1,000)	10,950		
To Insurance		3,000		
To Office Expenses	5,000			
Add: Outstanding	500	5,500		
To Advertisement (Sample)		5,000		
To Depreciation on Machinery		32,000		
To Net Profit		8,150		
		94,000		94,000

**Balance Sheet of Mr. G as on 31.3.2012**

Liabilities	₹	Assets	₹
Capital	4,20,000	Plant and Machinery	3,10,000
Add: Net Profit	8,150	Add: Further Purchase on 1.10.2011	20,000
Creditors	20,000		3,30,000
Outstanding Office Expenses	500	Less: Depreciation	32,000
		Closing Stock	2,98,000
		Debtors	35,000
		Less: Further bad debts	40,000
			1,000
			39,000
		Less: Provision for bad debt (5%)	1,950
		Cash in Hand	37,050
		Cash at Bank	30,000
		Prepaid Rent	45,000
			3,600
	4,48,650		4,48,650

**Working Note :****Depreciation on Machinery :**

On Opening balance (₹ 3,10,000 × 10%)

Add: (₹ 20,000 × 10% × 6/12)

₹
31,000
1,000
<u>32,000</u>

**Illustration 15**

Mr. S. N. Roy started a business on 1.4.2010 with ₹ 10,000 cash, ₹ 5,000 in goods and ₹ 15,000 in furniture. His Trial Balance as on 31.3.2011 was as follows :

**Debit Balances :** Bad Debt ₹ 3,500; Stock-in-trade ₹ 5,000; Furniture ₹ 15,000; Drawings ₹ 3,500; Wages ₹ 1,800; Purchases ₹ 18,000; Advertisement ₹ 1,600; Debtors ₹ 9,000; Cash ₹ 4,700; Salaries ₹ 2,400; Interest on Loan ₹ 200; Commission paid ₹ 800; Insurance Premium ₹ 800; Machinery ₹ 30,000.

**Credit Balances :** Capital ₹ 30,000; Creditors ₹ 5,000; Bank Loan ₹ 32,400; Commission Received ₹ 200; Sales ₹ 28,700.

**Additional information :**

- Mr. Roy used goods of ₹ 1,000 for personal consumption. the value of remaining stock ₹ 9,000.
  - Goods valued at ₹ 5,000 were lost by fire for which insurance claim of ₹ 2,000 was to be received.
  - Depreciate Furniture @ 5% p.a. and Machinery @ 10% p.a. The machinery was purchased on 1.10.2010.
  - Interest on Bank Loan was payable @ 10% p.a. The loan was taken at the beginning of the year.
  - A further Bad Debts of ₹ 1,000 is to be written off and a provision for doubtful debt is to be provided @ 5%.
  - 1/4th of the Advertisement Expenses is to be carried forward.
  - Included in Debtors is ₹ 3,000 due from Mr P, included in creditors ₹ 1,000 due to the same person.
- Prepare Trading Account, Profit and Loss Account for the year ended 31.3.2011 and a Balance Sheet of Mr S. N. Roy as on that date.

[C.U.B.Com. (General) — 2011]

# 15.48 Final Accounts of Trading Concern

S. N. Roy				
Trading and Profit and Loss Account for the year ended 31.3.2011				
Solution Dr.	Particulars	₹	Particulars	Cr.
To Stock	18,000	5,000	By Sales	28,700
To Purchases	<u>1,000</u>	17,000	By Stock Lost by Fire	5,000
Less: Drawings of Goods		1,800	By Closing Stock	9,000
To Wages		18,900		
To Gross Profit c/d		42,700		42,700
To Advertisement	1,600		By Gross Profit b/d	18,900
Less: Carried forward (1/4) (Note 1)	<u>400</u>	1,200	By Commission Received	200
To Abnormal Loss		3,000		
To Salaries		2,400		
To Interest on Loan	200			
Add: Outstanding (Note 2)	<u>3,040</u>	3,240		
To Commission Paid		800		
To Insurance Premium		800		
To Bad Debts	3,500			
Add: Further Bad Debt	<u>1,000</u>	4,500		
To Provision for Doubtful Debt		350		
To Depreciation on :				
Furniture	750			
Machinery	<u>1,500</u>	2,250		
To Net Profit (Transferred to Capital)		560		
		19,100		19,100

**Tutorial Note(1) :** Advertisement expenses is not generally carried forward. It is totally charged to the Profit and Loss Account of the year in which it is incurred. If it is totally charged to Current Profit and Loss Account, the Net Profit will be ₹ 160.

## Balance Sheet of S. N. Roy as at 31.3.2011

Liabilities	₹	Assets	₹
Capital	30,000	Furniture	15,000
Add: Net Profit	560	Less: Depreciation @ 5% p.a.	750
	30,560	Machinery	30,000
Less: Drawings	3,500	Less: Depreciation @ 10% p.a.	1,500
	27,060	Debtors	9,000
Less: Drawings of Goods	1,000	Less: Set Off (Due to P)	1,000
Creditors	5,000		8,000
Less: Set off	1,000	Less: Further Bad Debt	1,000
Bank Loan	32,400		7,000
Outstanding Interest on Loan	3,040	Less: Provision for Doubtful Debts	350
		Advertisement (Carry forward))	
		Insurance Claim (Admitted)	
		Closing Stock	
		Cash	
	65,500		65,500

### Note 2 :

Interest on Loan = ₹ 32,400 × 10%  
Less: paid during the year  
**Outstanding**

₹  
3,240  
200  
3,040



## [ For Honours Candidates Only ]

**Illustration 16**

The following Trial Balance is extracted from the books of Mr. S.K. Sen as on 31.3.2015 :

Debit Balance	₹	Credit Balance	₹
Plant and Machinery	4,00,000	Capital	5,70,000
Opening Stock	45,000	Sundry Creditors	36,000
Sundry Debtors	50,000	Sales	2,40,000
Wages	15,000	Return Outward	30,000
Salaries	20,000	Provision for Doubtful Debts	2,000
Rent	22,000		
Income Tax	2,500		
Purchases	1,80,000		
Return Inward	15,000		
Bad Debt	12,500		
Insurance	4,000		
Office Expenses	7,000		
Cash in Hand	45,000		
Cash at Bank	60,000		
	8,78,000		8,78,000

**Additional information :**

- Stock as on 31.03.2015 ₹ 50,000.
- Machinery purchased on 01.10.2014 for ₹ 40,000 was wrongly debited in Purchases Account. Depreciation @ 15% p.a. to be charged on machinery.
- Outstanding office expenses amounted to ₹ 1,500.
- Goods worth ₹ 7,000 was distributed as free sample.
- Create a provision for doubtful debts @ 5% on Sundry Debtors after writing off ₹ 2,500 as further bad debts.

You are required to prepare Trading and Profit and Loss Account for the year ended 31.3.2015 and Balance Sheet as on the same date.

[C.U.B.Com. (Hons.) — 2016]

**Solution**

Mr. S K Sen

**Trading and Profit and Loss Account for the year ended 31st March, 2015**

Particulars	₹	₹	Particulars	₹	₹
To Opening Stock		45,000	By Sales	2,40,000	
To Purchases	1,80,000		Less: Return Inwards	15,000	2,25,000
Less: Return Outwards	30,000		By Closing Stock		50,000
Less: Purchase of Machinery	1,50,000				
Less: Goods Distributed as Free Samples	40,000				
Less: Goods Distributed as Free Samples	1,10,000				
To Wages		15,000			
To Gross Profit c/d		1,12,000			
		2,75,000			2,75,000
To Advertisement (Free Sample)		7,000	By Gross Profit b/d		1,12,000
To Salaries		20,000	By Net Loss (Transferred to Capital Account)		27,875
To Rent		22,000			
To Bad Debts					
Add: Further Bad Debts	12,500	15,000			
To Insurance	2,500	4,000			
To Office Expenses					
Add: Outstanding Office Expenses	7,000	8,500			
To Depreciation on : Machinery (Note 1)	1,500	63,000			
To Provision for Bad Debts : New					
Less: Old	2,375	375			
	2,000				
		1,39,875			1,39,875



## 15.50 Final Accounts of Trading Concern

### Balance Sheet of Mr S K Sen as at 31st March, 2015

Particulars	₹	₹	Particulars	₹	₹
Capital Account	5,70,000		Plant and Machinery	4,00,000	
Less: Net Loss	27,875		Add: New Machinery Purchased	40,000	
	5,42,125			4,40,000	
Less: Income Tax (Drawings)	2,500	5,39,625	Less: Depreciation (Note 1)	63,000	3,77,000
Sundry Creditors		36,000	Closing Stock		50,000
Outstanding Office Expenses		1,500	Sundry Debtors	50,000	
			Less: Bad Debts	2,500	
				47,500	
			Less: Provision for Bad Debts	2,375	45,125
			Cash at Bank		60,000
			Cash in Hand		45,000
		5,77,125			5,77,125

#### Working Notes :

#### (1) Calculation of Depreciation on Plant and Machinery

- (a) Depreciation on old Plant and Machinery @ 15% p.a. on ₹ 4,00,000  
 (b) Depreciation on new Machinery @ 15% p.a. on ₹ 40,000 for 6 months

₹
60,000
3,000
63,000

- (2) Goods distributed as free sample will be treated as advertisement. The cost of the sample will be deducted from Purchases.

#### Illustration 17

From the following Trial Balance of Mr. S. Roy as on 31.3.2015, you are required to prepare a Trading and Profit and Loss Account for the year ended 31.3.2015 and a Balance Sheet as on that date after making necessary adjustments :

#### Trial balance as on 31.03.2015

	Debit (₹)	Credit (₹)
Sundry Debtors / Creditors	5,00,000	2,00,000
Wages	1,00,000	
Carriage Outward	1,10,000	
Carriage Inward	50,000	
General Expenses	70,000	
Cash Discount	20,000	
Bad Debts	10,000	
Motor Car	2,40,000	
Printing and Stationery	70,000	
Furniture and Fittings	1,10,000	
Advertisement	45,000	
Insurance	45,000	
Motor Car Expenses	40,000	
Salesmen's Commission	87,500	
Postage and Telephone	57,500	
Salaries	1,60,000	
Rates and Taxes	25,000	
Capital / Drawings	20,000	14,43,000
Purchases / Sales	15,50,000	19,87,500
Stock on 1.4.2014	2,50,000	
Cash at Bank	60,000	
Cash in Hand	10,500	
	36,30,500	36,30,500

#### Adjustments :

- (a) Stock on 31.3.2015 was valued at ₹ 7,25,000.  
 (b) A provision for Doubtful Debts is to be created to the extent of 5% on Sundry Debtors.  
 (c) Depreciate Furniture and Fittings by 10%, Motor Car by 20%  
 (d) Mr. Roy had withdrawn goods worth ₹ 25,000 during the year for personal use.  
 (e) Debtors include Bad Debts of ₹ 25,000.  
 (f) 1/4th of Motor Car Expenses and depreciation on Motor Car should be charged to Mr. Roy's Personal Account for personal use of Motor Car.

Mr. Roy's Personal Account  
 [C.U.B.Com. (Hons.) — 2015]



Solution  
Dr.

Mr S Roy

## Trading and Profit and Loss Account for the year ended 31st March, 2015

Cr.

Particulars	₹	Particulars	₹
To Stock on 1.4.2014	2,50,000	By Sales	19,87,500
To Purchases	15,50,000	By Closing Stock	7,25,000
Less: Drawings of Goods	<u>25,000</u>		
To Wages	1,00,000		
To Carriage Inwards	50,000		
To Gross Profit c/d	7,87,500		
	<u>27,12,500</u>		<u>27,12,500</u>
To Carriage Outward	1,10,000	By Gross Profit b/d	7,87,500
To General Expenses	70,000	By Net Loss	38,250
To Cash Discount	20,000		
To Bad Debts	10,000		
Add: Further Bad Debts	<u>25,000</u>		
To Printing and Stationery	70,000		
To Depreciation on Furniture	11,000		
To Advertisement	45,000		
To Insurance	45,000		
To Motor Car Expenses	40,000		
Less: For Personal Use (1/4)	<u>10,000</u>		
To Salesmen's Commission	87,500		
To Postage and Telephone	57,500		
To Salaries	1,60,000		
To Rates and Taxes	25,000		
To Provision for Bad Debts	23,750		
To Depreciation on Car (20% of ₹ 2,40,000)	48,000		
Less: For Personal Use	<u>12,000</u>		
	<u>36,000</u>		
	8,25,750		8,25,750

## Balance Sheet of Mr S Roy as at 31st March, 2015

Liabilities	₹	Assets	₹
Capital	14,43,000	Motor Car	2,40,000
Less: Net Loss	<u>38,250</u>	Less: Depreciation (20%)	48,000
	14,04,750	Furniture	1,10,000
Less: Drawings	20,000	Less: Depreciation (10%)	11,000
Less: Drawings of Goods	25,000	Closing Stock	7,25,000
Less: Motor Car Expenses and Depreciation	<u>22,000</u>	Sundry Debtors	5,00,000
Sundry Creditors	13,37,750	Less: Further Bad Debts	<u>25,000</u>
	2,00,000		4,75,000
		Less: Provision for Bad Debts (5%)	<u>23,750</u>
		Bank	60,000
		Cash	10,500
	<u>15,37,750</u>		<u>15,37,750</u>

## Illustration 18

The following Trial Balance was extracted from the books of Mr. S. Sengupta as on 31st December, 2013:

Particulars	Debit (₹)	Credit (₹)
Capital		3,25,000
Freehold Land and Building	1,17,000	
Furniture and Fittings	17,420	
Stock in Trade (1.1.2013)	1,48,200	
Electricity	2,314	
Drawings	75,400	
Purchases	10,21,800	
Sales		12,37,600
General Expenses	46,826	

## 15.52 Final Accounts of Trading Concern

Balance at Bank	10,712	
Motor Van	3,120	
Discount Received		22,932
Discount Allowed	28,964	
Trade Debtors	1,23,500	
Trade Creditors		99,450
Rates and Insurance	2,496	
Wages and Salaries	64,610	
Goodwill	15,600	
Bad Debts Written Off	11,180	
Provision for Bad Debts (1.1.2013)		4,160
	16,89,142	16,89,142

Prepare a Trading and Profit and Loss Account for the year ended 31st December, 2013 and the Balance Sheet as on that date after taking into consideration the following information :

- The stock in trade on 31st December, 2013 was valued at ₹ 2,05,400.
- Rates and Insurance paid in advance on 31st December, 2013 amounted to ₹ 650.
- The Motor Van shown in the Trial Balance was sold on 31.12.2013 for ₹ 1,040 for cash, which Mr. Sengupta retained for private use. No entry for this transaction was made in the books.
- The provision for Doubtful Debts is to be increased to ₹ 5,980.
- Provide depreciation on Furniture and Fittings ₹ 1,742.

[C.U.B.Com. (Hons.) — 2014]

### Solution

Mr. S. Sengupta

### Dr. Trading and Profit and Loss Account for the year ended 31st December, 2013 Cr.

Particulars	₹	Particulars	₹
To Opening Stock	1,48,200	By Sales	12,37,800
To Purchases	10,21,800	By Closing Stock	2,05,400
To Gross Profit c/d	2,73,000		
	14,43,000		14,43,000
To Depreciation on Furniture	1,742	By Gross Profit b/d	2,73,000
To Loss on Sale of Motor Van (Note 1)	2,080	By Discount Received	22,932
To Electricity	2,314		
To General Expenses	46,826		
To Discount Allowed	28,964		
To Rates and Insurance	2,496		
Less: Prepaid	650		
To Wages and Salaries (Note 2)	1,846		
To Bad Debts	64,610		
To Provision for Bad Debts :	11,180		
New	5,980		
Less: Old	4,160		
To Net Profit	1,820		
	1,34,550		
	2,95,932		2,95,932

### Balance Sheet of Mr S. Sengupta as at 31st December, 2013

Liabilities	₹	Assets	₹
Capital	3,25,000	Goodwill	15,600
Add: Net Profit	1,34,550	Freehold Land and Building	1,17,000
	4,59,550	Furniture and Fittings	17,420
Less: Drawings	75,400	Less: Depreciation	1,742
	3,84,150	Closing Stock	2,05,400
Less: Sale of Motor Van (Drawings)	1,040	Trade Debtors	1,23,500
Trade Creditors	3,83,110	Provision for Bad Debts	5,980
	99,450	Prepaid Rates and Insurance	10,712
	4,82,560	Bank	4,82,560

### Working Notes :

(1) Motor Van Account					
Dr.			Cr.		
Date	Particulars	₹	Date	Particulars	₹
	To Balance b/d	3,120		By Drawings (Sold)	1,040
				By Profit and Loss (Loss on Sale)	2,080
		3,120			3,120

- It is assumed that wages and salaries are indirect in nature. If it is treated as direct, the gross profit will be ₹ 2,08,390. However, there will be no change in the Net Profit figure.



**Illustration 19**

The following Trial Balance was extracted from the books of Mr A Bose as on 31st December, 2012 :

Debit Balance	₹	Credit Balance	₹
Plant and Machinery	40,000	Capital	1,60,000
Manufacturing Wages	69,000	Sundry Creditors	89,120
Salaries	31,700	Bank Loan	30,000
Furniture	20,000	Purchase Returns	3,480
Freight on Purchases	3,720	Sales	5,01,700
Freight on Sales	4,280	Provision for Bad Debts	4,000
Building	48,000		
Manufacturing Expenses	19,000		
Insurance and Tax	8,500		
Goodwill	50,000		
Factory Fuel and Power	2,560		
Sundry Debtors	1,56,400		
General Expenses	16,400		
Factory Lighting	1,900		
Opening Stock	68,400		
Motor Car	24,000		
Purchases	2,04,000		
Sales Returns	6,200		
Bad Debts	2,800		
Interest and Bank Charges	800		
Cash at Bank	8,400		
Cash in Hand	2,240		
	7,88,300		7,88,300

Prepare a Trading and Profit and Loss Account for the year ended 31st December, 2012 and the Balance Sheet as on that date after taking into consideration the following information :

- Closing stock ₹ 61,000.
- Depreciate Plant and Machinery by 10%, Furniture by 5% and Motor Car by ₹ 2,000.
- Maintain Provision for Bad Debts at 5% on Sundry Debtors.
- A commission of 1% on the gross profit is to be provided for works manager. [C.U.B.Com. (Hons.) — 2013]

**Solution****Mr A Bose****Dr. Trading, Profit and Loss Account for the year ended 31st December, 2012 Cr.**

Particulars	₹	Particulars	₹
To Opening Stock	68,400	By Sales	5,01,700
To Purchases	2,04,000	Less: Sales Return	6,200
Less: Purchase Returns	3,480	By Closing Stock	4,95,500
To Manufacturing Wages	69,000		61,000
To Freight on Purchases	3,720		
To Factory Fuel and Power	2,560		
To Factory Light	1,900		
To Manufacturing Expenses	19,000		
To Gross Profit c/d	1,91,400		
	5,56,400		5,56,500
To Salaries	31,700	By Gross Profit b/d	1,91,400
To Depreciation on :			
Machinery	4,000		
Furniture	1,000		
Motor Car	2,000		
To Freight on Sales	4,280		
To Insurance and Tax	8,500		
To General Expenses	16,400		
To Interest and Bank Charges	800		
To Provision for Bad Debts :			
Bad Debts	2,800		
Add: New Provision	7,820		
Less: Old Provision	10,620		
To Work's Manager Commission	4,000		
To Net Profit (Transferred to Capital A/c)	1,14,186		
	1,91,400		1,91,400

### 15.54 Final Accounts of Trading Concern

#### Balance Sheet of Mr A Bose as at 31st December, 2012

Liabilities		₹	Assets		₹
Capital	1,60,000		Goodwill		50,000
Add: Net Profit	<u>1,14,186</u>	2,74,186	Buildings		48,000
Sundry Creditors		89,120	Plant and Machinery	40,000	
Bank Loan		30,000	Less: Depreciation @ 10%	<u>4,000</u>	36,000
Outstanding Manager's Commission		1,914	Furniture	20,000	
			Less: Depreciation @ 5%	<u>1,000</u>	19,000
			Motor Car	24,000	
			Less: Depreciation	<u>2,000</u>	22,000
			Closing Stock		61,000
			Sundry Debtors	1,56,400	
			Less: Provision for Bad Debts	<u>7,820</u>	1,48,580
			Cash at Bank		8,400
			Cash in Hand		2,240
		<u>3,95,220</u>			<u>3,95,220</u>