1. *The balance sheet of S on 1st April, 2021 was as follows:*

|  |  |  |  |
| --- | --- | --- | --- |
| ***Particulars*** | ***Amount (***Rs.***)*** | ***Particulars*** | Amount (Rs.) |
| *Trade Payables* | *6,50,000* | *Furniture and Fixtures* | *6,50,000* |
| *Expenses Payable* | *75,000* | *Vehicle* | *2,75,000* |
| *Capital* | *22,00,000* | *Trade Receivable* | *11,00,000* |
|  | *Cash at Bank* | *4,75,000* |
|  | *Inventories* | *4,25,000* |
| *29,25,000* | *29,25,000* |

*During 2021-22, his profit and Loss Account revealed a net profit of* Rs. *6,70,000. This was after allowing for the following:*

***(i)*** *Commission paid to selling agent* Rs. *65,000*

***(ii)*** *Discount received from creditors* Rs. *75,000*

***(iii)*** *Purchased a vehicle of* Rs. *50,000 on 31st March, 2022*

***(iv)*** *Depreciation on Furniture and Fixtures @ 10% and on Vehicle @ 20%*

***(v)*** *A provision for doubtful debts @ 3% of the trade receivables as at 31st March, 2022 But while preparing the Profit and Loss Account he had forgotten to provide for*

***(1)*** *prepaid expenses* Rs. *15,000 and*

***(2)*** *outstanding commission*Rs. *35,000.*

*His current assets and liabilities on 31st March, 2022 were: Inventories* Rs. *6,50,000. Trade Receivables 13,00,000 (before provision for doubtful debts), cash at Bank 5,50,000 and Trade Payables* Rs. *1,46,000.*

*During the year he introduced further capital of* Rs. *3,00,000 into the business.*

*You are required to prepare the balance sheet as at March 31, 2022.* ***(10 Marks)***

**[December 2022]**

1. The following is the trial balance of Mr. B for the year ended 31st March,2021:

|  |  |  |  |
| --- | --- | --- | --- |
| ***Particulars*** | ***Dr.*** | ***Particulars*** | ***Cr.*** |
| *Opening Stock:* | *5,25,000* | *Sundry Creditors* | *1,75,000* |
| *Raw Material* | *Purchase Return* | *17,500* |
| *Finished Goods* | *2,62,500* | *Capital* | *3,50,000* |
| *Purchase of Raw Material* | *17,50,000* | *Bills Payable* | *84,000* |
| *Land & Building* | *3,50,000* | *Long Term Loan* | *7,00,000* |
| *Loose Tools* | *1,05,000* | *Provision for bad* |  |
| *Plant and Machinery* | *1,05,000* | *and doubtful debts* | *7,000* |
| *Investments* | *87,500* | *Sales* | *29,75,000* |
| *Cash in Hand* | *70,000* | *Bank Overdraft* | *80,500* |
| *Cash at Bank* | *17,500* |  |
| *Furniture and Fixtures* | *52,500* |  |
| *Bills Receivables* | *52,500* |  |
| *Sundry Debtors* | *1,40,000* |  |
| *Drawings* | *70,000* |  |
| *Salaries* | *70,000* |  |
| *Coal and Fuel* | *52,500* |  |
| *Factory rent and rates* | *70,000* |  |
| *General Expenses* | *14,000* |  |
| *Advertisement* | *17,500* |  |
| *Sales Return* | *35,000* |  |
| *Bad Debts* | *14,000* |  |
| *Direct Wages (Factory)* | *2,80,000* |  |
| *Power* | *1,05,000* |  |
| *Interest paid* | *24,500* |  |
| *Discount allowed* | *10,500* |  |
| *Carriage inwards* | *52,500* |  |
| *Carriage outwards* | *24,500* |  |
| *Commission paid* | *17,500* |  |
| *Dividend paid* | *14,000* |  |
| *43,89,000* | *43,89,000* |

Additional Information:

**(i)** Stock of finished goods at the end of the year was Rs. 3,50,000.

**(ii)** A provision for doubtful debts is to be created @ 5% on Sundry Debtors. Provide Depreciation on building 3,500 and Plant and Machinery 10,500.

**(iii)** Accrued commission is 43,750. Interest has accrued on investment Rs. 52,500.

**(iv)** Salary Outstanding is Rs. 7,000 and Prepaid Interest is Rs. 5,250.

You are required to prepare Manufacturing, Trading and Profit & Loss Account for the year ended 31st March,2021 and Balance Sheet as at that date. **(20 Marks)**

**[May 2022]**

*3. On 31st March, 2021 the Trial Balance of Mr. Black was as follows:*

|  |  |  |  |
| --- | --- | --- | --- |
| *Particulars* | *Debit*  *(*Rs.*)* | *Particulars* | *Credit*  *(*Rs.*)* |
| *Stock on 1/4/2020* | *2,10,000* | *Sundry Creditors* | *1,50,000* |
| *Raw Materials* | *Bills Payables* | *75,000* |
| *Work-in-Progress* | *95,000* | *Sale of scrap* | *25,000* |
| *Finished Goods* | *1,55,000* | *Commission received* | *4,500* |
| *Sundry Debtors* | *2,40,000* | *Provision for doubtful debts* | *16,500* |
| *Carriages on Purchase* | *15,000* | *Capital account* | *10,00,000* |
| *Bills Receivables* | *1,50,000* | *Sales* | *16,72,000* |
| *Wages* | *1,30,000* | *Bank overdraft* | *85,000* |
| *Salaries* | *1,00,000* |  |
| *Telephone and Postage* | *10,000* |  |
| *Repairs to office furniture* | *3,500* |  |
| *Cash at Bank* | *1,70,000* |  |
| *Office Furniture* | *1,00,000* |  |
| *Repairs to Plant* | *11,000* |  |
| *Purchases* | *8,50,000* |  |
| *Plan and Machinery* | *7,00,000* |  |
| *Rent* | *60,000* |  |
| *Lighting* | *13,500* |  |
| *General Expenses* | *15,000* |  |
| *30,28,000* | *30,28,000* |

*The following additional information is available:*

*Stocks on 31st March,2021 were:*

*Raw material* Rs. *1,62,000*

*Finished goods* Rs. *1,81,000*

*Work-in-progress* Rs. *78,000*

*Salaries and wages unpaid for the year ended 31st March,2021 were respectively,*

Rs. *9,000 and* Rs. *20,000. Machinery is to be depreciated by 10% and office furniture by 7½%. A provision for doubtful debts is to be maintained @1% of sales. Rent is to be*

*charged as to 3/4 to factory and 1/4 to office. Lighting is to be charged as t o 2/3 to factory and 1/3 to office.*

*Prepare the Manufacturing Account, Trading Account and Profit and Loss Account for the year ended on 31st March,2021.* ***(15 Marks)***

**[December 2021]**

1. *Karuna decided to start business of fashion garments under the name of M/s. Designer Wear on 1st April, 2020. She had a saving of about* Rs. *10,00,000. She invested* Rs. *3,00,000 out of her savings and borrowed equal amount from bank. She purchased a commercial space for* Rs. *5,00,000 and further spent* Rs. *1,00,000 on its renovation to make it ready for business.*

*Loan and interest repaid by her in the first year are as follows:*

*30th June, 2020 -* Rs. *15,000 principal+* Rs. *9,000 interest*

*30th September, 2020 -* Rs. *15,000 principal+* Rs. *8,550 interest*

*31st December, 2020 -* Rs. *15,000 principal+* Rs. *8,100 interest*

*31st March, 2021 -* Rs. *15,000 principal+* Rs. *7,650 interest.*

*In view of further capital requirement, she transferred* Rs. *2,00,000 from her saving bank account to the bank account of the business. She paid security deposit of* Rs. *7,000 for telephone connection. Furniture of* Rs. *10,000 was purchased, All payments were made by cheque and all receipts in cash were deposited in the bank.*

*At the end of the year, her business showed the following results:*

|  |  |  |  |
| --- | --- | --- | --- |
| *Particulars* | *Amount* | *Particulars* | *Amount* |
| *Total Sales* | *20,00,000* | *Total Purchases* | *17,00,000* |
| *Electricity Expenses paid* | *40,000* | *Telephone Charges* | *50,000* |
| *Cartage Outwards* | *60,000* | *Travelling Expenses* | *45,000* |
| *Entertainment Expenses* | *5,000* | *Maintenance Expenses* | *25,000* |
| *Misc. Expenses* | *15,000* | *Electricity Expenses Payable* | *20,000* |

*Other Information:*

***(i)*** *She withdrew* Rs. *5,000 by cheque each month for her personal expenses.*

***(ii)*** *Depreciation on building @ 5% p.a. and oil furniture @ 10% p.a.*

***(iii)*** *Closing stock in hand as on 31st March, 2021:* Rs. *5,50,000*

*Prepare trading account, profit and loss account for the year ended 31-3-2021 and Balance Sheet as on that date.* ***(10 Marks)***

**[July 2021]**

1. PQR Limited's Profit and Loss account for the year ended 31st March, 2021 includes the following information:

|  |  |  |
| --- | --- | --- |
| *(1)* | *Liability for Income Tax* | Rs. *40,000* |
| *(2)* | *Retained Profit* | Rs. *2,00,000* |
| *(3)* | *Proposed Dividend* | Rs. *20,000* |
| *(4)* | *Increase in Provision for Doubtful Debts* | Rs. *25,000* |
| *(5)* | *Bad Debts written off* | Rs. *20,000* |

State which one of the items above is - (a) transfer to provisions; (b) transfer to reserves; and (c) neither related to provisions nor reserves.

**(5 Marks) [July 2021]**

1. Max & Co. employs a team of 9 workers who were paid Rs. 40,000 per month each in the year ending 31st December, 2018. At the start of 2019, the company raised salaries by 10% to Rs. 44,000 per month each.

On 1 July, 2019 the company hired 2 trainees at salary of Rs. 21,000 per month each. The work force are paid salary on the first working day of every month, one month in arrears, so that the employees receive their salary for January on the first working day of February, etc.

You are required to calculate :

(i) Amount of salaries which would be charged to the profit and loss account for the year ended 31st December, 2019.

(ii) Amount actually paid as salaries during 2019.

*(iii) Outstanding salaries as on 31st December, 2019.* ***(5 Marks)***

**[November2020]**

1. Following are the Manufacturing A/c, Creditors A/c and Raw Material A/c provided by M/s. Shivam related to financial year 2019-20. There are certain figures missing in these accounts.

Raw Material A/c

|  |  |  |  |
| --- | --- | --- | --- |
| *Particulars* | *Amount (*Rs.*)* | *Particulars* | *Amount (*Rs.*)* |
| *To Opening Stock A/c*  *To Creditors A/c* | *1,27,000*  *-* | *By Raw Materials Consumed*  *By Closing Stock* | *-* |

Creditors A/c

|  |  |  |  |
| --- | --- | --- | --- |
| *Particulars* | *Amount (*Rs.*)* | *Particulars* | *Amount (*Rs.*)* |
| *To Bank A/c*  *To Balance c/d* | *23,50,000*  *6,60,000* | *By Balance b/d* | *15,70,000*  *-* |

Manufacturing A/c

|  |  |  |  |
| --- | --- | --- | --- |
| *Particulars* | *Amount* *(*Rs.*)* | *Particulars* | *Amount* *(*Rs.*)* |
| *To Raw Material A/c To Wages*  *To Depreciation*  *to Direct Expenses* | *- 3,65,000*  *2,15,000*  *2,49,000* | *By Trading A/c* | *17,44,000* |

Additional Information:

(i) Purchase of machinery worth Rs. 12,00,000 on 1st April; 2019 has been omitted, Machinery is chargeable at a depreciation rate of 15%.

(ii) Wages include the following:

Paid to factory workers - Rs. 3,15,000

Paid to labour at office - Rs. 50,000

(iii) Direct expenses included the following :

Electricity charges - Rs. 80,000 of which 25% pertained to office

Fuel charges - Rs. 25,000

Freight inwards - Rs. 32,000

Delivery charges to customers - Rs. 22,000

You are required to prepare revised Manufacturing A/c and Raw Material A/c. **(10 Marks)**

**[November2020]**

1. Mr. Shyamal runs a factory, which produces detergents. Following details were available in respect of his manufacturing activities for the year ended 31-03-2019. ·

Opening work-in-progress (9000 units) 26,000

Closing work-in-progress (14,000 units) 48,000

|  |  |
| --- | --- |
| *Opening inventory of Raw Materials* | *2,60,000* |
| *Closing inventory of Raw Materials 3,20,000* | |
| *Purchases 8,20,000* | |
| *Hire charges of Machinery @* Rs. *0.70 per unit manufactured* | |
| *Hire charges of factory 2,60,000* | |
| *Direct wages-contracted@* Rs. *0.80 per unit manufactured* | |
| *and @* Rs. *0.40 per unit of closing W.I.P.* | |
| *Repairs and maintenance 1,80,000* | |
| *Units produced - 5,00,000 units* | |

You are required to prepare a Manufacturing Account of Mr. Shyamal for the year ended 31-03-2019.

***(5 Marks)***

**[November2019]**

1. The balance sheet of Mittal on 1st January, 2018 was as follows:

|  |  |  |  |
| --- | --- | --- | --- |
| *Liabilities* | *Amount* Rs. | *Assets* | *Amount* Rs. |
| *Trade payables* | *16,00,000* | *Plant & Machinery* | *31,00,000* |
| *Expenses payable* | *2,50,000* | *Furniture & Fixture* | *4,00,000* |
| *Capital* | *51,00,000* | *Trade receivables* | *14,50,000* |
| *Cash at bank* | *7,00,000* |
| *Inventories* | *13,00,000* |
| *69,50,000* | *69,50,000* |

During 2018, his profit and loss account revealed a net profit of Rs. 15,10,000. This was after allowing for the following:

1. Interest on capital @ 6% p.a.
2. Depreciation on plant and machinery @ 10% p.a. and on Furniture and Fixtures @ 5% p.a..

**(iii)** A provision for Doubtful debts @ 5% of the trade receivables as at 31st December 2018.

But while preparing the profit and loss account he had forgotten to provide for (1) outstanding expenses totalling Rs. 1,85,000 and (2) prepaid insurance to the extent of Rs. 25,000.

His current assets and liabilities on 31st December, 2018 were: Trade receivablesRs. 21,00,000; Cash at bank Rs. 5,20,000 and Trade payables Rs. 13,84,000. During the year

1. **Marks)**

**[November2019]**

1. Following particulars are extracted from the books of Mr. Sandeep for the year ended 31st December, 2018.

|  |  |  |  |
| --- | --- | --- | --- |
| ***Particulars*** | ***Amount*** | ***Particulars*** | ***Amount*** |
| ***Debit Balances:*** | Rs. | ***Credit Balances:*** | Rs. |
| *Cash in hand* | *1,500* | *Capital* | *16,000* |
| *Purchase* | *12,000* | *Bank overdraft* | *2,000* |
| *Sales return* | *1,000* | *Sales* | *9,000* |
| *Salaries* | *2,500* | *Purchase return* | *2,000* |
| *Tax and Insurance* | *500* | *Provision for Bad debts* | *1,000* |
| *Bad debts* | *500* | *Creditors* | *2,000* |
| *Debtors* | *5,000* | *Commission* | *500* |
| *Investments* | *4,000* | *Bills payable* | *2,500* |
| *Opening stock* | *1,400* |
| *Drawings* | *2,000* |
| *Furniture* | *1,600* |
| *Bills receivables* | *3,000* |
| *35,000* | *35,000* |

Other information :

* 1. Closing stock was valued at Rs. 4,500
  2. Salary of Rs. 100 and Tax of Rs. 200 are outstanding whereas insurance Rs. 50 is prepaid.
  3. Commission received in advance is Rs. 100.
  4. Interest accrued on investment is Rs. 210
  5. Interest on overdraft is unpaid Rs. 300
  6. Reserve for bad debts is to be kept at Rs. 1,000
  7. Depreciation on furniture is to be charged @ 10%

You are required to prepare the final accounts after making above adjustments.

1. **10 = 20 Marks)**

**[May 2019]**

1. Mr. Fazhil is a proprietor in business of trading. An abstract of his Trading and P&L account is as follows:

## Trading and P&L A/c for the year ended 31st March, 2018

|  |  |  |  |
| --- | --- | --- | --- |
| *Particulars* | *(*Rs.*)* | *Particulars* | *(*Rs.*)* |
| *To Cost of Goods sold* | *22,00,000* | *By Sales* | *45,00,000* |
| *To Gross Profit C/d* | *?* |  | *45,00,000* |
|  |  | *By Gross Profit B/d* | *?* |
| *To Salaries paid* | *12,00,000* | *By Other Income* | *45,000* |
| *To General Expenses* | *6,00,000* |  |
| *To Selling Expenses* | *?* |  |
| *To Commission to Manager (On* |  |  |
| *net profit before charging such* |  |  |
| *commission)* | *1,00,000* |  |
| *To Net Profit* | *?* |  |
| *?* | *?* |

Selling expenses amount to 1% of total Sales

You are required to compute the missing figures**. (5 Marks)**

**[November 2018]**

1. The following are the balances extracted from the books of Shri Raghuram as on 31.03.2018, who carries on business under the name and style of M/s Raghuram and Associates at Chennai:

|  |  |  |
| --- | --- | --- |
| ***Particulars*** | ***Debit (***Rs.***)*** | ***Credit (***Rs.***)*** |
| *Capital A/c* |  | *14,11,400* |

|  |  |
| --- | --- |
| *Purchases* | *12,00,000* |
| *Purchase Returns* | |
| *Sales* | |
| *Sales Returns 24,000* | |
| *Freight Inwards 62,000* | |
| *Carriage Outwards 8,500* | |
| *Rent of Godown 55,000* | |
| *Rates and Taxes 24,000* | |
| *Salaries 72,000* | |
| *Discount allowed 7,500* | |
| *Discount received* | |
| *Drawings 20,000* | |
| *Printing and Stationery 6,000* | |
| *Insurance premium 48,000* | |
| *Electricity charges 14,000* | |
| *General expenses 11,000* | |
| *Bank charges 3,800* | |
| *Bad debts 12,200* | |
| *Repairs the Motor vehicle 13,000* | |
| *Interest on loan 4,400* | |
| *Provision for Bad-debts* | |
| *Loan from Mr. Rajan* | |
| *Sundry creditors* | |
| *Motor vehicles 1,00,000* | |
| *Land and Buildings 5,00,000* | |
| *Office equipment 2,00,000* | |
| *Furniture and Fixtures 50,000* | |
| *Stock as on 31.03.2017 3,20,000* | |
| *Sundry debtors 2,80,000* | |
| *Cash at Bank 22,000* | |
| *Cash in Hand 16,000* | |
| ***Total 30,73,400*** | |

18,000

15,00,000

12,000

10,000

60,000

62,000

#### 30,73,400

Prepare Trading and Profit and Loss Account for the year ended 31.03.2018 and the Balance Sheet as at that date after making provision for the following:

1. Depreciate Building by 5%, Furniture and Fixtures by 10%, Office Equipment by 15% and Motor Car by 20%.
2. Value of stock at the close of the year was Rs. 4,10,000.
3. One month rent for godown is outstanding.
4. Interest on loan from Rajan is payable @ 10% per annum. This loan was taken on 01.07.2017
5. Reserve for bad debts is to be maintained at 5% of Sundry debtors.
6. Insurance premium includes Rs. 42,000 paid towards proprietor's life insurance policy and the balance of the insurance charges cover the period from 01.04.2017 to 30.06.2018.

#### (20 Marks)

#### [May 2018]

ANSWER KEY

**Balance Sheet of S as on 31st March, 2022**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Liabilities | | Rs. | Assets | Rs. |
| Capital | 22,00,000 | 31,50,000 | Cash at Bank | 5,50,000 |
| *Add:* Net Profit (WN.1) | 6,50,000 | Trade receivables | 12,61,000 |
|  |  | (WN. 2) |  |
|  | 28,50,000 | Vehicles (WN. 3) | 2,70,000 |
| *Add:* Introduction of capital | 3,00,000 | Furniture & Fixtures | 5,85,000 |
|  | (WN. 4) |  |
| Outstanding commission |  | Inventories | 6,50,000 |
| 35,000 | Prepaid expenses | 15,000 |
| Trade payables | 1,46,000 |
| 33,31,000 | 33,31,000 |

**Working Note 1**

**Profit and Loss Account (Revised)**

|  |  |  |  |
| --- | --- | --- | --- |
| Particulars | Rs. | Particulars | Rs. |
| To Outstanding Commission To Net profit | 35,000  6,50,000 | By Balance b/d  By Prepaid expenses | 6,70,000  15,000 |
| 6,85,000 | 6,85,000 |

**Working Note 2**

**Trade Receivables**

|  |  |  |  |
| --- | --- | --- | --- |
| Particulars | Rs. | Particulars | Rs. |
| To Balance b/d | 13,00,000 | By Provision for Doubtful Debts By Balance c/d (b/f) | 39,000  12,61,000 |
| 13,00,000 | 13,00,000 |

**Working Note 3**

**Vehicles A/c**

|  |  |  |  |
| --- | --- | --- | --- |
| Particulars | Rs. | Particulars | Rs. |
| To Balance b/d To Bank a/c | 2,75,000  50,000 | By Depreciation  By Balance c/d (b/f) | 55,000  2,70,000 |
| 3,25,000 | 3,25,000 |

1. **In the books of Mr. B**

**Manufacturing Account for the year ended 31st March, 2021**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Particulars |  | Rs. | Particulars | Rs. |
| To Opening Stock of | 17,50,000 | 5,25,000 | By Cost of Manufactured | 28,28,000 |
| Raw Materials |  | goods transferred to |
|  |  | Trading A/c |
| To Purchase |  |
| Less: Purchase Return | 17,500 | 17,32,500 |
| To Carriage Inwards |  | 52,500 |
| To Direct Wages | 2,80,000 |
| To Power | 1,05,000 |
| To Coal and fuel | 52,500 |
| To Factory Rent and | 70,000 |
| Rates |
| To Depreciation on | 10,500 |
| Machinery |
| 28,28,000 | 28,28,000 |

**Trading Account for the year ended 31st March, 2021**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Particulars | Rs. | Particulars |  | Rs. |
| To Opening Stock of finished goods | 2,62,500 | By Sales | 29,75,000 | 29,40,000  3,50,000 |
| To Cost of goods transferred from Manufacturing A/c | 28,28,000 | Less: Sales Return By Closing Stock | 35,000 |
|  |
| To Gross Profit c/d | 1,99,500 |
| 32,90,000 | 32,90,000 |

**Profit and Loss Account for the year ended 31st March, 2021**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Particulars |  | Rs. | Particulars | Rs. |
| To Carriage Outward | 70,000 | 24,500 | By Gross Profit b/d | 1,99,500 |
| To Discount Allowed | 10,500 | By Accrued Commission\* | 43,750 |
| To Commission Paid | 17,500 | By Accrued Interest | 52,500 |
| To Dividend Paid | 14,000 |
| To General Expenses | 14,000 |
| To Advertisement | 17,500 |
| To Salaries |  |
| Add: Outstanding | 7,000 | 77,000 |
| To Interest Paid | 24,500  5,250 | 19,250 |
| Less: Prepaid |
| To Provision for Bad & | 7,000 | 14,000 |
| Doubtful Debts |
| Add: Bad Debts | 14,000 |
| Less: Old Provision for | 7,000 |
| Doubtful Debts |
| To Depreciation on Building |  | 3,500 |
| To Net Profit c/d | 84,000 |
| 2,95,750 | 2,95,750 |

\*Alternatively Accrued Commission may be treated as Expenses, in that case total Commission will be Rs. 61,250 (Rs.17,500 + Rs.43,750) and Net Loss will be Rs. 3,500.

**Balance Sheet as on 31st March, 2021**

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Capital and Liabilities | |  | | Rs. | | Assets | |  | | Rs. | |
| Capital | | 3,50,000 | | 3,64,000 | | Plant & Machinery | | 1,05,000 | | 94,500 | |
| Add: Net Profit\*\* | | 84,000 | | Less: Depreciation | | 10,500 | |
| Less: Drawings | | 4,34,000 | | Land & Building  Less: Depreciation | | 3,50,000 | | 3,46,500 | |
| 70,000 | | 3,500 | |
| Bills Payable | |  | | 84,000 | | Furniture & Fixtures | | 1,40,000 | | 52,500 | |
| Sundry Creditors | | 1,75,000 | | Investments | | 87,500 | |
| Salary Outstanding | | 7,000 | | Closing Stock | | 3,50,000 | |
| Long-Term Loans | | 7,00,000 | | Loose Tools | | 1,05,000 | |
| Bank Overdraft | | 80,500 | | Sundry Debtors | |
|  | |  | |  | | Less: Provision for Bad & Doubtful Debts | | 7,000 | | 1,33,000 | |
| Bills Receivable | |  | | 52,500 | |
| Accrued Commission | | 43,750 | |
| Accrued Interest | | 52,500 | |
| Prepaid Interest | | 5,250 | |
| Cash in Hand | | 70,000 | |
| Cash at Bank | | 17,500 | |
| 14,10,500 | | 14,10,500 | |

\*\*If Accrued Commission is treated as expenses in that case Net Loss of Rs. 3,500 will be deducted from Capital Account and Closing Capital figure will be Rs. 2,76,500 and Accrued Commission Rs. 43,750 will appear under liability side of Balance Sheet.

1. **In the books of Mr. Black**

**Manufacturing Account for the year ended 31st March, 2021**

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Particulars | |  | | Rs. | | Particulars | | | | Rs. | |
| Raw material consumed: | |  | |  | | By | | Closing Stock Work in Progress | of | 78,000 | |
| To Opening Stock of Raw Materials  *Add:* Purchases  *Less:* Closing Stock | | 2,10,000  8,50,000  1,62,000 | | 8,98,000 | | By Sale of Scrap  By Cost of goods Manufactured  (Transferred to Trading Account) | | | | 25,000  11,90,000 | |
| To Opening Stock of WIP | | 1,30,000  20,000 | | 95,000 | |
| To Wages | | 1,50,000 | |
| *Add*: Outstanding | |
| Wages | | 15,000 | |
| To Carriage on | |  | |
| Purchases | | 11,000 | |
| To Repairs to Plant | |
| To Rent (3/4) | | 45,000 | |
| To Lighting (2/3) | | 9,000 | |
| To Depreciation of Plant | | 70,000 | |
| 12,93,000 | | 12,93,000 | |

**Trading Account for the year ended 31st March, 2021**

|  |  |  |  |
| --- | --- | --- | --- |
| Particulars | Rs. | Particulars | Rs. |
| To Opening Stock of finished goods | 1,55,000 | By Sales | 16,72,000 |
| To Cost of goods transferred from | 11,90,000 | By Closing Stock | 1,81,000 |
| Manufacturing A/c |  |
| To Gross Profit c/d | 5,08,000 |
| 18,53,000 | 18,53,000 |

**Profit and Loss Account for the year ended 31st March, 2021**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Particulars |  | Rs. | Particulars | Rs. |
| To Salaries | 1,00,000 | 1,09,000 | By Gross Profit b/d | 5,08,000 |
| *Add:* Outstanding | 9,000 | By Commission | 4,500 |
| To Telephone & Postage | 10,000 |
| To Repairs to Furniture | 3,500 |
| To Depreciation of | 7,500 |
| furniture |  |
| To Rent (1/4) | 15,000 |
| To Lighting (1/3) | 16,720 | 4,500 |  |  |
| To General Expenses | 15,000 |
| To Provision for doubtful |  |
| Debts: Required (1% of |  |
| Rs.1,67,200) |  |  |
| *Less:* Existing Provision | 16,500 | 220 |
| To Net Profit |  | 3,47,780 |
| 5,12,500 | 5,12,500 |

1. **In the books of M/s Designer wear**

**Trading and Profit & Loss Account (for the year ending 31 .3.2021)**

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | |  | | Rs. | |  | |  | | Rs. | |
| To | | Purchases | | 17,00,000 | | By | | Sales | | 20,00,000 | |
| To | | Gross profit | | 8,50,000 | | By | | Closing stock | | 5,50,000 | |
|  | |  | | 25,50,000 | |  | |  | | 25,50,000 | |
| To | | Interest | | 33,300 | | By | | Gross profit | | 8,50,000 | |
|  | | (9,000+8,550+8,100+7,650) | |  | |
| To | | Telephone charges | | 50,000 | |
| To | | Travelling expenses | | 45,000 | |
| To | | Maintenance expenses | | 25,000 | |
| To | | Entertainment expenses | | 5,000 | |
| To | | Electricity exp 40,000 | |  | |
|  | | Add: outstanding 20,000 | | 60,000 | |
| To | | Carriage outward | | 60,000 | |
| To | | Depreciation | |  | |
|  | | Building 5% 30,000 | |  | |
|  | | Furniture 10% 1,000 | | 31,000 | |
| To | | Misc. exp | | 15,000 | |
| To | | Net profit | | 5,25,700  8,50,000 | |  | |  | |  | |
| 8,50,000 | |

**Balance Sheet as on 31st March, 2021**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| LIABILITIES | Rs. | Rs. | ASSETS | Rs. | Rs. |
| Capital | 3,00,000 | 9,65,700 | Building | 6,00,000 | 5,70,000 |
| Further Capital | 2,00,000 | Less: dep | 30,000 |
| Less: Drawings | (60,000) | Furniture | 10,000 |  |
| Add: Net profit | 5,25,700 | Less: dep | 1,000 | 9,000 |
|  |  |  | Security | 7,000 |
|  |  |  | deposit- |  |
| Bank Loan | 3,00,000 |  | Telephone |  |
| Less: repayment | 60,000 | 2,40,000 | Bank | 89,700 |
| outstanding | 20,000 | Closing stock | 5,50,000 |
| electricity exp |  |  |
| 12,25,700 | 12,25,700 |

**Working note:**

**Bank Account**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | **PARTICULARS** | **RS.** |  | **PARTICULARS** | **RS.** |
| To | Capital | 3,00,000 | By | Building | 6,00,000 |
| To | Further capital | 2,00,000 | By | Furniture | 10,000 |
| To | Bank loan | 3,00,000 | By | Bank loan repaid | 60,000 |
| To | Sales | 20,00,000 | By | Interest | 33,300 |
| By | Security deposit | 7,000 |
| By | Drawings | 60,000 |
| By | Purchase | 17,00,000 |
| By | Telephone charges | 50,000 |
| By | Travelling expenses | 45,000 |
| By | Maintenance | 25,000 |
|  | expenses |  |
| By | Entertainment | 5,000 |
|  | expenses |  |
| By | Electricity | 40,000 |
|  | By | Carriage outward | 60,000 |
| By | Misc. expenses | 15,000 |
|  | By | Balance c/d | 89,700 |
| 28,00,000 |  |  | 28,00,000 |

1. Transfer to provisions - (i), (iv)
2. Transfer to reserves - (ii)
3. Neither related to provisions nor reserves - (iii), (v).
4. **(i) Amount of salaries to be charged to P & L A/c for the year ended 31stDecember, 2019**

Employees = 9 x Rs. 44,000 x 12 = Rs.47,52,000 Trainees = 2 x Rs. 21,000 x 6 = Rs. 2,52,000 Salaries charged to P & L A/c Rs.50,04,000

**(ii) Amount actually paid as salaries during 2019**

Employees = 9 x Rs. 44,000 x 11 + 9 x Rs. 40,000 = Rs. 47,16,000

Trainees = 2 x Rs.21,000 x 5 = Rs. 2,10,000

Amount paid as salaries Rs. 49,26,000

**(iii) Outstanding salaries as on 31.12.2019**

Employees = 9 x Rs. 44,000 = Rs. 3,96,000

Trainees = 2 x Rs. 21,000 = Rs. 42,000 Outstanding salaries Rs. 4,38,000

1. **Manufacturing A/c**

|  |  |  |  |
| --- | --- | --- | --- |
| **Particulars** | Rs. | **Particulars** | Rs. |
| To Raw Material Consumed (Balancing Figure)  To Wages (W.N. 2)  To Depreciation (W.N. 1)  To Direct Expenses (W.N. 3) | 9,15,000  3,15,000  3,95,000  2,07,000 | By Trading A/c (W.N. 4) | 18,32,000 |
| **18,32,000** | **18,32,000** |

**Raw Material A/c**

|  |  |  |  |
| --- | --- | --- | --- |
| **Particulars** | Rs. | **Particulars** | Rs. |
| To Opening Stock A/c | 1,27,000 | By Raw Material Consumed (from | 9,15,000 |
|  |  | Manufacturing A/c above) |
| To Creditors A/c (W.N. 5) | 14,40,000 | By Closing Stock A/c | 6,52,000 |
| (Balancing Figure) |
| 15,67,000 | 15,67,000 |

**Working Notes:**

1. Since purchase of Machinery worth Rs. 12,00,000 has been omitted.

So, depreciation omitted from being charged = 12,00,000 X 15%

= Rs. 1,80,000

Correct total depreciation expense = Rs. (2,15,000 + 1,80,000)

= 3,95,000

1. Wages worth Rs. 50,000 will be excluded from manufacturing account as they pertain to office and hence will be charged P&L A/c. So the revised wages amounting

Rs. 3,15,000 will be shown in manufacturing account.

1. Expenses to be excluded from direct expenses:

Office Electricity Charges (80,000 X 25%) 20,000

Delivery Charges to Customers 22,000

Total expenses not part of Direct Expenses 42,000

=> Revised Direct Expenses = Rs. (2,49,000 - 42,000)

= Rs. 2,07,000

Fuel charges are related to factory expenses and also freight inwards are incurred for bringing goods to factory/ godown so they are part of direct expenses.

1. Revised Balance to be transferred to Trading A/c:

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | **Particulars**  Current Balance transferred | | | Rs.  17,44,000 | | |
| Add: Depreciation charges not recorded earlier | | | 1,80,000 | | |
| Less: Wages related to Office | | | (50,000) | | |
| Less: Office Expenses | | | (42,000) | | |
| Revised balance to be transferred | | | **18,32,000** | | |
| (V) | **Creditors A/c** | | |  | | |
| **Particulars** | Rs. | **Particulars** | | Rs. |
| To Bank A/c | 23,50,000 | By Balance b/d | | 15,70,000 |
| To Balance c/d |  | By Raw Materials A/c | |  |
| 6,60,000 | (Bal. figure) | | 14,40,000 |
| 30,10,000 | 30,10,000 |

# In the Books of Mr. Shyamal

**Manufacturing Account for the Year ended 31.03.2019**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Particulars |  | Units | Amount  Rs. | Particulars | Units | Amount  Rs. |
| To Opening Work- in-Process |  | 9,000 | 26,000 | By Closing Work- in-Process | 14,000 | 48,000 |
| To Raw Materials Consumed:  Opening Inventory  *Add:* Purchases  Inventory  To Direct Wages  – W.N. (1)  To Direct expenses:  Hire charges on Machinery  – W.N. (2)  To Indirect expenses: Hire charges of Factory  Repairs &  Maintenance | 2,60,000  8,20,000 |  | 7,60,000 | By Trading A/c – Cost of finished goods transferred | 5,00,000 | 19,33,600 |
| 10,80,000  (3,20,000) |
|  | 4,05,600 |  |
| 3,50,000 |  |
| 2,60,000 |  |
| 1,80,000 | \_\_\_\_\_\_\_\_ |
| 19,81,600 | 19,81,600 |

# Working Notes:

## (1) Direct Wages – 5,00,000 units @ Rs.0.80 = Rs.4,00,000 14,000 units @ Rs.0.40 = Rs. 5,600

Rs. 4,05,600

(2) Hire charges on Machinery – 5,00,000 units @ Rs.0.70 = Rs.3,50,000

1. **Profit and Loss Account (Revised)**

|  |  |  |  |
| --- | --- | --- | --- |
| Particulars | Rs. | Particulars | Rs. |
| To Outstanding expenses To Net profit | 1,85,000  13,50,000 | By Balance b/d  By Prepaid insurance | 15,10,000  25,000 |
| 15,35,000 | 15,35,000 |

**Balance Sheet of Mittal as on 31st December, 2018**

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Liabilities | |  | | Rs. | | Assets | | Rs. | | Rs. | |
| Capital | | 51,00,000 | |  | | Cash at Bank | |  | | 5,20,000 | |
| *Add:* Net Profit | | 13,50,000 | | 61,36,000 | | Trade receivables | | 21,00,000 | | 19,95,000 | |
|  | | 64,50,000 | | *Less:* Provision for | |  | |
|  | |  | | doubtful debts | | (1,05,000) | |
| *Less:* Drawings | | (6,20,000) | | Plant and | | 31,00,000 | | 27,90,000 | |
|  | | Machinery | | (3,10,000) | |
| *Add:* Interest on | | 58,30,000  3,06,000 | | *Less:* Depreciation  Furniture & Fixtures | |
| 4,00,000 | |
| capital | | 1,85,000 | | *Less:* Depreciation | | (20,000) | | 3,80,000 | |
| Outstanding | |  | |
| expenses | | 13,84,000 | | Inventories | | 19,95,000 | |
| Trade payables | |  | |
| Prepaid insurance | | 25,000 | |
| 77,05,000 | | 77,05,000 | |
|  | |  | |

1. **Trading & Profit and Loss Account of**

**Mr. Sandeep for the year ended 31st December, 2018**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Particular s | | | | Rs. | | Rs. | | Particular s | | | Rs. | | Rs. | |
| To | | Opening Stock | return | 12,000 | | 1,400 | | By | | Sales | 9,000 | | 8,000 | |
| To | | Purchase |  | |  | | *Less*: Sales return | (1,000) | |
| *Less:* Purchase | (2,000) | | 10,000 | | By | | Closing stock | 4,500 | |
| To | | Gross Profit |  | 1,100 | |
| To Salary  *Add:* Outstanding salary  To Tax & Insurance  *Add:* Outstanding Prepaid insurance  To Bad debt  Opening provision Closing provision  To Interest on overdraft  To Depreciation on furniture | | | | 2,500  100  500  200  (50)  500  (1,000)  1,000 | | 12,500  2,600  650  500  300  160 | | By Gross Profit  By Commission  *Less:* Advance By Accrued interest By Net Loss | | | 500  (100) | | 12,500  1,100  400  210  2,500 | |
| 4,210 | | 4,210 | |

# Balance Sheet of Mr. Sandeep as on 31.3.2018

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Particular s | Rs. | Rs. | Particular s | Rs. | Rs. |
| Capital  *Less:* drawing Net loss  Bank overdraft Add: interest Creditors  Bills payable  Outstanding expenses: Salary  Tax  Commission received in advance | 16,000  (2,000)  (2,500)  2,000  300  100  200 | 11,500  2,300  2,000  2,500  300  100 | By Furniture  *Less*: Depreciation Bill receivable Investment  Add: accrued interest  Debtors  *Less:* Provision on bad debts  Closing stock Cash in hand Prepaid insurance | 1,600  (160)  4,000  210  5,000  (1,000) | 1,440  3,000  4,210  4,000  4,500  1,500  50 |
| 18,700 | 18,700 |

1. **Trading and P&L A/c for the year ended 31st March 2018**

Dr. Cr.

|  |  |  |  |
| --- | --- | --- | --- |
| Particulars | Rs. | Particulars | Rs. |
| To Cost of Goods Sold | 22,00,000 | By Sales | 45,00,000 |
| To Gross Profit c/d | 23,00,000 |  |
| To Salaries A/c | 45,00,000 | By Gross Profit b/d | 45,00,000 |
| 12,00,000 | 23,00,000 |
| To General Expenses To Selling Expenses (1% of 45,00,000)  To Commission to Manager (on Net Profit before charging such commission)  To Net Profit | 6,00,000  45,000  1,00,000  4,00,000 | By Other Income | 45,000 |
| 23,45,000 | 23,45,000 |

1. **M/s Raghuram & Associates**

**Trading Account for the year ended 31st March 2018**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Particulars** | **Details** | **Amount** | **Particulars** | **Details** | **Amount** |
|  |  | Rs. |  |  | Rs. |
| To Opening Stock | 12,00,000 | 3,20,000 | By Sales | 15,00,000 | 14,76,000 |
| To Purchases |  | *Less:* Sales Returns | (24,000) |
| *Less:* Purchase | (18,000) | 11,82,000 | By Closing Stock | 4,10,000 |
| Returns |  |  |
| To Freight | 62,000 |  |
| To Gross Profit c/d | 3,22,000 |  |
| 18,86,000 | 18,86,000 |

**M/s Raghuram & Associates**

**Profit and Loss Account for the year ended 31st March 2018**

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Particulars** | | | **Details** | | **Amount** | | **Particulars** | **Details** | **Amount** | |
|  | | |  | | Rs. | |  |  | Rs. | |
| To Salaries  To Rent for Godown  *Add:* Outstanding  To Provision for Doubtful (W.N.4) | | Debts | 55,000  5,000 | | 72,000  60,000  16,200 | | By Gross profit b/d  By Discount received |  | 3,22,000  12,000 | |
| To Rent and Taxes | | |  | | 24,000 | | | |  | |
| To Discount Allowed | | |  | | 7,500 | | | |  | |
| To Carriage outwards | | |  | | 8,500 | | | |  | |
| To Printing and stationery | | |  | | 6,000 | | | |  | |
| To Electricity charges | | |  | | 14,000 | | | |  | |
| To Insurance premium (W.N. 1) | | |  | | 4,800 | | | |  | |
| To Depreciation (W.N. 2) | | |  | | 80,000 | | | |  | |
| To General expenses | | |  | | 11,000 | | | |  | |
| To Bank Charges | | |  | | 3,800 | | | |  | |
| To Interest on loan | | | 4,400 | |  | | | |  | |
| *Add:* Outstanding (W.N. 3) | | | 100 | | 4,500 | | | |  | |
| To Motor car expenses (Repairs) | | |  | | 13,000 | | | |  | |
| To Net Profit transferred to Capital A/c | | |  | | 8,700 | | | |  | |
|  | | |  | | 3,34,000 | | | | 3,34,000 | |

**Balance Sheet of M/s Raghuram & Associates**

**as at 31st March 2018**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| ***Liabilities*** | ***Details*** | ***Amount*** | | ***Assets*** | ***Details*** | ***Amount*** | |
|  |  | Rs. | |  |  | Rs. | |
| Capital  *Add:* Net Profit  *Less:* Drawings  *Less:* proprietor’s  Insurance Premium  Loan from Rajan  *Add:* Outstanding Interest  Sundry Creditors Outstanding rent | 14,11,400  8,700  (20,000)  (42,000)  60,000  100 | 13,58,100  60,100  62,000  5,000 | | Land & Building *Less:* Depreciation Motor Vehicles *Less:* Depreciation  Office equipment  *Less:* Depreciation  Furniture & Fixture *Less:* Depreciation Stock in Trade Sundry Debtors  *Less:* Provision for doubtful debts  Cash at hand | 5,00,000  (25,000)  1,00,000  (20,000)  2,00,000  (30,000)  50,000  (5,000)  2,80,000  (14,000) | 4,75,000  80,000  1,70,000  45,000  4,10,000  2,66,000  22,000 | |
|  |  | 1485200 | Cash in bank  Prepaid insurance  (W.N.1) | |  | | 1,200  14,85,200 |

**Working Notes:**

1. **Insurance premium** Rs.

Insurance premium as given in trial balance 48,000 Less: Personal premium (42,000) Less: Prepaid for 3 months

6,000 3 

(1,200)

15 

 

Transfer to Profit and Loss A/c 4,800

1. **Depreciation**

Building @ 5% on 5,00,000 25,000

Motor Vehicles @ 20% on 1,00,000 20,000

Furniture & Fittings @ 10% on 50,000 5,000

Office Equipment @ 15% on 2,00,000 30,000

Total 80,000

1. **Interest on Loan**

Interest on Loan Rs. 60,000 X 10% X 9/12 = 4,500

*Less:* interest as per Trial Balance = (4,400)

Amount (Outstanding) 100

1. **Provision for bad debts A/c**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| ***Particulars*** | ***Amount***  ***(***Rs.***)*** | ***Particulars*** | ***Amount***  ***(***Rs.***)*** | |
| To bad debts a/c | 12,200 | By balance b/d |  | 10,000 |
| To balance c/d | 14,000 | By P&L A/c | 16,200 |
| (5% of 2,80,000) |  |
| 26,200 |
| 26,200 |