

PRACTICAL QUESTION

Q1. Following are the balances extracted from the books of Manish on 31st March, 2024:

Capital	1,900,000	Cash at Bank	260,000
Drawings	70,000	Salaries	80,000
Plant and Machinery	1,200,000	Repairs	1,9000
Delivery Vehicle	260,000	Stock on 1 st April, 2023	160,000
Sundry Debtors	360,000	Rent	4,5000
Sundry credits	495000	Manufacturing Expenses	1,5000
Wages	80,000	Bad Debts	5,0000
		Carriage Inwards	1,6000

Prepare Trading and Profit and Loss Account and Balance Sheet as at 31st March, 2024 after following adjustments are made:

1. Closing Stock was 160,000.
2. Depreciate Plant and Machinery @ 10% and Delivery Vehicle @ 15%.
3. Unpaid Rent amounted to 5000

Solution -

In the Books of Manish Gupta

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

Particulars	Amount	Particulars	Amount
To Opening Stock A/c	1,60,000	By Sales A/	4,20,000
To Purchases A/c	2,00,000	By Closing Stock A/c	1,60,000
To Wages A/c	80,000		
To Manufacturing Expenses	15,000		
To Carriage A/c	16,000		
To Gross Profit A/c (b/f)	1,09,000		
	5,80,000		5,80,000
To Salaries A/c	80,000	By Gross Profit A/c	1,09,000
To Repairs A/c	19,000	By Net Loss (B/F)	2,49,000
To Rent A/c 45,000			

Add: Unpaid Rent	5000	50,000		
To Bad Debts A/c		50,000		
To Depreciation on:				
Plant and Machinery	12,00,00			
Delivery Vehicle	39000	159000		
		358,000		3,58,000

Balance Sheet
As on March 31, 2024

Liabilities		Amount	Assets		Amount
Current Liabilities:			Current Assets:		
Sundry Creditors		495,000	Closing Stock		160,000
Unpaid Rent			Sundry Debtors		360,000
Long Term Liabilities and Capital:		5000	Cash at Bank		260,000
Capital	1,90,0000		Fixed Assets:		
Less: Drawings	(70,000)		Plant and Machinery	1,200,000	
Less: Net Loss	(24,9000)		Less: Depreciation	(120,000)	1,08,0000
		1,58,1000	Delivery Vehicle	260000	
			Less: Depreciation	(3,9000)	22,1000
		2,08,1000			2,08,1000

Q2. Prepare Trading and Profit and Loss Account and Balance Sheet from the following balances, relating to the year ended 31st March, 2024:

Capital	1,00,000	Wages	50,000
Creditors	17,000	Bank	10,000
Return Outward	5,000	Repairs	500
Sales	1,64,000	Stock on 1 st April, 2023	20,000
Plant and Machinery	40,000	Rent	4,000
Sundry Debtors	24,000	Manufacturing Expenses	8,000
Drawings	10,000	Trade Expenses	7,000
Purchases	1,05,000	Bad Debts	2,000
Return Inward	3,000	Carriage Inwards	1,500
		Fuel and Power	1,000

Additional Information:

1. Closing Stock was valued at 14,500
2. Depreciate Plant and Machinery by 4,000
3. Write off Bad Debts 5,000
4. 400 are due for repairs.

Solution – In the Books of.....

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

Particulars	Amount	Particulars	Amount
To Opening Stock A/c	20,000	By Sales A/c	1,64,000
To Purchases A/c	1,05,000	Less: Return Inwards	(3,000)
Less: Return Outwards	(5,000)		1,61,000
To Wages A/c	50,000	By Closing Stock A/c	14,500
		By Gross Loss (B/F)	5,000

To Manufacturing Expenses		8,000		
To Carriage A/c		1,500		
To Fuel and Power		1,000		
		1,80,500		1,80,500
To Gross Loss A/c		5,000	By Net Loss (B/F)	27,900
To Repairs A/c	500			
Add: Outstanding A/c	<u>400</u>	900		
To Rent A/c		4,000		
To Miscellaneous Expenses		7,000		
To Bad Debts A/c	2,000			
Add: Additional bad debts	<u>5,000</u>	7,000		
To Depreciation on Plant and Machinery		4,000		
		27,900		27,900

Balance Sheet
As on March 31, 2024

Liabilities	Amount	Assets	Amount
Capital	1,00,000	Fixed Assets:	
Less: Drawings	(10,000)	Plant and Machinery	40,000
Less: Net Loss	<u>(27,900)</u>	Less: Depreciation	<u>(4,000)</u>
Current Liabilities:		Current Assets	
Creditors	17,000	Closing Stock	14,500
Outstanding Repairs	400	Sundry Debtors	24,000
		Less: Further Bad Debts (5,000)	19,000

		Bank	10,000
	79,500		79,500

Q3. Following Trial Balance has been extracted from the books of Pawan as on 31st March, 2024:

Particulars	Dr.	Particulars	Cr.
Machinery	4,00,000	Capital	9,00,000
Cash at Bank	1,00,000	Sales	16,00,000
Cash in Hand	50,000	Sundry Creditors	4,50,000
Wages	1,00,000	Interest Received	30,000
Purchases	8,00,000		
Stock on 1 st April, 2023	6,00,000		
Sundry Debtors	7,30,000		
Rent	45,000		
Commission	25,000		
General Expenses	80,000		
Salaries	50,000		
	29,80,000		29,80,000

Additional Information:

- 1. Outstanding Salaries were 45,000**

2. Depreciate Machinery at 10%
3. Wages outstanding were 5,000
4. Rent Prepaid 10,000
5. Provide for interest on capital @ 5% per annum
6. Stock on 31st March, 2024 8,00,000

Prepare Trading and Profit and Loss Account for the year ended 31st March, 2024 and Balance Sheet as at that date.

Solution - In the Books of M/s Ram Prasad & Sons
Dr Trading and Profit & Loss Account for the Year ended March 31, 2024
Cr

Particulars	Amount	Particulars	Amount
To Opening Stock A/c	6,00,000	By Sales A/c	16,00,000
To Purchases A/c	8,00,000	By Closing Stock A/c	8,00,000
To Wages A/c 1,00,000			
Add: Outstanding Wages A/c 5,000	1,05,000		
To Gross Profit A/c (b/f)	8,95,000		
	24,00,000		24,00,000
To Rent A/c 45,000		By Gross Profit A/c	8,95,000
Less: Prepaid Rent (10,000)	35,000	By Interest Received	30,000

To Commission A/c	25,000		
To General Expenses	80,000		
To Salaries A/c 50,000			
Add: Outstanding Salaries A/c <u>45,000</u>	95,000		
To Depreciation on Machinery A/c	40,000		
To Interest on Capital A/c	45,000		
(9, 00,000 x 5%)			
To Net Profit (Balancing figure)	6,05,000		
	<u>9,25,000</u>		<u>9,25,000</u>

Balance Sheet
As on March 31, 2024

Liabilities		Amount	Assets		Amount
Capital	9,00,000		Fixed Assets:		
Add: Net Profit	6,05,000		Machinery	4,00,000	
Add: Interest on			Less: 10% Depreciation <u>(40,000)</u>		3,60,000
Capital	<u>45,000</u>	15,50,000	Current Assets:		
Current Liabilities:			Closing Stock		8,00,000
Sundry Creditors		4,50,000	Sundry Debtors		4,40,000
Outstanding Salary		45,000	Bills Receivable		2,90,000
Outstanding Wages		5,000	Prepaid Rent		10,000
			Cash at Bank		1,00,000
			Cash in Hand		50,000
		<u>20,50,000</u>			<u>20,50,000</u>

Q4. Trial Balance of a business as at 31st March, 2024 is given below:

Particulars	Dr.	Particulars	Cr.
Stock on 1 st April, 2023	250,000	Sales	2,27,8000
Furniture	80,000	Commission	5000
Plant and Machinery	1,500,000	Return Outward	1,0000
Debtors	300,000	Creditors	40,0000
Wages	120,000	Capital	1,50,0000
Salaries	200,000		
Bad Debts	10,000		
Purchases	1,200,000		
Electricity Charge	1,2000		
Telephone Charges	2,4000		
General Expenses	3,0000		
Postage Expenses	1,8000		
Returns Inward	9000		
Insurance Premium	1,5000		
Cash in Hand	2,5000		
Cash at Bank	40,0000		
	4,19,3000		4,19,3000

Prepare Trading and Profit and Loss Account for the year ended 31st March, 2024 and Balance Sheet as at that date after taking into account the following adjustments:

1. Closing Stock was valued at 7,000
2. Outstanding liabilities for wages were 6000 and salaries 1,4000
3. Depreciation is to be provided @ 5% p.a. on fixed assets.
4. Plant and Machinery includes a machine purchased for 100,000 on 1st October, 2024.
5. Insurance Premium paid in advance 2000.

Solution -

In the Books of.....

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

Particulars	Amount	Particulars	Amount
To Opening Stock A/c	2,50,000	By Sales A/c 22,78,000	
To Purchases A/c 12,00,000		Less: Return <u>9,000</u>	22,69,000
Less: Return 10,000	11,90,000	By Closing Stock A/c	70,000
To Wages A/c <u>1,20,000</u>			
Add: Outstanding Wages A/c 6,000	12,6000		
To Gross Profit A/c <u> </u>	7,73,000		
	2,33,9000		23,39,000
To Bad Debts A/c	10,000	By Gross Profit A/c	7,73,000
To Insurance Premium A/c 15,000		By Commission A/c	5,000
Less: Prepaid 2000	13,000		
To Salary A/c 2,00,000			
Add: Outstanding Salaries A/c 14,000	2,14,000		

To Electricity Charges A/c		12,000		
To General Expenses A/c		30,000		
To Postage Expenses A/c		18,000		
To Telephone Charges A/c		24,000		
To Depreciation on:				
Furniture	4000			
Plant & Machinery	72,500	76,500		
To Net Profit		3,80,500		
		7,78,000		7,78,000

Balance Sheet

As on March 31, 2024

Liabilities		Amount	Assets		Amount
Creditors		4,00,000	Furniture	80,000	
Outstanding Wages		6,000	Less: Depreciation	4000	76,000
Outstanding Salaries		14,000	Plant & Machinery	15,00,000	
Capital	15,00,000		Less: Depreciation	72,500	14,27,500
Add: Net Profit	3,80,500	18,80,500	Cash at Bank		4,00,000
			Cash in Hand		25,000
			Closing Stock		70,000
			Debtors		3,00,000
			Prepaid Insurance		2,000
		23,00,500			23,00,500

Q5. From the following Trial Balance of Sunil as on 31st March, 2024, prepare Trading and Profit and Loss Account for the year ended 31st March, 2024 and Balance Sheet as at that date:

Heads of Account	L.F.	Debit Balance	Credit Balance
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Capital		80,000
Drawings	18,000	
Sales		1,550,000
Purchases	82,600	
Stock (1st April, 2023)	420,000	
Return Outwards		1,600
Carriage Inwards	1,200	
Wages	40,000	
Power	60,000	
Machinery	50,000	
Furniture	14,000	
Rent	220,000	
Salary	150,000	
Insurance	3,600	
Bank Loan		250,000
Debtors	20,600	
Creditors		18,900
Cash in Hand	1,500	
Total	2,80,500	2,80,500

Adjustments:

- 1. Closing Stock 64,000**
- 2. Wages outstanding 2,400**

Add: Provision for Doubtful Debts	1,0000		16000		
To Depreciation on					
Machinery A/c	500,00				
Furniture A/c	7000		57000		
To Net Profit (Balancing figure)			321000		
			82,4000		82,4000

Balance Sheet As on March 31, 2024

Liabilities		Amount	Assets		Amount
Capital	800,000		Fixed Assets:		
Add: Net Profit	32,1000		Machinery	500,000	
Less: Drawings	(1,80,000)	94,1000	Less: 10% Depreciation	(50000)	45,0000
8 % Bank Loan	25,0000		Furniture	140,000	
Add: Outstanding Interest	1,0000	26,0000	Less: 5% Depreciation	(7000)	13,3000
Current Liabilities:			Current Assets:		
Creditors		18,9000	Closing Stock		640,000
Wages Outstanding		2,4000	Debtors	20,6000	
Rent Outstanding		2,0000	Less: Bad Debts	(6000)	
			Less: 5% Pro for DD	(10,000)	190,000
			Prepaid Insurance		6000
			Cash in Hand		15000
		1,43,4000			1,43,4000