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FINAL ACCOUNTS BASIC 1.

Problem No. 1

Mr. Saleem & Co.
Trading Account

For the year ending December 31, 2008

| Particulars | Amount | Particulars | Amount |
|--------------------------|-----------------|-----------------------|-----------------|
| To opening stock | 40,000 | By sales | 1,20,000 |
| To purchase | 75,500 | By Less Sales returns | <u>4,500</u> |
| To Carriage on Purchases | 3,500 | By Closing stock | 60,000 |
| To Clearing Charges | 2,800 | | |
| To wages | 5,200 | | |
| To Octroi Duty | 1,200 | | |
| To Gross Profit c/d | 47,300 | | |
| | <u>1,75,500</u> | | <u>1,75,500</u> |

Problem No. 2

Shalimar & Co.
Profit and Loss Account

For the year ending December 31, 2008

| Particulars | Amount | Particulars | Amount |
|---------------------|---------------|----------------------|---------------|
| To Salaries | 20,500 | By Gross profit b/d | 90,000 |
| To Rent | 12,000 | By Discount Received | 2,500 |
| To General Expenses | 10,500 | | |
| To Discount allowed | 2,500 | | |
| To Bank Charges | 500 | | |
| To Depreciation | 3,100 | | |
| To Commission Paid | 2,000 | | |
| To Bad debts | 700 | | |
| To Net Profit | 40,700 | | |
| | <u>92,500</u> | | <u>92,500</u> |

Problem No. 3

Trading and Profit and Loss Account
For the year ending December 31, 2006

| Particulars | Amount | Particulars | Amount |
|--|--------------|-----------------------|--------------|
| To opening stock | 1,350 | By sales | 11,900 |
| To purchase | 5,729 | By Less Sales returns | <u>1,480</u> |
| To less Purchases return | <u>1,000</u> | By Closing stock | 12,000 |
| To Carriage | 200 | | |
| To Gross Profit c/d | 16,141 | | |
| | 22,420 | | 22,420 |
| To Insurance | 280 | By Gross profit b/d | 16,141 |
| To Salaries | 850 | By Commission | 311 |
| To Discount | 428 | | |
| To Advertising | 980 | | |
| To Printing and Stationery | 250 | | |
| To Net Profit transferred to the capital a/c | 13,664 | | |
| | 16,452 | | 16,452 |

Balance Sheet**As on 31st December 2006**

| Liabilities | Amount | Assets | Amount |
|------------------|---------------|-------------------|--------|
| Sundry Creditors | 996 | Cash in hand | 995 |
| Capital | 9,500 | Sundry Debtors | 2,005 |
| Add Net Profit | <u>13,664</u> | Closing Stock | 12,000 |
| | 23,164 | Furniture | 2,830 |
| | | Plant & Machinery | 6,330 |
| | 24,160 | | 24,160 |

Problem No. 4

**Trading and Profit and Loss Account
For the year ending December 31, 2005**

| Particulars | Amount | Particulars | Amount |
|--|---------|---------------------|---------|
| To opening stock | 21,000 | By sales | 162,300 |
| To purchases | 120,000 | By Closing stock | 35,000 |
| To Carriage on purchases | 1,000 | | |
| To Gross Profit c/d | 55,300 | | |
| | 197,300 | | 197,300 |
| To Insurance | 1,000 | By Gross Profit b/d | 55,300 |
| To Salary | 18,000 | By Commission | 690 |
| To Taxes | 5,000 | By Interest | 1,500 |
| To General Charges | 6,000 | | |
| To Bad Debts | 4,500 | | |
| To Carriage on Sales | 500 | | |
| To Net Profit transferred to the capital a/c | 22,490 | | |
| | 62,610 | | 62,610 |

**Balance Sheet
As on 31st December 2005**

| Liabilities | Amount | Assets | Amount |
|------------------|---------|----------------|---------|
| Sundry Creditors | 20,510 | Cash in hand | 6,000 |
| Capital | 100,000 | Cash at Bank | 18,000 |
| Add Net Profit | 22,490 | Closing Stock | 35,000 |
| | 122,490 | Furniture | 17,000 |
| | | Building | 40,000 |
| Less Drawings | 6,000 | Sundry Debtors | 21,000 |
| | 116,490 | | |
| | 137,000 | | 137,000 |

Problem No. 5

Trading and Profit and Loss Account
For the year ending December 31st, 2004

| Particulars | Amount | Particulars | Amount |
|--|--------|---------------------|--------|
| | Rs. | | Rs. |
| To opening stock | 2,920 | By sales | 11,439 |
| To purchase | 10,000 | By Closing stock | 15,000 |
| To Carriage | 100 | | |
| To Wages | 1,402 | | |
| To Gross Profit c/d | 12,017 | | |
| | 26,439 | | 26,439 |
| To Salaries | 1,300 | By Gross Profit b/d | 12017 |
| To Insurance | 119 | By Discount | 627 |
| To Postal Expenses | 132 | | |
| To Bad Debts | 700 | | |
| To Net Profit transferred to the capital a/c | 10,393 | | |
| | 12,644 | | 12,644 |

Balance Sheet
As on 31st December 2004

| Liabilities | Amount | Assets | Amount |
|------------------|---------------|---------------|--------|
| | Rs. | | Rs. |
| Sundry Creditors | 13,408 | Cash in hand | 3,251 |
| Capital | 17,390 | Debtors | 10,690 |
| Add Net Profit | <u>10,393</u> | Closing Stock | 15,000 |
| | 27,783 | Machinery | 12,000 |
| Less Drawings | <u>250</u> | | |
| | 27,533 | | |
| | 40,941 | | 40,941 |

Problem No. 6

Rashid & Co.
Trading and Profit and Loss Account
For the year ending December 31st, 2006

| Particulars | Amount | Particulars | Amount |
|--|------------|----------------------|--------------|
| To opening stock | 20,000 | By sales | 60,000 |
| To purchase | 30,000 | By Less Sales return | <u>1,300</u> |
| To Less return outwards | <u>500</u> | By Closing stock | |
| To Carriage Inwards | 700 | | |
| To Wages | 2,900 | | |
| To Gross-Profit c/d | 30,600 | | |
| | 83,700 | | 26,439 |
| To Insurance | 700 | By Gross Profit b/d | 30,600 |
| To Commission (Dr.) | 1,000 | | |
| To Interest on Capital | 500 | | |
| To Stationery | 450 | | |
| To Trade Expenses | 500 | | |
| To Rent and Taxes | 750 | | |
| To Carriage outwards | 1,500 | | |
| To Net Profit transferred to the capital a/c | 25,200 | | |
| | 30,600 | | 30,600 |

Balance Sheet
As on 31st December, 2006

| Liabilities | Amount | Assets | Amount |
|------------------|---------------|------------------|--------|
| Sundry Creditors | 21,650 | Cash in hand | 500 |
| Bill Payable | 10,000 | Cash at Bank | 4,750 |
| Capital | 18,400 | Bills Receivable | 5,000 |
| Add Net Profit | <u>25,200</u> | Closing Stock | 25,000 |
| | 43,600 | Sundry Debtors | 30,000 |
| | | Office Furniture | 10,000 |
| Less Drawings | | | |
| Bills Payable | | | |
| | 75,250 | | 75,250 |

Problem No. 7

T Brothers
Trading And Profit And Loss Account
For the year ending 31st December 2005

| Particulars | Amount | Particulars | Amount |
|---------------------------|----------|-------------------------|----------|
| To Opening Stock | 2,68,000 | By Sales 6,50,000 | |
| " Purchases 35,000 | | Less <u>2,500</u> | 6,47,500 |
| " Less <u>1,000</u> | 3,49,000 | | |
| " Carriage 5,000 | | | |
| " Gross Profit c/d 25,500 | | | |
| | 647,500 | | 647,500 |
| " Discount 1,000 | | By Gross Profit b/d | 25,500 |
| " Rent 6,000 | | " Discount Received 500 | |
| | 61,000 | " Net Loss 35,000 | |
| | | | 61,000 |

T. Brothers
Balance Sheet
As on 31st December 2005

| Liabilities | Amount | Assets | Amount |
|-----------------------------|----------|--------------------|----------|
| Creditors 35,000 | | Debtors 3,50,000 | |
| Bank Loan 1,00,000 | | Plant 3,00,000 | |
| Capital 8,00,000 | | Furniture 2,00,000 | |
| Less Net Loss <u>35,000</u> | | | |
| 7,65,000 | | | |
| Less Drawing <u>50,000</u> | 7,15,000 | | |
| | 8,50,000 | | 8,50,000 |

Revised Trial Balance

| Ledger Accounts | L.F | Debit | Credit |
|-----------------|-----|----------|----------|
| Creditors | | | 35,000 |
| Bank Loan | | | 1,00,000 |
| Capital | | | 8,00,000 |
| Debtor | | 3,50,000 | |
| Plant | | 3,00,000 | |
| Furniture | | 2,00,000 | |
| Drawings | | 50,000 | |
| Net Loss | | 35,000 | |
| | | 935,000 | 935,000 |

Problem No. 8

INCOME STATEMENT
For the year ending December 31, 2006

| | | | |
|---------------------------------------|--------|--------|--------|
| Sales | | 345400 | |
| Less: Returns inwards | 1500 | | |
| Less: Discount on Sales | 3500 | 5000 | |
| | | | 340400 |
| <u>Less Cost of goods sold</u> | | 80600 | |
| Merchandise inventory Jan. 1 | | | |
| Purchases | 255400 | | |
| Less Purchase returns | 450 | | |
| | 254950 | | |
| Add: Carriage on purchases | 3600 | 258550 | |
| Cost of goods available for sale | | 339150 | |
| Less closing inventory | | 65700 | |
| Cost of goods sold | | | 273450 |
| Gross Profit | | | 66950 |
| <u>Less Operating Expenses</u> | | | |
| <u>Selling Expenses:</u> | | | |
| Salesmen Commission | 1700 | | |
| Advertising | 14000 | | |
| Total selling expenses | 5700 | | |
| <u>General Expenses</u> | | 21400 | |
| Rent Expenses | 3100 | | |
| Repair Expenses | 275 | | |
| Insurance Expenses | 410 | 3785 | 25185 |
| Total operating expenses | | | |
| Net Income: | | | 41765 |

BALANCE SHEET
As on December 2006

| | | | |
|-------------------------------------|--------|--------|--------|
| ASSETS: | | | |
| <u>Current Assets</u> | | | |
| Cash at Bank | | 5745 | |
| Accounts Receivable | | 18000 | |
| Closing inventory | | 65700 | |
| Investment | | 20500 | |
| Total current Assets | | | 109945 |
| <u>Fixed Assets:</u> | | | |
| Furniture | | 12500 | |
| Machinery | | 20000 | |
| Loose Tools | | 4100 | 36600 |
| Total Fixed Assets | | | 146545 |
| <u>LIABILITIES</u> | | | |
| <u>Current Liabilities</u> | | | |
| Accounts payable (creditors) | | 1240 | |
| <u>Long term liabilities</u> | | | |
| Mortgage loan | | 18420 | |
| <u>Owner's Equity</u> | | | |
| Capital | 97520 | | |
| Add Net Income | 41765 | | 146545 |
| | 139285 | | |
| Less: Drawings | 12400 | 126885 | |
| | | 146545 | 146545 |