

Q11. From the following Trial Balance of Shubho, Prepare Trading and Profit and Loss Accounts for the year ended 31st March, 2024 and Balance Sheet as at that date:

Heads of Account	L.F	Debit Balance	Credit Balance
Land and Building		50,000	
Purchases (Adjusted)		2,07,500	
Stock (31 st March, 2024)		45,000	
Wages		45,300	
Salaries		39,000	
Office Expenses		15,400	
Carriage Inwards		1,200	
Carriage Outwards		2,000	
Discount allowed		750	
Discount received			1,200
Bad Debts		1,200	
Sales			3,83,500
Capital Account			1,15,000
Chatterji's Loan A/c (Taken on 1 st Oct, 2023 @ 18% p.a)			25,000
Insurance		1,500	
Commission			1,500
Plant and Machinery		50,000	
Furniture and Fixtures		20,000	
Drawings		20,000	

Sundry Debtors		40,000	
Sundry Creditors			37,350
Cash at Bank		16,000	
Office Equipments		12,000	3,300
Expenses Payable			5,66,850
Total		5,66,850	

The Following Adjustments be taken care of:

- I. Depreciate Land and Building @ 6% Plant and Machinery @ 10% Office equipments @ 20% and Furniture and Fixtures @ 15%
- II. Create Provision for Doubtful Debts at 2% on Sundry Debtors
- III. Insurance includes 250 Insurance Premium paid in advance
- IV. Provide salary to Shubho 15,000 P.A.
- V. Outstanding Salaries 11,500
- VI. 10% of the final profit is to be transferred to General Reserve.

Solution – In the Books of.....

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

Particulars	Amount	Particulars	Amount
To Purchases A/c	2,07,500	By Sales A/c	
To Wages A/c	45,300		3,83,500
To Carriage Inwards A/c	1,200		
To Gross Profit A/c (b/f)	1,29,500		
	3,83,500		3,83,500
To Salaries A/c 39,000		By Gross Profit A/c	1,29,500

Add: Outstanding salary	11,500		By Commission A/c	1,500
Add: Payable to Proprietor	15,000	65,500	By Discount Received A/c	1,200
To Insurance Premium A/c	1,500			
Add: Prepaid Insurance	250	1,250		
To Bad Debts A/c	1,200			
Add: Provision for Debts	800	2,000		
To Depreciation on A/c				
Furniture and Fixtures	3,000			
Land and Building	3,000			
Plant and Machinery	5,000			
Office Equipment	2,400	13,400		
To General Reserve A/c		2,965		
To Discount A/c		750		
To Office Expenses A/c		15,400		
To Carriage Outwards A/c		2,000		
To Outstanding Interest on Loan A/c		2,250		
To Net Profit		26,685		
		1,32,200		1,32,200

Balance Sheet As on March 31, 2024

Liabilities		Amount	Assets		Amount
Capital	115,000		Furniture and Fixtures	20,000	
Add: Salary Payable	15,000		Less: Depreciation	3,000	17,000

Add: Net Profit	26,685	1,36,685	Land and Building	50,000	
-drawing	20,000		Less: Depreciation	3,000	47,000
Chatterji's Loan	25,000	27,250	Plant and Machinery	50,000	
Add: Interest Outstanding	2,250		Less: Depreciation	5,000	45,000
Sundry Creditors		37,350	Office Equipment	12,000	
Outstanding Salaries		11,500	Less: Depreciation	2,400	9,600
Expenses Payable		3,300	Debtors	40,000	
General Reserve		2,965	Less: Provision for DD	800	39,200
			Closing Stock		45,000
			Cash at Bank		16,000
			Prepaid Insurance		250
		2,19,050			2,19,050

Q12. Prepare Trading and Profit and Loss Account for the year ending on 31st March, 2024 and Balance Sheet as on that date from the following balances of Trial Balance:

Particulars	Amount	Particulars	Amount
Debit Balances:		Advance for Machinery	7,000
Drawings	10,000	Discount	1,000
Machinery	50,000	Wages and Salaries	5,000
Stock	25,000	Cash in Hand	6,000

Purchases	90,000	Cash at Bank	32,000
Return Inward	2,000	Credit Balances:	
Furniture	10,000	Capital	1,00,000
Carriage	2,000	Return Outwards	1,000
Rent, Rates and Taxes	5,000	Provision for Doubtful Debts	2,000
Printing and Stationery	1,000	Creditors	37,700
Office Expenses	1,200	Sales	1,28,000
Bad Debts	1,500	General Reserve	20,000
Sundry Debtors	40,000		

Adjustments:

- I. The value of stock on 31st March, 2024 40,000**
- II. Provision for Doubtful Debts is to be maintained at 5% on Sundry Debtors**
- III. Charge Depreciation on both Furniture and Machinery @ 10% p.a.**
- IV. Machinery costing 20,000 was purchased on 1st January 2021**
- V. Allow interest on capital @ 5% p.a.**
- VI. A fire occurred on 20th March, 2024 and stock of the value of 7,000 was destroyed it was fully insured and the insurance company admitted the claim in full**
- VII. 10% of net profit to be carried to General Reserve.**

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	25,000	By Sales A/c	1,28,000
To Purchase	90,000	Less: Return Inward	2,000
- Return outward	1000		
To wages and salary	89,000	By Closing Stock A/c	40,000
To carriage	5,000	By Loss by Fire A/c	7,000
To gross profit	2,000		
	52,000		
	1,29,500		1,73,000
To Rent, Rates and Taxes A/c	5,000	By Gross Profit A/c	52,000
To Printing and Stationery A/c	1,000		
To Office Expenses A/c	1,200		
To Bad Debts A/c	1,500		
Add: Provision for Debts (N)	2,000		
Less: Provision for DD (O)	2,000		
	1,500		
To Discount A/c	1,000		
To Interest on Capital A/c	5,000		
To Depreciation on A/c			
Furniture	1,000		
Machinery (3,000+500)	3,500		
	4,500		
To Transfer to General Reserve A/c	3,280		
To Net Profit	29,520		

	52,000		52,000
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Balance Sheet As on March 31, 2024

Liabilities		Amount	Assets		Amount
General Reserve		23,280	Machinery	50,000	
Creditors		37,700	Less: Depreciation	3,500	46,500
Capital	1,00,000		Closing Stock		40,000
Add: Interest on Capital	5,000		Furniture	10,000	
Less: Drawings	10,000		Less: Depreciation	1,000	9,000
Add: Net Profit	29,520	1,24,520	Sundry Debtors	40,000	
			Less: Provision for DD	2,000	38,000
			Advance for Machinery		7,000
			Cash in Hand		6,000
			Cash at Bank		32,000
		1,85,500	Insurance Company (Claim due)		7,000
					1,85,500

Q13. Following is the Trial Balance of Indramani Jaiswal as on 31st March, 2024:

Debit Balance	Amount	Credit Balance	Amount
Building	27,000	Capital	60,000
Machinery	16,500	Return Outward	1,100
Furniture	6,300	Sales	2,46,700

Goodwill	27,142	Provision for Doubtful Debts	6,200
Productive Wages	31,790	Creditors	30,160
Salaries	15,040	Bank Loan	10,000
Freight Inward	2,470		
Freight Outwards	2,000		
Manufacturing Expenses	11,000		
Insurance	3,000		
General Expenses	6,630		
Debtors	67,360		
Opening Stock	29,170		
Purchases	95,015		
Return Inward	3,128		
Commission	989		
Bad Debts	1,300		
Bank Charges	460		
Bank Balance	7,145		
Cash	721		3,54,160
	3,54,160		

Prepare Trading and Profit and Loss Account for the year ending 31st March, 2024 and Balance Sheet as on that date after making the following adjustment:

- I. Value of Closing Stock 6,100
- II. Depreciate machinery @ 10% p.a.
- III. Create Provision for Doubtful Debts at 5% on debtors.

- IV. Commission payable to manager at 10% on net profit.
- V. On 25th March, 2024, good costing 1,500 and furniture costing 3,000 were destroyed by fire; insurance company has accepted claims of 1,000 for goods and 2,000 for furniture.

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	29,170	By Sales A/c	2,46,700
To Purchases A/c	95,015	Less: Return Inward	3,128
Less: Return Outward A/c	1,100	By Closing Stock A/c	6,100
To Wages A/c	31,790	By Loss by Fire A/c	1,500
To Freight Inward A/c	2,470		
To Manufacturing Expenses A/c	11,000		
To Gross Profit A/c (b/f)	82,827		
	2,51,172		2,51,172
To Salaries A/c	15,040	By Gross Profit A/c	82,827
To Freight Outwards A/c	2,000	By Provision for Bad Debts	6,200
To Insurances A/c	3,000		
To Bad Debts A/c	1,300		
Add: Provision for Debts (N)	3,368		
To General Expenses A/c	6,630		
To Commission A/c	989		

To Depreciation on Machinery A/c		1,650		
To Bank Charges A/c		460		
To Loss by fire A/c	1,500			
Less: Claim	1,000	500		
To Loss by Fire A/c	3,000			
Less: Claim	2,000	1,000		
To Manager Commission A/c		4,826		
53090x10/110				
To Net Profit (B/F)		48,264		89,027
		89,027		

Balance Sheet As on March 31, 2024

Liabilities	Amount	Assets	Amount
Creditors	30,160	Machinery	16,500
		Less: Depreciation	<u>1,650</u>
			14,850
		Closing Stock	6,100
Capital	60,000	Furniture	6,300
Add: Net Profit	<u>48,264</u>	Less: Loss	3,000
	1,08,264		3,300
Manager Commission	4,826	Sundry Debtors	<u>67,360</u>
		Less: Provision for DD	<u>3,368</u>
			63,992
Bank Loan	10,000	Bank	7,145
		Cash	721
		Claim Received	1,000

		Claim Received	2,000
		Building	27,000
	1,53,250	Goodwill	27,142
			1,53,250

Q14. On 31st March, 2024 the following Trial Balance was prepared from the books of Manpreet:

Debit Balance	Amount	Credit Balance	Amount
Furniture	3,400	Capital	1,00,000
Building	21,700	Discount Received	2,000
Drawings	4,200	Bank Loan	10,000
Cash at Bank	2,470	Purchases Return	970
Wages	31,250	Sales	1,91,940
Discount Allowed	2,640	Sundry Creditors	12,450
Bank Charges	90	Provision for Doubtful Debts	800
Salaries	5,610		
Purchases	1,32,700		
Opening Stock	40,200		
Cash in Hand	2,650		
Sales Return	1,250		
Carriage Inwards	3,400		
Machinery	14,600		
Sundry Debtors	43,800		

Bad Debts	1,000		
Insurance	1,250		
Rent	2,450		
Advertisement	3,500		
	3,18,160		3,18,160

Prepare Trading and Profit and Loss Account for the year ended 31st March, 2024 and also the Balance Sheet as at that date after making the following adjustment:

- I. Closing Stock at cost was 35,000 whereas its net realisable value (market value) was 30,000.
- II. A new machine was purchased for 3,000 on 1st April, 2023 but it was not paid for and no entry was passed in the books.
- III. Wages include 500 paid for the installation of machinery.
- IV. Provision for Doubtful Debts was raised to 1,400 and further bad debts of 300 were written off.
- V. In the month of March, 2024 a fire broke out and destroyed stock to the value of 8,000 the insurance company admitted claim for loss of stock of 5,000 only and the amount was paid in April, 2024.
- VI. Outstanding wages were 700 while outstanding salaries were 500.
- VII. Prepaid insurance was 250 and prepaid advertisement 500
- VIII. Machinery was depreciated by 10% and furniture by 15%

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	40,200	By Sales A/c	1,91,940
To Purchases A/c	1,32,700	Less: Return Inward	1,250
			1,90,690

Less: Return Outward A/c	970	1,31,730	By Closing Stock A/c	30,000
To Wages A/c	31,250		By Loss by Fire A/c	8,000
Less: Install of Machinery	500	30,750		
To Carriage Inward A/c		3,400		
To Outstanding Wages A/c		700		
To Gross Profit A/c (b/f)		21,910		
		2,28,690		2,28,690
To Discount Allowed A/c		2,640	By Gross Profit A/c	21,910
To salary	5610	6110	By Discount Received A/c	2,000
Outstanding	500			
To Bank Charges A/c		90		
To Insurance A/c	1,250			
Less: Prepaid Insurance A/c	250	1,000		
To Advertisement A/c	3,500			
Add: Prepaid	500	3,000		
To Rent A/c		2,450		
To Bad Debts A/c	1,000			
Add: Further Bad Debts	300			
Add: Provision for Debts(N)	1,400			
Less: Provision for DD (O)	800	1,900		
To Loss by Fire A/c		3,000		

To Depreciation on A/c			
Furniture			
3400x15% 510	2,320		23,910
Machinery			
14600x10%= 1460			
New machine			
3000+500=3500x10% 350	1,400		
To Net Profit A/c (B/F)	23,910		

Balance Sheet As on March 31, 2024

Liabilities	Amount	Assets	Amount
Creditors	12,450	Furniture 3,400	
Bank Loan	10,000	Less: Depreciation 510	2,890
Outstanding Wages	700	Building	21,700
Outstanding Salaries	500	Bank	2470
Capital 1,00,000		Cash	2,650

Add: Net Profit	1,400		Machinery	14,600	
Less: Drawings	4200	97,200	Add: New Machinery	3,000	
Vendor of Machinery		3,000	Add: Wages	500	
			Less: Depreciation	<u>1,810</u>	16,290
			Debtors	43,800	
			Less: Bad Debts	300	
			Less: Provision for DD	<u>1,400</u>	42,100
			Insurance		5,000
			Prepaid Insurance		250
			Closing Stock		30,000
			Prepaid Advertisement		500
		1,23,850			<u>1,23,850</u>

Q15. From the following Trial Balance and information, prepare Trading and Profit and Loss Account of Gurman for the year ended 31st March, 2024 and Balance Sheet as on that date:

Heads of Account	L.F	Debit Balance	Credit Balance
Capital			1,00,000
Drawings		12,000	
Land and Building		90,000	
Plant and Machinery		20,000	
Furniture		5,000	
Sales			1,40,000
Return Outwards			6,000
Debtors		18,400	
Loan from Gajanand (Taken on 1 st Jul, 2023 @ 6% p.a)			30,000
Purchases		80,000	
Return Inwards		5,000	
Carriage Inwards		10,000	
Sundry Expenses		600	
Printing and Stationery		500	
Insurance Expenses		1,000	

Provision for Doubtful Debts			1,000
Provision for Discount on Debtors			380
Bad Debts		400	
Opening Stock		21,300	
Salaries and Wages		15,500	
Carriage Outward		3,000	
Creditors			12,000
Trade Expenses		800	
Cash at Bank		4,600	
Cash in Hand		1,280	
Total		2,89,380	2,89,380

Additional Information:

- I. Value of Closing Stock on 31st March, 2024 at cost was 27,300 and its net realisable value (market value) was 30,000.
- II. Fire occurred on 23rd March, 2024 and goods costing 10,000 were destroyed Insurance Company accepted claim of 6,000 only and paid the claim money on 10th April, 2024.
- III. Bad Debts amounting to 400 are to be written off. Provision for Doubtful Debts is to be maintained at 5% and Provision for Discount on Debtors at 2%
- IV. Received goods costing 6,000 on 27th March, 2024 but the purchases were not recorded.
- V. Rishabh took goods of 2,000 for his personal use but was not recorded.
- VI. Charge depreciation @ 2% on Land and Building @ 20% on Plant and Machinery and @ 5% on Furniture.

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	21,300	By Sales A/c	1,40,000
To Purchases A/c	80,000	Less: Return Inward	5,000
Less: Return Outward A/c	6,000	By Closing Stock	27,300
Less: Loss of stock by fire	10,000		
Less: Goods taken For personal Use	2,000		
Add: Omitted Purchase	6,000		
	68,000		
To Carriage Inwards A/c	10,000		
To Gross Profit A/c (b/f)	63,000		
	1,62,300		1,62,300
To Sundry Expenses A/c	600	By Gross Profit A/c	63,000
To Printing & Stationery A/c	500	By Provision for Discount on Debts A/c	38
To Insurance Expenses A/c	1,000		
To Salaries and Wages A/c	15,500		
To Carriage Outwards A/c	3,000		
To Trade Expenses A/c	800		
To Interest Due on Loan A/c	1,350		
To Bad Debts A/c	400		

Add: Further Bad Debts	400			
Add: Closing Provision	900			
Less: Opening Provision	1,000	700		
To Loss of Stock by Fire A/c		4,000		
To Depreciation on A/c				
(1,800 + 4,000 + 250)		6,050		
To Net Profit (B/F)		29,538		
		63,038		63,038

Balance Sheet As on March 31, 2024

Liabilities		Amount	Assets		Amount
Capital	1,00,000		Land & Building	90,000	
Add: Net Profit	29,538		Less: Depreciation	1,800	88,200
Less: Drawings	<u>14,000</u>	1,15,538	Plant & Machinery	<u>20,000</u>	
Creditors			Less: Depreciation	4,000	16,000
(12,000 + 6,000)		18,000	Furniture	<u>5,000</u>	
Loan from Gajanand	30,000		Less: Depreciation	250	4,750
Add: Interest due	1,350		Insurance		6,000
		31,350	Debtors	18,400	
			Less: Bad Debts	400	

		Less: Closing Provision	900	
		Less: Provision for DD	342	16,758
		Closing Stock		27,300
		Cash at Bank		4,600
		Cash in Hand		1,280
	1,64,888			1,64,888