
CBSE Class 11 Accountancy

Important Questions

FS of Sole Proprietorship

1. Opening stock Rs. 30, 000, Net Purchase Rs. 54600 expenses on purchase Rs. 5000, Net Sales Rs. 100, 000, closing stock Rs. 40, 000 calculate cost of goods sold and gross profit.

Solution: Cost of Goods sold = Opening stock + Net Purchase + expenses on purchase -

Closing Stock

$$= \text{Rs. } 30,000 + \text{Rs. } 54,600 + \text{Rs. } 5,000 - \text{Rs. } 40,000$$

$$= \text{Rs. } 49,600$$

= Net sales - Cost of goods sold

$$= \text{Rs. } 100,000 - \text{Rs. } 49,600$$

$$= \text{Rs. } 50,400$$

2. Net sales during the year is Rs. 3,00,000, Gross profit is 25% on sales. Find out cost of goods sold.

Solution: Gross Profit = $\text{Rs. } 300,000 \times \frac{25}{100} = 75,000$

Cost of good = Net Sales - Gross Profit

$$= \text{Rs. } 300,000 - 75,000$$

$$= \text{Rs. } 2,25,000$$

3. Net sales during the year is Rs. 6,00,000. Gross profit is 25% on cost. Find out gross profit and cost of good sold.

Solution:

Here, Gross Profit is 25% on cost

Hence, If cost is Rs. 100, Gross Profit will be Rs. 25 and sales will be Rs. 125

Thus, If sales is Rs. 125, Gross Profit will be Rs. 25

If sales is Rs. 6,00,000, Gross Profit will be $6,00,000 \times \frac{25}{125} = 1,20,000$

Cost of goods sold = Net Sales - Gross Profit = Rs. 6,00,000 - Rs. 1,20,000 = Rs. 4,80,000

Note : Gross profit 25% or $\frac{1}{4}th$ on cost is equal to $\frac{1}{5}th$ on sales

Gross profit = $\text{Rs } 6,00,000 \times \frac{1}{5}th = \text{Rs. } 1,20,000$

4. Calculate Net Sales and Gross Profit from the following information.

Cost of goods sold Rs. 2, 00, 000

Gross profit 20% on sale

Solution

Let sale = x

Sale = Cost of good sold + Gross Profit

$$x = \text{Rs. } 200,000 + .20x$$

$$x = \text{Rs. } 250,000$$

$$\text{Gross Profit} = \text{Rs. } 2,50,000 - \text{Rs. } 2,00,000 = \text{Rs. } 50,000$$

Note: Gross profit 20% or $\frac{1}{5}th$ on sale, equal to $\frac{1}{4}th$ on cost

$$\text{Gross Profit} = \text{Rs. } 200,000 \times \frac{1}{4} = \text{Rs. } 50,000$$

5. Calculate Gross Profit

	Rs.
Total Purchase	680,000
Purchase Return	30,000
Direct Expenses	70,000
Carriage Outwork	15,000
3/4 of the goods are sold Rs. 600,000	

Solution: Cost of goods sold = Total Purchase - Purchase Return - Direct Expenses

$$= \text{Rs. } 6,80,000 - \text{Rs. } 30,000 - \text{Rs. } 70,000 = \text{Rs. } 5,80,000$$

$$\text{Cost of } 3/4 \text{ of the goods sold} = \text{Rs. } 5,80,000 \times \frac{3}{4} = \text{Rs. } 4,35,000$$

Gross Profit = Sales - Cost of Goods sold

$$= \text{Rs. } 6,00,000 - \text{Rs. } 4,35,000$$

$$= \text{Rs. } 1,65,000$$

6. Calculate the amount of operating profit from the following balances:

	Rs.
Net sales	5,00,000

Cost of goods sold	3,00,000
Operating Expenses	1,20,000

Solution

Operating Cost = Cost of Goods Sold + Operating Expenses

= Rs. 3,00,000 + Rs. 1,20,000

= Rs. 4,20,000

Operating Profit = Net Sales - Operating Cost

= Rs. 5,00,000 - Rs. 4,20,000

= Rs. 80,000

7. Calculate the value of closing stock from the following information :

	Rs.		Rs.
Purchase	93,000	Wages	20,000
Sales	1,20,000	Carriage Outward	3,200

Rate of Gross Profit 40% on sales

Solution:

Trading Account for the year ended

Dr			Cr.
Particulars	Rs.	Particulars	Rs.
To Purchase	93,000	By Sales	1,20,000
Wages	20,000	By Closing Stock (Bal. Fig.)	41,000
To Gross Profit (Transferred to Profit & Loss Account)	48,000		
	1,61,000		1,61,000

8. This information is provided by Mr. Rohit

Stock as on 01.04. 2015 Rs. 20,000

During the year Sales was Rs. 4,00,000; Purchases Rs. 2,90,000; Carriage Inwards Rs. 8,000; Clearing charges Rs. 10,000; Sales Returns Rs. 3,000; Purchases Returns Rs. 4,000; Carriage Outwards Rs. 5,000 and Stock on 31.03.2016 was Rs. 30,000.

Calculate cost of goods sold and prepare Trading Account for the year ending 31.03.2016

Solution:

**Trading Account for the year
ended on March 31, 2016**

Dr.					Cr.
Particulars		Rs.	Particulars		Rs.
To Opening Stock		20,000	By Sales	4,00,000	
To Purchases	2,90,000		Less: Sales Returns	<u>(3,000)</u>	3,97,000
Less: Returns	<u>4,000</u>	2,86,000	By Closing Stock		1,30,000
To Carriage Inwards		8,000			
To Clearing Charges		10,000			
To Gross Profit (Transferred to Profit & Loss Account)		1,03,000			
		4,27,000			4,27,000

Cost of goods sold = Net Sales - Gross Profit

= Rs. 3,97,000 - 1,03,000

= Rs. 2,94,000

9. Prepare the Trading Account for the year ended 31st March, 2015 from the following information.

Adjusted purchase Rs. 25,00,000; Freight outwards Rs. 15,000; Wages Rs. 1,68,000; Octroi charges Rs. 2,000; Carriage inwards Rs. 20,000; Fuel & Power Rs. 30,000; Office rent Rs. 18,000; Trade expenses Rs. 10,000; Sales Rs. 32,00,000; Closing Stock Rs. 1,50,000

Solution:

Trading Account
for the year ended 31st March, 2015

Dr.		Cr.	
Particulars	Rs.	Particulars	Rs.
To Adjusted Purchases	25,00,000	By Sales	32,00,000
To Wages	1,68,000		
To Octroi Charges	2,000		
To Carriage Inwards	20,000		
To Fuel and Power	30,000		
To Gross Profit transferred to profit or loss A/c	4,80,000		
	32,00,000		32,00,000

10. From the following information, prepare a Profit & Loss Account for the year ending 31st March 2016.

Gross Profit Rs. 70,000; Rent Rs. 5,000; Salary Rs. 15,000; Wages Rs. 8,000; Commission paid Rs. 7,000; Interest on loans Rs. 5,000; Advertising Rs. 3,000; Discount Received Rs. 2,000; Printing & Stationery Rs. 1,000; Legal charges Rs. 2,500; Bad Debts Rs. 1,500; Depreciation Rs. 1,000; Income received on Investment Rs. 3,000; Loss by Fire Rs. 2,200; Bad Debts recovered Rs. 200; Freight outward Rs. 600; Audit Fee Rs. 450.

Solution:

Profit and Loss A/C of
for the year ended 31.03.2016

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Particulars	Rs.	Particulars	Rs.
To Rent	5,000	By Gross Profit	70,000
To Salary	15,000	By Discount Received	2,000
To Commission	7,000	By Bad debts Recovered	200
To Interest on Loans	5,000	By Income from Investment	3,000
To Advertising	3,000		
To Printing and Stationery	1,000		
To Legal Charges	2,500		
To Bad Debts	1,500		
To Depreciation	1,000		
To Loss by Fire	2,200		
To Freight outward	600		
To Audit Fee	450		
To Net Profit (to transferred to Capital A/C	30,950		
	75,200		75,200

11. From the following balances obtained from the accounts of Mr. Hemant, prepare the Trading and Profit & Loss Accounts:

Particulars	Rs.	Particulars	Rs.
Stock on April 01, 2015	8,000	Bad debts	1,200
Purchases for the year	22,000	Rent	1,200
Sales for the year	42,000	Discount (Dr.)	600
Wages	2,500	Commission paid	1,100
Salaries & Wages	3,500	Sales Expenses	600
Advertisement	1,000	Repairs	600

Closing stock on March 31, 2016 is Rs. 4,500.

Solution:

Books of Mr. Hemant
Trading and Profit & Loss Account

for the year ended on March 31, 2013

Dr			Cr
Particulars	Rs.	Particulars	Rs.
Opening stock	8,000		
Purchases	22,000	Sales	42,000
Wages	2,500	Closing stock	4,500
Gross Profit c/d	14,000		
	46,500		46,500
Particulars	Rs.	Particulars	Rs.
Salaries and Wages	3,500		
Rent	1,200		
Advertisement	1,000		
Commission	1,100		
Discount	600	Gross Profit b/d	14,000
Bad debts	1,200		
Sales Expenses	600		
Repairs	600		
Net Profit (transferred to capital)	4,200		
	14,000		14,000

12. From the following Trial Balance of Shri Hemant Babu prepare Trading and Profit and Loss AC for the year ending 31st March 2016 and Balance Sheet as on that date. The Closing Stock on 31st March 2016 was valued at Rs. 25,000.

Debit Balances	Rs.	Credit Balances	Rs.
Stock (1-4-2015)	20,000	Sundry Creditors	15,000
Purchases	75,000	Purchase Returns	3,000
Sales Return	8,000	Sales	2,50,000

Freight and Carriage	7,500	Commission	3,300
Wages	36,500	Capital	1,70,500
Salaries	12,000	Interest on Bank Deposit	2,000
Repairs	1,200	B/P	6,200
Trade Expenses	4,000		
Rent and Taxes	24,000		
Cash in Hand	5,700		
B/R	4,000		
Debtors	55,000		
Plant and Machinery	160,000		
Withdrawals (Drawings)	16,600		
Bank Deposit	20,500		
	450,000		450,000

Solution

Trading And Profit and Loss Account for the year ending 31st, March 2016

Dr.					Cr.
Particulars		Rs.	Particulars		Rs.
To Opening Stock		20,000	By Sales Return	2,50,000	
To Purchases	75,000		Less : Sales Return	<u>8,000</u>	2,42,000
Less : Purchase Returns	<u>3,000</u>	72,000	By Closing Stock		25,000
To Freight & Carriage		7,500			
To Wages		36,500			
To Gross Profit c/d		1,31,000			

		2,67,000			2,67,000
To Salaries		12,000	By Gross Profit b/d		1,31,000
To Repairs		1,200	By Commission		3,300
To Trade Expenses		4,000	By Interest on Bank Deposit		2,000
To Rent & Taxes		24,000			
To Net Profit transferred to Capital A/c		95,100			
		1,36,300			1,36,300

Balance Sheet
as on 31st March, 2016

Liabilities		Rs.	Assets	Rs.
B/P		6,200	Cash in Hand	5,700
Sundry Creditors		15,000	B/R	4,000
Capital	1,70,500		Sundry Debtors	55,000
Add: Net Profit	95,100		Closing Stock	25,000
	2,65,600		Bank Deposit	20,500
Less : Drawings	16,600	2,49,000	Plant & Machinery	1,60,000
	2,70,200			2,70,200

13. The following were the balances extracted from the books of Roshan as on March 31, 2016

Debit Balance	Rs.	Credit Balance	Rs.
Cash in hand	540		
Cash at bank	2,630		

Purchases	40,675		
Return inwards	680		
Wages	8,480		
Fuel and Power	4,730		
Carriage on sales	3,200	Sales	98,780
Carriage on purchases	2,040	Return Outwards	500
Opening stock	5,760	Capital	62,000
Building	32,000	Sundry Creditors	6,300
Freehold land	10,000	Rent	9,000
Machinery	20,000		
Salaries	15,000		
Patents	7,500		
General expenses	3,000		
Insurance	600		
Drawings	5,245		
Sundry Debtors	14,500		
	1,76,580		1,76,580

Taking into account the following adjustments, prepare Trading and Profit ad loss account and Balance Sheet as on March 31, 2016:

- Stock in hand on March 31, 2013 was Rs. 6,800.
- Machinery is to be depreciated at the rate of 10% and patents @ 20%.
- Salaries for the month of March, 2013 amounting to Rs. 1,500 were outstanding.,
- Insurance includes a premium of Rs. 170 on a policy expiring on September 30, 2013.
- Rent receivable Rs. 1,000.

Solution:

Books of Roshan
Trading and Profit and Loss Account
for the year ended March 31, 2016

Dr.					Cr.

Particulars		Rs.	Particulars		Rs.
Opening stock		5,760			
Purchases	40,675		Sales	98,780	
Less Return outwards	<u>(500)</u>	40,175	Less Return inwards	<u>(680)</u>	98,100
Wages		8,480	Closing stock		6,800
Fuel and Power		4,730			
Carriage on purchases		2,040			
Gross profit c/d		43,715			
		1,04,900			1,04,900
Salaries	15,000		Gross profit b/d		43,715
Add Outstanding Salaries	<u>1,500</u>	16,500	Rent	9,000	
Carriage		3,200	Add Accrued rent	<u>1,000</u>	10,000
General expenses		3,000			
Insurance	600				
Less Prepaid Insurance	<u>(85)</u>	515			
Depreciation : machinery	2,000				
Patent	<u>1,500</u>	3,500			
Net profit (transferred to capital account)		27,000			
		53,715			53,715

Balance Sheet as at March 31, 2016

Liabilities	Rs.	Assets	Rs.
Sundry creditors	6,300	Cash in hand	540

			Cash at bank		2,630
Salaries outstanding		1,500	Sundry debtors		14,500
			Insurance prepaid		85
Capital	62,000		Stock		6,800
Add Net profit	<u>27,000</u>		Rent accrued		1,000
	89,000		Freehold land		10,000
Less Drawings	<u>(5,245)</u>	83,755	Building		32,000
			Machinery	20,000	
			Less Depreciation	<u>(2,000)</u>	18,000
			Patents	7,500	
			Less Depreciation	<u>(1,500)</u>	6,000
		91,555			91,555

14. An extract from a trial balance on March 31, 2016 is given below:

Particulars	Rs.
Sundry Debtors	32,000
Bad Debts	2,000
Provision for Bad debts	3,500

Additional Information

Write-off further Bad Debts Rs. 1,000 and create a provision for Doubtful Debts @5% on debtors.

Solution:

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Date	Particulars		L.F.	Dr. (Rs.)	Cr. (Rs.)
2016 March 31	(a) Bad debts A/c	Dr.		1,000	

	To sundry debtors A/c (Entry for further Bad Debts)				1,000
	(b) Provision for Doubtful Debts A/c	Dr.		3,500	
	To Bad-debts A/c (Bad debts adjust against provision)				3,500
	(c) Profit & Loss A/c	Dr.		1,050	
	To provision for doubtful debts A/c (Amount charges from P & L A/c)				1,050

Profit and Loss Account'
for the year ended March 31, 2016

Dr.				Cr.
Particulars		Rs.	Particulars	Rs.
Provision for doubtful debts:				
Bad debts	2,000			
Add: Further bad debts	1,000			
Add: New provision	<u>1,550</u>			
	4,550			
Less: Old provision	<u>3,500</u>			
		1,050		

'Only relevant items.

Balance Sheet* as at March 31, 2016

Liabilities	Rs.	Particulars		Rs.
		Sundry debtors	32,000	
		Less Further Bad-debts	<u>(1,000)</u>	

			31,000	
		Less Provision for doubtful debts	<u>(1,550)</u>	29,450

*Only relevant items in debit side of P & L A/c

Note: The amount of new provision for doubtful debts has been calculated as follows: Rs.
 $31,000 \times 5/100 = \text{Rs. } 1,550$

15. The following balances were extracted from the books of Shri Himanshu Traders on March 31, 2016

Name of the Ledger A/c	Rs.	Name of the Ledger A/c	Rs.
Capital	1,00,000	Rent (Cr.)	2,100
Drawings	17,600	Railway freight on sales	16,940
Purchases	80,000	Carriage inwards	2,310
Sales	1,40,370	Office expenses	1,340
Purchases return	2,820	Printing and Stationery	660
Stock on April 01, 2015	11,460	Postage and Telegram	820
Bad debts	1,400	Sundry debtors	62,070
Bad debts Provision on April 01, 2015	3,240	Sundry creditors	18,920
Rates and Insurance	1,300	Cash in bank	12,400
Discount (Cr.)	190	Cash in hand	2,210
B/R	1,240	Office furniture	3,500
Sales returns	4,240	Salaries and Commission	9,870
Wages	6,280	Addition to buildings	7,000
Buildings	25,000		

Prepare the trading and profit and loss account and a balance sheet as on March 31, 2016 after keeping in view the following adjustments:

- Depreciate old building by Rs. 625 and addition to building at 2% and office furniture at 5%.
- Write-off further Bad Debts Rs. 570.
- Increase the Bad Debts Reserve to 6% of Debtors.
- Rs. 570 are outstanding for salary.

- v. Rent receivable Rs. 200 on March 31, 2016.
- vi. Unexpired insurance Rs. 240.
- vii. Stock was valued at Rs. 14,290 on March 31, 2013.

Solution:

Books of Shri Himanshu Traders
Trading and Profit & Loss Account
for the year ended on March 31, 2016

Dr.					Cr.
Particulars		Rs.	Particulars		Rs.
Opening stock		11,460	Sales	1,40,370	
Purchases	80,000		Less : Sales Return	<u>(4,240)</u>	1,36,130
Less: Purchase return	(2,820)	77,180			
Carriage inwards		2,310			
Wages		6,280	Closing stock		14,290
Gross profit c/d		53,190			
		<u>1,50,420</u>			<u>1,50,420</u>
Railway freight on sales		16,940	Gross profit c/d		53,190
Office expenses		1,340	Rent	2,100	
Postage and Telegram		820	Add Accrued rent	<u>200</u>	2,300
Printing and Stationery		660	Discount		190
Salary and Commission	9,870				
Add Outstanding salary	<u>570</u>	10,440			
Rates and Insurance	1,300				
Less: Unexpired insurance	<u>(240)</u>	1,060			

Bad debts	1,400				
Add: Further bad debts	570				
Add: New bad debts provision	<u>3,690</u>				
	5,660				
Less: Old provision for Bad debts	(3,240)	2,420			
Depreciation on building		625			
Depreciation on additions		140			
Depreciation on Furniture		175			
Net profit (transferred to capital account)		21,060			
		<u>55,680</u>			<u>55,680</u>

Balance Sheet as on March 31, 2016

Liabilities		Rs.	Assets		Rs.
Sundry creditors		18,920	Cash at bank		12,400
Outstanding salaries		570	Cash in hand		2,210
			B/R		1,240
Capital	1,00,000				
Add: Net profit	<u>21,060</u>		Debtors	62,070	
	1,21,060				
			Less: Further Bad Debts	<u>570</u>	
Less: Drawings	<u>(17,600)</u>	1,03,460		61,500	
			Less: New provision for Bad Debts	(3,690)	57,810
			Accrued Rent		200

			Prepaid Insurance		240
			Building	25,000	
			Less Depreciation	(625)	24,375
			Addition to building	7,000	
			Less Depreciation	(140)	6,860
			Office Furniture	3,500	
			Less Depreciation	(175)	3,325
			Closing stock		14,290
		<u>1,22,950</u>			<u>1,22,950</u>

16. Given below is the Trial Balance of Anjana & Co. as on 31st March, 2016.

Particulars	L.F.	Debit (Rs.)	Credit (Rs.)
Opening Stock		18,100	
Purchases less Returns		3,10,000	
Sales less Returns			6,90,000
Carriage Inward		900	
Carriage Outward		800	
Discount Received			1,350
Discount Allowed		830	
Factor Heating and Lighting		12,100	
Wages		21,000	
Interest Received			1,000
Insurance		6,500	
Postage and Telegram		100	

Rent		18,700	
Accidental Trade Expenses		1,400	
Computers		31,200	
Sales Tax Collected			31,500
Manufacturing Expenses		69,920	
Cash in hand		8,500	
Plant & Machinery		1,34,800	
Motor Vehicles		3,10,000	
Income Tax		12,00	
Customer's A/c Supplier's A/c		11,000	13,500
Bank Overdraft			9,500
Capital Account			2,14,000
		<u>9,60,850</u>	<u>9,60,850</u>

Prepare (i) Trading and Profit and Loss Account for the year ended 31st March, 2016 and (ii) Balance Sheet as at that date, taking into consideration the adjustments given below:

Adjustments :

- i Closing stock was valued at Rs. 12, 000.
- ii Half of wages are in respect of work to be done in next year.
- iii Depreciate Motor Vehicles and Plant and Machinery @ 10% p.a.
- iv Depreciate computers Rs. 10, 600.
- v Create provisions for discount @ 5% on debtors.
- vi Goods costing Rs. 1000 distributed as free sample.

Solution:

**Books of Anjana & Co. Trading and
Profit & Loss Account for the year
ended 31st March, 2016**

Dr.				Cr.
Particulars		Rs.	Particulars	Rs.
To Opening Stock		18,100	By Sales less returns	6,90,000
To purchases less return	3,10,000		By Closing Stock	12,000
Less : Free Sample	1,000	3,09,000		
To Carriage Inward		900		
To Factor heating and lighting		12,100		
To Wages	21,000			
Less : Prepaid	<u>10,500</u>	10,500		
To Manufacturing expenses		62,920		
To Gross Profit c/d		2,88,480		
		<u>7,02,000</u>		<u>7,02,000</u>
To Carriage Outward		800	By Gross Profit b/d	2,88,480
To Discount Allowed		830	By Discount Received	1,350
To Provision for Discount on Debtors		550	By Interest Received	1,000
To Postage and Telegram		100		
To Insurance		6,500		
To Accidental Trade Expenses		1,400		
To Rent		18,700		
To Depreciation on Motor Vehicles		31,000		
To Depreciation on Plant & Machinery		13,480		
To Advertisement		1,000		
To Depreciation on Computers		10,600		
To Net Profit transferred to Capital A/c		2,05,870		
		2,89,830		2,89,830

Balance Sheet
as at 31st March, 2016

Liabilities		Rs.	Assets		Rs.
Supplier's A/c		13,500	Cash in hand		8,500
Sales Tax Collected		31,500	Customer's A/c	11,000	
Bank Overdraft		9,500	Less : Provisions for Doubtful Debts	<u>550</u>	10,450
Capital	2,14,000		Stock		12,000
Add : Net Profit	<u>2,05,870</u>		Prepaid Wages		10,500
	4,19,870		Computers	31,200	
Less : Income Tax	<u>12,000</u>	4,07,870	Less : Depreciation	<u>10,600</u>	20,600
			Motor Vehicles	3,10,000	
			Less : Depreciation	<u>31,000</u>	2,79,000
			Plant & Machinery	1,34,800	
			Less : Depreciation	<u>13,480</u>	1,21,320
		4,62,370			4,62,370

17. From the following balances of Mr. Ashok. You are required to prepare trading and profit and loss account and a balance sheet on March 31, 2015.

Debit Balance	Rs.	Credit Balance	Rs.
Plant and Machinery	1,30,000		
Debtors	50,000		
Interest	2,000		
Wages	1,200		
Salary	2,500		
Carriage inwards	500		

Carriage outwards	700	Sales	3,00,000
Return inwards	2,000	Return outwards	2,500
Factory rent	1,450	Creditors	2,50,000
Office rent	2,300	Bills payable	70,000
Insurance	780	Provision for bad debts	1,550
Furniture	22,500	Capital	2,20,000
Buildings	2,80,300	Rent received	10,380
Bills receivable	3,000	Commission received	16,000
Cash in hand	22,500		
Cash at bank	35,000		
Commission	500		
Opening stock	60,000		
Purchases	2,50,000		
Bad debts	3,500		
	8,70,430		8,70,430

Adjustment:

1. **Provision for Bad Debts @ 5% and further Bad Debts Rs. 2,000.**
2. **Rent received in Advance Rs. 6,000.**
3. **Prepaid insurance Rs. 200.**
4. **Depreciation on furniture @ 5%, plant and machinery @ 6%, building @ 7%.**
5. **Closing stock amounting Rs. 70,000 on 31.03.2015.**
6. **Goods costing Rs. 1,000 were used by proprietor.**

Solution:

Books of Mr. Ashok
Trading and Profit and Loss Account
for the year ended March 31, 2015

Particulars		Rs.	Particular		Rs.
Opening stock		60,000	Sales	3,00,000	
Purchases	2,50,000		Less Return	<u>(2,000)</u>	2,98,000

Less: Return	2,500		Closing Stock		70,000
Less : Goods Personal Use	<u>1,000</u>	2,46,500			
Wages		1,200			
Carriage inwards		500			
Factor rent		1,450			
Gross profit c/d		58,350			
		3,68,000			3,68,000
Interest		2,000	Gross profit b/d		58,350
Salary		2,500	Rent received	10,380	
Carriage outwards		700	Less Advance rent	<u>(6,000)</u>	4,380
Office Rent		2,300	Commission received		16,000
Insurance	780				
Less Prepaid Insurance	<u>(200)</u>	580			
Depreciation on furniture		1,125			
Depreciation on Plant and Machinery		7,800			
Depreciation on building		19,600			
Commission		500			
Bad debts	3,500				
Add : Further and debts	2,000				
Add : New provision	<u>2,400</u>				
	7,900				
Less old provision	<u>(1,550)</u>	6,350			
Net Profit (transferred to capital					

account)		35,272			
		77,730			77,730

Balance Sheet as at March 31, 2013

Liabilities		Rs.	Assets		Rs.
Creditors		2,50,000	Cash in hand		22,500
Bills Payable		70,000	Cash at Bank		35,000
Advance rent		6,000	Bills receivable		3,000
Capital	2,20,000		Prepaid insurance		200
Add Net Profit	<u>35,275</u>		Debtors	50,200	
	2,55,275		Less Further	<u>(2,000)</u>	
Less : Goods Taken for personalise	<u>1,000</u>	2,54,275	Bad debts	48,000	
			Less New Provision	<u>(2,400)</u>	45,600
			Plant and Machinery		1,22,200
			Furniture		21,375
			Buildings		2,60,400
			Closing stock		70,000
		5,80,275			5,80,275

18. From the following Adjustments and with the help of Trial Balance prepare a Trading A/c Profit and Loss A/c and Balance sheet as on 31st Dec. 2015.

Dr. Balance	Rs.	Cr. Balance	Rs.
Insurance charges	2,400		
Salaries & Wages	19,400		

Cash in hand	200		
Cash at Bank	26,500		
Trade Expenses	400		
Postage & Telegrams	800	Capital	
Drawings	6,000	S. Creditors	1,70,000
Plant & Machinery: - Balance on	1,20,000	Sales	20,000
1st Jan 2015	5,000	Returns outwards	1,20,000
Addition on 1st July, 2015	15,000	Provision for doubtful debts	1,200
Stock on 1st Jan. 2015	82,000	Discount	400
Purchases	2,000	Rent of Premises, Subject for one year	800
Returns Inward	20,800	to 30th June 2015	1,200
S. Debtors	5,000		
Furniture & Fixtures	2,000		
Freight & Duty	500		
Carriage Outwards	4,600		
Rent, Rates & Taxes	1,000		
Printing & stationery			

Adjustments

1. Stock on 31st Dec. 2015 was valued at Rs. 24,000 and stationery unused at the end was Rs. 250.
2. The provision for Doubtful Debts is to be maintained at 6% on Sundry Debtors.
3. Create a provision for discount on Sundry Debtors at 2%.
4. Write off Rs. 800 as Bad-Debts.
5. Provide depreciation on Plant and Machinery @ 10% p.a.
6. Insurance is paid up to 31st March 2015.
7. A fire occurred on 25th Dec. 2015 in the Godown and Stock of the value of Rs. 6,000 was destroyed. It was insured and the Insurance co. admitted a claim of Rs. 4,000.

Solution:

Trading and Profit & Loss Account for the year ending 31st Dec. 2015

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Particulars		Rs.	Particulars		Rs.
To Opening Stock		15,000	By Sales	1,20,000	
			Less Return	<u>2,000</u>	1,18,000
To Purchases	82,000		By Closing stock		24,000
Less Return	<u>(1,200)</u>				
	80,800				
Less : Loss by fire	<u>(6,000)</u>	74,800			
To Freight & duty		2,000			
To Gross Profit c/d		50,200			
		1,42,000			1,42,000
To Insurance charges	2,400		By Gross Profit		50,200
Less : Prepaid insurance	<u>(600)</u>	1,800			
To Salaries & wages		19,400	By Discount		800
To Trade expenses		400	By Rent of premises sublet	1,200	
			Less : Rent received in adv.	<u>(600)</u>	600
To Postage & telegram		800			
To carriage outwards		500			
To Rent, Rates & wages		4,600			
To Printing & Stationery	1,000				
Less : Unused	<u>(250)</u>	750			
To Bad debts	800				
Add : New reserve	<u>1,200</u>				
	2,000				
Less : Old reserve	<u>(400)</u>	1,600			

To Provision for discount on debtor		376			
To Depreciation on Plant & Mac. (12,000 + 250)		12,250			
To loss by fire	6,000				
Less :Insurance Claim	<u>4,000</u>	2,000			
To Net Profit transferred to Capital		7,124			
		51,600			51,600

Balance Sheet

As on 31st Dec. 2015

Liabilities		Rs.	Assets		Rs.
S. Creditor		20,000	Cash in hand		200
Rent received in advance		600	Cash at Axis Bank		26,500
Capital	1,70,000				
Add : Net Profit	<u>7,124</u>		S. Debtor	20,800	
	1,77,124				
Less : Drawings	<u>6,000</u>	1,71,124	Less : Bad Debts	<u>(800)</u>	
				20,000	
			Less : New Reserve	<u>(1,200)</u>	
				18,800	
			Less : Discount	<u>(376)</u>	18,424
			Insurance company (Claim)		4,000
			Closing stock		24,000
			Stationer unused		250

			Prepaid insurance		600
			Furniture & fixture		5,000
			Plant & Mac.	1,20,000	
			Add : Addition	(5,000)	
				1,25,000	
			Less : Depreciation	(12,250)	1,12,750
		1,91,724			1,91,724

19. (Comprehensive) The following is the Trial Balance of Ali Mushabbar Traders on 31st March, 2016

Particulars	L.F.	Debit (Rs.)	Credit (Rs.)
Purchases / Sales		2,12,000	3,15,000
Stock (1.4.2015)		16,000	
Returns		3,000	1,800
Debtors / Creditors		81,000	16,100
Goodwill		17,000	
Bills Receivable / Bills Payable		8,000	3,900
Machinery		70,000	
Drawings		48,000	
Motor Car		2,30,000	
Provision for Doubtful Debts			1,200
Cash Balance		11,700	
Freehold Property		2,13,000	
Fire Insurance Premium		2,400	
Bad Debts		1,200	

Carriage on Sales		1,350	
Carriage on Purchases		2,350	
Establishment Expenses		3,800	
Horses and Carts		11,000	
Custom Duty		2,100	
Donations (Charity)		3,100	
Loan			3,00,000
Interest on Loan		1,000	
Capital Account			3,00,000
		9,38,000	9,38,000

Prepare Trading and Profit & Loss Account and Balance Sheet as at 31st March, 2016 after considering the following adjustments:

- i. Value of goods on hand at the end of the year was Rs. 20, 000.
- ii. Depreciate Machinery @ 10% p.a. and Motorcar @ 5% p.a.
- iii. Provision for doubtful debts to be maintained @ 5% on Debtors.
- iv. Create provision for discount on Debtors @ 5%.
- v. Further bad debts are Rs. 1,400.
- vi. The manager is entitled to a commission @ 10% on net profit before charging his commission.

Solution:

**Books of Ali Mushabbar Traders
Trading and Profit & Loss Account
for the year ended 31st March, 2006**

Dr.					Cr.
Particulars		Rs.	Particulars		Rs.
To Opening Stock		16,000	By Sales	3,15,000	

To purchases	2,12,000		Less : Returns	<u>3,000</u>	3,12,000
Less : Returns	<u>1,800</u>	2,10,200	By Closing Stock		20,000
To Carriage on Purchases		2,350			
To Custom Duty		2,100			
To Gross Profit c/d		1,01,350			
		3,32,000			3,32,000
To Carriage on Sales		1,350	By Gross Profit b/d		1,01,350
To Fire Insurance Premium		2,400			
To Bad Debts	1,200				
Add : Further Bad Debts	1,400				
	2,600				
Add : New Provision	<u>3,980</u>				
	6,580				
Less : Old Provision	<u>1,200</u>	5,380			
To Provisions for Discount on Debtors		3,781			
To Interest on Loan		1,000			
To Establishment Expenses		3,800			
To Donations		3,100			
To Depreciation on Machinery		7,100			
To Depreciation on Motor Car		11,500			
To Manager's Commission		6,204			
To Net Profit transferred to Capital A/c		55,835			
		1,01,350			1,01,350

Balance Sheet
as at 31st March, 2006

Liabilities		Rs.	Assets		Rs.
Creditors		16,100	Cash Balance		700
Bills Payable		3,900	Debtors	81,000	
Outstanding Commission		6,204	Less : Bad Debts	<u>1,400</u>	
Loan		3,00,000		79,600	
Capital	3,00,000		Less : Provision for Bad Debts	<u>3,980</u>	
Add : Net Profit	<u>55,835</u>			75,620	
	3,55,835		Less : Provision for Discount	<u>3,781</u>	71,839
Less : Drawings	48,000	3,07,835	Bills Receivable		8,000
			Stock		20,000
			Horses and Cars		11,000
			Motor Car	2,30,000	
			Less : Depreciation	<u>11,500</u>	2,18,500
			Machinery	70,000	
			Less : Depreciation	<u>7,000</u>	63,000
			Free hold property		2,13,000
			Goodwill		17,000
		6,34,039			6,34,039

Note :- Net profit before commission Rs. 62,039
commission @ 10% Rs. 6,204

20. The following balances were extracted from the books of Mr. Sandeep on 31st Dec. 2016

Ledger Accounts	Dr. Balance	Cr. Balance
Capital		
Drawings	2,000	
General Expenses	2,500	
Building	11,0000	
Machinery	9,340	
Stock (1.1.2013)	16,200	
Power	2,240	
Taxes and Insurance	1,315	
Wages	7,200	
Sundry Debtors	6,280	
Sundry Creditors		2,500
Charity	105	
Bad Debts	550	
Bank Overdraft		11,180
Sales		65,360
Purchases	47,000	
Scooter	2,000	
Bad Debts Provision		900
Commission		1,320
Trade Expenses	1,780	
Bills Payable		3,850
Cash	100	24,500

Total	1,09,610	1,09,610
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Prepare final accounts for the year ended 31st Dec. 2016 after taking into account the following:

1. Stock on 31st Dec. 2016 was valued at Rs. 23,500
2. Write off further Bad Debts Rs. 160 and maintain the provision for Bad Debts at 5% on Sundry Debtors.
3. Depreciate Machinery by 10% and Scooter by Rs. 240.
4. Provide Rs. 750 for outstanding interest on bank overdraft.
5. Prepaid insurance is to the extent of Rs. 50, Commission receivable amounting to Rs. 50.
6. Provide Manager's commission at 10% on net profit after charging such commission.

Solution:

Trading and Profit & Loss Account
For the year ending 31st Dec. 2016

Dr.					Cr.
Particulars		Rs.	Particulars		Rs.
To Opening Stock		16,200	By Sales		65,360
To Purchase		47,000	By Closing Stock		23,500
To Power		2,240			
To Wages		7,200			
To Gross Profit (B.F)		16,220			
		88,860			88,860
To General Expenses		2,500	By Gross Profit		16,220
To Taxes & Insurance	1,315		By Commission	1,320	
Less : Prepaid	(50)	1,265	Add : Receivable Com.	50	1,370

To Interest on Bank Overdraft		750			
To Dep. on Machinery	934				
Scooter	<u>240</u>	1,174			
To Bad Debts	550				
Add : Further bad debts	160				
Add : New Reserve	<u>306</u>				
	1,016				
Less : Old Reserve	(900)	116			
To Charity		105			
To Trade Expenses		1,780			
To Manager Commission		900			
Payable (9,900 × 10/110)					
To Net Profit transferred to Capital A/c		9,000			
		17,590			17,590

Balance Sheet As on Dec. 31, 2016

Liabilities		Rs.	Assets		Rs.
S. Creditors		2500	Cash		100
Bank Overdraft	11,180		Debtors	6,280	
Add : O/s Interest	<u>(750)</u>	11,930	Less : Further Bad Debts	<u>(160)</u>	
				6,120	
			Less: New Reserve	<u>(306)</u>	5,814
Bills Payable		3,850	Prepaid Insurance		50
Manager Commission Payable		900	Closing Stock		23,500
Capital	24,500		Machinery	9,340	

Add : Net Profit	9,000		Less : Depreciation	(934)	8,406
Less : Drawings	(2,000)	31,500			
			Scooter	2,000	
			Less : Depreciation	(240)	1,760
			Building		11,000
			Commission Receivable		50
		50,680			50,680

21. Give journal entries for the following adjustments in final accounts:

- i Closing Stock Rs. 70, 000.
- ii (ii) Outstanding salaries Rs. 15, 000.
- iii (iii) Insurance premium amounting to Rs. 18, 000 is paid in advance.
- iv. (iv) Rs. 1900 received for rent related to the next accounting period.
- v. (v) Interest accrued but not received during the accounting year Rs. 1,500.
- vii (vi) Write off Rs. 600 as further bad debts.
- viii (vii) Goods costing 8, 000 destroyed by fire and insurance company admitted a claim of 5, 000 only
- x (viii) Goods costing Rs. 10, 000 (Market value Rs. 11,000) were taken by proprietor for personal use.

Solution:

Journal

Particulars		L.F.	Dr. (Rs.)	Cr. (Rs.)
(i) Closing Stock A/c	Dr.		70,000	
To Trading A/c				70,000
(Closing Stock transferred to Trading A/c)				

(ii) Salaries A/c	Dr.		15,000	
To Outstanding Salaries A/c				15,000
(Outstanding salaries accounted in the books)				
(iii) Prepaid Insurance Premium A/c	Dr.		18,000	
To Insurance Premium A/c				18,000
(Prepaid Insurance accounted in the books)				
(iv) Rent Received A/c	Dr.		1,900	
To Rent Received in Advance A/c				1,900
(Rent received in advance accounted in the books)				
(v) Accrued Interest A/c	Dr.		1,500	
To Interest Received A/c				1,500
(Accrued interest accounted in the books)				
(vi) Bad debts A/c	Dr.		600	
To Sundry Debtors A/c				600
(Further Bad-debts written off)				
(vii) Loss by Fire A/c	Dr.		8,000	
To Purchase A/c				8,000
(Goods destroyed by fire)				
Insurance Co.	Dr.		5,000	
Profit & Loss A/c	Dr.		3,000	
To Loss by Fire A/c				8,000
(Claim accepted by insurance co. and balance transferred to Profit & Loss A/c)				
(viii) Drawings A/c	Dr.		10,000	
To Purchase A/c				10,000

(Goods taken by proprietor for personal use)

22. Give journal entries for the following adjustment in final account:

- i Depreciation on furniture by 10% (cost of furniture Rs. 10, 000)
- ii Goods worth Rs. 1,800 distributed as free sample.
- iii Rent received for 12 month ending 30th, June 2012 (Account closed 31st March, 2012) Rs. 6,000.

Solution:

Journal

Particulars		L.F.	Dr. (Rs.)	Cr. (Rs.)
(i) Depreciation A/c	Dr.		1,000	
To Furniture A/c				1,000
(Depreciation charged on furniture)				
(ii) Advertisement (or free sample) A/c	Dr.		1,800	
To Purchase A/c				1,800
(Goods distributed as free sample)				
Rent A/c	Dr.		1,500	
To rent received in advance A/c				1,500
(Rent for 3 month received in advance)				

23. From the following Trial balance prepare trading and profit and loss Account and Balance sheet.

Debit Balances	Rs.	Credit Balances	Rs.
Purchases	15,000	Capital	27,500
Opening Stock	3,000	Sales	33,200
Salaries	4,550	Creditors	10,250

Bills Receivable	23000	Bills Payable	850
Machinery	6000	Outstanding Rent	350
Sundry Debtors	10,000	Commission	4500
Wages	2300	Output CGST	5000
Rent	1400	Output SGST	5000
Bad debts	600	Output IGST	4000
Discount Allowed	1250		
Insurance	300		
Bank	6000		
Advertisement	4250		
Input CGST	4000		
Input SGST	4000		
Input IGST	5000		
	90,650		90,650

Adjustments :

- i. Closing stock is Rs. 3000.
- ii. Goods costing Rs. 500 were distributed as free sample and goods of Rs. 1000 were taken by the proprietor for personal use. CGST and SGST @ 6% each were levied on these goods.
- iii. Goods costing Rs. 1000 were destroyed by fire. IGST@ 12 % was levied on these goods.
The goods were insured and the Insurance Company admitted a claim of Rs. 900.
- iv. A credit sales of Rs. 1500, on which IGST @ 12 % was levied was not recorded in the sales Book.

Solution:

Trading and Profit and Loss Account

Dr.					Cr.
Particulars		Rs.	Particulars		Rs.
To opening stock		3000	By sales	33200	
To Purchases	15000		Add: unrecorded	<u>1500</u>	34700
Less: Advertisement (Free Sample)	<u>500</u> 14500				
Less: Drawings	<u>1000</u>	13500	By loss by fire		1120
To wages		2300	By closing stock		3000
To Gross profit c/d		20020			
		38820			<u>38820</u>
To salaries		4550	By Gross profit s/d		20000
To Rent		1400	By Commission		4500
To Bad debts		600			
To Discount allowed		1250			
To Insurance		300			
To Advertisement	4250				
(+) free sample	<u>500</u>	4750			
To Less by Fire		220			
To Net profit transferred to Capital A/c		11450			
		24520			24520

Balance Sheet

Liabilities		Rs.	Assets		Rs.
Capital	27500		Machinery		6000
(+) Net profit	11450		Bills Receivable		23000

	38950		Sundry debtors	10,000	
(+) Drawing	<u>1120</u>	37830	Add: Unrecorded	<u>1680</u>	11680
			Credit Sales		
			Bank		6000
Creditors		10250	Insurance Claim due		900
Bills Payable		850	Closing Stock		3000
Outstanding rent		350			
Output CGST		210			
Output SGST		1090			
		50580			50580

*Journal Entries for adjustment of GST and GST set off.

Journal

Date	Particulars		L.F.	Dr. (Rs.)	Cr. (Rs.)
	Advertisement A/c (free sample)	Dr.		560	
	To purchases A/c				500
	To Input CGST A/c				30
	To Input SGST A/c				30
	(Being Goods distributed as free sample)				
	Drawing A/c	Dr.		1120	
	To Purchases A/c				1000
	To Input CGST A/c				60
	To Input SGST A/c				60
	(Being goods used by proprietor)				

Loss by Fire (Stock) A/c	Dr.	1120	
To Trading A/c			1000
To Input IGST A/c			120
(Being loss of stock by Fire)			
Insurance Company A/c	Dr.	900	
Profit and Loss A/c	Dr.	220	
To Loss by Fire (Stock) A/c			1120
(Being claim admitted by Insurance Company)			
Sundry Debtors A/c	Dr.	1580	
To Sales A/c			1500
To Output IGST A/c			180
(Being Credit sales recorded)			
Output IGST A/c	Dr.	4120	
To Input IGST A/c			4120
(Being input IGST set off against output IGST)			
Output CGST A/c	Dr.	3910	
To Input CGST A/c			3910
(Being input CGST set off against output CGST)			
Output SGST A/c	Dr.	3910	
To Input SGST A/c			3910
(Being input SGST set off against output SGST)			
Output CGST A/c	Dr.	880	
To Input IGST A/c			880
(Being input IGST set off against output CGST)			