

ACCOUNTS FROM INCOMPLETE RECORDS

Solution 1

Statement of Affairs as at 1/4/22 & 31/3/2023

Liabilities	1/4/22	31/3/23	Assets	1/4/22	31/3/23
Bank Overdraft	-	1,800	Cash in hand	1,750	1,400
Creditors	45,000	31,000	Cash at bank	20,000	-
Bills Payable	5,000	-	Bills Receivable	15,000	25,000
Capital (Bal. Fig.)	2,05,250	2,17,300	Stock	93,500	98,700
			Debtors (31/3/23) 70,000		
			Less Provision @5% (3,500)	60,000	66,500
			Furniture (31/3/23) 65,000		
			Less Dep.@10% (6,500)	65,000	58,500
	2,55,250	2,50,100		2,55,250	2,50,100

Statement of Profit or Loss

Particulars	Amount
Capital as at 31/3/2023 (Closing)	2,17,300
Add Drawings (5,000 x 12)	60,000
Less Additional capital	(10,000)
Less Capital as at 1/4/2022 (Opening)	(2,05,250)
Profit during year	62,050

Solution 2

Statement of Affairs

Liabilities	1/4/20	1/4/22	Assets	1/4/20	1/4/22
Owing to Moti's Brother	40,000	-	Cash in Hand	25,500	16,000
Creditors	35,000	55,000	Inventory	56,000	91,500
Capital (Bal. Fig.)	3,13,000	5,65,000	Debtors	41,500	52,500
			Land & Building	1,90,000	1,90,000
			Wife's Jewellery	75,000	1,25,000
			Motorcar	-	1,25,000
			Loan to Moti's Brother	-	20,000
	3,88,000	6,20,000		3,88,000	6,20,000

Particulars	Amount
Capital as on 1/4/2022	5,65,000
Add Drawings during 2020-21 and 2021-22 (4,000×12×2)	96,000
Less Capital as on 1/4/2020	(3,13,000)
Income earned in 2020-21 and 2021-22	3,48,000
Income declared (1,05,000 + 1,23,000)	(2,28,000)
Suppressed Income	1,20,000

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 ₹1,20,000 based on the information available.

Solution 3

Statement of Affairs as on 31st March, 2021

Liabilities	₹	Assets	₹
Capital (bal. fig.)	3,23,400	Machinery	2,20,000
Sundry creditors	5,500	Inventory	20,900

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		Debtors	1,100
		Cash at bank (W.N.1)	84,700
		Cash in hand	2,200
	3,28,900		3,28,900

Calculation of loss for 3 months (1.1.2021 to 31.3.2021)

	₹
Capital as on 31.3.2021	3,23,400
Add: Drawings for 2 months	1,540
	3,24,940
Less: Capital as on 1.1.2021	(3,30,000)
Loss for 3 months	5,060

Statement of Affairs as on 31st March, 2022

Liabilities	₹	Assets	₹
		Machinery	2,20,000
Sundry Creditors	4,300	Add: Additions	<u>66,000</u>
		Inventory	31,900
Capital (Bal. fig.)	3,60,800	Debtors (3,200 – 2,700)	500
		Cash at bank (W.N.2)	43,400
		Cash in hand	3,300
	3,65,100		3,65,100

Statement of Profit and Loss for the year ended 31.3.2022

Particulars	₹
Capital as on 31.3.2022	3,60,800
Add: Drawings (₹ 770 x 12)	9,240
	3,70,040
Less: Capital as on 31.3.2021	(3,23,400)
Net profit for the year ended 31.3.22	46,640

Working Notes:

	₹
1. Bank balance as on 31.3.2021	
Balance as on 1.1.2021	3,30,000
Less: Withdrawals during 1.1.2021 to 31.3.2021	<u>(2,45,300)</u>
Balance as on 31.3.2021	84,700
2. Bank Balance as on 31.3.2022:	
Balance as on 1.4.2021	84,700
Add: Deposits during the year (2,53,000 + 2,700)	<u>2,55,700</u>
	3,40,400
Less: Withdrawals during the year	<u>(2,97,000)</u>
Bank Balance as on 31.3.2022	43,400

Solution 4

Trading and P & L A/c for year ended 31/3/2023

Particulars	Amount	Particulars	Amount
To Opening Stock	2,45,000	By Sales	
To Purchases		Cash	16,20,000
Cash	6,15,000	Credit	<u>11,00,000</u>
			27,20,000

Credit <u>15,00,000</u>	21,15,000	By Closing Stock	3,20,000
To Gross Profit c/d	6,80,000		
	30,40,000		30,40,000
To Rent	1,32,000	By Gross Profit b/d	6,80,000
To Sundry Trade Exp.	81,000	By Discount Received	32,000
To Salaries (2,36,000 + 20,000 – 19,000)	2,37,000		
To Discount Allowed	20,000		
To Dep. on Furniture & Fix.	26,000		
To Net Profit	2,16,000		
	7,12,000		7,12,000

Balance Sheet as at 31/3/2023

Liabilities		Amount	Assets		Amount
Creditors		1,90,000	Furniture & Fitting	2,60,000	
Bills Payable		80,000	Less Depreciation	<u>(26,000)</u>	2,34,000
O/s Salaries		20,000	Debtors		1,47,100
Capital			Cash & Bank		2,01,000
Opening	5,16,000		Stock		3,20,000
Net Profit	2,16,000				
Less Drawing	<u>(1,20,000)</u>	6,12,000			
		9,02,000			9,02,000

Working Notes

Bills Payable A/c

Particulars	Amount	Particulars	Amount
To Cash/Bank	4,30,000	By Balance b/d	70,000
To Balance c/d	80,000	By Creditors (Bal. Fig.)	4,40,000
	5,10,000		5,10,000

Creditors A/c

Particulars	Amount	Particulars	Amount
To Cash/Bank	9,73,000	By Balance b/d	1,35,000
To Bills Payable	4,40,000	By Credit Purchase (Bal. Fig.)	15,00,000
To Discount Received	32,000		
To Balance c/d	1,90,000		
	16,35,000		16,35,000

Calculation of Credit Sales

Particulars	Amount
Opening Stock	2,45,000
Add: Purchases	21,15,000
Less: Closing Stock	<u>(3,20,000)</u>
Cost of Goods Sold	20,40,000
Total Sales = $20,40,000 \times \frac{100}{75}$	27,20,000
Less: Cash Sales	<u>(16,20,000)</u>
Credit Sales	11,00,000

Debtors A/c

Particulars	Amount	Particulars	Amount
To Balance b/d	1,25,000	By Cash/Bank	10,58,000
To Credit Sales	11,00,000	By Discount Allowed	20,000
		By Balance c/d (Bal. Fig.)	1,47,000
	12,25,000		12,25,000

Cash & Bank A/c

Particulars	Amount	Particulars	Amount
To Balance b/d	1,10,000	By Cash Purchases	6,15,000
To Cash Sales	16,20,000	By Creditors	9,73,000
To Debtors	10,58,000	By Bills Payable	4,30,000
		By Drawings	1,20,000
		By Salaries	2,36,000
		By Rent	1,32,000
		By Sundry trade expenses	81,000
		By Balance c/d (Bal. Fig.)	2,01,000
	27,88,000		27,88,000

Balance Sheet as at 31/3/2022 (Opening)

Liabilities	Amount	Assets	Amount
Creditors	1,35,000	Furniture & Fixtures	2,60,000
Bills Payable	70,000	Stock	2,45,000
O/s Salaries	19,000	Debtors	1,25,000
Capital (Bal. Fig.)	5,16,000	Cash & bank	1,10,000
	7,40,000		7,40,000

Solution 5

Trading and P & L A/c for year ended 31/3/2023

Particulars	Amount	Particulars	Amount
To Opening stock	1,60,800	By Sales	
To Purchases		Cash	92,000
Cash	20,600	Credit	13,44,200
Credit	11,60,000	Less Returns	(29,000)
Returns	(8,000)	By Closing stock	2,22,400
To Gross profit c/d (Bal. Fig.)	2,96,200		
	16,29,600		16,29,600
To Discount Allowed	30,000	By Gross Profit b/d	2,96,200
To Bad debts	8,400	By Discount received	14,000
To General expenses	1,86,000		
To Depreciation	55,000		
To Net Profit (Bal. Fig.)	30,800		
	3,10,200		3,10,200

Balance Sheet as at 31/3/2023

Liabilities	Amount	Assets	Amount
Creditors	2,48,000	Plant & Machinery	2,32,200
Expenses outstanding	6,600	Add New Mach.	63,600
Capital		Less Depreciation	(55,000)
			2,40,800

Opening	5,35,400		Stock	2,22,400
Additional	1,70,000		Debtors	3,57,400
Net Profit	30,800		Cash in hand	24,000
Drawings	(8,600)	7,27,600	Cash at bank	1,37,600
		9,82,200		9,82,200

Working Notes

Statement of Affairs as at 31/3/2022

Liabilities	Amount	Assets	Amount
Creditors	3,15,400	Plant & Machinery	2,32,200
Outstanding expenses	12,000	Stock	1,60,800
Capital (Bal. Fig.)	5,35,400	Debtors	3,30,600
		Cash in hand	59,200
		Cash at bank	80,000
	8,62,800		8,62,800

Debtors A/c

Particulars	Amount	Particulars	Amount
To Balance b/d	3,30,600	By Cash	12,50,000
To Sales	13,44,200	By discount allowed	30,000
(14,36,200-92,000)		By Sales Return	29,000
		By Bad debts	8,400
		By Balance c/d (Bal. Fig.)	3,57,400
	16,74,800		16,74,800

Creditors A/c

Particulars	Amount	Particulars	Amount
To Bank	12,05,400	By Balance b/d	3,15,400
To discount received	14,000	By Credit Purchases	11,60,000
To Purchase Returns	8,000	(Bal. Fig.)	
To Balance c/d	2,48,000		
	14,75,400		14,75,400

Depreciation on Plant & Machinery
Expenses to be shown in P & L A/c

$$= 2,32,200 + 63,600 - 24,08,00 = 55,000$$

$$= \text{Cash} + \text{Closing Outstanding} - \text{Opening Outstanding}$$

$$= 1,91,400 + 6,600 - 12,000 = 1,86,000$$

Cash and Bank A/c

Particulars	Cash	Bank	Particulars	Cash	Bank
To Balance b/d	59,200	80,000	By Purchases	20,600	-
To Capital	-	1,70,000	By Expenses	1,91,400	-
To Debtors	-	12,50,000	By Plant & Mach.	-	63,600
To Bank	1,84,800	-	By Drawings	-	8,600
To Cash	-	1,00,000	By Creditors	-	12,05,400
To Sales	92,000	-	By Cash	-	1,84,800
			By Bank	1,00,000	-
			By Balance c/d	24,000	1,37,600
	3,36,000	16,00,000		3,36,000	16,00,000

Solution 6

Trading and P & L A/c for year ended 31/3/2023

Particulars	Amount	Particulars	Amount
To Opening Stock	2,80,000	By Sales	
To Purchases	7,70,000	Cash 2,40,000	
To GP@ 25%	3,10,000	Credit 10,00,000	12,40,000
		By Closing Stock (Bal. Fig.)	1,20,000
	13,60,000		13,60,000
To Salaries	40,000	By G.P. b/d	3,10,000
To Business expenses	1,20,000		
To Interest on Loan (1,00,000*10%*6/12)	5,000		
To Net Profit	1,45,000		
	3,10,000		3,10,000

Balance Sheet as at 31/3/2023

Liabilities	Amount	Assets	Amount
Loan (incl. interest)	1,05,000	Cash in hand	10,000
Creditors	90,000	Cash at bank	80,000
Capital		Debtors	3,50,000
Opening 3,00,000		Stock	1,20,000
Net profit 1,45,000			
Drawings (80,000)	3,65,000		
	5,60,000		5,60,000

Working Notes

Debtors A/c

Particulars	Amount	Particulars	Amount
To Balance b/d	1,00,000	By Bank	7,50,000
To Credit sales (Bal. Fig.)	10,00,000	By Balance c/d	3,50,000
	11,00,000		11,00,000

Creditors A/c

Particulars	Amount	Particulars	Amount
To Bank	7,00,000	By Balance b/d	40,000
To Cash	20,000	By Purchases (Bal. Fig.)	7,70,000
To Balance c/d	90,000		
	8,10,000		8,10,000

Cash and Bank A/c

Particulars	Cash	Bank	Particulars	Cash	Bank
To Balance b/d	10,000	-	By Balance b/d	-	50,000
To Cash (contra)		1,00,000	By Bank (contra)	1,00,000	
To Debtors	-	7,50,000	By Salaries	40,000	
To Ram loan	-	1,00,000	By Creditors	20,000	7,00,000
To Sales (Bal. Fig.)	2,40,000		By Drawings	80,000	-
			By Business expenses	-	1,20,000
			By Balance c/d	10,000	80,000
	2,50,000	9,50,000		2,50,000	9,50,000

Solution 7

Trading and P & L A/c for year ended 31/3/2023

Particulars	Amount	Particulars	Amount
To Opening Stock	1,60,000	By Sales	13,98,000
To Purchases	9,12,000	By Closing Stock	1,40,000
To G.P.	4,66,000		
	15,38,000		15,38,000
		By GP b/d	4,66,000
To Dep. on Furniture	13,000	By Misc. income	10,000
To Expenses for year (3,50,000 + 36,000 – 40,000 + 12,000 – 14,000)	3,44,000	By Interest on Govt. securities $(2,00,000 \times 12\% \times \frac{6}{12})$	12,000
To Discount Allowed		By Discount Received	16,000
Debtor 30,000			
B/R 2,500	32,500		
To Net Profit	1,14,500		
	5,04,000		5,04,000

Balance Sheet as at 31/3/23

Liabilities	Amount	Assets	Amount
Creditors	3,00,000	Furniture (1,30,000 - 13,000)	1,27,000
O/s Expenses	36,000	12% Govt. securities at cost	2,00,000
Capital		Accrued Int. on Investment	12,000
Opening 3,76,000		Stock	1,40,000
Net Profit 1,14,500		Debtors	3,26,000
Additional 1,72,000		Bills Receivable	35,000
Drawings (1,40,000)	5,22,500	Cash in hand	3,000
		Bank	1,500
		Prepaid expenses	14,000
	8,58,500		8,58,500

Working Notes:

Balance Sheet as at 31/3/2022

Liabilities	Amount	Assets	Amount
Creditors	2,20,000	Furniture	1,20,000
O/s Expenses	40,000	Stock	1,60,000
Capital (Bal. Fig.)	3,76,000	Debtors	3,20,000
		Cash	4,000
		Bank	20,000
		Prepaid expenses	12,000
	6,36,000		6,36,000

Creditors A/c

Particulars	Amount	Particulars	Amount
To Bills Receivable (Endorsed)	40,000	By Balance b/d	2,20,000
To Bank	7,84,000	By Debtors (Endorsed Bill Dishonoured)	8,000
To Discount $(7,84,000 \times \frac{2}{98})$	16,000	By Credit Purchases (Bal. Fig.)	9,12,000

To Balance c/d	3,00,000		
	11,40,000		11,40,000

Cost of Goods Sold = 1,60,000 + 9,12,000 – 1,40,000 = 9,32,000

GP = $\frac{1}{2}$ on COGS = 9,32,000 * 1/2 = 4,66,000

Sales = COGS + GP = 13,98,000

Debtors A/c

Particulars	Amount	Particulars	Amount
To Balance b/d	3,20,000	By B/R	2,00,000
To Sales	13,98,000	By Bank	11,70,000
To Creditors	8,000	By Disc. Allowed (11,70,000 × $\frac{2.5}{97.5}$)	30,000
		By Balance c/d (Bal. Fig.)	3,26,000
	17,26,000		17,26,000

Bills Receivable A/c

Particulars	Amount	Particulars	Amount
To Debtors	2,00,000	By Creditors	40,000
		By Bank	1,22,500
		By Discount (1,22,500 × $\frac{2}{98}$)	2,500
		By Balance c/d (Bal. Fig.)	35,000
	2,00,000		2,00,000

Cash and Bank A/c

Particulars	Cash	Bank	Particulars	Cash	Bank
To Balance b/d	4,000	20,000	By Creditors	-	7,84,000
To Debtors	-	11,70,000	By Expenses	-	3,50,000
To B/R	-	1,22,500	By 12% Govt. Sec.	-	2,00,000
To Misc. Income	-	10,000	By Drawings	-	1,40,000
To Cash	-	1,000	By Fixed Asset	-	20,000
To Capital (Bal. Fig.)	-	1,72,000	By Bank (Bal. Fig.)	1,000	-
			By Balance c/d	3,000	1,500
	4,000	14,95,500		4,000	14,95,500

Note: All receipts and payments transactions assumed to be routed through bank only.

Solution 8

Trading and P & L A/c for year ended 31/3/2023

Particulars	Amount	Particulars	Amount
To Opening Stock	80,000	By Sales	6,08,750
To Purchases (4,56,000 – 9,000)	4,47,000	By Closing Stock	70,000
To Freight inwards	30,000		
To G.P. (20% on sales)	1,21,750		
	6,78,750		6,78,750
To Advertisement Expenses	9,000	By GP b/d	1,21,750
To Dep. on Furniture	6,500	By Misc. income	5,000

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To Expenses for year (95,000 + 18,000 – 20,000 + 6,000 – 7,000)	92,000	By Interest on Investment (20,000 x 6% x 6/12)	600
To Discount Allowed		By Discount Received	8,000
Debtor 15,000			
B/R 1,250	16,250		
To Provision for doubtful debts	1,455		
To Net Profit	10,145		
	1,35,350		1,35,350

Balance Sheet as at 31/3/23

Liabilities		Amount	Assets		Amount
Creditors		1,50,000	Furniture (60,000+10,000 - 6,500)		63,500
O/s Expenses		18,000	6% Investment at cost		19,000
Capital			Accrued Int. on Investment		600
Opening 1,88,000			Stock		70,000
Net Profit 10,145			Debtors 72,750		
Drawings (91,000)		1,07,145	Less Prov. for D/debts (1,455)		71,295
			Bills Receivable		17,500
			Cash in hand & Bank		26,250
			Prepaid expenses		7,000
		2,75,145			2,75,145

Working Notes:

Balance Sheet as at 1/4/2022

Liabilities		Amount	Assets		Amount
Creditors		1,10,000	Furniture		60,000
O/s Expenses		20,000	Stock		80,000
Capital (Bal. Fig.)		1,88,000	Debtors		1,60,000
			Cash & Bank		12,000
			Prepaid expenses		6,000
		3,18,000			3,18,000

Creditors A/c

Particulars		Amount	Particulars		Amount
To Bills Receivable (Endorsed)		20,000	By Balance b/d		1,10,000
To Bank		3,92,000	By Debtors (Endorsed Bill Dishonoured)		4,000
To Discount Received		8,000	By Credit Purchases (Bal. Fig.)		4,56,000
To Balance c/d		1,50,000			
		5,70,000			5,70,000

Cost of Goods Sold = 80,000 + 4,56,000 - 9,000 + 30,000 – 70,000 = 4,87,000

GP = 20% on Sales = 25% on COGS = 4,87,000 * 25/100 = 1,21,750

Sales = COGS + GP = 6,08,750

Debtors A/c

Particulars		Amount	Particulars		Amount
To Balance b/d		1,60,000	By B/R		1,00,000
To Sales		6,08,750	By Bank		5,85,000
To Creditors		4,000	By Disc. Allowed		15,000
			By Balance c/d (Bal. Fig.)		72,750
		7,72,750			7,72,750

Bills Receivable A/c

Particulars	Amount	Particulars	Amount
To Debtors	1,00,000	By Creditors	20,000
		By Bank	61,250
		By Discount	1,250
		By Balance c/d (Bal. Fig.)	17,500
	1,00,000		1,00,000

Cash and Bank A/c

Particulars	Amount	Particulars	Amount
To Balance b/d	12,000	By Freight Inwards	30,000
To Debtors	5,85,000	By Creditors	3,92,000
To B/R	61,250	By Expenses	95,000
To Misc. Income	5,000	By Investment	19,000
		By Furniture	10,000
		By Drawings (70,000+21,000 bal.fig.)	91,000
		By Balance c/d	26,250
	6,63,250		6,63,250

Note: All sales & purchases are assumed to be on credit basis.

Solution 9

Trading and P & L A/c for the year ended 31/3/2023

Particulars	Amount	Particulars	Amount
To Opening Stock	38,600	By Sales	8,54,000
To Purchases	6,13,750	By Closing Stock	55,700
To Gross Profit c/d	2,57,350		
	9,09,700		9,09,700
To General Expenses	22,500	By Gross profit b/d	2,57,350
To Salaries (75,000+14,000-12,000)	77,000	By Interest on Investment (9750+450 Accrued)	10,200
To Rent & Taxes	11,800		
To Depreciation (Machinery)	8,500		
To Depreciation (Furniture)	2,450		
To Bad Debts	7,200		
To Provision for Doubtful Debts (3,50,000*2%)	7,000		
To Net Profit (Bal. Fig.)	1,31,100		
	2,67,550		2,67,550

Balance Sheet as at 31/3/2023

Liabilities	Amount	Assets	Amount
Creditors	2,08,200	Machinery	76,500
O/s Salaries	14,000	Furniture	22,050
Capital	3,32,150	Stock	55,700
Add Net Profit	1,31,110	Debtors	3,50,000
		Less: Provision	(7,000)
Add: Introduction	50,000	Cash	20,150
Less Drawings	(96,000)	Bank	36,600
		12% Investment	85,000
		Accrued Interest on Investment	450
	6,39,450		6,39,450

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Working Notes :

Cash Sales = 1,70,800 = 20% of total

Total Sales = 1,70,800/20% = 8,54,000

Credit Sales = 8,54,000 – 1,70,800 = 6,83,200

Cash Purchases = 1,22,750 = 20% of total

Total Purchases = 1,22,750/20% = 6,13,750

Credit Purchases = 6,13,750 – 1,22,750 = 4,91,000

Debtors A/c

Particulars	Amount	Particulars	Amount
To Balance b/d	1,55,000	By Cash /Bank	4,81,000
To Credit Sales	6,83,200	By Bad Debts	7,200
		By Balance c/d (Bal Fig.)	3,50,000
	8,38,200		8,38,200

Creditors A/c

Particulars	Amount	Particulars	Amount
To Cash /Bank	3,43,000	By Balance b/d	60,200
To Balance c/d (Bal. fig.)	2,08,200	By Purchases	4,91,000
	5,51,200		5,51,200

Balance Sheet as at 1/4/2022

Liabilities	Amount	Assets	Amount
Creditors	60,200	Machinery	85,000
O/s Salaries	12,000	Furniture	24,500
Capital (Bal. Fig.)	3,32,150	Stock	38,600
		Debtors	1,55,000
		Cash & Bank	16,250
		12% Investment	85,000
	4,04,350		4,04,350

Solution 10**Trading and P & L A/c for the year ended 31/3/2023**

Particulars	Amount	Particulars	Amount
To Opening Stock	9,15,000	By Sales	
To Purchases	1,27,02,750	Cash	1,10,70,000
To Gross Profit c/d	14,04,750	Credit	<u>29,77,500</u>
		By Closing Stock	9,75,000
	1,50,22,500		1,50,22,500
To Expenses	8,71,050	By Gross profit b/d	14,04,750
To Discount allowed	54,000	By Discount received	42,000
To Depreciation	22,500		
To Net profit	4,99,200		
	14,46,750		14,46,750

Balance Sheet as at 31/3/2023

Liabilities	Amount	Assets	Amount
Capital	4,50,000	Fixes Assets	2,25,000
Add Net profit	4,99,200	Less depreciation	<u>(22,500)</u>
Less drawings	<u>(3,60,000)</u>	Stock	9,75,000
Bills Payable	2,10,000	Debtors	2,28,000
Creditors	10,02,750	Bills receivable	2,10,000
O/s Expenses	7,500	Prepaid Insurance	3,000

		Cash on hand /bank	1,90,950
	18,09,450		18,09,450

Working Notes:**Bills Receivable A/c**

Particulars	Amount	Particulars	Amount
To Balance b/d	90,000	By Bank (Bal. Fig.)	5,10,000
To Debtors	6,52,500	By Creditors (Endorsed)	22,500
		By Balance c/d	2,10,000
	7,42,500		7,42,500

Debtors A/c

Particulars	Amount	Particulars	Amount
To Balance b/d	2,22,000	By Cash /Bank	22,65,000
To Credit Sales (Bal. Fig.)	29,77,500	By Discount allowed	54,000
		By B/R	6,52,500
		By Balance c/d	2,28,000
	31,99,500		31,99,500

Bills Payable A/c

Particulars	Amount	Particulars	Amount
To Bank	12,22,500	By Balance b/d	1,87,500
To Balance c/d	2,10,000	By Creditors (Bal. Fig.)	12,45,000
	14,32,500		14,32,500

Creditors A/c

Particulars	Amount	Particulars	Amount
To Cash /Bank	1,12,60,500	By Balance b/d	8,70,000
To Discount Received	42,000	By Purchases	1,27,02,750
To B/R (endorsed)	22,500		
To B/P	12,45,000		
To Balance c/d (Bal. fig.)	10,02,750		
	1,35,72,750		1,35,72,750

Memo Trading A/c

Particulars	Amount	Particulars	Amount
To Opening Stock	9,15,000	By Sales	1,40,47,500
To Purchase (Bal. Fig.)	1,27,02,750	By Closing Stock	9,75,000
To G.P.	14,04,750		
	1,50,22,500		1,50,22,500

Expenses A/c

Particulars	Amount
Paid	9,31,050
Add O/s at 31/3/23	7,500
Less O/s at 31/3/22	(67,500)
Less Prepaid at 31/3/23	(3,000)
Add Prepaid at 31/3/22	3,000
	8,71,050

Solution 11

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

Particulars	Amount	Particulars	Amount
To Opening Stock	9,15,000	By Sales	
To Purchases (W.N. 2)	125,97,000	Cash 110,70,000	
To Gross profit c/d (10% of 139,30,000)	13,93,000	Credit (W.N. 1) <u>28,60,000</u>	139,30,000
		By Closing stock	9,75,000
	149,05,000		149,05,000
To Sundry expenses (W.N. 4)	9,18,750	By Gross Profit b/d	13,93,000
To Discount allowed	54,000	By Discount received	42,500
To Depreciation (15% ₹1,50,000)	22,500		
To Net Profit (b.f.)	4,40,250		
	14,35,500		14,35,500

Balance Sheet of Archana Enterprises as at 31st March, 2023

Liabilities	Amount	Assets	Amount
Capital		Furniture & Fittings 1,50,000	
Opening balance 6,75,000		Less: Depreciation <u>(22,500)</u>	1,27,500
Less: Drawing (3,60,000)		Stock	9,75,000
Add: Net profit <u>4,40,250</u>	7,55,250	Trade Debtors	3,43,000
Trade creditors (W.N. 3)	8,29,000	Unexpired insurance	3,000
Outstanding expenses	55,200	Cash in hand & at bank	1,90,950
	16,39,450		16,39,450

Working Notes:

1. **Trade Debtors Account**

Particulars	Amount	Particulars	Amount
To Balance b/d	3,12,000	By Cash/Bank	27,75,000
To Credit sales (Bal. fig.)	28,60,000	By Discount allowed	54,000
		By Balance c/d	3,43,000
	31,72,000		31,72,000

2. **Memorandum Trading Account**

Particulars	Amount	Particulars	Amount
To Opening stock	9,15,000	By Sales	139,30,000
To Purchases (Balancing fig.)	125,97,000	By Closing stock	9,75,000
To Gross Profit (10% on sales)	13,93,000		
	149,05,000		149,05,000

3. **Trade Creditors Account**

Particulars	Amount	Particulars	Amount
To Cash/Bank	124,83,000	By Balance b/d	7,57,500
To Discount received	42,500	By Purchases (as per W.N 2)	125,97,000
To Balance c/d (bal. fig.)	8,29,000		
	133,54,500		133,54,500

4. **Computation of sundry expenses to be charged to Profit & Loss A/c**

Particulars	Amount
Sundry expenses paid (as per cash and Bank book)	9,31,050
Add: Prepaid expenses as on 31-3-2022	3,000
Less: Outstanding expenses as on 31-3-2022	(67,500)
Add: Outstanding expenses as on 31-3-2023	55,200
Less: Prepaid expenses as on 31-3-2023 (Insurance paid till July, 2023) (9,000 x 4/12)	(3,000)
	9,18,750

Solution 12**Trading and Profit and Loss A/c for the year ended 31.3.2022**

		₹			₹
To Opening stock (W.N.3)		2,90,000	By Sales – Cash (W.N.1)	1,00,000	
To Purchases-Cash	1,30,000		Credit	<u>9,00,000</u>	10,00,000
Credit (W.N.2)	<u>5,20,000</u>	6,50,000	By Closing stock		1,40,000
To Gross profit c/d		2,00,000			
		<u>11,40,000</u>			<u>11,40,000</u>
To Loss on sale of equipment (40,000-30,000)		10,000	By Gross profit b/d		2,00,000
To Depreciation			By Discount received		9,600
Building	6,000				
Furniture	5,000				
Equipment (W.N.4)	<u>49,200</u>	60,200			
To Expenses paid	80,000				
Add: Outstanding expenses	<u>6,000</u>	86,000			
To Discount allowed		11,000			
To Net profit transferred:					
Stevie's capital A/c	21,200				
Alicia's capital A/c	<u>21,200</u>	42,400			
		<u>2,09,600</u>			<u>2,09,600</u>

Balance Sheet as on 31st March, 2022

Equity and Liabilities			Assets		
Stevie's capital (W.N.7)	5,60,500		Building	3,00,000	
Less: Drawings	(60,000)		Less: Depreciation	(6,000)	2,94,000
	5,00,500		Equipment	5,44,000	
Add: Net profit	<u>21,200</u>	5,21,700	Less: Depreciation	(49,200)	4,94,800
Alicia's capital (W.N.7)	5,30,500		Furniture	50,000	
Add: Net profit	<u>21,200</u>	5,51,700	Less: Depreciation	(5,000)	45,000
Sundry creditors (W.N.5)		1,40,400	Debtors		2,00,000
Bank loan		70,000	Stock		1,40,000
Outstanding expenses		6,000	Cash balance (W.N.8)		1,16,000
		<u>12,89,800</u>			<u>12,89,800</u>

Working Notes:**1. Calculation of total sales**

Cash sales = 10% of total sales

Credit sales	90% of total sales	₹ 9,00,000
Total sales	(9,00,000/90*100)	10,00,000
Cash sales	10% of 10,00,000	₹ 1,00,000

2. Calculation of total purchases

Cash purchases	₹ 1,30,000
Credit purchases	80% of total purchases
Cash purchases	20% of total purchases
Total purchases	1,30,000/20*100 = 6,50,000

Credit purchases = (6,50,000-1,30,000) = ₹ 5,20,000

3. Calculation of opening stock**Stock Account**

	₹		₹
To Balance b/d (Bal. Fig.)	2,90,000	By Cost of goods sold (10,00,000/125*100)	8,00,000
To Total purchases (W.N.2)	6,50,000	By Balance c/d	1,40,000
	<u>9,40,000</u>		<u>9,40,000</u>

4. Purchase of equipment & depreciation on equipment**Equipment Account**

	₹		₹
To Balance b/d	4,80,000	By Cash -equipment sold	30,000
To Cash-purchase (Bal. Fig.)	1,04,000	By Profit and Loss Account (Loss on sale)	10,000
		By Balance c/d	5,44,000
	<u>5,84,000</u>		<u>5,84,000</u>

5. Calculation of closing balance of creditors**Creditors Account**

	₹		₹
To Cash	5,00,000	By Balance b/d	1,30,000
To Discount received	9,600	By Credit purchases (W.N.2)	5,20,000
To Balance c/d (Bal. Fig.)	1,40,400		
	<u>6,50,000</u>		<u>6,50,000</u>

6. Calculation of opening balance of debtors**Debtors Account**

	₹		₹
To Balance b/d	71,000	By Cash	7,60,000
To Sales (Credit)	9,00,000	By Discount allowed	11,000
		By Balance c/d	2,00,000
	<u>9,71,000</u>		<u>9,71,000</u>

7. Calculation of capital accounts of Stevie & Alicia as on 31.3.2021**Balance Sheet as on 31.3.2021**

Liabilities	₹	Assets	₹
Combined Capital Accounts of Stevie & Alicia (Bal. Fig.)	10,91,000	Building	3,00,000
Creditors	1,30,000	Equipment	4,80,000

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Bank Loan	90,000	Furniture	50,000
		Debtors (W.N.6)	71,000
		Stock (W.N.3)	2,90,000
		Cash balance	1,20,000
	13,11,000		13,11,000

	₹
Combined Capitals of Stevie & Alicia	10,91,000
Less: Difference in capitals of Stevie & Alicia	(30,000)
	10,61,000

Stevie's capital as on 31.3.2021	(10,61,000/2) = 5,30,500+30,000	₹5,60,500
Alicia's capital as on 31.3.2021	(10,61,000/2)	₹ 5,30,500

8. Cash Account

	₹		₹
To Balance b/d	1,20,000	By Creditors	5,00,000
To Debtors	7,60,000	By Purchases	1,30,000
To Equipment (sales)	30,000	By Expenses	80,000
To Cash sales (W.N.1)	1,00,000	By Stevie's drawings	60,000
		By Bank loan paid (90,000-70,000)	20,000
		Equipment purchased (W.N.4)	1,04,000
		Balance c/d (Bal. Fig.)	1,16,000
	10,10,000		10,10,000

Solution 13

Trading and P & L A/c for year ended 31/3/2023

Particulars	Amount	Particulars	Amount
To Opening stock (Bal. Fig.)	82,500	By Sales	
To Purchases		Cash	1,25,000
Cash	1,80,000	Credit	<u>5,00,000</u>
Credit	<u>2,70,000</u>	By Closing stock	32,500
To Gross profit c/d	1,25,000		
	6,57,500		6,57,500
To Discount Allowed	2,750	By Gross Profit b/d	1,25,000
To Bad debts	2,250	By Discount received	2,250
To Loss on sale of Machine	7,500		
To Depreciation			
Land & Building	12,500		
Plant & Machinery	11,875		
Office Equipment	6,375		
To Salary	16,000		
To Selling Expenses	7,500		
To Office Expenses (21,000-10,000+7,500)	18,500		
To Interest on loan	6,250		
To Net Profit (Bal. Fig.)	35,750		
	1,27,250		1,27,250

Balance Sheet as at 31/3/2023

Liabilities		Amount	Assets		Amount
Creditors		52,750	Land & Building (2,50,000-12,500)		2,37,500
Provision for Expenses		7,500	Plant & Machinery (1,65,000-10,875)		1,54,125
Bank Loan		50,000	Office Equipment (42,500-6,375)		36,125
Capital			Stock		32,500
Opening	4,65,250		Debtors		1,10,250
Net Profit	35,750	5,01,000	Cash at bank		40,750
		6,11,250			6,11,250

Working Notes : Balance Sheet as at 31/3/2022

Liabilities		Amount	Assets		Amount
Creditors		47,500	Land & Building		2,50,000
Provision for Expenses		10,000	Plant & Machinery		1,10,000
Bank Loan		62,500	Office Equipment		52,500
Capital		4,65,250	Stock		82,500
			Debtors		77,750
			Bank		12,500
		5,85,250			5,85,250

No Balancing figure in balance sheet & it is getting tallied. It was not necessary to make the same as opening capital was given. Just made to know is there any balancing figure.

Calculation of Sales and Purchases

Total sales = ₹ 6,25,000

Cash sales = 20% of total sales (6,25,000) = ₹ 1,25,000

Credit sales = 80% of total sales (6,25,000) = ₹ 5,00,000

Gross Profit 25% on cost = 6,25,000 x 25/100 = ₹ 1,56,250

Credit purchases = ₹ 2,70,000

Credit purchases = 60% of total purchases

Cash purchases = 40% of total purchases

Total purchases = 2,70,000 * 100/60 = ₹ 4,50,000

Cash purchases = 4,50,000 – 2,70,000 = ₹ 1,80,000

Plant & Machinery A/c

Particulars	Amount	Particulars	Amount
To Balance b/d	1,10,000	By Sale of Machinery	20,000
To Cash (Purchase) (Bal.Fig.)	75,000	By Balance c/d	1,65,000
	1,85,000		1,85,000

Depreciation on Plant & Machinery:

@ 10% p.a. on ₹ 20,000 for 6 months	1,000
@ 10% p.a. on ₹ 90,000 (i.e. ₹ 1,10,000 – ₹ 20,000)	9,000
@ 10% p.a. on ₹ 75,000 for 3 months (i.e. during the year)	1,875
	11,875

Sale of Machinery

Book Value of Machinery Sold	20,000
Less: Depreciation (20,000 x 10% x ½)	(2,000)
Less: Loss on sale t/d to Profit and Loss A/c	(7,500)
Sale Proceeds	11,500

Creditors A/c

Particulars	Amount	Particulars	Amount
To Cash & Bank	2,62,500	By Balance b/d	47,500
To Discount Received	2,250	By Purchases (Bal. Fig.)	2,70,000
To Balance c/d	52,750		
	3,17,500		3,17,500

Debtors A/c

Particulars	Amount	Particulars	Amount
To Balance b/d	77,750	By Cash & Bank	4,62,500
To Sales	5,00,000	By Discount Allowed	2,750
		By Bad Debts	2,250
		By Balance c/d	1,10,250
	5,77,750		5,77,750

Cash & Bank A/c

Particulars	Amount	Particulars	Amount
To Balance b/d	12,500	By Creditors	2,62,500
To Debtors	4,62,500	By Purchases	1,80,000
To Office Equipment (Sale)	10,000	By Bank Loan	18,750
To Machinery (Sale)	11,500	By Machinery	75,000
To Sales (Cash)	1,25,000	By Salary	16,000
		By Selling Expenses	7,500
		By Office Expenses	21,000
		By Balance c/d (Bal. Fig.)	40,750
	6,21,500		6,21,500

Solution 14

Trading & P&L A/c of Mr. Take wood for the year ending 31.3.2023

Particulars	₹	Particulars	₹
To Opening Stock	35,000	By Sales	2,49,000
To Purchases	2,01,000	By Closing Stock	75,000
To Gross Profit c/d	88,000		
	3,24,000		3,24,000
To Expenses	37,500	By Gross Profit b/d	88,000
To Petty Expenses	7,500		
To Depreciation	2,000		
To Net Profit	<u>41,000</u>		
	88,000		88,000

Balance Sheet as on 31.3.2023

Liabilities	₹	₹	Assets	₹
Capital A/c			Fixed Assets	18,000
Opening Capital	95,000		Stock	75,000
Add Net Profit	41,000		Sundry Debtors	27,000
Less: Drawings	(24,000)	1,12,000	Cash at Bank	13,500
Sundry Creditors		35,000	Cash in Hand	15,500
Expenses Payable		2,000		
		1,49,000		1,49,000

Working notes:

1) Sundry Debtors A/c			
Particulars	₹	Particulars	₹
To Bal b/d	23,000	By Cash	55,000
To Sales (credit)(b.f.)	2,49,000	By Bank	1,90,000
		By Bal c/d	27,000
	<u>2,72,000</u>		<u>2,72,000</u>

2) Sundry Creditors A/c			
Particulars	₹	Particulars	₹
To Cash	26,000	By Bal b/d	15,000
To Bank	1,55,000	By Purchases (credit) (b.f.)	2,01,000
To Bal c/d	35,000		
	<u>2,16,000</u>		<u>2,16,000</u>

3) Cash A/c			
Particulars	₹	Particulars	₹
To Balance b/d	4,000	By Sundry Creditors	26,000
To Sundry Debtors	55,000	By Petty expenses	7,500
		By Drawings	10,000
		By Balance c/d	15,500
	<u>59,000</u>		<u>59,000</u>

4) Bank A/c			
Particulars	₹	Particulars	₹
To Balance b/d	28,000	By Sundry Creditors	1,55,000
To Sundry Debtors	1,90,000	By Expenses	35,500
		By Drawings	14,000
		By Balance c/d	13,500
	<u>2,18,000</u>		<u>2,18,000</u>

Solution 15**Calculation of Credit Sales and Total sales**

Credit Sales for the year ended 2022-23	=	Debtor X $\frac{12 \text{ months}}{1.5 \text{ months}}$
	=	1,25,000 X $\frac{12 \text{ months}}{1.5 \text{ months}}$
	=	10,00,000
Total Sales for the year ended 2022-23	=	Credit Sales X $\frac{100\%}{80\%}$
	=	10,00,000 X $\frac{100\%}{80\%}$
	=	12,50,000

Solution 16**Calculation of Credit Sales, Total Sales and Gross Profit**

Credit Sales for the year ended 31 st March 23	=	Debtor X $\frac{12 \text{ months}}{1.5 \text{ months}}$
	=	1,50,000 X $\frac{12 \text{ months}}{1.5 \text{ months}}$
	=	12,00,000

$$\begin{aligned} \text{Total Sales for the year ended 2022-23} &= \text{Credit Sales} \times \frac{100\%}{80\%} \\ &= 12,00,000 \times \frac{100\%}{80\%} = 15,00,000 \end{aligned}$$

Trading A/c for year ended 31/3/2023

Particulars	Amount	Particulars	Amount
To Opening Stock	65,000	By Sales	15,00,000
To Purchases	9,50,000	By Closing Stock	55,000
To Direct Expenses	35,000		
To Gross Profit (Bal. Fig.)	5,05,000		
	15,55,000		15,55,000

Working Note:

Calculation of opening stock and closing stock

If closing stock is x then opening stock is x+10,000

Average stock 60,000

Average stock = (Opening stock + Closing stock) / 2

Thus Opening stock is 65,000 and closing stock is 55,000.

Solution 17

Statement showing the Amount of Cash defalcated by Cashier

Particulars			Amount
Cash balance as on 1/1/2023	2,000		
Add Cash Sales	<u>1,16,250</u>		1,18,250
Less Salary to Clerk (300 x 13)		3,900	
Sundry Expenses (50 x 13)		650	
Drawings (100 x 13)		1,300	
Deposit into bank (1,25,000 - 30,000)		<u>95,000</u>	(1,00,850)
Cash balance on 31/3/23 (defalcated by cashier)			17,400

Trading and P & L A/c (For 13 weeks period ended 31st March, 2023)

Particulars	Amount	Particulars	Amount
To Opening Stock	70,000	By Sales	
To Purchases	91,000	Cash	1,16,250
To Gross Profit c/d	30,250	Credit	<u>35,000</u>
		By Closing Stock	40,000
	1,91,250		1,91,250
To Salaries	3,900	By G.P. b/d	30,250
To Rent (4,000 - 1,000)	3,000		
To Sundry Expenses	650		
To Loss of cash by theft	17,400		
To Net Profit	5,300		
	30,250		30,250

Balance Sheet as at 31/3/2023

Liabilities	Amount	Assets	Amount
Capital as on 1/1/23	100,000	Furniture	10,000
Add Profit	5,300	Stock	40,000
Less Drawings (1,300)	1,04,000	Debtors	30,000
Liabilities for goods	36,500	Cash at bank	60,500
	1,40,500		1,40,500

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Working Notes

Creditors A/c

Particulars	Amount	Particulars	Amount
To Bank	75,000	By Balance b/d	20,500
To Balance c/d	36,500	By Purchases (Bal. Fig.)	91,000
	1,11,500		1,11,500

Total Sales

$$= (\text{Opening Stock} + \text{Purchases} - \text{Closing Stock}) + \text{GP\% on Cost}$$

$$= (70,000 + 91,000 - 40,000) + 25\% = 1,51,250$$

Debtors A/c

Particulars	Amount	Particulars	Amount
To Balance b/d	25,000	By Bank	30,000
To Sales (Bal. Fig.)	35,000	By Balance c/d	30,000
	60,000		60,000

Cash Sales:

Total Sales	1,51,250
Less Credit Sales	(35,000)
Cash Sales	<u>1,16,250</u>

Bank Account

Particulars	Amount	Particulars	Amount
To Balance b/d	14,500	By Creditors	75,000
To Debtors	30,000	By Rent	4,000
To Cash	95,000	By Balance c/d (Bal. Fig.)	60,500
	1,39,500		1,39,500

Notes:

- All purchases taken on credit basis
- In absence of depreciation rate no depreciation provided
- Amount defalcated by cashier may be treated as recoverable from him. In that case, 17,400 may be shown as sundry advance on assets side in Balance sheet & net profit for 13 weeks period ended 31/3/23 would amount 22,700.

Solution 18

Trading and P & L A/c for year ended 31/3/2023

Particulars	Amount	Particulars	Amount
To Opening stock	2,00,000	By Sales	18,00,000
To Purchases (Bal. Fig.)	15,40,000	By Closing stock	3,00,000
To Gross profit c/d	3,60,000		
	21,00,000		21,00,000
To Business expenses	2,00,000	By Gross Profit b/d	3,60,000
To Repairs	10,000		
To Travelling Expenses	15,000		
To Depreciation			
Building	16,250		
Furniture	2,500		
Motor car	18,000		
To Loss by theft (cash defalcated)	20,000		
To Net Profit (Bal. Fig.)	78,250		
	3,60,000		3,60,000

Balance Sheet as at 31/3/2023

Liabilities		Amount	Assets		Amount
Creditors		4,75,000	Building (3,25,000-16,250)		3,08,750
Outstanding business expenses		50,000	Furniture (50,000-2,500)		47,500
Loan		1,50,000	Motor Car (90,000-18,000)		72,000
Capital			Stock		3,00,000
Opening	4,80,000		Debtors		2,10,000
Net Profit	78,250		Cash at bank		2,20,000
Drawings	(75,000)	4,83,250			
		11,58,250			11,58,250

Working Notes

1. Cash and Bank A/c

Particulars	Cash	Bank	Particulars	Cash	Bank
To Balance b/d	20,000	85,000	By Business Expenses	90,000	60,000
To Cash	-	7,15,000	By Bank	7,15,000	-
To Debtors	3,50,000	10,50,000	By Cash	-	1,20,000
To Bank	1,20,000	-	By Creditors	-	13,75,000
To Sales	3,60,000	-	By Drawings	-	75,000
			By Repairs	10,000	-
			By Travelling Expenses	15,000	
			By Cash defalcation (Bal. Fig.)	20,000	-
			By Balance c/d (Bal. Fig.)	-	2,20,000
	8,50,000	18,50,000		8,50,000	18,50,000

2. Sale for the year ended 31.03.2023

Gross profit (last year i.e. for year ended 31.3.2022)	3,00,000
Goods sold at cost plus 25% i.e. 20% of sales Sales for 2021-22 3,00,000/0.2	15,00,000
Sales for 2022-23 (15,00,000 x 1.2)	18,00,000
Credit sales for 2022-23 (80%)	14,40,000

3. Debtors A/c

Particulars	Amount	Particulars	Amount
To Balance b/d	1,70,000	By Cash	3,50,000
To Credit Sales	14,40,000	By Bank	10,50,000
		By Balance c/d	2,10,000
	16,10,000		16,10,000

Creditors A/c

Particulars	Amount	Particulars	Amount
To Bank	13,75,000	By Balance b/d	3,10,000
To Balance c/d (Bal. Fig.)	4,75,000	By Credit Purchases	15,40,000
	18,50,000		18,50,000

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Trading and P & L A/c for year ended 31/3/2023

Particulars	Amount	Particulars	Amount
To Opening stock	3,75,000	By Sales	24,60,000
To Purchases	18,85,000	By Closing stock (Bal.fig.)	4,15,000
To Gross profit c/d (25%)	6,15,000		
	28,75,000		28,75,000
To Expenses (24,60,000*15%)	3,69,000	By Gross Profit b/d	6,15,000
To Depreciation	80,000	By Profit on sale of Fixed Assets	2,000
To Net Profit (Bal. Fig.)	1,68,000		
	6,17,000		6,17,000

Balance Sheet as at 31/3/2023

Liabilities	Amount	Assets	Amount
Capital	12,50,000	Fixed Assets (Less Dep.)	6,66,000
Profit & Loss Acc (1,45,000+1,68,000)	3,13,000	Stock	4,15,000
Creditors	1,25,000	Debtors	3,85,000
		Cash & Bank	2,22,000
	16,88,000		16,88,000

Working Notes

1. Cash and Bank A/c

Particulars	Amount	Particulars	Amount
To Balance b/d	1,95,000	By Expenses	3,69,000
To Debtors (3,65,000+20,75,000)	24,40,000	By Creditors (1,90,000+16,20,000+1,40,000)	19,50,000
To Fixed Assets	56,000	By Fixed Assets	1,50,000
		By Balance c/d (Bal. Fig.)	2,22,000
	26,91,000		26,91,000

2. Fixed Assets A/c

Particulars	Amount	Particulars	Amount
To Balance b/d	6,50,000	By Cash	56,000
To Profit on sale	2,000	By Depreciation (on sold asset)	6,000
To Bank A/c	1,50,000	By Depreciation (59,000+15,000)	74,000
		By Balance c/d (Bal.Fig.)	6,66,000
	8,02,000		8,02,000