

## 10. ACCOUNTS FROM INCOMPLETE RECORDS

### SOLUTIONS TO ASSIGNMENT PROBLEMS

#### PROBLEM NO: 1

Opening statement of affairs as on 31-03-2013

Liabilities	Amount (Rs.)	Assets	Amount (Rs.)
Capital (B/F)	1,61,700	Cash in hand	1,100
		Inventory	10,450
Creditors	2,750	Debtors	550
		Bank (1,65,000 - 1,22,650)	42,350
		Machinery	1,10,000
	<u>1,64,450</u>		<u>1,64,450</u>

Closing statement of affairs as on 31.03.2014

Liabilities	Amount (Rs.)	Assets	Amount (Rs.)
Capital (B/F)	1,80,400	Cash in hand	1,650
		Inventory in trade	15,950
		Debtors	1,100
Creditors	1,650	Bank (42,350 + 1,26,500 - 1,48,500)	20,350
		Machinery (1,10,000 + 33,000)	1,43,000
	<u>1,82,050</u>		<u>1,82,050</u>

Determination of profit by method of capital comparison

Particulars	Amount (Rs.)
Closing capital as on 31.03.14	1,80,400
<b>Add:</b> Drawings (385 x 12)	4,620
	1,85,020
<b>Less:</b> Opening capital balance (as on 31.03.13)	<u>(1,61,700)</u>
Profit	<u>23,320</u>

#### PROBLEM NO: 2

Capital Account of Shri Moti

Particulars	01-04-2013		01-04-2015	
	Rs.	Rs.	Rs.	Rs.
<b>Assets</b>				
Cash in hand		25,500		16,000
Inventory		56,000		91,500
Sundry debtors		41,500		52,500
Land & Building		1,90,000		1,90,000
Wife's Jewellery		75,000		1,25,000
Motor Car				1,25,000
Loan to Moti's Brother				20,000
		<b>3,88,000</b>		<b>6,20,000</b>
<b>Liabilities:</b>				

Owing to Moti's Brother	40,000			
Sundry creditors	<u>35,000</u>	<u>75,000</u>	55,000	<u>55,000</u>
Capital		<u>3,13,000</u>		<u>5,65,000</u>
Income during the two years:				
Capital as on 01-04-2015				5,65,000
<b>Add:</b> Drawings - Domestic Expenses for the two years (Rs. 4,000 × 24 months)				<u>96,000</u>
				6,61,000
<b>Less:</b> Capital as on 1-4-2013				<u>(3,13,000)</u>
Income earned in 2013-2014 and 2014-2015				3,48,000
Income declared (Rs. 1,05,000 + Rs. 1,23,000)				<u>2,28,000</u>
Suppressed Income				<u>1,20,000</u>

The Income-tax officer's contention that Shri Moti has not declared his true income is correct. Shri Moti's true income is in excess of the disclosed income by Rs. 1,20,000.

**Note:** Students are advised to rectify the hint answer given in our material

### **PROBLEM NO: 3**

#### **Statement of Affairs of 'Lokesh' as on March 31, 2004**

Liabilities	Amount (Rs.)	Assets	Amount (Rs.)
Creditors	32,940	Furniture, Fixtures & Fittings	22,500
Loan from brother	18,000	Stock (24,390 × 100/125)	19,512
Capital (Bal. fig.)	1,07,712	Debtors	11,025
		Cash-in-Hand and at Bank	15,615
		Building (House)	90,000
	<b>1,58,652</b>		<b>1,58,652</b>

#### **Statement of Affairs of 'Lokesh' as on March 31, 2010**

Liabilities	Amount (Rs.)	Assets	Amount (Rs.)
Creditors	37,800	Furniture, Fixtures & Fittings	40,500
Capital (Bal. fig.)	2,70,112	Stock (54,330 × 75%)	40,747
		Debtors	26,640
		Cash-in-Hand and at Bank	29,025
		Loan to Brother	13,500
		Building (House)	90,000
		Car	33,750
		Debentures in 'X Ltd.'	33,750
	<b>3,07,912</b>		<b>3,07,912</b>

#### **Statement of Profit:**

Particulars	Amount (Rs.)
Capital as on March 31, 2010	2,70,112
<b>Add:</b> Drawings	
2004-05	13,500
2005-06	18,000
2006-07	27,000
2007-08	31,500
2008-09	31,500
2009-10	31,500
	<b>1,53,000</b>

		4,23,112
<b>Add:</b> Amount stolen in May, 2009		13,500
		4,36,612
<b>Less:</b> Opening Capital as on March 31, 2004		(1,07,712)
		3,28,900
<b>Less:</b> Profit as shown by I.T.O.		
For the year ending March 31, 2005	33,075	
For the year ending March 31, 2006	33,300	
For the year ending March 31, 2007	35,415	
For the year ending March 31, 2008	61,875	
For the year ending March 31, 2009	54,630	
For the year ending March 31, 2010	41,670	(2,59,965)
Understatement of Income		68,935

**NOTE:** In the absence of the information regarding depreciation in the question, no depreciation has been provided on Building (house) and Car. The candidates may assume any appropriate rate of depreciation and can provide depreciation.

### PROBLEM NO: 4

#### Statement of Affairs as on 31-3-2014 and 31-3-2015

Liabilities	31-3-2014 (Rs.)	31-3-2015 (Rs.)	Assets	31-3-2014 (Rs.)	31-3-2015 (Rs.)
<b>Capital A/c's</b>			Furniture	3,60,000	3,53,250
M	4,50,000	2,25,000	Advances	2,10,000	1,50,000
N	2,25,000	2,25,000	Stock	1,80,000	2,24,250
Q	-	2,25,000	Debtors	1,20,000	1,35,000
Loan	2,40,000		Cash at bank	1,50,000	4,20,000
Creditors	96,000	90,000	Current A/c		
			N	6,000	
<b>Current A/c's</b>					
M	15,000	2,22,108			
N		1,44,967			
Q		1,50,425			
	<b>10,26,000</b>	<b>12,82,500</b>		<b>10,26,000</b>	<b>12,82,500</b>

\*See current A/cs.

Working Note - 1:

	Particulars	Rs.
(i)	<b>Depreciation on Furniture</b>	
	10% on Rs. 3,60,000	36,000
	10% on Rs. 30,000 for 1/4 year	<u>750</u>
		<b>36,750</b>
(ii)	<b>Furniture as on 31-3-2015</b>	
	Balance as on 31-3-2014	3,60,000
	<b>Add:</b> New Purchase	<u>30,000</u>
		<b>3,90,000</b>
	<b>Less:</b> Depreciation	<u>(36,750)</u>
		<b>3,53,250</b>

(iii)	<b>Total of Current Accounts as on 31-3-2015</b>	
	Total of Assets	12,82,500
	<b>Less: Fixed Capital + Liabilities</b>	<u>(7,65,000)</u>
		<b>5,17,500</b>

This is after adding salary, interest on capital and deducting drawings and interest on drawings.

**Working Note - 2:**

(iv)	<b>Interest on Capital :</b>	<b>Rs.</b>
	<b>M:</b> on 4,50,000@ 6% for 3 months	6,750
	on 2,25,000 @ 6% for 9 months	<u>10,125</u>
		<u>16,875</u>
	<b>N:</b> on 2,25,000@ 6% for 1 year	13,500
	<b>Q:</b> on 2,25,000@ 6% for 9 months	<u>10,125</u>
(v)	<b>Interest on Drawings:</b>	
	<b>M:</b> on 6,000 @ 10% for 11 months	550
	on 12,000 @ 10% for 9 months	900
	on 6,000@ 10% for 3 months	<u>150</u>
		<b>1,600</b>
	<b>N:</b> on 6,000 @ 10% for 10 months	500
	on 18,000 @ 10% for 6 months	900
	on 24,000 @ 10% for 1 month	<u>200</u>
		<b>1,600</b>

**Working Note - 3:**

**Statement of Profit**

<b>Particulars</b>	<b>Rs.</b>
Current Account Balances as on 31-3-2015	5,17,500
<b>Less:</b> Salary M Rs.6,000 × 12 = 72,000	
N Rs. 6,000 × 12 = 72,000	
Q Rs. 6,000 × 9 = 54,000	(1,98,000)
<b>Less: Interest on Capital</b>	
M 16,875	
N 13,500	
Q 10,125	(40,500)
<b>Add: Drawings</b>	
M 24,000	
N 48,000	72,000
<b>Add: Interest on Drawings</b>	
M 1,600	
N 1,600	<u>3,200</u>
	3,54,200
<b>Less: Current A/c Balances as on 31-3-2014 (Rs.15,000 - Rs.6,000)</b>	<u>(9,000)</u>
	<b>3,45,200</b>

**Working Note - 4:**

Allocation of Profit	Rs. 3,45,200	
3 months Profit	Rs. 86,300	
9 months Profit	Rs. 2,58,900	
M: $(2/3 \times \text{Rs. } 86,300) + (1/3 \times \text{Rs. } 2,58,900)$		= 1,43,833
N: $(1/3 \times \text{Rs. } 86,300) + (1/3 \times \text{Rs. } 2,58,900)$		= 1,15,067
Q: $(1/3 \times \text{Rs. } 2,58,900)$		= 86,300
		<b>Rs. 3,45,200</b>

**Dr. Current Accounts Cr.**

Particulars	M	N	Q	Particulars	M	N	Q
To Balance b/d	—	6,000	—	By Balance b/d	15,000	—	—
To Drawings	24,000	48,000	—	By Salary	72,000	72,000	54,000
To Interest on Drawings	1,600	1,600	—	By Interest on Capital	16,875	13,500	10,125
To Balance c/d	2,22,108	1,44,967	1,50,425	By Share of Profit	1,43,833	1,15,067	86,300
	<b>2,47,708</b>	<b>2,00,567</b>	<b>1,50,425</b>		<b>2,47,708</b>	<b>2,00,567</b>	<b>1,50,425</b>

**PROBLEM NO. 5****Trading and Profit and Loss Account for the year ended 31<sup>st</sup> March, 2013**

Particulars	Amount (Rs.)	Particulars	Amount (Rs.)	Amount (Rs.)
To Opening Stock	89,500	By Sales:		
To Purchases (W. N. 3)	4,13,500	Credit (W.N. 1)	2,31,900	
To Gross profit c/d (Bal. Fig.)	3,34,100	Cash	5,09,800	7,41,700
	<b>8,37,100</b>	By Closing stock		95,400
To Insurance (W.N. 5)	9,900	By Gross profit b/d		3,34,100
To Salaries (W. N. 6)	99,300			
To Rent (W.N. 7)	72,000			
To Stationery (W.N. 8)	1,450			
To Mobile Phone expenses	9,000			
To Provision for doubtful debts (5% of 65,000)	3,250			
To Depreciation:				
Furniture	4,800			
Computer	2,430			
Mobile Phone	2,000			9,230
To Net Profit	1,29,970			
	<b>3,34,100</b>			<b>3,34,100</b>

**Balance Sheet as on 31st March, 2013**

Liabilities	Rs.	Rs.	Asset	Rs.	Rs.
Capital A/c:			Furniture	96,000	
Opening Balance	1,97,430		Less: Depreciation	(4,800)	91,200
Less: Drawings	(1,20,000)		Computer	24,300	

	77,430		<b>Less:</b> Depreciation	(2,430)	21,870
<b>Add:</b> Net Profit	1,29,970	2,07,400	Mobile Phone	8,000	
Bills Payable		26,500	<b>Less:</b> Depreciation	(2,000)	6,000
Trade Creditors		76,000	Trade Debtors	65,000	
<b>Outstanding expenses:</b>			<b>Less:</b> Provision for doubtful debts	(3,250)	61,750
Salaries		8,300	Bills Receivable		20,000
Rent		6,000	Closing Stock		95,400
			Unexpired Insurance		2,500
			Stock of Stationery		250
			Cash at bank		18,000
			Cash in hand		7,230
		<b>3,24,200</b>			<b>3,24,200</b>

**Working Notes:**

1) Dr. Trade Debtors Account Cr.

Particulars	Rs.	Particulars	Rs.
To Balance b/d	55,000	By Cash /Bank	1,51,900
To Credit Sales (bal. fig.)	2,31,900	By Bills Receivable A/c (W.N.2)	70,000
		By Balance c/d (given)	65,000
	<b>2,86,900</b>		<b>2,86,900</b>

2) Dr. Bills Receivable Account Cr.

Particulars	Rs.	Particulars	Rs.
To Balance b/d	15,000	By Cash/Bank	65,000
To Sundry Debtors (bal. fig.)	70,000	By Bal. c/d (given)	20,000
	<b>85,000</b>		<b>85,000</b>

3) Dr. Trade Creditors Account Cr.

Particulars	Rs.	Particulars	Rs.
To Bank/Cash	3,06,000	By Bal. b/d	52,500
To Bills payable A/c (W.N.4)	84,000	By Credit Purchases (bal. fig)	4,13,500
To Bal. c/d(given)	76,000		
	<b>4,66,000</b>		<b>4,66,000</b>

4) Dr. Bills Payable Account Cr.

Particulars	Rs.	Particulars	Rs.
To Cash/Bank A/c	80,000	By Bal. b/d	22,500
To Bal. c/d (given)	26,500	By Sundry Creditors (bal. fig.)	84,000
	<b>1,06,500</b>		<b>1,06,500</b>

5) Insurance expenses for the year 2012-2013

Particulars	Rs.
Insurance paid during the year	10,000
<b>Add:</b> Unexpired Insurance as on 01.04.2012	2,400
<b>Less:</b> Unexpired insurance as on 31.03.2013	(2,500)
	<b>9,900</b>

## 6) Salaries for the year 2012-2013

Particulars	Rs.
Salaries paid during the year	99,000
<b>Add:</b> Salaries outstanding as on 31.03.2013	8,300
	1,07,300
<b>Less:</b> Salaries outstanding as on 01.04.2012	(8,000)
	<b>99,300</b>

## 7) Rent expenses for the year 2012-2013

Particulars	Rs.
Rent paid during the year	72,000
<b>Add:</b> Rent outstanding as on 31.03.2013	6,000
	78,000
<b>Less:</b> Rent outstanding as on 01.04.2012	(6,000)
	<b>72,000</b>

## 8) Stationery expenses for the year 2012-2013

Particulars	Rs.
Stock of stationery as on 1.4.2012	200
<b>Add:</b> Stationery purchased during the year	1,500
	1,700
<b>Less:</b> Stock of stationery as on 31.3.2013	(250)
	<b>1,450</b>

**PROBLEM NO. 6**

In the books of A. Adamjee

Dr. Trading and Profit &amp; Loss Account for the year ended 31-12-2016 Cr.

Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
To Opening Inventory	3,900	By Sales	62,100
To Purchases	49,100	By Closing Inventory	5,700
To Gross profit c/d (b.f.)	14,800		
	<b>67,800</b>		<b>67,800</b>
To Salaries	6,500	By Gross Profit b/d	14,800
To Rent and Taxes	1,500	By Interest on investment	200
To General expenses	2,500		
To Depreciation :			
Machinery @ 10%            750			
Furniture @ 10%            120	870		
To Provision for doubtful debts	800		
To Net profit carried to Capital A/c (b.f.)	2,830		
	<b>15,000</b>		<b>15,000</b>

**Balance Sheet as on 31<sup>st</sup> December, 2016**

Liabilities	Rs.	Rs.	Assets	Rs.	Rs.
A. Adamjee's Capital on 1 <sup>st</sup> January, 2016	29,100		Machinery	7,500	
<b>Add:</b> Fresh Capital	6,000		<b>Less:</b> Depreciation	(750)	6,750
			Furniture	1,200	

			<b>Less:</b> Depreciation	(120)	1,080
<b>Add:</b> Profit for the year	2,830		Inventory-in-trade		5,700
	<b>37,930</b>		Sundry debtors	17,600	
<b>Less:</b> Drawings	(3,600)	<b>34,330</b>	<b>Less:</b> Provision for Doubtful debts	(800)	16,800
			Investment		5,000
Sundry creditors		7,900	Cash at bank		6,400
			Cash in hand		500
		<b>42,230</b>			<b>42,230</b>

**Working Notes:**

1) **Balance sheet of A. Adamjee as on 01-01-2016**

Particulars	Rs.	Particulars	Rs.
Sundry creditors	5,800	Machinery	7,500
A. Adamjee's capital (b/f)	29,100	Furniture	1,200
		Inventory	3,900
		Sundry debtors	14,500
		Investments	5,000
		Bank balance (from Cash statement)	2,800
	<b>34,900</b>		<b>34,900</b>

2) **Ledger Accounts**

Dr. **Sales Account** Cr.

Date	Particulars	Rs.	Date	Particulars	Rs.
Dec. 31	To Trading A/c (b.f.)	62,100	Jan. 1	By Total Debtors Account	51,100
			Dec. 31	By Cash	11,000
		<b>62,100</b>			<b>62,100</b>

Dr. **Total Debtors Account** Cr.

Date	Particulars	Rs.	Date	Particulars	Rs.
Jan. 1	To Balance b/d	14,500	Dec. 31	By Cash	48,000
Dec. 31	To Credit sales (b/f)	51,100	Dec. 31	By Balance c/d	17,600
		<b>65,600</b>			<b>65,600</b>
Jan. 1	To Balance b/d	17,600			

Dr. **Purchases Account** Cr.

Date	Particulars	Rs.	Date	Particulars	Rs.
Dec. 31	To Cash A/c	12,000	Dec. 31	By Trading Account (b.f.)	49,100
	To Total Creditors A/c	37,100			
		<b>49,100</b>			<b>49,100</b>



Dr. **Total Creditors Account** Cr.

Date	Particulars	Rs.	Date	Particulars	Rs.
Dec. 31	To Cash	35,000	Jan. 1	By Balance b/d	5,800
Dec. 31	To Balance b/d	7,900	Dec. 31	By Credit Purchases	37,100
				(Balancing figure)	
		<b>42,900</b>			<b>42,900</b>

**PROBLEM NO: 7**

Trading and Profit and Loss Account of Mr. Athruya for the year ended 31st March, 2019

Particulars	Amount	Particulars	Amount
To Opening inventory (B/f)	1,20,000	By Sales:	
To Purchases:		Cash	1,20,000
Cash	72,000	Credit	4,80,000
Credit	2,88,000	By Closing inventory	60,000
To Gross profit c/d (@ 30% on sales) (6,00,000 x 30%)	1,80,000		
	<b>6,60,000</b>		<b>6,60,000</b>
Miscellaneous Expenses (1,20,000 - 12,000 + 15,000)	1,23,000	By Gross profit b/d	1,80,000
To Depreciation:		By Miscellaneous receipts	30,000
Building	54,000	By Net loss transferred to Capital A/c (b.f.)	38,760
Furniture (1,500 + 10,200)	11,700		
Motor Car	24,000		
To Loss on sale of furniture	16,500		
To Bad debts	12,000		
To Provision for doubtful debts	7,560		
	<b>2,48,760</b>		<b>2,48,760</b>

Balance Sheet of Mr. Athruya as on 31st March, 2019

Liabilities	Amount	Amount	Assets	Amount	Amount
Capital as on 01.04.2018		10,74,000	Building	4,80,000	
Profit and Loss A/c:			<b>Add:</b> Addition during the year	<u>60,000</u>	
Opening balance	60,000			5,40,000	
<b>Less:</b> Loss for the year	(38,760)	21,240	<b>Less:</b> Provision for depreciation	(54,000)	4,86,000
Sundry creditors		1,68,000	Furniture	90,000	
Bills payable		24,000	<b>Less:</b> Sold during the year	(30,000)	
Outstanding salary		15,000	<b>Add:</b> Addition during the year	42,000	
				1,02,000	
			<b>Less:</b> Depreciation	(10,200)	91,800
			Motor car (at cost)	1,20,000	
			<b>Less:</b> Depreciation	(24,000)	96,000
			Inventory in trade		60,000

		Sundry debtors	3,78,000	
		<b>Less:</b> Provision for doubtful debts @ 2%	(7,560)	3,70,440
		Bills receivable		42,000
		Cash in hand and at bank		1,56,000
	<b>13,02,240</b>			<b>13,02,240</b>

**Working Notes:**
**1. Dr. Sundry Debtors Account Cr.**

Particulars	Amount	Particulars	Amount
To Balance b/d	2,40,000	By Cash/Bank A/c	3,00,000
To Sales A/c (credit)*	4,80,000	By Bills Receivable A/c	30,000
		By Bad debts A/c	12,000
		By Balance c/d (bal. fig.)	3,78,000
	<b>7,20,000</b>		<b>7,20,000</b>

**2. Dr. Sundry Creditors Account Cr.**

Particulars	Amount	Particulars	Amount
To Cash/Bank A/c	2,76,000	By Balance b/d	1,80,000
To Bills Payable A/c	24,000	By Purchases A/c**	2,88,000
To Balance c/d (bal. fig.)	1,68,000		
	<b>4,68,000</b>		<b>4,68,000</b>

\*Total sales (1,20,000 x 100/ 20) - cash sales (1,20,000)

\*\*Total purchases (72,000 x 100/ 20) - cash purchases (72,000)

**3. Dr. Bills Receivable Account Cr.**

Particulars	Amount	Particulars	Amount
To Balance b/d	48,000	By Cash/ Bank A/c(bal. fig.)	36,000
To Sundry Debtors A/c	30,000	By Balance c/d	42,000
	<b>78,000</b>		<b>78,000</b>

**4. Dr. Bills Payable Account Cr.**

Particulars	Amount	Particulars	Amount
To Cash/Bank A/c (bal. fig.)	42,000	By Balance b/d	42,000
To Balance c/d	24,000	By Sundry Creditors A/c	24,000
	<b>66,000</b>		<b>66,000</b>

**5. Dr. Furniture Account Cr.**

Particulars	Amount	Particulars	Amount
To Balance (B/d)	90,000	By bank/cash A/c	12,000
To Bank A/c	42,000	By Depreciation A/c (On furniture sold) (30,000 x 10 x ½)	1,500
		By P & L A/c (Loss on sale ) (30,000 - 1,500 - 12,000)	16,500
		By Depreciation A/c (1,02,000 x 10%)	10,200
		By balance C/d	91,800
	<b>1,32,000</b>		<b>1,32,000</b>

## 6. Dr. Cash/Bank Account Cr.

Particulars	Amount	Particulars	Amount
To Balance b/d	2,70,000	By Misc. trade expenses A/c	1,20,000
To Miscellaneous receipts A/c	30,000	By Purchases A/c	72,000
To Sundry debtors A/c	3,00,000	By Furniture A/c	42,000
To Sales A/c	1,20,000	By Sundry creditors A/c	2,76,000
To Furniture A/c (sale)	12,000	By Bills payable A/c	42,000
To Bills receivable A/c	36,000	By Building A/c (4,80,000 - 5,40,000)	60,000
		By Balance c/d	1,56,000
	<b>7,68,000</b>		<b>7,68,000</b>

## 7. Opening Balance Sheet of Mr. Athruya as on 31st March, 2018

Liabilities	Amount	Assets	Amount
Capital (balancing figure)	10,74,000	Building	4,80,000
Profit and loss A/c	60,000	Furniture	90,000
Sundry Creditors	1,80,000	Motor car	1,20,000
Bills Payable	42,000	Inventory in trade	1,20,000
Outstanding salary	12,000	Sundry Debtors	2,40,000
		Bills Receivable	48,000
		Cash in hand and at bank	2,70,000
	<b>13,68,000</b>		<b>13,68,000</b>

**PROBLEM NO: 8**

## Dr. Trading &amp; Profit &amp; Loss a/c of Mr. Rashid for yearend 31.12.2002 Cr.

Particulars	(Rs.)	Particulars	(Rs.)
To Opening Inventory	8,000	By Sales (W.N.3)	73,050
To Purchases (W.N.2) 45,600		By Closing inventory	7,000
<b>Less:</b> For advertising (900)	44,700		
To Freight inwards	3,000		
To Gross Profit C/d	<u>24,350</u>		
	<b>80,050</b>		<b>80,050</b>
To Sundry expenses (W.N.6)	14,200	By Gross profit b/d	24,350
To advertisement	900	By Interest on investment	2
To discount allowed		(100 x 4/100 x 1/2)	
- Debtors 1500		By Discount received	800
- Bills receivables 125	1,625	By Miscellaneous Income	500
To Depreciation on			
Furniture (6,000 + 1,000 - 6,350)	650		
To provision for bad debts	486		
To Net Profit	<u>7,791</u>		
	<b>25,652</b>		<b>25,652</b>

Balance sheet as on 31.12.2002

Liabilities	(Rs.)	(Rs.)	Assets	(Rs.)	(Rs.)
Capital on 01.01.02 (W.N.1)	18,800		Furniture (WDV)	6,000	
(-) Drawings	(7904)		(+) Purchases during year	1,000	
	10896		(-) Depreciation (b.f)	(650)	6,350
(+) Net profit	<u>7791</u>	18687	Investment		96
Sundry creditors		15000	Interest accrued		2
Outstanding Expenses		1800	Closing Inventory		7,000
			Sundry debtors	19,450	
			<b>Less:</b> Provision for Bad debts	(486)	18,964
			Bill receivable (W.N.7)		1,750
			Cash in hand & out Bank		625
			Prepaid expenses		<u>700</u>
		<u>35,487</u>			<u>35,487</u>

**Working Notes:**

**WN 1: Capital as on 01.01.2002**

Liabilities	Amount (Rs.)	Assets	Amount (Rs.)
Capital (B/F)	18,800	Furniture	6,000
Creditors	1,1000	Inventory at cost	8,000
Outstanding Expenses	2,000	Sundry debtors	16,000
		Cash in hand & Bank	1,200
		Prepaid Expenses	600
	<u>31,800</u>		<u>31,800</u>

**WN: 2 Purchases made during the year (creditors A/c)**

Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
To Cash	39,200	By Balance b/d	11,000
To Discount Received	800	By Purchase (B/F)	45,600
To Bills Receivable	2,000	By Sundry Debtors	400
To Balance C/d	<u>15,000</u>		
	<u>57,000</u>		<u>57,000</u>

**WN: 3 Sales made during the year**

Particulars	(Rs.)	(Rs.)
Opening inventory		8,000
<b>Add:</b> Purchases	45,600	
<b>Less:</b> For advertising	(900)	44,700
<b>Add:</b> Freight in words		<u>3,000</u>
		55,700
<b>Less:</b> Closing Inventory		(7,000)
Cost of good sold	48,700	
<b>Add:</b> Gross profit (@50% on cost)		<u>24,350</u>
Sales		<u>73,050</u>

**WN: 4: Debtors as on 31.12.2002**

Dr.		Debtors A/c		Cr.	
Particulars	Rs.	Particulars	Rs.		
To Balance b/d	16,000	By Cash & Bank	58,500		
To sales (W.N.3)	73,050	By discount allowed a/c	1,500		
To sundry Creditors (bills dishonored)	400	By Bills Receivable	10,000		
		By Balance C/d (B/F)	19,450		
	<u>89,450</u>				<u>89,450</u>

**WN: 5 Additional Drawings by Mr. Rashid**

Dr.		Cash & Bank A/c		Cr.	
Particulars	Rs.	Particulars	Rs.		
To balance b/d	1,200	By freight inward A/c	3,000		
To Debtors A/c	58,500	By Furniture A/c	1,000		
To Bill recoverable A/c	6,125	By investment A/c	96		
To misc income a/c	500	By Expenses A/c	14,500		
		By creditor A/c	39,200		
		By drawings a/c(7000 + 904)	7,904		
		By Balance C/d	625		
	<u>66,325</u>				<u>66,325</u>

**WN: 6 amount of expense debited to P & L A/c**

Dr.		Sundry Expense a/c		Cr.	
Particulars	Rs.	Particulars	Rs.		
To Prepaid Expenses A/c	600	By outstanding Exp A/c (as on 1.1.02)	2,000		
To Bank A/c	14,300	By profit & los a/c (B/F)	14,200		
To outstanding expenses A/c (on 31.12.02)	1,800	By prepaid expenses a/c	700		
	<u>16,900</u>				<u>16,900</u>

**WN: 7 bills receivable on 31.12.02**

Dr.		Bills receivable a/c		Cr.	
Particulars	Rs.	Particulars	Rs.		
To Debtors A/c	10,000	By Creditors A/c	2,000		
		By Bank	6,125		
		By Discount on bills receivable	125		
		By Balance c/d (B/F)	1,750		
	<u>10,000</u>				<u>10,000</u>

**PROBLEM NO: 9**

Dr.		Trading and Profit & Loss Account for the year ending 31 <sup>st</sup> March, 2015				Cr.	
Particulars	(Rs.)	(Rs.)	Particulars	(Rs.)	(Rs.)		
To Opening Inventory		8,040	<b>By Sales:</b>				
			Cash	4,600			
To Purchases (58,000+1,030)	59,030		Credit	67,210			
<b>Less: Returns</b>	(400)	58,630		71,810			
To Gross profit c/d (b.f)		14,810	<b>Less: Returns</b>	(1,450)	70,360		

			By Closing inventory		11,120
		<b>81,480</b>			<b>81,480</b>
To Sundry expenses (W.N.(v))		9,300	By Gross profit b/d		14,810
To Discount		1,500	By Discount		700
To Bad Debts		420			
To Net Profit transfer to Capital (b.f)		<u>4,290</u>			—
		<b>15,510</b>			<b>15,510</b>

**Balance Sheet of M/s..... as on 31st March, 2015**

Liabilities	Rs.	Rs.	Assets	Rs.
Capital			Sundry assets	12,040
Opening balance	26,770		Inventory in trade	11,120
<b>Add:</b> Addition	8,500		Sundry debtors	17,870
Net Profit	<u>4,290</u>		Cash in hand & at bank	8,080
	39,560			
<b>Less:</b> Drawings	<u>(3,180)</u>	36,380		
Sundry creditors		12,400		
Outstanding expenses		<u>330</u>		
		<b>49,110</b>		<b>49,110</b>

**Working Notes:**

**i) Cash sales**

**Dr. Combined Cash & Bank Account Cr.**

Liabilities	Rs.	Assets	Rs.
To Balance b/d	6,960	By Sundry creditors	60,270
To Sundries (Contra)	5,000	By Sundries (Contra)	5,000
To Sundries (Contra)	9,240	By Sundries (Contra)	9,240
To Sundry debtors	62,500	By Drawings	3,180
To Capital A/c	8,500	By Machinery	430
To Sales (Cash Sales-Balancing Figure)	4,600	By Sundry expenses	9,570
		By Purchases	1,030
		By Balance c/d	8,080
	<b>96,800</b>		<b>96,800</b>

**ii) Dr. Total Debtors Account Cr.**

Particulars	Rs.	Particulars	Rs.
To Balance b/d (Balancing figure)	16,530	By Bank	62,500
		By Discount (64,000 - 62,500)	1,500
To Sales (71,810 - 4,600)	67,210	By Return Inward	1,450
		By Bad Debts	420
		By Balance c/d	<u>17,870</u>
	<b>83,740</b>		<b>83,740</b>

**iii) Dr. Total Creditors Account Cr.**

Particulars	Rs.	Particulars	Rs.
To Bank	60,270	By Balance b/d	15,770
To Discount	700	By Purchases (Balancing figure)	58,000

To Return Outward	400		
To Balance c/d	<u>12,400</u>		
	<u>73,770</u>		<u>73,770</u>

iv) **Balance Sheet as on 1<sup>st</sup> April, 2014**

Liabilities	Rs.	Assets	Rs.
Capital (balancing figure)	26,770	Sundry Assets	11,610
Sundry Creditors	15,770	Inventory in Trade	8,040
Outstanding Expenses	600	Sundry Debtors (From total debtors A/c)	16,530
		Cash in hand & at bank	<u>6,960</u>
	<u>43,140</u>		<u>43,140</u>

## v)

Expenses paid in Cash	9,570
<b>Add:</b> Outstanding on 31-3-2015	<u>330</u>
	9,900
<b>Less:</b> Outstanding on 1-4-2014	<u>(600)</u>
	<u>9,300</u>

vi) Due to lack of information depreciation has not been provided on fixed assets.

**PROBLEM NO: 10**Dr. **Trading and Profit and Loss Account for the year ended 31st March, 2011**

Cr.

	Rs.		Rs.
To Opening stock	2,80,000	By Sales	
To Purchases	7,20,000	Cash	2,40,000
To Gross Profit @ 25%	3,10,000	Credit	<u>10,00,000</u>
		By Closing Stock (bal.fig.)	<u>1,20,000</u>
	<u>13,60,000</u>		<u>13,60,000</u>
To Salaries	40,000	By Gross Profit	3,10,000
To Business expenses	1,20,000		
To Interest on loan (10% of 1,00,000*6/12)	5,000		
To Net Profit	<u>1,45,000</u>		
	<u>3,10,000</u>		<u>3,10,000</u>

**Balance Sheet as at 31<sup>st</sup> March, 2011**

Liabilities	Rs.	Rs.	Assets	Rs.
Ram's capital:			Cash in hand	10,000
Opening	3,00,000		Cash at Bank	80,000
<b>Add:</b> Net Profit	<u>1,45,000</u>		Sundry Debtors	3,50,000
	4,45,000		Stock in trade	1,20,000
<b>Less:</b> Drawings	<u>(80,000)</u>	3,65,000		
Loan from Laxman (including interest due)		1,05,000		
Sundry Creditors		<u>90,000</u>		
		<u>5,60,000</u>		<u>5,60,000</u>

**Working Notes:**

1) Dr. Sundry Debtors Account Cr.

	Rs.		Rs.
To Balance b/d	1,00,000	By Bank A/c	7,50,000
To Credit sales (Bal. fig)	<u>10,00,000</u>	By Balance c/d	<u>3,50,000</u>
	11,00,000		11,00,000

2) Dr. Sundry Creditors Account Cr.

	Rs.		Rs.
To Bank A/c	7,00,000	By Balance b/d	40,000
To Cash A/c	20,000	By Purchases (Bal. fig.)	7,70,000
To Balance c/d	<u>90,000</u>		<u>          </u>
	<u>8,10,000</u>		<u>8,10,000</u>

3) Dr. Cash and Bank Account Cr.

Particulars	Cash Rs.	Bank Rs.	Particulars	Cash Rs.	Bank Rs.
To Balance b/d	10,000		By Balance b/d		50,000
To Sales (bal. fig)	2,40,000		By Bank A/c (C)	1,00,000	
To Cash (C)		1,00,000	By Salaries	40,000	
To Debtors		7,50,000	By Creditors	20,000	7,00,000
To Laxman's Loan		1,00,000	By Drawings	80,000	
			By Business expenses		1,20,000
			By Balance c/d	10,000	80,000
	<u>2,50,000</u>	<u>9,50,000</u>		<u>2,50,000</u>	<u>9,50,000</u>

4) Calculation of Ram's Capital on 1<sup>st</sup> April, 2010

**Balance Sheet as at 01.04.2010**

Liabilities	Amount (Rs.)	Assets	Amount (Rs.)
Ram's Capital (bal. fig)	3,00,000	Cash in hand	10,000
Bank Overdraft	50,000	Sundry Debtors	1,00,000
Sundry Creditors	<u>40,000</u>	Stock in trade	<u>2,80,000</u>
	<u>3,90,000</u>		<u>3,90,000</u>

**PROBLEM NO: 11**

Dr. Trading and Profit and Loss account for the year ending 31st March, 2017 Cr.

Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
To Opening Stock	40,000	By Sales	4,31,250
To Purchases (Working Note)	3,45,000	By Closing Stock	40,000
To Gross Profit c/d (20% on sales)	86,250		4,71,250
	4,71,250	By Gross Profit b/d	86,250
To Business Expenses	50,000		
To Depreciation on:			
Machinery 6,500			
Building 5,000	11,500		
To Net profit	<u>24,750</u>		
	86,250		86,250



Dr. **Trade Debtors Account** Cr.

Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
To Balance b/d	50,000	By Bank (bal.fig.)	4,09,375
To Sales	4,31,250	By Balance c/d (1/6 of 4,31,250)	71,875
	4,81,250		4,81,250

Dr. **Trade Creditors Account** Cr.

Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
To Bank (Balancing figure)	3,31,875	By Balancing b/d	30,000
To Balance c/d/ (1/8 of Rs. 3,45,000)	43,125	By Purchases	3,45,000
	3,75,000		3,75,000

**Working Note:**

S.No	Particulars	Amount (Rs)
(i)	<b>Calculation of Rate of Gross Profit earned during previous year</b>	
a)	Sales during previous year (Rs. 50,000 x 12/2)	3,00,000
b)	Purchases (Rs.30,000 x 12/1.5)	2,40,000
c)	Cost of Goods Sold (Rs.40,000 + Rs. 2,40,000 - Rs.40,000)	2,40,000
d)	Gross Profit (A-C)	60,000
e)	Rate of Gross Profit $\left( \frac{\text{Rs } 60,000}{\text{Rs. } 3,00,000} \times 100 \right)$	20%
(ii)	<b>Calculation of sales and Purchases during current year</b>	
a)	<b>Cost of goods sold during previous year</b>	2,40,000
b)	<b>Add:</b> Increases in volume @ 25 %	60,000
		3,00,000
c)	<b>Add:</b> Increase in cost @ 15%	45,000
d)	Cost of Goods Sold during Current Year	3,45,000
e)	<b>Add:</b> Gross profit @ 25% on cost (20% on sales)	86,250
f)	Sales for current year [D+E]	4,31,250

**PROBLEM NO: 12**

**Projected Balance Sheet of ..... as on 31st March, 2019**

Liabilities		Rs.	Assets		Rs.
Capital		40,00,000	Fixed Assets		16,00,000
Profit & Loss Account as on 1st April, 2018	2,40,000		Additions	<u>4,00,000</u>	
<b>Add:</b> Profit for the year	14,96,000	17,36,000	<b>Less:</b> Depreciation @ 10%	(2,00,000)	18,00,000
Creditors (Trade)		4,40,000	Stock in trade		13,44,000
			Sundry Debtors		8,00,000
			Cash & Bank Balances		22,32,000
		<b>61,76,000</b>			<b>61,76,000</b>

**Working Notes:**

1) **Projected Trading and Profit and Loss Account for the year ended 31st March, 2019**

Particulars	Rs.	Particulars	Rs.
To Opening Stock	12,00,000	By Sales	84,80,000
To Purchases	60,80,000	By Closing Stock (balancing figure)	13,44,000
To Gross Profit c/d (30% on sales)	25,44,000		

	98,24,000		98,24,000
To Sundry Expenses (10% on sales)	8,48,000	By Gross Profit b/d	25,44,000
To Depreciation	2,00,000		
To Net Profit (b.f.)	14,96,000		
	<b>25,44,000</b>		<b>25,44,000</b>

2) **Cash and Bank Account 1st April, 2015 to 31st March, 2016**

Particulars	Rs.	Particulars	Rs.
To Balance b/d	14,00,000	By Sundry Creditors (Rs. 5,60,000 + Rs. 56,40,000)	62,00,000
To Sundry Debtors (Rs. 6,00,000 + Rs. 76,80,000)	82,80,000	By Expenses	8,48,000
		By Fixed Assets	4,00,000
		By Balance c/d (b.f.)	22,32,000
	<b>96,80,000</b>		<b>96,80,000</b>

**PROBLEM NO: 13**

Dr. **Trading and Profit & Loss a/c for year end 30.06.2003** Cr.

Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
To Opening Stock	40,000	By Sales (W.N-1)	
To Purchases (WN-2) (B/F)	2,98,000	Credit	
To Gross Profit c/d	72,000	2,88,000	
		Cash	3,60,000
		72,000	
		By closing stock	50,000
	<b>4,10,000</b>		<b>4,10,000</b>
To Office Expenses	42,000	By Gross profit b/d	72,000
To Depreciation on			
Building (6000 x 5%)	3,000		
Furniture (18000 x 20%)	3,600		
Motor car (18000 x 20%)	3,600		
To loss of cash (WN-4)	9,800		
To Net profit (B/F)	13,000		
	<b>72,000</b>		<b>72,000</b>

**WN: 1: Calculation of sales for year 01.07.2002 - 30.06.2003**

GP of last year = 60,000

$$\text{Sales of last year} = \frac{6,000}{25} \times 125 = 3,00,000$$

Sales for this year end 30.06.2003 = 3,00,000 + 20% of 3,00,000 = 3,60,000

Credit sales = 3,60,000 x 80% = 2,88,000

Cash Sales = 3,60,000 x 20% = 72,000

**WN: 2**

Dr. **Creditors A/c** Cr.

Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
To Bank A/c	2,75,000	By Balance B/d	62,000
To Balance C/d (B/F)	85,000	By purchases	2,98,000
	<b>3,60,000</b>		<b>3,60,000</b>

WN: 3

Dr.		Debtors A/c		Cr.	
Particulars	Amount (Rs.)	Particulars	Amount (Rs.)		
To Balance B/d	34,000	By cash	60,000		
To sales	2,88,000	By Bank A/c	2,00,000		
		By Balance c/d	<u>62,000</u>		
	<u>3,22,000</u>				<u>3,22,000</u>

WN: 4

Dr.		Cash A/c		Cr.	
Particulars	Amount (Rs.)	Particulars	Amount (Rs.)		
To Balance b/d	7,500	By Office expense A/c	20,000		
To sales A/c (Cash sales)	72,000	By Bank a/c	1,33,700		
To Debtors a/c (Cash)	60,000				
To Bank a/c	<u>24,000</u>	By Profit & Loss A/c (b.f) (Defalcation of cash)	<u>9,800</u>		
	<u>1,63,500</u>				<u>1,63,500</u>

WN: 5

Dr.		Bank A/c		Cr.	
Particulars	Amount (Rs.)	Particulars	Amount (Rs.)		
To Balance b/d	17,000	By office expenses	12,000		
To Debtors	2,00,000	By Creditors	2,75,000		
To Cash	1,33,700	By drawings	15,000		
		By Cash A/c	24,000		
		By Balance C/d (B/F)	<u>24,700</u>		
	<u>3,50,700</u>				<u>3,50,700</u>

**PROBLEM NO: 14**

Dr. Trading and Profit and Loss Account for the year ending 31st March 2011 Cr.

Particulars	Rs.	Particulars	Rs.
To Opening stock	2,80,000	By Sales (W.N. 3)	
To Purchases (W.N. 1)	3,64,000	Credit 4,80,000	
To Gross profit (b.f)	1,16,000	Cash <u>1,20,000</u>	6,00,000
		By Closing stock	<u>1,60,000</u>
	<u>7,60,000</u>		<u>7,60,000</u>
To Salary (2000X12)	24,000	By Gross profit	1,16,000
To Rent	16,000		
To Office expenses (1200X12)	14,400		
To Loss of cash (W.N. 6)	23,600		
To Depreciation on furniture	4,000		
To Net Profit (b.f)	<u>34,000</u>		
	<u>1,16,000</u>		<u>1,16,000</u>

**Balance Sheet as on 31<sup>st</sup> March, 2011**

Liabilities	Rs.	Assets	Rs.
A's Capital 4,04,000		Furniture 40,000	
<b>Add:</b> Net Profit 34,000		<b>Less:</b> Depreciation (4,000)	36,000
<b>Less:</b> Drawings (500X12) (6,000)	4,32,000	Stock	1,60,000

Creditors	1,46,000	Debtors	1,20,000
		Cash at bank	<u>2,62,000</u>
	<u>5,78,000</u>		<u>5,78,000</u>

**Working Notes:**

1) **Calculation of purchases**

Dr.		Creditors Account		Cr.	
Particulars	Rs.	Particulars	Rs.		
To Bank A/c	3,00,000	By Balance b/d	82,000		
To Balance c/d	<u>1,46,000</u>	By Purchases (Bal.fig.)	<u>3,64,000</u>		
	<u>4,46,000</u>		<u>4,46,000</u>		

2) **Calculation of total sales**

	Rs.
Sales for the year 2010-11	5,00,000
<b>Add:</b> 20% increase	<u>1,00,000</u>
Total sales for the year 2011-12	<u>6,00,000</u>

3) **Calculation of credit sales**

	Rs.
Total sales	6,00,000
<b>Less:</b> Cash sales (20% of total sales)	<u>(1,20,000)</u>
	<u>4,80,000</u>

4) **Calculation of cash collected from debtors**

Dr.		Debtors Account		Cr.	
Particulars	Rs.	Particulars	Rs.		
To Balance b/d	1,00,000	By Bank A/c (Bal. fig.)	4,60,000		
To Sales A/c	<u>4,80,000</u>	By Balance c/d	<u>1,20,000</u>		
	<u>5,80,000</u>		<u>5,80,000</u>		

5) **Calculation of closing balance of cash at bank**

Dr.		Bank Account		Cr.	
Particulars	Rs.	Particulars	Rs.		
To Balance b/d	38,000	By Creditors A/c	3,00,000		
To Debtors A/c	4,60,000	By Rent A/c	16,000		
To Cash A/c	<u>80,000</u>	By Balance c/d (b.f)	<u>2,62,000</u>		
	<u>5,78,000</u>		<u>5,78,000</u>		

6) **Calculation of the amount of cash defalcated by the cashier**

		Rs.
Cash balance as on 1st April 2011		28,000
<b>Add:</b> Cash sales during the year		<u>1,20,000</u>
		1,48,000
<b>Less:</b> Salary (Rs. 2,000x12)	24,000	
Office expenses (Rs. 1,200 x 12)	14,400	
Drawings of A (Rs. 500x12)	6,000	
Cash deposited into bank during the year	<u>80,000</u>	<u>(1,24,400)</u>
Cash balance as on 31st March 2012 (defalcated by the cashier)		<u>23,600</u>

## SOLUTIONS FOR ADDITIONAL PROBLEMS FOR SELF PRACTICE

### PROBLEM NO: 1

#### Calculation of credit sales and total sales:

$$\begin{aligned} \text{Credit sales for the year ended 2015 - 2016} &= \text{Debtors} \times \frac{12 \text{ months}}{1.5 \text{ months}} = 1,25,000 \times \frac{12 \text{ months}}{1.5 \text{ months}} \\ &= 10,00,000 \end{aligned}$$

$$\begin{aligned} \text{Total sales for the year ended 2015 - 2016} &= \text{credit sales} \times \frac{100\%}{80\%} \\ &= 10,00,000 \times \frac{100\%}{80\%} = 12,50,000 \end{aligned}$$

### PROBLEM NO: 2

In the Books of Jyotishikha Traders

Trading Account for the year ended 31.03.2019

Particulars	Amount	Particulars	Amount
To Opening Stock A/c (Bal.fig.)	1,65,000	By Sales (W.N.1)	12,50,000
To Purchases (W.N.2)	9,00,000	By Closing Stock	65,000
To Gross Profit (12,50,000 x 25/125)	2,50,000		
	<b>13,15,000</b>		<b>13,15,000</b>

Profit and Loss Account for the year ended 31.03.2019

Particulars	Amount	Particulars	Amount
To Discount	5,500	By Gross profit	2,50,000
To Salaries Expenses	32,000	By Discount	4,500
To Office expenses (W.N.3)	37,000		
To Selling expenses	15,000		
To Interest on loan (12% on Rs.1,60,000)	19,200		
To Bad debts (2% of Rs. 2,25,000)	4,500		
To Loss on sale of Machinery	15,000		
To Depreciation:			
Land & Building	25,000		
Plant & Machinery (W.N.4b)	23,750		
Office Equipment (W.N.5)	12,750		
To Net profit after tax	64,800		
	<b>2,54,500</b>		<b>2,54,500</b>

Balance sheet as on 31.3.2019

Liabilities	Rs.	Rs.	Assets	Rs.
Capital (W.N.6)	8,95,500		Land and Building (5,00,000-25,000)	4,75,000
<b>Add: Net Profit</b>	<b>64,800</b>	9,60,300	Plant and Machinery (W.N.4a) (3,30,000-21,750)	3,08,250
Creditors for Purchases (W.N.8)		1,05,500	Office Equipment (85,000-12,750)	72,250

Outstanding expenses		15,000	Debtors less Bad debts (W.N. 7)	2,20,500
Loan from SBI		1,00,000	Stock	65,000
			Bank Balance (W.N. 9)	39,800
		<b>11,80,800</b>		<b>11,80,800</b>

**Working Notes:**

**1) Calculation of Total Sales**

Particulars	Amount (Rs.)
Cash Sales	2,50,000
Credit Sales (80% of total sales)	
Cash Sales (20% of total sales)	
Thus total Sales (250000 x 100/20)	12,50,000
Credit Sales (1250000 x 80/100)	10,00,000

**2) Calculation of Total Purchases**

Particulars	Amount
Credit Purchases	5,40,000
Cash Purchases (40% of total purchases)	
Credit Purchases (60% of total purchases)	
Thus total Purchases (5,40,000 x 100/60)	9,00,000
Cash Purchases 9,00,000 x 40/100)	3,60,000

**3) Office Expenses Account**

Particulars	Amount	Particulars	Amount
To Bank	42,000	By Balance b/d	20,000
To balance c/d	15,000	By Profit & loss A/c	37,000
	<b>57,000</b>		<b>57,000</b>

**4) a) Plant and Machinery Account**

Particulars	Amount	Particulars	Amount
To Opening Balance	2,20,000	By sales	40,000
To Purchases	1,50,000	By closing balance	3,30,000
	<b>3,70,000</b>		<b>3,70,000</b>

**b) Depreciation calculations on Plant & Machinery**

Particulars	Amount
Depreciation on 1,80,000 x 10% (for full year)	18,000
1,50,000 x 10% x 3/12 (for 3 months)	3,750
40,000 x 10% x 6/12 (for 6 months)	2,000
	<b>23,750</b>

**c) Sale of Machinery Account**

Particulars	Amount	Particulars	Amount
To Plant & Machinery	40,000	By Depreciation	2,000
		By Profit & Loss A/c	15,000
		By Bank a/c	23,000
	<b>40,000</b>		<b>40,000</b>

## 5) Depreciation calculations on Office Equipment

Particulars	Amount
Opening Balance	1,05,000
<b>Less:</b> Closing balance	<u>85,000</u>
Sale of office equipment	20,000
Balance of office equipment after sale	85,000
Depreciation@15%	<b>12,750</b>

## 6) Opening Balance Sheet as on 31.03.2018

Particulars	Amount	Particulars	Amount
Creditors	95,000	Land & building	5,00,000
Creditors for expenses	20,000	Plant & machinery	2,20,000
Loan	1,60,000	Office equipment	1,05,000
Capital (Bal. fig)	8,95,500	Debtors	1,55,500
		Stock	1,65,000
		Bank	25,000
	<b>11,70,500</b>		<b>11,70,500</b>

## 7) Sundry Debtors A/c

Particulars	Amount	Particulars	Amount
To Balance b/d	1,55,500	By Bank	9,25,000
To sales	10,00,000	By Discount	5,500
		By Bad debts	4,500
		By Balance C/d	2,20,500
	<b>11,55,500</b>		<b>11,55,500</b>

## 8) Sundry Creditors A/c

Particulars	Amount	Particulars	Amount
To Bank	5,25,000	By Balance b/d	9,25,000
To discount	4,500	By Purchases	5,500
To balance c/d	1,05,500		
	<b>6,35,000</b>		<b>6,35,000</b>

## 9) Bank Account

Particulars	Amount	Particulars	Amount
To Balance b/d	25,000	By Creditors	5,25,000
To Debtors	9,25,000	By Office Expenses	42,000
To Cash Sales	2,50,000	By Salaries Expenses	32,000
To Sale of Machinery (WN 4c)	23,000	By Selling Expenses	15,000
To Sale of Equipment	20,000	By Purchases (cash)	3,60,000
		By Purchase of Machinery	1,50,000
		By Bank Loan & Interest	79,200
		By Balance c/d	39,800
	<b>12,43,000</b>		<b>12,43,000</b>

**PROBLEM NO: 3**

Trading and Profit and Loss Account of Archana Enterprises for the 31<sup>st</sup> March, 2019

	Rs.		Rs.	Rs.
To Opening stock	9,15,000	By Sales:		
To Purchases (W.N.2)	1,25,97,000	Cash	1,10,70,000	
To Gross Profit c/d (W.N.2)	13,93,000	Credit (W.N.1)	<u>28,60,000</u>	1,39,30,000
		By Closing stock		9,75,000
	<b>1,49,05,000</b>			<b>1,49,05,000</b>
To Sundry expenses (W.N.4)	9,18,750	By Gross profit b/d		13,93,000
To Discount allowed	54,000			
To Depreciation (1,50,000 x 15%)	22,500	By discount received		42,500
To Net Profit (b.f.)	4,40,250			
	<b>14,35,500</b>			<b>14,35,500</b>

Balance Sheet of Archana Enterprises as on 31<sup>st</sup> March, 2019

Liabilities	Rs.	Rs.	Assets	Rs.	Rs.
Capital as on 1.1.2018	6,75,000		Furniture & Fixtures	1,50,000	
Add : Profit	<u>4,40,250</u>		Less: depreciation	(22,500)	1,27,500
	11,15,250		Stock		9,75,000
Less : Drawings	<u>3,60,000</u>	7,55,250	Debtors		3,43,000
Trade creditors		8,29,000	Prepaid insurance		3,000
Outstanding expenses		55,200	Cash in hand & at bank		1,90,950
		<b>16,39,450</b>			<b>16,39,450</b>

**Working Notes:**

1)

Trade Debtors A/c

Particulars	Rs.	Particulars	Rs.
To Balance b/d	27,75,000	By Cash/Bank A/c	27,75,000
To Credit Sales A/c (Bal. fig.)	<u>28,60,000</u>	By Discount allowed	54,000
		By Balance c/d	3,43,000
	<b>31,72,000</b>		<b>31,72,000</b>

2)

Memorandum trading A/c

Particulars	Rs.	Particulars	Rs.
To Opening stock	9,15,000	By Sales:	
To Purchases (B/f)	1,25,97,000	Cash: 1,10,70,000	
To Gross Profit (1,39,30,000 x 10%)	13,93,000	Credit: <u>28,60,000</u>	1,39,30,000
		By Closing Stock	9,75,000
	<b>1,49,05,000</b>		<b>1,49,05,000</b>

3)

Trade Creditors A/c

Particulars	Rs.	Particulars	Rs.
To Cash/Bank A/c	1,24,83,000	By Balance b/d	7,57,500
To Discount received	42,500	By Purchase (W.N 2)	1,25,97,000
To balance c/d (B/f)	8,29,000		
	<b>1,33,54,500</b>		<b>1,33,54,500</b>



## 4) Computation of sundry expenses to be charged to P &amp; L A/c

Particulars	Amount
Sundry Expenses paid (as per cash book)	9,31,050
<b>Add:</b> Prepaid Expenses as on 31-3-18	3,000
<b>Less:</b> Outstanding Expenses as on 31-3-18	(67,500)
<b>Add:</b> Outstanding Expenses as on 31-3-19	55,200
<b>Less:</b> Prepaid Expenses as on 31-3-19 (insurance paid till July 2019 9,000 x 4/12)	(3,000)
	<b>9,18,750</b>

**PROBLEM NO: 4**

In the books of Sanjay

Dr. Trading and profit and Loss Account for the year ended 31.03.1997 Cr.

Particulars	Rs.'000	Particulars	Rs.'000
To opening stock	40	By Sales:	
To purchases (W.N.2)	360	Cash	180
To Gross profit	540	Credit	720
		By Closing stock	40
	<b>940</b>		<b>940</b>
To Expenses	250	By Gross profit B/d	540
To Depreciation on fixed assets (10% on Rs. (145 + 225))	37		
To Cash destroyed	10		
To Net profit (Transferred to Capital)	243		
	<b>540</b>		<b>540</b>

## Balance sheet of Sanjay as on 31.03.2002

Liabilities	Rs.'000	Assets	Rs.'000
<b>Capital:</b> Opening balance - 200		Fixed assets	145
<b>Add:</b> Net profit	243	<b>Add:</b> Purchased	225
	443		370
<b>Less:</b> Drawings	50	<b>Less:</b> Depreciation @10%	37
Creditors	60	Stock	40
		Debtors	60
		Cash at bank	20
	<b>453</b>		<b>453</b>

## Working notes:

1) Dr. Cash Book Cr.

Particulars	Cash	Bank	Particulars	Cash	Bank
To Balance B/d	5	10	By Creditors (50 + 360 - 60)	50	300
To Debtors (50+720-60)	120	590	By drawings	-	50
To Cash sales	180	-	By Bank (C)	120	-
To Cash (C)	-	120	By Expenses	125	125*
			By Fixed assets	-	225
			By Cash destroyed	*10	-
			By Balance C/d (W.N.4)	-	20
	<b>305</b>	<b>720</b>		<b>305</b>	<b>720</b>

\*Balancing figure

**2) Calculation of Sales (Rs.'000)**

Debtors opening Balance	50
Debtors Closing balance (50 + 20% of 50)	60
One month credit sales = Debtors = Total credit sales = 60 X 12	720
Total sales = 720 / 80%	900
Cash sales 20% of 900	180

**3) Calculation of Purchases (Rs.'000)**

Creditors opening balance	50
Creditors closing balance: (50 + 20% of 50)	60
Two months credit purchases = Creditors = 60,000	
Total credit purchases = 60 X 6	360

**4) Closing bank balance:**

Creditors i.e. Current liabilities Rs. 60,000; Current Assets = Rs.60,000 X 2 = Rs.1,20,000.

Bank balance = CA - Stock - Debtors = 1,20,000 - 40,000 - 60,000 = Rs.20,000

**PROBLEM NO: 5**

**Statement of Affairs of Ms.Shreya as on 31.03.2017 and 31.03.2018**

Liabilities	31.03.2017 Rs.	31.03.2018 Rs.	Assets	31.03.2017 Rs.	31.03.2018 Rs.
Capital (B.F.)	1,22,150	2,27,125	Machinery & Tools	25,000	27,125
Loan	50,000	46,000	Furniture & fixtures	50,000	54,750
Creditors	20,000	35,000	Stock	60,000	1,35,000
			Debtors	20,000	45,000
			Cash at Bank	35,000	42,500
			Cash in Hand	2,150	3,750
	<b>1,92,150</b>	<b>3,08,125</b>		<b>1,92,150</b>	<b>3,08,125</b>

**Determination of Profit:**

Capital Balance as on 31.03.2018	Rs. 2,27,125
<b>Less:</b> Prize won, retained in business	20,000
	2,07,125
<b>Add:</b> Withdrawals (Rs.1,000 × 12)	12,000
	2,19,125
<b>Less:</b> Capital Balance as on 31.03.2017	1,22,150
Profit for the year ended 31 <sup>st</sup> March, 2018	96,975

**Working Notes:**

**Written Down Value of Machinery and Tools**

1) W.D.V. as on 01.04.2017	Rs. 25,000
<b>Less:</b> Depreciation on W.D.V. @ 10% p.a.	2,500
	22,500
<b>Add:</b> Addition during the year on 01.07.2017	5,000
	27,500
<b>Less:</b> Depreciation on Addition @ 10% p.a. (5000×10/100×9/12)	375
W.D.V. of Machinery & tools as on 31.03.2018	27,125

Written Down Value of Machinery and Tools	Rs.
2) W.D.V. as on 01.04.2017	50,000
<b>Less:</b> Depreciation on W.D.V. @ 10% p.a	5,000
	45,000
<b>Add:</b> Addition during the year on 01.01.2018	10,000
	55,000
<b>Less:</b> Depreciation on Addition @ 10% p.a. (10,000×10/100×3/12)	250
W.D.V. of Furniture & Fixtures as on 31.03.2018	54,750

**PROBLEM NO: 6**

In the books of Sri. Agni Dev

Dr.                      **Trading and Profit and Loss Account of for the year ended 31<sup>st</sup> March, 2011**                      Cr.

	Rs.		Rs.
To Opening Stock	33,000	By Sales	9,60,000
To Purchases	7,20,000	By Closing Stock	33,000
To Gross Profit c/d	<u>2,40,000</u>		
	<b><u>9,93,000</u></b>		<b><u>9,93,000</u></b>
To Business Expenses	1,57,500	By Gross Profit b/d	2,40,000
To Repairs	3,500		
To Depreciation	27,000		
To Travelling Expenses	18,000		
To Loss by theft	1,500		
To Net Profit	<u>2,40,000</u>		
	<b><u>2,40,000</u></b>		<b><u>2,40,000</u></b>

**Balance Sheet of Sri Agni Dev as at 31<sup>st</sup> March, 2011**

Liabilities	Rs.	Rs.	Assets	Rs.	Rs.
Capital	2,52,500		Machinery	1,20,000	
			<b>Add:</b> additions	<u>60,000</u>	
				<u>1,80,000</u>	
<b>Add:</b> Additional Capital	5,000		<b>Less:</b> Depreciation	<u>(27,000)</u>	1,53,000
Net Profit	<u>32,500</u>				
	2,90,000		Stock in Trade		33,000
Less: Loss of Furniture	(20,000)		Sundry Debtors		1,20,000
Drawings	<u>(30,000)</u>	2,40,000			
Bank Overdraft		2,667			
Sundry Creditors		55,833			
Outstanding Expenses		<u>7,500</u>			
		<b><u>3,06,000</u></b>			<b><u>3,06,000</u></b>

**Working Notes:**

1.	Sales during 2010-2011	<b>Amount (Rs.)</b>
	Debtors as on 31 <sup>st</sup> March, 2010 (Being equal to 2 months' sales)	1,00,000
	Total credit sales in 2009- 2010, Rs. 1,00,000 × 6	6,00,000
	Cash Sales, being equal to 1/3 <sup>rd</sup> of credit sales or 1/4 <sup>th</sup> of the total	<u>2,00,000</u>
	Sales in 2009- 2010	8,00,000

	Increase, 20% as stated in the problem	<u>1,60,000</u>
	Total sales during 2010-2011	9,60,000
	Cash sales : 1/4 <sup>th</sup>	<u>2,40,000</u>
	Credit sales : 3/4 <sup>th</sup>	<u>7,20,000</u>
<b>2.</b>	Debtors equal to two months credit sales	1,20,000
<b>3.</b>	Purchases	
	Sales in 2010-2011	9,60,000
	Gross Profit @ 25%	2,40,000
	Cost of goods sold being purchases (Since there is no change in stock level)	7,20,000
<b>4.</b>	Sundry Creditors for goods (Rs. 7,20,000 - Rs. 50,000) / 12 = Rs. 6,70,000/12	55,833
<b>5.</b>	Collections from Debtors	
	Opening Balance	1,00,000
	<b>Add:</b> Credit Sales	7,20,000
		8,20,000
	<b>Less:</b> Closing Balance	<u>(1,20,000)</u>
		<u>7,00,000</u>
<b>6.</b>	Payment to Creditors	
	Opening Balance	45,000
	<b>Add:</b> Credit Purchases (Rs. 7,20,000 - Rs. 50,000)	6,70,000
		7,15,000
	<b>Less:</b> Closing Balance	<u>(55,833)</u>
	Payment by cheque	<u>6,59,167</u>

Dr.

**Cash and Bank Account**

Cr.

Particulars	Cash	Bank	Particulars	Cash	Bank
To Balance b/d	8,000	16,500	By Payment to Creditors	50,000	6,59,167
To Collection from Debtors	-	7,00,000	By Misc. Expenses	1,45,000	5,000
To Sales	2,40,000	-	By Repairs	3,500	-
To Additional Capital	-	5,000	By Addition to Machinery	-	60,000
To Balance c/d	-	2,667	By Travelling Expenses	18,000	-
(Bank overdraft)			By Private Drawings	30,000	
			By Balance c/d (lost by theft)	1,500	
	<u>2,48,000</u>	<u>7,24,167</u>		<u>2,48,000</u>	<u>7,24,167</u>

**THE END**

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