

FINAL ACCOUNTS

Solution 1

Books of M/s ABC Traders Trading Account for the year ended 31st March, 2023

Particulars	Amount	Amount	Particulars	Amount	Amount
To Opening Inventory		1,00,000	By Sales	11,00,000	
To Purchases	6,72,000		Less Return Inward	(1,00,000)	10,00,000
Less: Return Outward	(72,000)	6,00,000	By Closing Inventory		2,00,000
To Carriage Inwards		30,000			
To Wages		50,000			
To Gross Profit (Bal. Fig.)		4,20,000			
		12,00,000			12,00,000

Journal Proper in the Books of M/s. ABC Traders

Date	Particulars	L.F.	Debit	Credit
31.03	Returns outward A/c Dr.		72,000	
	To Purchases A/c			72,000
	(Being the transfer of returns to purchases account)			
	Sales A/c Dr.		1,00,000	
	To Returns Inward A/c			1,00,000
	(Being the transfer of returns to sales account)			
	Trading A/c Dr.		7,80,000	
	To Opening Inventory A/c			1,00,000
	To Purchases A/c			6,00,000
	To Wages A/c			50,000
	To Carriage Inwards A/c			30,000
	(Being the transfer of balances of opening Inventory, purchases and wages accounts)			
	Sales A/c Dr.		10,00,000	
	Closing Inventory A/c Dr.		2,00,000	
	To Trading A/c			12,00,000
	(Being the transfer of balance of sales account & closing inventory to trading account)			
	Trading A/c Dr.		4,20,000	
	To Gross Profit A/c			4,20,000
	(Being the amount of gross profit)			
	Gross Profit A/c Dr.		4,20,000	
	To Profit and Loss A/c			4,20,000
	(Being the transfer of gross profit to Profit and Loss Account)			

Solution 2

Books of Mohan Trading Account for the year ended 31st March, 2023

Particulars	Amount	Amount	Particulars	Amount	Amount
To Opening Inventory		1,10,000	By Sales	9,70,000	
To Purchases	4,30,000		Less Return Inward	(20,000)	9,50,000
Less: Return Outward	(12,000)	4,18,000	By Closing Inventory		1,80,000
To Freight Inwards		40,000			

To Gross Profit (Bal. Fig.)		5,62,000		
		11,30,000		11,30,000

Profit & Loss Account for the year ended 31st March, 2023

Particulars	Amount	Particulars	Amount
To Salaries	2,10,000	By Gross Profit	5,62,000
To Administration expenses	1,50,000	By Discount received	9,000
To Discount allowed	19,000		
To Bad debts	5,000		
To Depreciation (3,50,000*10%)	35,000		
To Net Profit (Bal. Fig.)	1,52,000		
	5,71,000		5,71,000

Balance Sheet as on 31.03.2023

Liabilities	Amount	Amount	Assets	Amount	Amount
Capital	6,50,000		Furniture	3,50,000	
Add: Net profit	<u>1,52,000</u>	8,02,000	Less: Depreciation	<u>(35,000)</u>	3,15,000
Trade payables		1,90,000	Closing Inventory		1,80,000
Output IGST		2,000	Trade receivables		2,10,000
			Investment in Govt Sec.		1,00,000
			Cash in Hand and Bank		1,89,000
		9,94,000			9,94,000

Working Note:

Summary of Output and Input GST liability (as per Trial Balance)

	OUTPUT GST	INPUT GST
IGST	6,000	
CGST	8,000	10,000
SGST	8,000	10,000

Output Liability	Tax Payable	Paid through ITC			Tax payable in cash
		IGST	CGST	SGST	
IGST	6,000		2,000	2,000	2,000
CGST	8,000		8,000		
SGST	8,000			8,000	

In the above solution, it is assumed that balance IGST liability of ₹ 2,000 (after utilising CGST and SGST) is not paid off in cash.

Alternatively, students may assume that the balance liability of ₹ 2,000 is paid off in cash. Accordingly, Output IGST liability of ₹ 2,000 shall not appear under liability side of the balance sheet and amount of cash at bank is reported as ₹ 1,87,000

Solution 3

Books of Shri Mittal

Trading Account for the year ended 31st March, 2023

Particulars	Amount	Amount	Particulars	Amount	Amount
To Opening Inventory		72,000	By Sales	12,10,000	
To Purchases	6,05,000		Less Return Inward	<u>(40,000)</u>	11,70,000
Less: Return Outward	<u>(30,000)</u>	5,75,000	By Closing Inventory		1,00,000
To Gross Profit (Bal. Fig.)		6,23,000			
		12,70,000			12,70,000

Profit & Loss Account for the year ended 31st March, 2023

Particulars	Amount	Particulars	Amount
To Salaries	2,70,000	By Gross Profit	6,23,000
To Advertisement	1,10,000		
To Other expenses	60,000		
To Net Profit (Bal. Fig.)	1,83,000		
	6,23,000		6,23,000

Balance Sheet as on 31.03.2023

Liabilities	Amount	Amount	Assets	Amount
Capital	8,70,000		Building	8,90,000
Add: Net profit	<u>1,83,000</u>	10,53,000	Furniture	4,50,000
14% Bank Loan		2,00,000	Trade receivables	90,000
Trade payables		1,70,000	Closing inventory	1,00,000
Overdrafts		1,12,000	Cash in hand	2,000
			Input SGST (W.N.)	3,000
		15,35,000		15,35,000

Note: As loan and overdraft taken at year end, so no interest shown.

Working Note: Output IGST liability is paid by utilizing Input CGST of ₹ 9,000 and Input SGST of ₹ 6,000. Thereafter, closing balance of Input SGST of ₹ 3,000 is reported in Balance Sheet.

Solution 4

Trading and Profit & Loss Account for the year ended 31st March, 2023

Particulars	Amount	Particulars	Amount
To Opening Inventory	5,00,000	By Sales	17,00,000
To Purchases	12,50,000	By Closing Inventory	10,00,000
To Wages	3,00,000		
To Gross Profit (Bal. Fig.)	6,50,000		
	27,00,000		27,00,000
To Bad debts	50,000	By Gross Profit	6,50,000
To Depreciation	1,50,000		
To Salaries	2,20,000		
To Net Profit (Bal. Fig.)	2,30,000		
	6,50,000		6,50,000

Balance Sheet as on 31.03.2023

Liabilities	Amount	Amount	Assets	Amount
Capital	25,00,000		Cash in Hand	5,60,000
Add: Net profit	<u>2,30,000</u>	27,30,000	Trade receivables	3,50,000
Trade payables		9,00,000	Closing Inventory	10,00,000
			Furniture & Fixtures	1,50,000
			Plant & Machinery	15,70,000
		36,30,000		36,30,000

Solution 5

Books of M/s ABC Traders

Profit & Loss Account for the year ended 31st March, 2023

Particulars	Amount	Particulars	Amount
To Salaries	1,10,000	By Gross Profit	4,20,000
To Legal Charges	25,000	By Discount received	18,000
To Consultancy Fees	32,000		
To Audit Fees	1,000		

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To Electricity Charges	17,000		
To Telephone, Postage & Telegrams	12,000		
To Stationery	27,000		
To Depreciation	65,000		
To Discount Allowed	19,000		
To Bad Debts	17,000		
To Interest	70,000		
To Net Profit (Bal. Fig.)	43,000		
	4,38,000		4,38,000

Journal Proper in the Books of M/s. ABC Traders

Date	Particulars	L.F.	Debit	Credit
31.03	Gross Profit A/c		4,20,000	
	To Profit & Loss A/c			4,20,000
	(Being the transfer of gross profit to P&L A/c)			
	Profit & Loss A/c	Dr.	3,95,000	
	To Salaries			1,10,000
	To Legal Charges			25,000
	To Consultancy Fees			32,000
	To Audit Fees			1,000
	To Electricity Charges			17,000
	To Telephone, Postage & Telegrams			12,000
	To Stationery			27,000
	To Depreciation			65,000
	To Discount Allowed			19,000
	To Bad Debts			17,000
	To Interest			70,000
	(Being the transfer of balances of various expenses accounts)			
	Discount Received A/c	Dr.	18,000	
	To Profit & Loss A/c			18,000
	(Being the transfer of discount received account balance)			
	Profit & Loss A/c	Dr.	43,000	
	To Net Profit A/c			43,000
	(Being the ascertainment of net profit)			
	Net Profit A/c	Dr.	43,000	
	To Capital A/c			43,000
	(Being the transfer of net profit to Capital A/c)			

Solution 6

**Books of M/s Dayal Bros.
Balance Sheet as at 31.03.2023**

Liabilities	Amount	Amount	Assets	Amount
Capital: Balances	7,00,000		Land & Building	3,00,000
Add: Net Profit	1,00,000		Furniture	2,00,000
Less: Drawings	(60,000)	7,40,000	Inventories in Trade	6,00,000
14% Term Loan		4,00,000	Trade receivables	4,20,000
Loan from M/s D & Co		4,60,000	Advances to Suppliers	1,00,000
Trade payables		40,000	Cash in Hand	20,000
		16,40,000		16,40,000

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Solution 7**Opening Entry (01.04.2023)**

Date	Particulars	L.F.	Debit	Credit
01.04	Cash A/c Dr.		43,000	
	Bank A/c Dr.		2,67,500	
	Trade receivables A/c Dr.		7,49,500	
	Inventory A/c Dr.		9,00,000	
	Machinery and Equipment A/c Dr.		6,00,000	
	To Mahendra & Sons A/c			5,60,000
	To Capital A/c			20,00,000
	(Being the balances brought forward)			

Solution 8**Opening Entry (01.04.2023)**

Date	Particulars	L.F.	Debit	Credit
01.04	Fixed Assets A/c Dr.		1,25,600	
	Inventories A/c Dr.		2,06,400	
	Trade receivables A/c Dr.		1,88,000	
	Cash A/c Dr.		36,200	
	To Trade payables A/c			1,64,000
	To Bank Overdraft A/c			1,46,000
	To Provision for Doubtful Debts A/c			6,200
	To Capital A/c			2,40,000
(Being the balances brought forward)				

Solution 9**Provision for Doubtful Debts Account**

Date	Particulars	Amount	Date	Particulars	Amount
31.03.23	To Bad Debts A/c	1,00,000	01.04.22	By Balance b/d	40,000
31.03.23	To Balance c/d (15L-1L)*5%	70,000	31.03.23	By P&L A/c (Bal. Fig.)	1,30,000
		1,70,000			1,70,000

Solution 10**Dr. Profit & Loss Account (Revised) for the year ending 31st Dec. 2023 Cr.**

Particulars	Amount	Particulars	Amount
To Outstanding expenses A/c	1,85,000	By Balance b/d	15,10,000
To Capital (Net Profit) (B/F)	13,50,000	By Prepaid Insurance	25,000
	15,35,000		15,35,000

Balance sheet of Mittal As on 31st December, 2023

Liabilities	Amount	Assets	Amount
Outstanding Expenses	1,85,000	Cash at Bank	5,20,000
Trade Payables	13,84,000	Prepaid Insurance	25,000
Capital 51,00,000		Trade receivables 21,00,000	
Add: Net Profit 13,50,000		Less: Prov. for d/debts (1,05,000)	19,95,000
Less: Drawings (6,20,000)		Plant & Machinery 31,00,000	
Add: Interest on Capital 3,06,000	61,36,000	Less: Depreciation (3,10,000)	27,90,000
		Furniture & fixtures 4,00,000	
		Less: Depreciation (20,000)	3,80,000
		Inventories	19,95,000
	77,05,000		77,05,000

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Solution 11**Balance Sheet of S as on 31st March, 2023**

Liabilities		₹	Assets	₹
Capital	22,00,000		Cash at Bank	5,50,000
Add: Net Profit (WN.1)	<u>6,50,000</u>		Trade receivables	13,00,000
	28,50,000		Less: Prov. for doubtful debts	<u>(39,000)</u>
Add: Introduction of cap.	<u>3,00,000</u>	31,50,000	Vehicles (WN. 2)	2,70,000
Outstanding commission		35,000	Furniture & Fixtures (WN. 3)	5,85,000
Trade payables		1,46,000	Inventories	6,50,000
			Prepaid expenses	15,000
		<u>33,31,000</u>		<u>33,31,000</u>

Working Note 1**Profit and Loss Account (Revised)**

Particulars	₹	Particulars	₹
To Outstanding Commission	35,000	By Balance b/d	6,70,000
To Net profit	6,50,000	By Prepaid expenses	15,000
	<u>6,85,000</u>		<u>6,85,000</u>

Working Note 2**Vehicles A/c**

Particulars	₹	Particulars	₹
To Balance b/d	2,75,000	By Depreciation	55,000
To Bank a/c	50,000	By Balance c/d (b/f)	2,70,000
	<u>3,25,000</u>		<u>3,25,000</u>

Working Note 3**Furniture & Fixtures A/c**

Particulars	₹	Particulars	₹
To Balance b/d	6,50,000	By Depreciation	65,000
		By Balance c/d (b/f)	5,85,000
	<u>6,50,000</u>		<u>6,50,000</u>

Solution 12**Trading and P&L A/c for the year ended 31st March, 2023**

Particulars	Amount	Particulars	Amount
To Cost of Goods Sold	22,00,000	By Sales	45,00,000
To Gross Profit c/d	23,00,000		
	<u>45,00,000</u>		<u>45,00,000</u>
To Salaries paid	12,00,000	By Gross Profit b/d	23,00,000
To General Expenses	6,00,000	By Other Income	45,000
To Selling Expenses (45L*1%)	45,000		
To Commission to Manager (on Net Profit before charging such commission)	1,00,000		
To Net Profit (Bal. Fig.)	4,00,000		
	<u>23,45,000</u>		<u>23,45,000</u>

Solution 13

(a) Amount of salaries to be charged to P & L A/c for the year ended 31st December, 2023

Employees = 9 x ₹ 44,000 x 12 = ₹47,52,000

Trainees = 2 x ₹ 21,000 x 6 = ₹ 2,52,000

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Salaries charged to P & L A/c = ₹50,04,000

(b) Amount actually paid as salaries during 2023

Employee = 9 x 44000 x 11 + 9 x 40000 = 47,16,000

Trainees = 2 x ₹21,000 x 5 = 2,10,000

Amount paid as salaries = ₹ 49,26,000

(c) Outstanding salaries as on 31.12.2023

Employee = 9 x ₹44000 = ₹3,96,000

Trainees = 2 x ₹21,000 = ₹42,000

Outstanding salaries = ₹ 4,38,000

Solution 14

(i) **Computation of Income for the year 2022-23:**

	₹
Money received during the year related to 2022-23	7,50,000
Add: Money received in advance during previous years	2,25,000
Total income of the year 2022-23	9,75,000

(ii) **Advance from Customers A/c**

Date	Particulars	₹	Date	Particulars	₹
	To Sales A/c (Advance related to current year transferred to sales)	2,25,000	1.4.2022	By Balance b/d	3,00,000
31.3.23	To Balance c/d	2,55,000		By Bank A/c (Balancing Figure)	1,80,000
		4,80,000			4,80,000

So, total money received during the year is:

	₹
Cash Sales during the year	7,50,000
Add: Advance received during the year	1,80,000
Total money received during the year	9,30,000

Solution 15

Trading & Profit and Loss Account of Mr. Sandeep for the year ended 31st December, 2023

Particulars	Amount	Particulars	Amount
To Opening Stock	1,400	By Sales	9,000
To Purchase	12,000	Less: Sales return	(1,000)
Less: Purchase return	(2,000)	By Closing stock	4,500
To Gross Profit	1,100		
	12,500		12,500
To Salary	2,500	By Gross Profit	1,100
Add: Outstanding Salary	100	By Commission	500
To Tax & Insurance	500	Less: Advance	(100)
Add: Outstanding	200	By Accrued Interest	210
Prepaid insurance	(50)	By Net Loss	2,500
To Bad debt	500		
Opening provision	(1,000)		
Closing provision	1,000		

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To Interest on overdraft	300		
To Depreciation on furniture	160		
	4,210		4210

Balance Sheet of Mr. Sandeep as on 31.12.2023

Liabilities		Amount	Assets		Amount
Capital	16,000		Furniture	1,600	
Less: drawing	(2,000)		Less: Depreciation	(160)	1,440
Net loss	(2,500)	11,500	Bill receivable		3,000
Bank overdraft	2,000		Investment	4,000	
Add: interest	300	2,300	Add: accrued interest	210	4,210
Creditors		2,000	Debtors	5,000	
Bills payable		2,500	Less: Prov. on bad debts	(1000)	4,000
Outstanding expenses:			Closing stock		4,500
Salary	100		Cash in hand		1,500
Tax	200	300	Prepaid Insurance		50
Commission received in advance		100			
		18,700			18,700

Solution 16

**Trading and Profit & Loss Account
(For the year ended 31st March, 2023)**

Particulars		Amount	Particulars		Amount
To Opening Stock		5,00,000	By Sales	41,50,000	
To Purchases	31,00,000		Less: Returns	(55,000)	
Less: Returns	(45,000)		Less: Goods sent on Approval	(1,50,000)	39,45,000
Less: Furniture	(1,00,000)		By Closing Stock		1,45,000
Less: Drawings	(50,000)	29,05,000	By Stock with Customers		1,00,000
To Carriage Inward		10,000			
To Wages		50,000			
To Gross Profit c/d		7,25,000			
		41,90,000			41,90,000
To Salaries		95,000	By Gross Profit b/d		7,25,000
To Rates & Taxes		50,000	By Discount received		75,000
To Postage & Telegram		1,05,000	By Net Loss transferred to Capital A/c		5,02,300
To Insurance		90,000			
To Printing & Stationery		95,500			
To Advertisement		1,70,000			
To Discount allowed		50,000			
To General Expenses		65,700			
To Carriage Outward		22,000			
To Bad debts		50,000			
To Provision for Doubtful Debts		40,000			
To Salesman Commission	78,000				
Add: Outstanding	3,16,500	3,94,500			
To Depreciation on Furniture	65,000				
Motor Car	9,600	74,600			
		13,02,300			13,02,300

**Balance Sheet of Mr. Neel
(As at 31st March, 2023)**

Liabilities	Amount	Assets	Amount
Capital	22,59,200	Furniture	5,50,000
Less: Drawings	(45,000)	Add: Purchased	<u>1,00,000</u>
Less: Goods Withdrawn	(50,000)		6,50,000
Less: Net Loss	(5,02,300)	Less: Dep.	<u>(65,000)</u>
Sundry Creditors	4,00,000	Motor Car	48,000
O/s Salesman's Commission	3,16,500	Less: Dep.	<u>(9,600)</u>
		Stock in hand	1,45,000
		Stock with Customers	1,00,000
		Sundry Debtors	10,00,000
		Less: Goods sent on Approval	(1,50,000)
		Less: Bad Debts	<u>(50,000)</u>
			8,00,000
		Less: Prov. for D/debts	<u>(40,000)</u>
		Cash in Hand	2,50,000
		Cash at Bank	5,00,000
	23,78,400		23,78,400

Solution 17

**Trading and Profit and Loss Account of Mr. Hari
(for the year ended 31st December, 2023)**

Particulars	Amount	Particulars	Amount
To Opening Stock	46,800	By Sales	3,89,600
To Purchases	3,21,700	Less : Returns	<u>(8,600)</u>
Add: Omitted Invoice	400	By Closing Stock	78,600
Less: Returns	(5,800)		
Less: Drawing	<u>(600)</u>		
To Freight & Carriage	19,600		
To Gross Profit c/d	77,500		
	4,59,600		4,59,600
To Rent and taxes	4,700	By Gross Profit b/d	77,500
To Salaries and wages	9,300	By Discount	4,440
To Bank Interest	1,100		
Add: Due	<u>1,700</u>		
To Printing & Stationery	14,400		
Less: Prepaid	<u>(3,600)</u>		
To Discount allowed	1,800		
To General Expenses	11,450		
To Insurance	1,300		
To Postage & Telegram Expenses	2,330		
To Traveling Expenses	870		
To Provision for Bad Debts (New)	1,150		
To Provision for Discount on Debtors	437		
To Depreciation on Furniture & Fittings	500		
To Net Profit tfd. to Capital A/c	34,503		
	81,940		81,940

**Balance Sheet of Hari
as at 31st December, 2023**

Liabilities	Amount	Assets	Amount
Capital	76,690	Furniture and Fittings	5,000
Add: Net Profit	34,503	Less: Dep.	(500)
Less: Drawings	(30,600)	Sundry Debtors(24,000-1,000)	23,000
(Cash 30,000+Goods 600)	80,593	Less: Prov. for D/D	(1,150)
Bank Loan	20,000		21,850
Bank Interest Due	1,700	Less: Provision for discount	(437)
Sundry Creditors [1]	14,200	Stock	78,600
		Prepaid: Printing & Stationery	3,600
		Bank Balance	8,000
		Cash Balance	380
	1,16,493		1,16,493

Working Note (1):

Sundry Creditors Balance as per Trial Balance	14,800
Less : Set off in respect of Ram	(1,000)
	13,800
Add : Purchases Invoice which were omitted	400
	14,200

Solution 18

**M/s Raghuram & Associates
Trading and Profit and Loss Account for the year ended 31st March, 2023**

Particulars	Amount	Particulars	Amount
To Opening Stock	3,20,000	By Sales	15,00,000
To Purchases	12,00,000	Less: Return	(24,000)
Less: Returns	(18,000)	By Closing Stock	4,10,000
To Freight	62,000		
To Gross Profit c/d	3,22,000		
	18,86,000		18,86,000
To Salaries	72,000	By Gross Profit b/d	3,22,000
To Rent	55,000	By Discount Received	12,000
Add: O/s Rent	5,000		
To Provision for Doubtful Debts (WN-1)	16,200		
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: O/s Interest	100		
To Motor car expenses (Repairs)	13,000		
To Net profit tfd to Capital Account	8,700		
	3,34,000		3,34,000

Balance Sheet of M/s Raghuram & Associates
(as at 31st March, 2023)

Liabilities		Amount	Assets		Amount
Capital Account			Land & Building	5,00,000	
Opening Balance	14,11,400		Less: Dep.	(25,000)	4,75,000
Add: Profit	8,700		Motor Vehicles	1,00,000	
Less: Drawings	(20,000)		Less: Dep.	(20,000)	80,000
Less: Prop. Ins Prem.	(42,000)	13,58,100	Office equipment	2,00,000	
Loan from Rajan	60,000		Less: Dep.	(30,000)	1,70,000
Add: O/s Interest	100	60,100	Furniture & Fixture	50,000	
Sundry Creditors		62,000	Less: Dep.	(5,000)	45,000
O/s Rent		5,000	Closing Stock		4,10,000
			Sundry Debtors	2,80,000	
			Less: Prov. for D/D	(14,000)	2,66,000
			Prepaid insurance (W.N. 1)		1,200
			Cash at Bank		16,000
			Cash in Hand		22,000
		14,85,200			14,85,200

Working Notes:

1. Insurance premium

Insurance premium as given in trial balance	48,000
Less: Personal premium	(42,000)
Less: Prepaid for 3 months (6,000*3/15)	(1,200)
Transfer to Profit and Loss A/c	4,800

2. Depreciation

On Building (5% of 5,00,000)	25,000
On Motor Vehicles (20% of 1,00,000)	20,000
On Furniture & Fittings (10% of 50,000)	5,000
On Office Equipment (15% of 2,00,000)	30,000
	80,000

3. Interest on Loan

Interest on Loan (60,000*10%*9/12)	4,500
Less: Interest as per Trial Balance	(4,400)
Amount Outstanding	100

4. Provision for Doubtful Debts Account

Particulars	Amount	Particulars	Amount
To Bad Debts A/c	12,200	By Balance b/d	10,000
To Balance c/d (2,80,000)*5%	14,000	By P&L A/c (Bal. Fig.)	16,200
	26,200		26,200

Solution 19

Trial Balance of Mr. Bansal (Rectified) (as on 31st March, 2023)

	Dr.	Cr.
Capital		16,000
Opening Stock	17,500	
Drawings	3,305	
Return inward	550	

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Carriage Inward	1,240	
Deposit with X	1,400	
Return Outward		840
Carriage outward	725	
Rent Paid	800	
Rent outstanding		150
Purchases	13,000	
Sundry Debtors	5,000	
Sundry Creditors		2,200
Furniture	1,500	
Sales		29,000
Wages	850	
Cash	1,370	
Advertisement	950	
	48,190	48,190

**Trading and Profit and Loss Account of Mr. Bansal
for the year ended 31st March, 2023**

Particulars		Amount	Particulars		Amount
To Opening Stock		17,500	By Sales	29,000	
To Purchases	13,000		Less: Return Inward	(550)	28,450
Less: Return outward	(840)	12,160	By Stock lost by fire		2,000
To Wages		850	By Closing stock		18,790
To Carriage inward		1,240			
To Gross profit c/d		17,490			
		49,240			49,240
To Carriage outward		725	By Gross Profit b/d	17,490	
To Rent		800			
To Advertisement		950			
To Bad debts		600			
To Reserve for bad debts		220			
To Loss of stock by fire		500			
To Depreciation on furniture		150			
To Net profit tfd to Capital Account		13,545			
		17,490			17,490

Balance Sheet of Mr. Bansal as at 31st March 2023

Liabilities		Amount	Assets		Amount
Capital	16,000		Furniture	1,500	
Add: Net Profit	13,545		Less: Depreciation	(150)	1,350
	29,545		Deposit with X		1,400
Less: Drawings	(3,305)	26,240	Closing stock		18,790
Sundry creditors		2,200	Sundry Debtors	5,000	
Outstanding rent		150	Less: Bad Debts	(600)	
				4,400	
			Less: Provision for d/debts	(220)	4,180
			Insurance claim		1,500
			Cash		1,370
		28,590			28,590

Solution 20

In the books of Mr. Shyamal

Dr. **Manufacturing Account for the Year ended 31st March, 2023** Cr.

Particulars	Amount	Particulars	Amount
To Opening work-in-progress (9,000 units)	26,000	By Closing Work-in progress (14,000 units)	48,000
To Raw Material Consumed Opening inventory 2,60,000 Add: Purchases 8,20,000 Less: Closing inv. (3,20,000)	7,60,000	By Trading A/c (Cost of Finished goods transferred) (Units 5,00,000) [Bal. Fig.]	19,33,600
To Direct Wages (W.N. (1))	4,05,600		
To Direct expenses Hire charges on Machinery (5,00,000×0.70)	3,50,000		
To Indirect expenses Repairs & maintenance Hire Charges of Factory	1,80,000 2,60,000		
	19,81,600		19,81,600

W.N.

(1) Direct wages :

$$5,00,000 \text{ units} \times 0.80 = 4,00,000$$

$$\text{Add: } 14000 \text{ units} \times 0.40 = \underline{5,600}$$

$$= \underline{4,05,600}$$

Solution 21

Books of Mr. Pankaj

Manufacturing Account for the year ended 31st March, 2023

Particulars	Amount	Amount	Particulars	Amount
To Opening W.I.P.		3,90,000	By Closing W-I-P	5,07,000
To Raw Material Consumed:			By- products (at S.P.)	20,000
Opening inventory	3,02,000		By Trading A/c-	17,81,000
Purchases	12,10,000		Cost of finished goods transferred (Bal. Fig.)	
Less: Return	(18,000)			
Less: Closing inventory	(3,10,000)	11,84,000		
To Direct Wages		2,10,000		
To Direct expenses:				
Royalty		1,30,000		
To Manufacturing Overhead:				
Indirect Material	16,000			
Indirect Wages	48,000			
Repairs & Maintenance	2,30,000			
Dep. on Factory Shed	40,000			
Dep. on Plant & Machinery	60,000	3,94,000		
		23,08,000		23,08,000

Solution 22**Manufacturing A/c**

Particulars	₹	Particulars	₹
To Raw Material Consumed (Balancing Figure)	9,15,000	By Trading A/c (W.N. 4)	18,32,000

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To Wages (W.N. 2)	3,15,000		
To Depreciation (W.N. 1)	3,95,000		
To Direct Expenses (W.N. 3)	2,07,000		
	18,32,000		18,32,000

Raw Material A/c

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

Working Notes:

(1) Since purchase of Machinery worth ₹ 12,00,000 has been omitted.

So, depreciation omitted from being charged = $12,00,000 \times 15\% = ₹ 1,80,000$

Correct total depreciation expense = ₹ (2,15,000 + 1,80,000) = 3,95,000

(2) Wages worth ₹ 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 ₹ 3,15,000 will be shown in manufacturing account.

(3) Expenses to be excluded from direct expenses:

Office Electricity Charges ($80,000 \times 25\%$) = 20,000

Delivery Charges to Customers = 22,000

Total expenses not part of Direct Expenses = 42,000

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

(4) **Revised Balance to be transferred to Trading A/c:**

Particulars	₹
Current Balance transferred	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

(5) **Creditors A/c**

Particulars	₹	Particulars	₹
To Bank A/c	23,50,000	By Balance b/d	15,70,000
To Balance c/d	6,60,000	By Raw Materials A/c (Bal. figure)	14,40,000
	30,10,000		30,10,000

Solution 23

Books of Mr. Pandit

Manufacturing Account for the year ended 31st March, 2023

Particulars	Amount	Amount	Particulars	Amount
To Opening Stock of Raw Material		1,50,000	By Cost of finished goods tfd to Trading Acc. (Bal. Fig.)	8,08,000
To Purchases	5,00,000			
Less: Return	(5,000)	4,95,000		
To Carriage Inwards		15,000		
To Direct Wages		80,000		

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To Power		30,000	
To Coal & Fuel		15,000	
To Factory Rent & Rates		20,000	
To Depreciation on Machinery		3,000	
		8,08,000	8,08,000

**Trading & Profit and Loss Account of
for the year ended 31st March, 2023**

Particulars	Amount	Particulars	Amount
To Opening Stock (Finished Goods)	75,000	By Sales	8,50,000
To Cost of Goods transferred from Manufacturing Acc.	8,08,000	Less: Sales return	(10,000)
To Gross Profit (Bal. Fig.)	57,000	By Closing stock (Finished Goods)	1,00,000
	9,40,000		9,40,000
To Carriage Outward	7,000	By Gross Profit	57,000
To Discount Allowed	3,000	By Accrued Commission	12,500
To Commission Paid	9,000	By Accrued Interest	15,000
To General Expenses	4,000		
To Advertisement	5,000		
To Salaries	20,000		
Add: Outstanding	2,000		
To Interest Paid	7,000		
Less: Prepaid	(1,500)		
To Prov. for Doubtful Debts	2,000		
Add: Bad Debts	4,000		
Less: Old Prov.	(2,000)		
To Depreciation on			
Building	1,000		
To Net Profit (Bal. Fig.)	24,000		
	84,500		84,500

Balance Sheet as at 31.03.2023

Liabilities	Amount	Assets	Amount
Capital	1,00,000	Plant & Machinery	30,000
Less: drawing	(20,000)	Less: Depreciation	(3,000)
Add: Net Profit	24,000	Land & Building	1,00,000
Bills Payable	24,000	Less: Depreciation	(1,000)
Creditors	50,000	Furniture & Fixtures	15,000
Salary Outstanding	2,000	Investments	25,000
Long Term Loans	2,00,000	Closing Stock	1,00,000
Bank overdraft	23,000	Loose Tools	30,000
		Debtors	40,000
		Less: Prov. on bad debts	(2000)
		Bills Receivable	15,000
		Accrued Commission	12,500
		Accrued Interest	15,000
		Prepaid Interest	1,500
		Cash in hand	20,000
		Cash at Bank	5,000
	4,03,000		4,03,000

Note:

Depreciation on Building considered to be Office Building so put in P&L Acc. If the same is considered to be Factory Building, then Depreciation on Building would have been put in Manufacturing Account.

Solution 24

In the books of Mr. B
Manufacturing Account for the year ended 31st March, 2023

Particulars		₹	Particulars	₹
To Opening Stock of Raw Materials		5,25,000	By Cost of Manufactured goods transferred to Trading A/c	28,28,000
To Purchase	17,50,000			
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 & Rates		70,000		
To Depreciation on Machinery		10,500		
		28,28,000		28,28,000

Trading Account for the year ended 31st March, 2023

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

Profit and Loss Account for the year ended 31st March, 2023

Particulars		₹	Particulars	₹
To Carriage Outward		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	70,000			
Add: Outstanding	7,000	77,000		
To Interest Paid	24,500			
Less: Prepaid	(5,250)	19,250		
To Provision for Bad & Doubtful Debts	7,000			
Add: Bad Debts	14,000			
Less: Old Provision for Doubtful Debts	(7,000)	14,000		
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 ₹ 61,250 (₹17,500 + ₹43,750) and Net Loss will be ₹ 3,500.

Balance Sheet as at 31st March, 2023

Capital and Liabilities		₹	Assets		₹
Capital	3,50,000		Plant & Machinery	1,05,000	
Add: Net Profit**	<u>84,000</u>		Less: Depreciation	<u>(10,500)</u>	94,500
	4,34,000		Land & Building	3,50,000	
Less: Drawings	<u>(70,000)</u>	3,64,000	Less: Depreciation	<u>(3,500)</u>	3,46,500
Bills Payable		84,000	Furniture & Fixtures		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	1,40,000	
			Less: Provision for Bad & Doubtful Debts	<u>(7,000)</u>	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 ₹ 3,500 will be deducted from Capital Account and Closing Capital figure will be ₹ 2,76,500 and Accrued Commission ₹ 43,750 will appear under liability side of Balance Sheet.

Solution 25

**In the books of M/s Designer wear
Trading and Profit & Loss Account (for the year ending 31.3.2023)**

	₹		₹
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 (9,000+8,550+8,100+7,650)	33,300	By Gross profit	8,50,000
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 <u>20,000</u>	60,000		
To Carriage outward	60,000		
To Depreciation			
Building 5% 30,000			
Furniture 10% <u>1,000</u>	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, 2023

Liabilities	₹	₹	Assets	₹	₹
Capital	3,00,000		Building	6,00,000	
Further Capital	2,00,000		Less: dep	<u>(30,000)</u>	5,70,000
Less: Drawings	<u>(60,000)</u>		Furniture	10,000	

Add: Net profit	<u>5,25,700</u>	9,65,700	Less: dep	<u>(1,000)</u>	9,000
Bank Loan	3,00,000		Security deposit- Telephone		7,000
Less: repayment	<u>(60,000)</u>	2,40,000	Bank		89,700
O/s electricity exp		20,000	Closing stock		5,50,000
		12,25,700			12,25,700

Working note:

Bank Account

Particular	₹	Particular	₹
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 expenses	25,000
		By Entertainment expenses	5,000
		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

Solution 26

- (a) Transfer to provisions - (i), (iv)
- (b) Transfer to reserves - (ii)s
- (c) Neither related to provisions nor reserves - (iii), (v).