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MEPL CLASSES

CMA INTER - FINANCIAL ACCOUNTS

Time Alloted – 30 Min **Full Marks- 14 Marks**

Mrs. Joshi has presented you the following Trial Balance as on 31st December 2023:

Dr.		Trial Balance as on 31.12.2023		Cr.
Purchases	1,75,000		Sales	3,25,000
Interest	8,000		10 % Loan from UBI	1,00,000
Debtors	1,04,000		Bills Payable	86,000
Suspense A/c	8,000		Capital	4,87,000
Rent	6,600		Sundry Creditors	1,02,500
Plant & Machinery	5,30,000		Apprenticeship Premium Received	2,000
Furniture & Fixture	85,000		Purchase Return	1,500
Salaries	7,000			
Wages	2,500			
GST	6,000			
Motor Car	70,000			
Octroi	500			
Insurance	10,000			
Unexpired insurance	2,300			
Factory Shed	30,000			
Bills Receivable	25,000			
Patent	32,100			
Sales Return	2,000			
	11,04,000			11,04,000

You are required to prepare a Trading and Profit & Loss account and a Balance Sheet as on 31st Dec 2022 after considering the following adjustment:

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1. A sale of ₹ 25,000 made for cash had been credited to Purchase A/c.
2. Private purchase amounting to ₹ 600 had been included in Purchase Day Book.
3. The loan account in the books of proprietor appeared as follows:

Dr. 10% Loan from UBI Account Cr

31.12.23	To Balanced c/f	1,00,000	1.1.23	By Balance b/f	50,000
			31.12.23	By Bank A/c	50,000
		1,00,000			1,00,000

Interest paid includes ₹ 3,000 interest paid to UBI Bank.

4. During the year goods worth ₹ 1,00,000 were invoiced on 'sale on approval basis' at cost plus 25%. Out of these, goods worth ₹ 20,000 accepted by the customers, ₹ 40,000 worth of goods were rejected and properly accounted for but no intimation has been obtained for the balance of the goods and its period is yet to expire.
5. Debtors were shown after deduction of Provision for Doubtful Debt of ₹ 2,000. It was decided that this debt was considered to be bad and should be written off and a provision of ₹ 1,000 should be made which was considered doubtful.
6. Suspense account represents money advanced to sales manager who was sent to Mumbai in August, 2023 for sales promotion. On returning to Kolkata submitted a statement disclosing that ₹ 2,000 was incurred for travelling, ₹ 1,200 for legal expenses and ₹ 1,800 for miscellaneous expenses. The balance lying with him is yet to be refunded.
7. Business is carried on in a two-storied rented house. The ground floor, being 50 per cent of the accommodation, is used for business. Mrs. Joshi lives with her family on the first floor.
8. The Furniture account represents old furniture which was replaced on 1.1.2023 by a new one, costing
   ₹ 1,20,000 with an additional cash payment of ₹ 80,000 lying debited to purchases account. However, the assets were put to use on 1.4.2023.
9. Depreciation is to be charged on Furniture @ 10% p.a., Plant & Machinery @ 5% p.a., Motor Car @ 5% p.a.

The General manager is entitled to commission based on a percentage of net profit (such commission being charged to profit and loss account before ascertaining the net profits), calculated in the following manner :

On the first ₹ 30,000 of net profit	Nil
On the next ₹ 30,000 of net profit	10%
On the next ₹ 30,000 of net profit	20%
And on the balance of net profit	30%

10. Closing Stock was 31.12.2023 was 22,000.

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