

* ACCOUNTING

* INTRODUCTION

It is the art of recording, classifying and summarizing in significant manner & in terms of money, transactions and events which are, in part at least, of financial char. and interpreting the results thereof (American Institute of Certified Public Accountants (AICPA))

* PURPOSE

1. To provide the means of guiding and controlling the business activities.
2. To analyze and interpret the results enabling the management to find out the past, present & future.
3. To provide guidelines for making wise decisions to achieve the corporate objectives.

* BOOK KEEPING V/S ACCOUNTING

1. Book Keeping is the art and science of recording business transactions in a systematic manner.
2. The scope of book keeping is confined to recording of business transactions only.
3. Accounting on the other hand processes, analyses and interprets the data for the purpose of meeting the requirements of different users.
4. Thus, book keeping represents only a part of total accounting system.
5. However, book keeping serves as the base for accounting.

* ACCOUNTING EQUATION

$$\text{Capital} = \text{Assets} - \text{Liability}$$

1. Accounting concepts
2. Accounting conventions & principles
3. Accounting equation
4. Journal
5. Ledger
6. Trial balance
7. Adjustments
8. Trading & p
9. Profit & loss a/c
10. Balance Sheet
11. Cash flow statement
12. Fund " "
13. Ratio analysis

~~Record~~

* JOURNAL

Record of financial trans. original in nature and recorded in a chronological order.



Follow the order of occurrence.

①

How To WRITE THESE TRANSACTIONS ?

Syntax ;

to _____ a/c Dr amt
_____ amt.

Date	Particulars	LF	Debit (Rs)	Credit (Rs)
x x x	a/c		xxx	
	To			xxx

TWO ASPECTS:- 1. Debit 2. Credit.

* GOLDEN RULES

1. PERSONAL A/c

Debit the receivers
Credit the givers.

2. REAL a/c

Debit what comes in
Credit " goes out

3. NOMINAL a/c

Debit all expenses and losses

Credit all incomes and gains.

1. The transaction relating personal a/c.

2. Relating to assets (eg; cash, mach., land, building, plant, motorvan, copyright, patent).

3. Relating to expenses, losses, incomes & gains.

1. Debit - Real / nominal / personal.

2. Credit.

Q. Anjana went to shop & purchased 2500 worth veg. & she didn't pay the amt, agreed to pay it later. - Personally trans.

book shopkeeper.

Anjana's example > Credit purchase of Anjana

(N/D)

Anjana's a/c

Dr

2500

(P/D)

to purchase veg

2500

Q. Salary paid Rs. 5000
 Salary & Cash

* Sales is nominal a/c, \therefore it brings cash.
 Cash is real a/c, \therefore it is asset.

Q. Alen's example Rs. 1000 > Sales and Cash
 (Real > Debit)

↓ nominal / credit

Cash a/c	Dr	1000
	to Sales	1000

Q. Telephone bill paid Rs. 12000 on 22nd Aug 2019.

ans: Telephone expense a/c Dr 12000
To Cash 12000

Q. Goods sold for Rs. 43000.

Cash > real

Sales > nominal

Cash a/c Dr 43000
to Sales 43000

5. LEDGER

It is a statement which shows similar type transactions.

Posting > recording the journal entries in ledger.

- a. ① Rent paid Rs. 20000 on 1st May 2018.
② Salary paid Rs. 100000 on 3rd May 2018.
③ Sold goods for Rs. 500000 on 8th May 2018.
④ Purchased raw material Rs. 100000 on 15th May 2018.

ans: ① Salary > nominal > debit
Cash > credited.

- ⑤ Sold goods worth Rs. 25000 on 20th May 2018.

JOURNAL FOR THE PERIOD.....

Date	Particulars	LF	Debit	Credit
1.05.2018	Rent a/c Dr to Cash a/c	0	20000	20000
3.05.2018	Salary a/c Dr to Cash a/c		100000	100000
8.05.2018	Cash a/c Dr to Sales a/c		500000	500000
15.05.2018	Purchase a/c Dr to Cash a/c		100000	100000
20.5.18	Cash a/c Dr to Sales a/c		25000	25000

Posting;

1. Rent

2. Cash

3. Salary

4. Purchase

5. Sales.

Rent a/c

Dr

Date	Particulars	LF	Amt	Date	Particulars	LF	Cr Amt
1.05.18	To Cash		20000				
					By bal. c/d		2000
			<u>20000</u>				<u>20000</u>

Cash a/c

Dr

Date	Particulars	LF	Amt	Date	Particulars	LF	Cr Amt
8.5.18	To Sales		500000	1.5.18	By rent		20000
				3.5.18	By salary		100000
20.5.18	To Sales		25000	15.5.18	By purchase		100000
			<u>525000</u>		By bal. c/d		525000

3,05,000

Salary a/c

Dr

Date	Particulars	LF	Amt	Date	Particulars	LF	Cr Amt
3.5.18	To cash		100000				
					By bal. c/d		100000
			<u>100000</u>				<u>100000</u>

Sales a/c.

Date	Particulars	LF	amt	Date	Particulars	LF	Amnt
				8.5.18	By ^{Cash} Sales		500 000
	Total balance c/d		525000	20.5.18	By ^{Cash} Sales		25000
			<u>525000</u>				<u>525 000</u>

Purchase a/c.

Date	Particulars	LF	Amnt	Date	Particulars	LF	Amnt
15.5.18	To Cash		100000		By bal. c/d		100000
			<u>100000</u>				<u>100000</u>

- Q ① 2013 Jan 1 N.D Tiwari starts his business with capital of Rs. 1200000 & he brought amt in cash.
- ② 2013 Jan 1 he deposited Rs. 20000 in bank.
- ③ 2013 Jan 5 he purchases merchandise for cash Rs. 5000 from XYZ traders.
- ④ 2013 Jan 10 he sells merchandise for to AD Ltd for cash Rs. 20000.
- ⑤ 2013 Jan 11 bank paid Rs. 5600 for insurance premium of ND Tiwari.
- ⑥ 2013 Jan 14 bank paid Rs. 1700 for fire insurance premium of ~~ND~~ ~~Tiwari~~
- ⑦ 2013 Jan 16 business expenses paid Rs. 11000 Salaries Rs. 15000 ad. exp. Rs. 6000 payment was by cheque.
- ⑧ 2013 Jan 19 received Rs. 2900 from Ram Prakash in full settlement of Rs. 3000.



classmate

Date _____

Page _____

JOURNAL ENTRIES

- (9) 2013 Jan 24 paid wages of Rs. 1000 for installment of machine.
- (10) 2013 Jan 27 goods costing Rs. 700 issued as sample.
- (11) 2013 Jan 28 goods sold to AB & Son on credit Rs. 150000.
- (12) 2013 Jan 30 paid Rs. 2000 for petrol of office car.
- (13) 2013 Jan 31 purchased motor car Rs. 100000.

JOURNAL ENTRIES.

no.	Date	Particulars	Debit	Credit
		(Rent) to Insurance		
	1.1.2013	Cash a/c Dr	1200000	
		to Capital a/c & (Pac.) (Intro. cap. into bus.)		1200000
	1.1.2013	Bank a/c Dr	20000	
		to Cash a/c (credit)		20000
	5.1.13	Purchase a/c Dr	5000	
		to Cash a/c		5000
	10.1.13	Cash a/c Dr	2000	
		to Sales (n.a/c/R)		2000
	11.1.13	Insurance prem. a/c Dr	5600	
		to Bank (credit)		5600
	14.1.13	Fire Insurance prem. a/c Dr	1700	
		to Bank (credit)		1700

12.01.13	Rent a/c	Dr	11000	
	To Bank a/c			11000
16.01.13	Salary a/c	Dr	15000	
	to bank a/c			15000
16.1.13	Advertisement a/c	Dr	6000	
	to Bank a/c			6000
	OR			
16.1.13	Rent a/c	Dr	11000	
	Salary a/c	Dr	15000	
	Advertisement a/c	Dr	6000	
	to bank a/c			32000
19.1.13	Cash a/c	Dr	2900	
	Discount allowed a/c	Dr	100	
	to Ram Prakash (Pvt)			3000
20.1.13	Cash a/c	Dr	(5000) 3500	
	Bad debt a/c	Dr	1500	
	to Rajesh a/c			5000
24.1.13	Machinery a/c	Dr	1200	1200
	to Cash a/c			

✓	27.1.13	Sales promotion exp. a/c	Dr 700	
		to purchase a/c		700
	28.1.13	AB & Sons a/c	Dr 15000	
		to Sales		15000
	30.1.13	Fuel for office car a/c	Dr 2000	
		to Cash		2000
	31.1.13	Motor car Van a/c	Dr 100000	
		to Cash		100000

* ADJUSTMENTS

1. REAL & PERSONAL a/c → BS

2. NOMINAL a/c → PL

NET AMT → BS

LEDGER a/cCASH a/c

1.1.13	To cap. a/c	1200000	1.1.13	By bank	20000
10.1.13	To Sales	20000	5.1.13	By purchase	5000
19.1.13	To Ramprakash	2900	24.1.13	By mach.	1200
20.1.13	To Rajesh	3500	20.1.13	By petrol	200
			31.1.13	By motor van	100000
			31.1.13	By bal. c/d	1080200
		<u>1208400</u>			<u>1208400</u>

CAPITAL a/c

31.1.13	To balance c/d	1200000	1.1.13	By Cash	1200000
		<u>1200000</u>			<u>1200000</u>

SALARY a/c

16.1.13	To bank	150000	31.1.13	By balance c/d	150000
		<u>150000</u>			<u>150000</u>

BANK a/c

1.1.13	To Cash	20000	11.1.13	By ins. prem.	5600
			14.1.13	By Fire ins.	1700
			16.1.13	By rent	11000
				By salary	15000
				By adv.	6000
	To bal c/d	19800			
		<u>39300</u>			<u>39300</u>

ADVERTISEMENT a/c

16.1.13	To bank	6000	31.3.13	By bal c/d	6000
		<u>6000</u>			<u>6000</u>

DISCOUNT a/c

19.1.13	To Ramprakash	100	31.1.13	By bal. c/d	10000
		<u>100</u>			<u>100</u>

MUMI RAM PRAKASH a/c

31.1.13	Totalance c/d	3000	19.1.13	By Cash	2900
				By discount	100
		<u>3000</u>			<u>3000</u>

BAD DEBTS a/c .

20.1.13	To Rajesh	1500	31.1.13	By bal. c/d	1500
		<u>1500</u>			<u>1500</u>

RAJESH a/c

31.1.13	Total. c/d	5000	20.1.13	By Cash	3500
				By bad debt	1500
		<u>5000</u>			<u>5000</u>

PURCHASE a/c

5.1.13	To Cash	5000	21.1.13	By promat ⁿ	700
			31.1.13	By bal. c/d	4300
		<u>5000</u>			<u>5000</u>

INSURANCE PREMIUM

11.1.13	To bank	5600	31.1.13	By balance	5600
		<u>5600</u>			<u>5600</u>

<u>SALES a/c</u>					
28.1.13	To b/c/d	17000	10.1.13	By Cash	2000
			31.1.13	By A/c/sak	15000
		<u>17000</u>			<u>17000</u>

FIRE INS. PREM a/c.

14.1.13	To bank	1700	31.1.13	By b/c/d	1700
		<u>1700</u>			<u>1700</u>

RENT a/c

16.1.13	To bank	11000		
			31.1.13	By b. chf 11000
		<u>11000</u>		<u>11000</u>

TRIAL BALANCE

PARTICULARS	DEBIT	PARTICULARS	CREDIT
Cash	1080200	Capital	120000
Purchase	43000	Bank	19300
Ins. pr.	5000	Sales	17000
Fire Ins.	1700	Ramprakash	3000
Rent	11000	Rajesh	5000
Salary	15000		
Ad	6000		
Discount	1000		
Bad debts	1500		
Machinery	1200		
Promotional exp	700		
AB & Son a/c	15000		
Petrol exp	2000		
M Van	100000		
	<u>1244300</u>		<u>1244300</u>

NOTE

When purchasing goods for cash from xyz company then it will be converted to purchase Dr to cash. When there is cash is specified in it so whether cash is not specified then it will be credit transactⁿ.

MACHINERY a/c

24.1.13	To Cash	1200	11.1.13	By bal. c/d	1200
		<u>1200</u>			<u>1200</u>

PROMOTIONAL Exp a/c

27.1.13	To purchase	700	31.1.13	By bal. c/d	700
		<u>700</u>			<u>700</u>

AB & Sons a/c

28.1.13	To Sales	15000	31.1.13	By bal. c/d	15000
		15000			15000

PETROL Exp a/c.

30.1.13	To Cash	2000	31.1.13	By bal. c/d	2000
		<u>2000</u>			<u>2000</u>

Motor Van a/c

31.1.13	To Cash	100000	31.1.13	By bal. c/d	100000
		<u>100000</u>			<u>100000</u>

Q. TRIAL BALANCE OF BHARAT ELECTRONICS

As ON 31st MARCH 2017.

Opening Stock	100000	Pref. Sh of Rs.100	
Buildings	120000	each	120000
Purchases	197000	ESC of Rs.100	
Wages	60000	each	280000
Salaries	20000	5% on debentures	100000
Taxes & ins.	14800	Transfer fees	3400
Int. on debentures	5000	Rent	3120
Goodwill	50000	Sales	357000
Commission	20000	Sunday G.	39000
Carriage	8900	Bad debt reserve	1500
Bad debts	1000	Discount	280
General exp.	11200		
Repairs	3000		
Cash	4400		
Machinery	160000		
Pref. exp.	8000		
Sunday debtors	121000		
	<u>904300</u>		<u>904300</u>

- ① Depn. on machinery @ 10% & maintain a reserve of 3% on debtors for DD.
- ② Unexpired Insurance is Rs. 1200 & an amt. of Rs. 800 is receivable on a/c of rent.
- ③ Write off 50% of preliminary exp.
- ④ CS on 31st March 2017 is Rs. 120000.

Prepare final a/c of Bharat
Electricals Ltd.

ans: TRADING AND P/L a/c.

To Opening Stock	100000	By Sales	357000
To purchase	197000	By CS	12000
" wages	60000		
" cartages	8900		
" g/p	111100		
	<u>477000</u>		<u>477000</u>

TRADING AND PROFIT AND LOSS a/c

PARTICULARS	AMT	PARTICULARS	AMT
To Salaries	20000	By gross profit	111100
To tax and insurance	14800	By rent receivable	800
(-) unexplred ins.	(1200)	(+) by Rent	3120
	13600		
To commission	20000	By discount	280
To Bad debt : 10000			
(+) new prov : 3630		By transfer	
(-) Old prov : 1500	3130	fee	3400
To general exp.	11200		
To repair	3000		
To int. on debentures	5000		
To preli. exp. 8000			
(-) write off (4000)	4000		
To depreciation	16000		
To Net profit	22770		
	<u>118700</u>		<u>118700</u>

BALANCE SHEET

LIABILITIES	AMT	ASSET	AMT
Preference Share Capital	1200000	Building	120000
Equity " "	280000	Goodwill	50000
10% debentures	100000	Cash	4400
Sundry Creditors	39000	Machinery	160000
Net profit	22700	(-) depn. (16000)	144000
		Sundry drs.	121000
		(-) ^{res.} new prov.	(3630)
			117370
		Unexpired ins.	1200
		Rent receivable	800
		Preli. exp.	4000
		CS	1200000
	<u>561770</u>		<u>561770</u>

* TRANSACTIONS.

1. Closing Stock

Closing stock is an adjustment because it is a valuation process.

- - Cr trading a/c / Man. a/c.
- - Assets BS

2. OUTSTANDING EXPENSES OR EXPENSE INCURRED BUT NOT PAID, UNPAID EXPENSES, EXPENSES DUE BUT NOT PAID

- (+) respective expenditure.
- Debit P/L
- Liability BS. → "O/s expenses"

eg: Salary o/s, Rent o/s.

3. PREPAID EXPENSE OR UNEXPIRED OR EXPENSE PAID IN ADVANCE.

- ~~Expense~~ advance portion from expense concerned P/L a/c.
- Asset BS.

4. BAD DEBTS

- Trial balance or Old bad debt (BD)
- Further debt (adj) or new bad debt on further bad debt.
- Old provision (prov. for db) last yr prov.
- New " (new prov. for db)

5. BAD DEBT RESERVE

Provision for Bd \rightarrow Profit & loss a/c
 on account of ans.
 for meeting the

- Old - Hbalance
- New - adj.

} P/L

Debit Side

(Dr)

Old Bad debt (Hb)

xxxx

(+) new bad debt (adj)

xxxx

(+) " prov. (adj)

(adj)

xxx

TOTAL xxx

(-) Old prov. (Hb)

(xxx)

balance

NET BALANCE To P/L a/c

- If -ve, Credit side

II BALANCE SHEET

- (E) new bad debt from SDebtors from Asset side

6. INCOME RECEIVABLE | INCOME EARNED

- (+) G. P/L

- Assets BS

7. CARRIAGE | CINWARD (DE)

- Dr trading

8. CARRIAGE OUTWARD (IDE)

- Cr- P/L

v-imp 9. PREL. EXP (IF IN TRIAL BALANCE)

w/imp • BS Not in ~~B~~ P/L

10. PREL. EXP. (WRITE OFF) IF GIVEN IN ADJ

- Cr Deducted in P/L

- → this to BS

11. TRANSFER FEE

- Cr P/L

12. GOODS SENT AS FREE SAMPLES

- (-) from purchase \rightarrow P/L

- Dr \rightarrow Sales promotion expense \rightarrow P/L.

OR.

(+) adv.

13. INCOME EARNED BUT NOT RECEIVED, INCOME RECEIVABLE, INCOME OUTSTANDING

- P/L ;

(+) to rent receivable

- B/S ;

Assets - RR

Q. The ~~Whole~~ Manufacturer

14. INCOME RECEIVED IN ADVANCE

Rent amt is Rs. 200000.

Paid 2 yr rent in advance.

Paid Rs. 400000.

Received in ~~advance~~ 2020 - Rs. 400000
Income for 2020 is only Rs. 200000.

Income for 2021 is only Rs. 200000.

• P/L ;

Rent	400000	
(+) (-) advance.	200000	200000.

B.S ;

Liabilities ;

Rent received in advance

ans: TRADING AND PROFIT AND LOSS A/C FOR
THE YEAR ENDED 31st DECEMBER 2009.

To Stock	3460	By Sales	15450
To purchases	5475	(-) returns	(200)
(-) returns	(125)		15250
(-) furniture	(100)	By CS	3250
	5250		
To gross profit	9790		
	18500		18500
To bad debt	125	By gross profit	
(+) ^{further} bad debt	100	b/d	9790
(+) new provision	185	By commission	
(-) old provision	(200)	375	
		(-) received	
To advertisement	450	in advance	
To interest	118	(25)	250
(+) 0/3	85		
	203		
To ^{tax fins.} interest	1250		
(+) 0/3 tax	120		
(-) prepaid ins.	(100)		
	1270		

Scanned with CamScanner

BALANCE SHEET

LIABILITIES	AMT	ASSETS	AMT
Capital	12500	Furniture 740	
		(-) depreci (74)	666
Profit and Loss a/c	1826		
		Building 7500	
		(-) depre. (375)	7125
Creditors	2500	Debtors	
Bank OD	2850		3800
(+) Interest 85	2935	(-) new prov.	(185)
Salary	300	(+) bad debt	
Taxe	120		100 3515
Comm. received			
In advance	125	Cash	650
		Closing Stock	325
		Insurance pre.	100
	20306		20306

Stock on 31st december

NOTE;

Calculation of new prov.,

5% on debtors ;

Debtors	3800
(-) further baddebt	100
Net debtors	3700
New provision	185

7500	Excluded amt	100
375	Total	740
	Depreciation	74

6250

1250

Q. The trial balance of X for the year ended 31st december, 2009 is given. Prepare his trading and profit and loss a/c of the year ended 31st Dec 2009 & BS on that date.

TRIAL BALANCE.

PARTICULARS	DEBIT	CREDIT
Furniture	640	—
Building	7500	—
Machinery	6250	—
Capital	—	12500
Bad Debts	125	—
Bad debts reserve	—	200
Debtors & Creditors	3800	2500
Stock (1.1.2009)	3460	—
Purchases & Sales	5475	15450
Bank overdraft	—	2850
Sales returns & purchase returns	200	125
Advertisement	450	—
Interest	118	—
Cash	650	—

Commission	375	
Tax and Insurance	1250	
General expenses	782	
Salary	3300	
	34000	34000
TRIAL BALANCE		

15. INTEREST ON CAPITAL

- P/L ; Debit

- BS ;

(+) with respective partner's capital
a/c based each partner's interest

16. INTEREST ON DRAWINGS

- P/L ; Cr.

- BS ;

The amt (+) drawings

(-) respective partner's Capital.

Jai Shree.

Cash in hand	1400	—
Cash at bank	2600	—
Sundry debtors	86000	—
Stock as on 1.4.2008	62000	—
Furniture and fixture	21400	—
Office equipment	16000	—
Buildings	60000	—
Motor car	20000	—
Sundry Creditors	—	43000
Loan	—	30000
Reserve for bad debts	—	3000
Purchases	140000	—
Purchase returns	—	2600
Sales	—	230000
Sales returns	4200	—
Salaries	11000	—
Rent for godown	5500	—
Interest on loan	2700	—
Rates and taxes	2100	—
Discount allowed to debtors	2400	—
Discount received from Creditors	—	1600
Freight on purchases	1200	—
Carriage outwards	2000	—

Drawings	12000	—
Printing & Stationery	1800	—
Electric Charges	2200	—
Insurance premium	5500	—
General office expenses	3000	—
Bad debts	2000	—
Bank charges	1600	—
Motor car expenses	3600	—
Capital A/c	—	162000.
	<u>472200</u>	<u>472200</u>

Q. Prepare trading & profit & loss a/c for the year ended 31.3.2009 and the BS as on that date after making provision:

1. Depreciate :

- (a) Building by 5%
- (b) Furniture and fixture by 10%.
- (c) Office equipment by 15%
- (d) Motor car by 20%.

2. Value of stock at the close of the year was Rs. 44000.

3. Reserve for bad debts is to be maintained at 5% of sundry debtors.

4. Insurance premium includes Rs. 4000 paid towards proprietor's life insurance policy and the balance of the insurance charges cover the period from 1-4-2008 to 30-6-2009.

ans: **TRADING AND PROFIT AND LOSS a/c**
FOR THE YR ENDED 1st MARCH 2009

PARTICULARS	AMT	PARTICULARS	AMT
To Stock	62000	By Sales 230000	
To purchase 140000		(-) returns 4200	225800
(-) returns 2600	137400		
To Freight on purchases	1200	By Closing Stock	44000
To gross c/d	69200		
	<u>269800</u>		<u>269800</u>
To Salaries	11000	By gross p b/d	69200
To rent	5500		
To int. on loan	2700	By dis. received	1600
To rates & taxes	2100		
To disc. allowed	2400		
To carr. outwards	2000		
To printing & stationery	1800		
To electric charges	2200		
To ins.	1500		
(-) prepaid	300		
	1200		

To general exp.	3000		
To bad debt 2000			
(+) new prov. 4300			
(-) old prov. 3000	3300		
to be			
To bank charges	1600		
To motor car			
expense	3600		
To depreciation:			
building	3000		
Furn. & fittings	2140		
office equip.	2400		
Motor Car	4000		
To net profit	16860		
	<u>70800</u>		<u>70800</u>

Ins. prem. paid	5500	
proprietor's life ins.	4000	
For the firm	1500	
	0000	0000

1	April		
2	May		
3	June		
4	July		
5	August		
6	September		
7	October	1200	
8	November		
9	December		
10	January		16000
11	February		2400
12	March		2400
13	April	300	
14	May	300	
15	June		

86000 4300

TB	(+) Old BD	2000
ADJ	(+) new "	
ADJ	(+) " prov	4300
TB	(-) old "	3000
		<u>3300</u>

Q26

Q. Shri. Gorindh, you are required to prepare a trading and profit and loss account for the year ended 31 March 2010 and a balance sheet as on that date after making the necessary adjustments:

- ① Stock on 31st March 2010, was valued @ Rs. 72600.
- ② A new machine was installed during the year costing Rs. 15400, but it was not recorded in the books as no payment was made for it. Wages Rs. 1100 paid for its erection have been debited to wages account.

- ③ Depreciate :
Plant and machinery by $33\frac{1}{3}\%$
Furniture by 10%
Freehold Property by ~~5~~ 5%

- ④ Loose ~~tools~~ tools were valued @
Rs. 1760 on 31.3.2010.

- ⑤ Of the Sunday Debtors Rs. 600 are bad
and should be written off.

- ⑥ Maintain a provision of 5% on
Sunday Debtors for doubtful debts

- ⑦ The manager is entitled to a commission
of 10% of the net profits after charging
such commission.

PARTICULARS	AMT	PARTICULARS	AMT
Shri's Govind's capital	228800	Stock 1.4.2009	38500
Shri Govind's Draw.	18200	Wages	35200
Plant and machinery	99000	Sundry Creditors	44000
Freehold property	66000	Postage and	
Purchases	110000	telegrams	1540
Returns o/w	1100		
Salaries	18200	Insurance	1760
Office expenses	2750	Gas and fuel	2970
Office furniture	5500	Bad debts	660
Discounts alc (Dr)	1820		
Sundry Debtors	29260	Office rent	2860
Loan to Shri Krishna		Freight	9900
@ 10% pa. balance			
on 1.4.2009	44000	Loose tools	2200
Cash @ bank	29260	Factory lighting	1100
Bills payable	5500	Prov. for BD	880
		Int. on loan	
		to Shri Krishna	1100
		Cash in hand	2670
		Sales	231440

no: TRADING AND PROFIT AND LOSS A/c FOR THE
YEAR ENDED 31st MARCH 2020.

PARTICULARS	AMT	PARTICULARS	AMT
To opening stock	38500	By Sales	231400
To purchases	110000		
By returns	1100	By CS	72600
To wages	35200		
By election charges	1100		
To gas and fuel	2970		
To freight charges	9900		
To factory lightning	1100		
To gross profit c/d	108570		
	304040		304040

			①
To Salaries	13200	By gross profit b/d	108570
To office exp	2750		
To discount	1320	By int on loan to	
To postage & telegrams	1540	Shri Krishna	
To Insurance	1760		1100
		(+) receivable	3300 4400
To bad debt	660		
(+) new b/d	600		
(+) new prov.	1433		
(-) old prov.	8800		1813
To office rent	2860		
To depreciation :			
plant & machinery	38496		
furniture	550		
free hold property	3300		
Loose tools	440		
To manager's comm.	4086		
To net profit trans.	40855		
	<u>112970</u>		<u>112970</u>

①

$$44000 \times 10\%$$

4400

1100

3300

②

29260

600 -

$$28660 \times 5\% = 1433$$

③

Machinery in the books

99000 (4)

Omitted amt

15400

Erection charges

1100 (4)

Total machinery

115500

④ (x) Depreciation

33%

38496.15

1760

241111A

44941 Net profit before commission

Spencer (3)

১৯৭৬

③ 溶解

99 000

15400

1100

00412

Wiederholungsfragen (E)

28.04

25/11/20

၂၀၁၆ ခုနှစ်

2014

about 1900

Handwritten: 10/10/10

100

BALANCE SHEET

LIABILITIES	AMT	ASSETS	AMT
Sri Gould's capital	22800	Plant & mach.	99000
(-) Drawings	(13200)	(+) Purchase	15400
(+) profit	40855	Capitalization of	
	256455	erection	1100
		(-) depreciation	(3300)
			77004
Bills payable	5500		
Sundry Creditors	59400	Freehold property	66000
		(-) depreciation	(3300)
Manager's commission	4086		62700
		Office furniture	5500
		(-) depreciation	550
			4950
		Loose tools	2200
		(-) depreciation	(440)
			1760

Sunday debtors	29260
⊖ New trade debt	(600)
⊖ New prov.	(1433)
	<u>27227</u>

Closing Stock	72600
---------------	-------

Loan to Sri Krishna @ 10% p.a. balance on 1.4.2009	44000
---	-------

⊕ o/s	3300
	<u>47300</u>

Cash @ bank	29260
-------------	-------

Cash in hand	2640
--------------	------

<u>325441</u>	
---------------	--

<u>325441</u>

Q. Mr. Ramesh, Prepare his trading and profit and loss and balance sheet as on 30th July 2019.

DEBIT	Rs	CREDIT	Rs.
Cash in hand	540	Sales	98780
Purchases	40675	Returns o/w	500
Wages	10480	Capital	71000
Carriage inwards	2040	Sundry Cr.	6300
Stock [1st July 2011]	5760		
Machinery	20000		
Goodwill	7500		
Salaries	15000		
Insurance	3600		
Sundry debtors	14500		
Drawings	5245		
Cash @ bank	2630		
Returns inwards	680		
Fuel	4730		
Carriage o/w	3200		
Buildings	40000		
	176580		176580

① Depreciate Building @ 10% and machinery @ 20%

② Salaries Rs. 2000

③ Create a reserve for bad and doubtful debts @ 5%

④ Closing stock was valued @ Rs. 6800.

⑤ ~~Insurance~~ Insurance prepaid Rs. 200

ans: TRADING AND P/L.

PARTICULARS	AMT	DEBIT	CREDIT
To opening stock	5760	By Sales	98780
To purchase	40675	By Returns	680
By Returns	40175		98100
To wages	10480	By Closing stock	6800
To carriage inwards	2040		
To fuel	4730		
	104900		104900

To Salaries	15000		By gross profit	
(+) O/S	2000	17000	b/d	41715
To Insurance	3600			
(-) prepaid	200	3400		
To Carriage o/w	3200			
To depreciation:				
Building	4000			
Machinery	4000			
To reserve for b/d	725			
To net profit	9390			
	<u>41715</u>			41715

BALANCE SHEET As ON

30th June 2012

LIABILITIES		AMT	ASSETS		AMT
Capital	710000		Machinery	20000	
⊖ Drawing	(5245)		⊖ dep. r.	4000	16000
⊕ Net profit	9390	75145			
Sundry Creditors	6300		Goodwill		7500
Salaries	2000		Building	40000	
			⊖ dep. r.	(4000)	36000
			Sundry debtors		14500
			⊖ new prov.		
				(725)	13775
			Closing stock		6800
			Cash in hand		540
			Cash @ bank		2630
			Insurance prepaid		200
		<u>83445</u>			<u>83445</u>

17. MANAGER'S COMMISSION.

A. Based on % of Sales,

$$\text{Comm.} = \text{Sales} * \% \text{ of commission.}$$

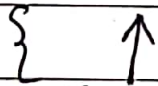
B. BASED ON PROFIT

$$\text{① Comm.} = \text{Profit before}$$



a. Comm. on profit before charging
Such comm.

$$\text{② Commission} * \text{Rate of Commission} / 100.$$



b. Comm. on profit after charging
such comm.

$$\text{① Comm.} = \text{Profit before}$$

$$\text{② Comm.} * \text{Rate of comm.} / 100 + \text{Rate of Comm.}$$

eg: Net profit before charging comm.
Rs. 200000.

Percentage of comm. is 5%.

(a) Comm. has paid on profit
before charging Comm.

ans: $200000 * 5 / 105 = \underline{10000}$

(b) Comm. has paid on profit after
charging comm.

ans: $200000 * 5 / 105 = \underline{9523.8}$

18. GOODS LOST DUE TO FIRE OR THEFT

① Trading ;

Cr. → "GOODS LOST DUE TO FIRE"

② In P&L ;

Dr. → Loss amt.

Total

⇒ Ins. claim admitted.

③ BS. ;

Amt of claim receivable
from Ins. Company.

* LIABILITIES

- * Internal Equity (Equity retained earning, PSC).
- * External Equity (Debt, debenture, bank loan).
- * Current Liability (Cr, BP, o/s exp).

* ASSETS.

- Fixed Assets :- for long term use
- eg: land, building, P & M.

→ TANGIBLE

* Investment

- * Current Asset (Cash @ bank, Land, Dr, B/R).

- * Capital exp; Onetime large purchase of fixed.

- * Revenue Exp; Ongoing operating exp. which can are short term exp / incurring again & again / using again and again.

* CAPITAL EXPENDITURE AND REVENUE EXPENDITURE

LIABILITIES

Internal Equity

[Equity, retained earnings]

PSC

External Equity

[Debt, debentures,
bank loan]

Current Liability

[sundry creditors,

Bills Payable,

o/s exp.]

ASSETS

Fixed Assets
(eg: L, b, F, P & M)

(Fixed Assets - Tangible
and Intangible Assets)

Investments

CA

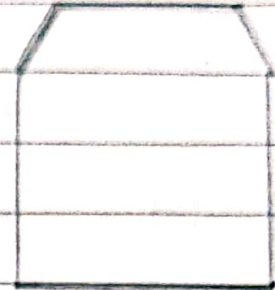
(C in hand, Cash @ bank,
Drs, stock, BR)

A. GOODS IN TRANSIT AND LOSS DUE TO FIRE



We Cochin
AB Ltd

600km



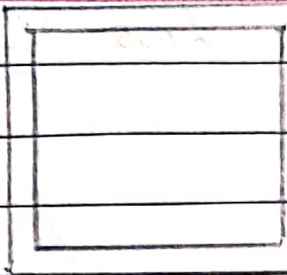
Chennai Buyer
HP traders.

① TRADING P/L A/c.

1. (-) from Sales value on SP
2. (+) with closing value on Cost Price.

② BALANCE SHEET

1. (-) S Deb. on SP
2. (+) CS on CP



TV SETS

Manufacturing Costs : Rs. 10000
Selling Price : 17000
100 units

Sales - Deduct - $100 * 17000$ - Trading a/c
CS - (+) - $100 * 10000$ - Trading a/c
S Debt - (-) - $100 * 17000$ - BS

20. GOODS DESTROYED DUE TO FIRE OR
THEFT

1. TRADING ACCOUNT

① (+) total loss with CS (-)

② Or actual loss

9. BS

Asset → Insurance claim receivable

Q. STATEMENT OF P/L a/c.

PARTICULARS		AMT
I. REVENUE FROM OPERATIONS	11	3000
II. OTHER INCOME (I+II)		3000
III. TOTAL REVENUE (I+II)		3000
IV. EXPENSES		
Purchase of product for sale		1710
Change in inventories		(60)
Depreciation and amortization		148
Other expenses	12	602
TOTAL EXPENSES		2400

Profit before exceptional or
extraordinary item & tax
(III-IV)

600

(-) Exceptional items

PROFIT BEFORE XTRAORDINARY

600

(-) EXTRA ORDINARY ITEM

60

Profit before Tax

540

(-) Tax

270

PROFIT BEFORE THE PERIOD

270

PROFIT AVAILABLE FOR APPROPRIATION

80

PROFIT AVAILABLE FOR APPROPRIATION

350

(-) Appropriation

proposed dividend

200

GR

30

230

120

NOTE TO A/c.

1. SHARE CAPITAL

Equity Share

10002. RESERVE & SURPLUSGeneral Reserve
P & L

30

120

1503. LONG TERM BORROWINGS

Long term loans

704. TRADE PAYABLE

Creditors

805. SHORT TERM PROVISIONS

Proposed dividend

200

Prov. for tax

270

4706. TANGIBLE ASSET

Fixtures, fitting

680

(+) addition

120

(-) Sales

(30)

c) Depreciation 408

362

7. Non-CURRENT INVESTMENT
Investment

200

8. INVENTORIES
Stock

2000

9. TRADE RECEIVABLES
Debtors

980

10. Cash & CASH EQUIVALENT
Cash @ bank

228

11. REVENUE FROM OPERATION

3000

12. OTHER EXP.

Administrative 480

Distribution 102

Loss on sale 20

602

BALANCE SHEET

PARTICULARS	NOTE	AMT
I. EQUITY AND LIABILITY		
A. SHAREHOLDER'S FUND		
Share Capital	1	1000
Reserves & Surplus	2	150
B. NON-CURRENT LIABILITY		
Long term borrowing	3	70
C. CURRENT LIABILITY		
Other Current Liability	4	80
Short term provisions	5	450
		<u>1770.</u>

II. ASSETS**A. NON-CURRENT ASSETS****a. FIXED ASSET**

Tangible Asset	6	362
----------------	---	-----

Non - Current Investment	7	200
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B. CURRENT ASSET

Inventories	8	200
-------------	---	-----

Trade Receivables	9	780
-------------------	---	-----

Cash & Cash Equivalents	10	228
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		1770
--	--	------

Q. Sahil Ltd was incorporated on 1st July 2015, to carry a running business with effect from 1st April 2015, the a/c for the yr ended 31st March 2016, disclosed the following:

① Gross profit of Rs. 150000

② The Sales for the yr amounted to Rs. 600000 of which Rs. 120000 were for the first 6 months.

The expenses debited to the Profit and Loss Account included:

EXPENSES	Rs.
Director's fees	7500
Bad debts	1800
Advertising (under a contract amting to Rs. 500 per month)	6000
Preliminary expenses written off	2500
Depreciation Donation to a political party	

given by the	
company	25000
Salaries & general	
expenses	32000

Prepare a statement showing the amt of profit made pre and post-incorporation

no.	PARTICULARS	BASIS	TOTAL	PRE-CORPORATION 1.4.2015-30.6.2015 3 MONTHS	POST-INCORPORATION 1.7.2015-31.3.2016 9 MONTHS
	Gross Profit	Sales(1:9)	150000	15000	135000
	EXPENSES:				
	Directors fee	Post-In	7500		7500
	Bad debt	Sales(1:9)	1800	180	1620
	Advertisement	Actual	6000	1500	4500
	Preliminary exp	Post-In	2500		2500
	Donation to political party	Post-In	2500		2500
	Salaries & gen exp	Time(1:3)	32000	8000	24000

Total expense		52300	9680	42620
NET PROFIT		97700	5320	92380

NOTE: Capital profit (profit prior to Incorporation) is transferred to ^{capital} ~~general~~ reserve and Net Profit (post incorporation profit) is transferred to Profit and Loss Appropriation Account)

1.4.2015

31.3.2016

APRIL	MAY	JUNE	JULY	AUGUST	SEP TE BER	OCT O BER	NOV E BER	DEC E BER	JAN FEB
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3

9

Time Ratio 3:9 1:3

Sales
Ratio

Sales for the year 60000

For the 1st 6 month Sales 12000Sales for the 1st 3
monthsFirst 6 months based
monthly Sales:20000 per 1st 6 months

60000 hence 3 month sales

Hence Sales

ratio

60000 540000

6

54

1

9

Sales ratio

1:9.