

Q6. Prepare Trading and Profit and Loss Account for the year ended 31st March, 2024 and Balance Sheet as at that date from following balance taken from the books of Vijay on 31st March, 2024 after giving effect to the following adjustment:

- I. Stock as on 31st March, 2024 was valued at 2,30,000**
- II. Write off further 1,800 as Bad Debts and maintain the Provision for Doubtful Debts at 5%**
- III. Depreciate Machinery at 10%**
- IV. Provide 7,000 as outstanding interest on loan.**

Particulars	Amount	Particulars	Amount
Capital	2,45,000	Loan	78,800
Drawings	20,000	Sales	6,53,600
General Expenses	47,400	Purchases	4,70,000
Building	1,10,000	Motor Car	20,000
Machinery	93,400	Provision for Doubtful Debts	9,000
Stock on 1st April, 2023	1,62,000	Commission (Cr.)	13,200
	13,150	Car Expenses	18,000
Insurance	72,000	Bills Payable	38,500
Wages	62,800		800
Debtors	25,000	Cash	33,000
Creditors	5,500	Bank Overdraft	1,050
Bad Debts		Charity	

Solution –**In the Books of Vijay****Dr Trading and Profit & Loss Account for the Year ended March 31, 2024****Cr**

Particulars	Amount	Particulars	Amount
To Opening Stock A/c	1,62,000	By Sales A/c	6,53,600
To Purchases A/	4,70,000	By Closing Stock A/c	2,30,000
To Wages A/c	72,000		
To Gross Profit A/c (B/F)	1,79,600		
	8,83,600		8,83,600
To Taxes and Insurance	13,150	By Gross Profit A/c	1,79,600
To Bad Debts A/c 5,500		By Commission A/c	13,200
Add: Further Bad Debts 1,800			
Add: Provision for DD 3,050			
Less: Old Provision <u>(9,000)</u>	1,350		
To Car Expenses A/c	18,000		
To Charity A/c	1,050		
To Depreciation on Machinery	9,340		
To Outstanding Int on Loan	7,000		
To General Expenses A/c	47,400		

To Net Profit (B/F)	95,510		
	1,92,800		1,92,800

Balance Sheet
As on March 31, 2024

Liabilities		Amount	Assets		Amount
Loan	78,800		Building		1,10,000
Add: Out Interest	7,000	85,800	Machinery	93,400	
Creditors		25,000	Less: 10% Depreciation	9,340	84,060
Bills Payable		38,500	Motor Car		20,000
Bank Overdraft		33,000	Closing Stock		2,30,000
Capital	2,45,000		Debtors	62,800	
Less: Drawings	(20,000)		Less: Bad Debts	1,800	
Add: Net Profit	95,510	3,20,000	Less: 5% Provision for DD	3,050	57,950
		5,02,810			5,02,810

Q7. Following are the balances extracted from the books of Narain on 31st March, 2024:

Particulars	Amount	Particulars	Amount
Narain's Capital	3,00,000	Sales	15,00,000
Narain's Drawings	50,000	Sales Return	20,000

Furniture and Fitting	26,000	Discount (Dr.)	16,000
Bank Overdraft	42,000	Discount (Cr.)	20,000
Creditors	1,38,000	Insurance	20,000
Business Premises	2,00,000	General Expenses	40,000
Stock on 1st April, 2024	2,20,000	Salaries	90,000
	1,80,000	Commission (Cr.)	22,000
Debtors	10,000	Carriage on Purchases	18,000
Rent from Tenants	11,00,000	Bad Debts Written off	8,000
Purchases			

Additional Information:

- I. Closing Stock at cost as on 31st March, 2024 was 2, 00,600, whereas it's Net Realisable value (Market Value) was 2, 05,000.
- II. Depreciate: Business Premises by 3,000 and Furniture and Fittings by 2,500.
- III. Make a provision of 5% on debtors for Doubtful debts.
- IV. Carry forward 2,000 for unexpired insurance.
- V. Outstanding salary was 15,000.

Prepare Trading and Profit and Loss Account for the year and Balance Sheet as at that date.

Solution –**In the Books of Narain****Dr Trading and Profit & Loss Account for the Year ended March 31, 2024****Cr**

Particulars	Amount	Particulars	Amount
To Opening Stock A/c	2,20,000	By Sales A/c 15,00,000	
To Purchases A/	11,00,000	Less Return <u>20,000</u>	14,80,000
To Carriage on Purchases A/c	18,000	By Closing Stock A/c	2,00,600
To Gross Profit A/c	3,42,600		
	<u>16,80,600</u>		<u>16,80,600</u>
To Commission A/c	22,000	By Gross Profit A/c	3,42,600
To Insurance Premium A/c 20,000		By Discount A/c	20,000
Less: Prepaid <u>2,000</u>	18,000	By Rent From Tenants A/c	10,000
To Salaries 90,000			
Add: Outstanding Salaries <u>15,000</u>	1,05,000		
To Bad Debts Written Off A/c	8,000		
To Provision for Doubtful Debts A/c	9,000		
To Discount A/c	16,000		
To General Expenses A/c	40,000		
To Depreciation on :			
Furniture 2,500			
Business Premises <u>3,000</u>	5,500		
To Net Profit	1,49,100		
	<u>3,72,600</u>		<u>3,72,600</u>

Balance Sheet
As on March 31, 2024

Liabilities	Amount	Assets	Amount
Bank Overdraft	42,000	Furniture & Fittings	26,000
Creditors	1,38,000	Less: Depreciation	<u>2,500</u>
Outstanding Salaries	15,000	Business Premises	2,00,000
Capital	3,00,000	Less: Depreciation	<u>3,000</u>
Less: Drawings	50,000	Debtors	1,80,000
Add: Net Profit	<u>1,49,100</u>	Less: Provision	<u>9,000</u>
	3,99,100	Closing Stock	2,00,600
		Prepaid Insurance	2,000
	<u>5,94,100</u>		<u>5,94,100</u>

**Q8. Following balances are taken from the books of Ramesh.
Prepare Trading and Profit and Loss Account for the year ended 31st
March, 2024 and Balance Sheet as on that date:**

Particulars	Amount	Particulars	Amount
Capital	12,00,000	Drawings	2,10,000
Opening Stock	4,50,000	Plant and Machinery	2,40,000
Furniture	15,000	Purchases	29,50,000
Sales	43,50,000	Insurance	15,000
Purchases Return	40,000	Sales Return	70,000

Rent	50,000	Trade Expense	20,000
Salaries	2,40,000	Wages	4,00,000
Bad Debts	10,000	6% Investments	5,00,000
Sundry Debtors	4,00,000	Sundry Creditors	1,90,000
Bills Payable	8,000	Cash	1,22,000
Advertisement Expenses	60,000	Miscellaneous Income	12,000
Patents	48,000		

Adjustment:

- I. Closing Stock 7,50,000
- II. Depreciate Machinery by 10% and Furniture by 20%.
- III. Wages 50,000 and Salaries 20,000 are outstanding.
- IV. Write off 50,000 as further Bad Debts and create 5% Provision for Doubtful Debts. Also, create Provision for Discount on Debtors @ 2%
- V. Investments were made on 1st July, 2023 and no interest has been received so far.

Solution –

In the Books of Niranjana

Dr Trading and Profit & Loss Account for the Year ended March 31, 2024
Cr

Particulars	Amount	Particulars	Amount
To Opening Stock A/c	4,50,000	By Sales A/c	43,50,000
To Purchases A/c	29,50,000	Less: Sales Return (70,000)	42,80,000
Less: Purchases Return	(40,000)	By Closing Stock A/c	7,50,000
To Wages A/c	4,00,000		
Add: Outstanding Wages A/c	50,000		
	4,50,000		

To Gross Profit A/c (b/f)	12,20,000		
	50,30,000		50,30,000
To Rent A/c	50,000	By Gross Profit A/c	12,20,000
To Salaries A/c 2,40,000		By Interest Accrued on Investment A/c	
Add: Outstanding Salaries 20,000	2,60,000	(5,00,000 x 6% x 9/12)	22,500
To Bad Debts 10,000		By Miscellaneous Receipts	12,000
Add: Further Bad Debts 50,000			
Add: Provision for DD 17,500	77,500		
To Advertisement Expenses A/c	60,000		
To Provision for Discount on Debtors	6,650		
To Insurance A/c	15,000		
To Trade Expenses A/c	20,000		
To Depreciation on Machinery A/c 24,000			
Furniture A/c 3,000	27,000		
To Net Profit (Balancing figure)	7,38,350		
	12,54,500		12,54,500

Balance Sheet As on March 31, 2024

Liabilities	Amount	Assets	Amount
Capital 12,00,000		Fixed Assets:	
Less: Drawings (2,10,000)		Patents	48,000
Add: Net Profit 7,38,350	17,28,350	Plant and Machinery 2,40,000	
Current Liabilities:		Less: 10% Depreciation (24,000)	2,16,000

Sundry Creditors	1,90,000	Furniture	15,000	
Wages Outstanding	50,000	Less: 20% Depreciation	(3,000)	12,000
Salaries Outstanding	20,000	6% Investment	5,00,000	
Bills Payable	8,000	Add: Accrued Interest	<u>22,500</u>	5,22,500
		Current Assets:		
		Closing Stock		7,50,000
		Debtors	4,00,000	
		Less: Further Bad Debts	(50,000)	
		Less: Pro for DD	<u>(17,500)</u>	
			3,32,500	
		Less: Pro for Discount	(6,650)	3,25,850
		Cash		1,22,000
	<u>19,96,350</u>			<u>19,96,350</u>

Q9. From the following information of Menal, prepare his Final Accounts for the year ended 31st March, 2024:

Heads of Account	L.F.	Debit Balance	Credit Balance
Purchases		2,50,000	
Sales			5,00,000
Return Inward		12,000	
Return Outward			10,000
Carriage		8,000	

Wages		60,000	
Miscellaneous Expenses		2,000	
Insurance		1,200	
Repairs		8,000	
Debtors		1,15,000	
Creditors			1,00,000
Printing and Stationery		6,000	
Advertisement		15,000	
Bill Receivable		4,000	
Bills Payable			2,000
Opening Stock		30,000	
Cash in Hand		12,000	
Interest on Bank Loan		2,800	
Machinery		2,80,000	
Furniture		34,000	
Drawings		15,000	
Income Tax Paid		5,000	
Commission			1,000
12% Bank Loan			30,000
Capital			2,40,000
Rent Received			5,000
Cash at Bank		28,000	
Total		8,88,000	8,88,000

Additional Information:

- I. Closing Stock on 31st March, 2024 was 21,000
- II. Rent of 1,200 has been received in advance.
- III. Outstanding liability for Miscellaneous Expenses is 12,000.
- IV. Commission earned during the year but not received was 2,100.
- V. Goods costing 2,000 were taken by the proprietor for his personal use but entry was not passed in the books of account.

Solution –

In the Books of Mahesh

Dr Trading and Profit & Loss Account for the Year ended March 31, 2024
Cr

Particulars	Amount	Particulars	Amount
To Opening Stock A/c	30,000	By Sales A/c	5,00,000
To Purchases A/c	2,50,000	Less: Sales Return (12,000)	4,88,000
Less: Drawings	(2,000)	By Closing Stock A/c	21,000
Less: Return Outwards	(10,000)		
	2,38,000		
To Carriage A/c	8,000		
To Wages A/c	60,000		
To Gross Profit A/c (b/f)	1,73,000		
	5,09,000		5,09,000
To Miscellaneous Expenses A/c	2,000	By Gross Profit A/c	1,73,000
Add: Outstanding Mis. Exp.	12,000	By Commission A/c	1,000
	14,000	Add: Accrued Com.	2,100
To Insurance A/c	1,200		3,100
To Repairs A/c	8,000	By Rent Received A/c	5,000
To Advertisement A/c	15,000	Less: Advance Rent	1,200
			3,800

To Interest on Bank Loan A/c	2,800		
Add: Interest Outstanding A/c	800	3,600	
To Printing and Stationery A/c		6,000	
To Net Profit (Balancing figure)		1,32,100	
		1,79,900	1,79,900

Balance Sheet As on March 31, 2024

Liabilities		Amount	Assets		Amount
Capital	2,40,000		Fixed Assets:		
Less: Drawings	(22,000)		Machinery		2,80,000
Add: Net Profit	1,32,100	3,50,100	Furniture		34,000
10% Loan from Bank	30,000		Current Assets:		
Add: Outstanding Interest	800	30,800	Closing Stock		21,000
Current Liabilities:			Debtors		1,15,000
Creditors		1,00,000	Bills Receivable		4,000
Bills Payable		2,000	Cash at Bank		28,000
Advance Rent		1,200	Cash in Hand		12,000
Outstanding Trade Expenses		12,000	Commission Accrued		2,100
		4,96,100			4,96,100

Working Note 1:

Calculation of Outstanding Interest on Loan

Interest on Loan (30,000 x 12%)	3,600
Less: Interest	(2,800)
Interest Outstanding on Loan	800

Q10. From the Following Trial Balance and other information, prepare Trading and Profit and Loss Account for the year ended 31st March, 2024 and Balance Sheet as at that date:

Heads of Account	L.F.	Debit Balance	Credit Balance
Sundry Debtors		3,20,000	
Stock on 1 st April, 2020		2,20,000	
Cash in Hand		350	
Cash at Bank		15,450	
Plant and Machinery		1,75,000	
Sundry Creditors			1,81,500
General Expenses		10,750	13,45,000
Sales			
Salaries		22,250	
Carriage Outwards		4,000	
Rent		9,000	
Purchases		11,88,700	
Discount		11,000	
Premises		3,45,000	7,95,000
Capital on 1 st April, 2020			23,21,500
Total		23,21,500	

Additional Information:

- I. Stock on 31st March, 2024 was 1, 24,500.

- II. Rent was unpaid to the extent of 850 and 1,500 were outstanding for General Expenses.
- III. 4,000 are to be written off as bad debts out of the above debtors and 5% is to be provided for doubtful debts.
- IV. Depreciate Plant and Machinery by 10% and Premises by 2%
- V. Manager is entitled to a Commission of 5% on net profit after charging his commission.
- VI. A fire broke out on 1st April, 2024 destroying goods costing 20,000.

Solution –

In the Books of.....

Dr Trading and Profit & Loss Account for the Year ended March 31, 2024
Cr

Particulars	Amount	Particulars	Amount
To Opening Stock A/c	2,20,000	By Sales A/	13,45,000
To Purchases A/c	11,88,700	By Closing Stock A/c	1,24,500
To Gross Profit A/c (b/f)	60,800		
	14,69,500		14,69,500
To Rent A/c 9,000		By Gross Profit A/c	60,800
Add: Outstanding Rent 850	9,850	By Net Loss A/c (B/F)	42,750
To General Expenses A/c 10,750			
Add: Out. General Expenses 1,500	12,250		
To Bad Debts A/c 4,000			
Add: Provision for Debts 15,800	19,800		
To Depreciation on A/c			
Plant and Machinery 17,500			

Business Premises	6,900	24,400		
To Salaries A/c		22,250		
To Carriage Outwards A/c		4,000		
To Discount A/c		11,000		
		1,03,550		1,03,550

Balance Sheet As on March 31, 2024

Liabilities		Amount	Assets		Amount
Capital	7,95,000		Fixed Assets:		
Less: Net Loss	(42,750)	7,52,250	Plant & Machinery	1,75,000	
Current Liabilities:			Less: 10% Depreciation	(17,500)	1,57,500
Sundry Creditors		1,81,500	Premises	3,45,000	
Rent Outstanding		850	Less: 2% Depreciation	(6,900)	3,38,100
General Expenses Outstanding		1,500	Current Assets:		
			Closing Stock		1,24,500
			Sundry Debtors	3,20,000	
			Less: Bad Debts	(4,000)	
			Less: 5% Pro. For DD	(15,800)	3,00,200
			Cash at Bank		15,450
		9,36,100	Cash in Hand		350
					9,36,100