

Chapter 21 Financial Statements

Question 1

Prepare a Trading Account from the following particulars for the year ended 31st March 2017:-

Particulars	(₹)	Particulars	(₹)
Opening Stock	2,50,000	Purchases Returns	22,000
Purchases	7,00,000	Sales Return	36,000
Sales	18,00,000	Gas, Fuel and Power	75,000
Wages	2,06,000	Dock Charges	8,000
Carriage Inward	34,000	Factory Lighting	96,000
Carriage Outward	20,000	Office Lighting	5,000
Manufacturing Expenses	2,48,000		

Closing Stock is valued at ₹ 6,00,000.

Solution:

Trading Account for the year ended March 31,2017					
Dr.			Cr.		
Particulars		Amount ₹	Particulars		Amount ₹
Opening Stock		2,50,000	Sales	18,00,000	
Purchases	7,00,000		Less: Sales Returns	36,000	17,64,000

Less: Purchases Returns	22,000	6,78,000	Closing Stock	6,00,000
Carriage Inward		34,000		
Wages		2,06,000		
Custom Duty		15,000		
Gas, Fuel & Power		60,000		
Dock Charges		8,000		
Manufacturing Expenses		2,48,000		
Factory Lighting		96,000		
Gross Profit (<i>Balancing Figure</i>)		7,69,000		
		23,64,000		23,64,000

Question 2(A)

From the following information, prepare the Trading Account for the year ended 31st March, 2017:

Adjusted Purchases ₹ 15,00,000; Sales ₹ 21,40,000; Returns Inwards ₹ 40,000; Freight and Packing ₹ 15,000; Packing Expenses on Sales ₹ 20,000; Depreciation ₹ 36,000; Factory Expenses ₹ 60,000; Closing Stock ₹ 1,20,000.

Solution:

Trading Account for the year end March 31, 2017				
Dr.				Cr.
Particulars	Amount ₹	Particulars	Amount ₹	
Adjusted Purchases	15,00,000	Sales	21,40,000	

Freight & Packing	15,000	Less: Return Inwards	40,000	21,00,000
Factory Expenses	60,000			
Gross Profit (<i>Balancing Figure</i>)	5,25,000			
	21,00,000			21,00,000

Note: Since closing stock is already adjusted in purchases. Therefore, the closing stock will not be on the Credit side of Trading Account

Adjusted Purchases = Opening Stock + Net Purchases – Closing Stock

Question 2(B)

Calculate Gross Profit from the following information:

	₹
Closing Stock	70,000
Wages	40,000
Salary	30,000
Sales	6,88,000
Adjusted Purchase	5,50,000

Solution:

Dr.			Cr.
Particulars	Amount ₹	Particulars	Amount ₹
Adjusted Purchase	5,50,000	Sales	6,88,000
Wages	40,000		

Gross Profit (<i>Balancing Figure</i>)	98,000		
	6,88,000		6,88,000

Note: Since the adjusted purchases are already given, the stocks will not be considered while calculating Gross Profit.

Question 3(A)

Calculate cost of goods sold from the following:

	₹		₹
Opening Stock	40,000	Wages & Salaries	10,000
Net Purchases	50,000	Rent Paid	15,000
Net Sales	1,90,000	Closing Stock	15,000

Solution:

Cost of Goods Sold = Opening Stock + Purchases + Direct Expenses – Closing Stock

Cost of Goods Sold = 40,000 + 50,000 + 10,000 – 15,000 = ₹ 85,000

Question 3(B)

Ascertain cost of Goods Sold and Gross Profit from the following:

	₹
Opening Stock	32,000
Purchases	2,80,000
Direct Expenses	20,000
Indirect Expenses	45,000

Closing Stock	50,000
Sales	4,00,000
Sales Returns	8,000

Solution:

Gross Profit = Net Sale- Cost of Goods Sold

Cost of Goods Sold = Opening Stock + Net Purchases + Direct Expenses – Closing Stock

Cost of Goods Sold = 32,000 + 2,80,000 + 20,000 – 50,000 = ₹ 2,82,000

Net Sale= Sales – sales Return

= 4,00,000 – 8,000

= 3,92,000

Therefore, Gross Profit = 3,92,000 – 2,82,000

= ₹1,10,000

Question 4

Calculate Gross Profit on the basis of the following information:

	₹
Purchases	6,80,000
Return Outwards	30,000
Carriage Inwards	20,000
Carriage Outwards	15,000
Wages	50,000

3/4 of the goods are sold for ₹ 6,00,000.

Solution:

Cost of Goods Sold = Opening Stock + Net Purchases + Direct Expenses – Closing Stock

Net Purchases = Purchase – Purchase Return

$$= 6,80,000 - 30,000 = 6,50,000$$

Direct Expense = Carriage Inwards + Wages

$$= 20,000 + 50,000 = ₹70,000$$

$$\text{Cost of Goods Sold} = 0 + 6,50,000 + 70,000 - 0 = ₹ 7,20,000$$

3/4th of the goods are sold for ₹ 6,00,000

$$\text{Cost 3/4th of the sold goods} = 3/4\text{th} \times 7,20,000 = ₹ 5,40,000$$

Gross Profit = Net Sale - Cost of Goods Sold =

$$= 6,00,000 - 5,40,000$$

$$= 60,000$$

Question 5(A)

Calculate Closing Stock and Cost of Goods Sold:

Opening Stock ₹ 5,000; Sales ₹ 16,000; Carriage Inwards ₹ 1,000; Sales Returns ₹ 1,000; Gross Profit ₹ 6,000; Purchase ₹ 10,000; Purchase Returns ₹ 900.

Solution:

Cost of Goods Sold = Net Sale - Gross Profit

$$= 15,000 - 6,000 = ₹9,000$$

Cost of Goods Sold = Opening Stock + Net Purchases + Direct Expenses - Closing Stock

$$9,000 = 5,000 + (10,000 + 900) + 1,000 - \text{Closing Stock}$$

$$\text{Closing Stock} = 15,100 - 9,000$$

$$= ₹6,100$$

Question 5(B)

Calculate Closing Stock from the following:

Particulars	(₹)	Particulars	(₹)
Opening Stock	38,000	Sales	3,60,000
Purchases	3,40,000	Return Inwards	5,000
Return Outwards	4,000	Gross Loss	20,000
Freight Inwards	26,000		

Solution:

Cost of Goods Sold = Net Sale – Gross Profit

= (3,60,000 – 5,000) + 20,000 = ₹ 3,75,000

Cost of Goods Sold = Opening Stock + Net Purchases + Direct Expenses – Closing Stock

3,75,000 = 38,000 + (3,40,000 + 4,000) + 26,000 – Closing Stock

Closing Stock = 4,00,000 – 3,75,000

= ₹25,000

Question 6

From the following information, prepare the Trading Account for the year ended 31st March, 2017:

	₹
Cost of Goods Sold	12,10,000
Opening Stock	50,000
Closing Stock	80,000
Carriage Inwards	15,000
Sales	15,00,000

Solution:

Trading Account			
Dr.			Cr.
Particulars	Amount ₹	Particulars	Amount ₹
Cost of Goods Sold	12,10,000	Sales	15,00,000
Gross Profit (<i>Balancing Figure</i>)	2,90,000		
	15,80,000		15,80,000

Question 7(A)

Calculate gross profit and cost of goods sold from the following information:

Net Sales ₹ 8,00,000

Gross Profit is 40% on Sales

Solution:

Gross Profit = 40% of sale

= $40/100 \times 8,00,000$

= ₹ 3,20,000

Cost of Goods sold = Sales – Gross Profit

= $8,00,000 - 3,20,000$

= ₹4,80,000

Question 7(B)

Calculate gross profit and cost of goods sold from the following information:

Net Sales	₹ 12,000
Gross Profit	3312%

Solution:

Gross Profit = 3312% on sale

= $1003 \times 100 \times 12,00,000$

= ₹4,00,000

Cost of Goods sold = Sales – Gross Profit

= ₹12,00,000- ₹4,00,000

= ₹8,00,000

Question 8

Calculate the gross profit and cost of goods sold from the following information:

Net Sales ₹ 9,00,000

Gross Profit is 20% on cost.

Solution:

Gross Profit = 20% on cost or 15th on cost

15th on cost = 16th on sales

Therefore, Gross Profit = $16 \times 9,00,000 = ₹1,50,000$

Cost of Good Sold = Sales – Gross Profit

= $9,00,000 - 1,50,000$

= ₹ 7,50,000

Question 9

Ascertain the value of the closing stock from the following:

	₹
Opening Stock	1,20,000
Purchases during the year	9,30,000
Sales during the year	15,60,000
Rate of Gross Profit	40% on Sales

Solution:

Gross Profit = 30% on cost

Let the cost of sold goods be 'x'

$$\frac{30}{100}x$$

Gross Profit =

Cost of Good Sold = Sales – Gross Profit

$$x = 19,50,000 - \frac{30}{100}x$$

$$x + \frac{30}{100}x = 19,50,000$$

$$\frac{100x + 30x}{100} = 19,50,000$$

$$x = \frac{19,50,000 \times 100}{130} = \text{Rs } 15,00,000$$

Cost of Goods Sold = Opening Stock + Net Purchases + Direct Expenses – Closing Stock

$15,00,000 = 4,80,000 + 13,60,000 + 0 - \text{Closing Stock}$

Closing Stock = $18,00,000 - 15,00,000$

= ₹ 3,40,000

Question 11

Calculate Net Sales and G.P. from the following:

Cost of Goods Sold	₹ 4,50,000
G.P.	25% on Sales

Solution:

Gross Profit = 25% on sales or 14 on sales

14 on sales = 13rd on cost

Gross Profit = $13 \times 4,50,000$

= ₹ 1,50,000

Cost of Goods sold = Sales – Gross Profit

4,50,000 = Sales – 1,50,000

Sales = ₹ 6,00,000

Question 12

Prepare Profit and Loss Account for the year ended 31st March, 2017 from the following particulars:-

Particulars	(₹)	Particulars	(₹)
General expenses	12,000	Gross profit	7,69,000
Charity	3,000	Carriage Outwards	20,000
Office Lighting	5,000	Office Expenses	16,000
Law Charges	5,800	Fire Insurance Premium	18,000
Advertisement	14,200	Telephone Expenses	13,500
Bank charges	1,200	Establishment expenses	2,500
Commission	7,000	Miscellaneous Expenses	7,100

Rent, Rates and Taxes	30,000	Discount Received	6,200
Interest on investments	12,000	Traveller's salary	60,000
Sundry Receipts	6,000	Repair	4,300
Indirect expenses	2,100	Commission Cr.	2,000
Printing and Stationery	1,500		

Solution:

Profit and Loss Account for the year ended March 31, 2017					
Dr.					Cr.
Particulars	Amount ₹	Particulars	Amount ₹		
General Expenses	12,000	Gross Profit	7,69,000		
Charity	3,000	Interest on Investments	12,000		
Office Lighting	5,000	Sundry Receipts	6,000		
Law Charges	5,800	Discount Received	6,200		
Advertisement	14,200	Commission Received	2,000		
Bank Charges	1,200				
Commission	7,000				
Rent, Rates and Taxes	30,000				
Indirect Expenses	2,100				

Printing & Stationery	1,500		
Carriage Outwards	20,000		
Office Expenses	16,000		
Fire Insurance Premium	18,000		
Telephone Expenses	13,500		
Establishment Expenses	2,500		
Miscellaneous Expenses	7,100		
Traveler's Salary	60,000		
Repair	4,300		
Net Profit	5,72,000		
	7,95,200		7,95,200

Question 13

Calculate the amount of gross profit, operating profit and net profit on the basis of the following balances extracted from the books of M/s Rajiv & Sons for the year ended March 31, 2017.

	₹
Opening Stock	50,000
Net Sales	11,00,000
Net Purchases	6,00,000
Direct Expenses	60,000

Administration Expenses	45,000
Selling and Distribution Expenses	65,000
Loss due to Fire	20,000
Closing Stock	70,000

Solution:

Trading Account for the year ended March 31, 2017			
Dr.			Cr.
Particulars	Amount ₹	Particulars	Amount ₹
Opening Stock	50,000	Net Sales	11,00,000
Net Purchases	6,00,000	Closing Stock	70,000
Direct Expenses	60,000		
Gross Profit (<i>Balancing Figure</i>)	4,60,000		
	11,70,000		11,70,000

Profit and Loss Account for the year ended March 31, 2017			
Dr.			Cr.
Particulars	Amount ₹	Particulars	Amount ₹
Administration Expenses	45,000	Gross Profit	4,60,000
Selling & Distribution Expenses	65,000		

Loss by Fire	20,000		
Net Profit	3,30,000		
	4,60,000		4,60,000

Working Note:

Operating Profit = Net Profit – Non-Operating Income + Non-Operating Expenses

= 3,30,000 – 0 + 20,000

= Rs 3,50,000

Operating Profit = Net Profit – Non-Operating Income + Non-Operating Expenses =
3,30,000 – 0 + 20,000 = Rs 3,50,000

Since, loss by fire is a non-operating expense, therefore, it is added to the net profit to appear on the operating profit.

Question 14

Calculate the operating profit from the following:

	₹
Net Profit	5,00,000
Dividend Received	6,000
Loss on sale of Furniture	12,000
Loss by Fire	50,000
Salaries	1,20,000
Interest on Loan from Bank	10,000
Rent Received	24,000
Donation	5,100

Solution:

Operating Profit = Net Profit – Non-Operating Income + Non-Operating Expenses

Non-Operating Income = Dividend Received + Rent Received

= ₹ 6,000 + ₹ 24,000

= ₹ 30,000

Non-Operating Expenses = Loss on Sale of Furniture + Loss by Fire + Interest on Loan + Donation

= ₹ 12,000 + ₹ 50,000 + ₹ 10,000 + ₹ 5,100

= ₹ 77,100

∴ Operating Profit = ₹ 5,00,000 – ₹ 30,000 + ₹ 77,100

= ₹ 5,47,100

Operating Profit = Net Profit – Non-Operating Income + Non-Operating Expenses
Non-Operating Income = Dividend Received + Rent Received ₹ 6,000 + ₹ 24,000 = ₹ 30,000

Non-Operating Expenses = Loss on Sale of Furniture + Loss by Fire + Interest on Loan + Donation

= ₹ 12,000 + ₹ 50,000 + ₹ 10,000 + ₹ 5,100

= ₹ 77,100 ∴ Operating Profit = ₹ 5,00,000 – ₹ 30,000 + ₹ 77,100

= ₹ 5,47,100

Note: Salary is an operating expense and taken while evaluating net profit, so, it will not be calculated now.

Question 15

A merchant has earned a Net Profit of ₹ 57,200 for the year ended 31st March 2017. Other balances in his Ledger are as under:-

Dr. Balances	₹	Cr. Balances	₹
Cash at Bank	4,800	Bills Payable	3,200
Cash in Hand	1,200	Creditors	61,300
Furniture and Fixtures	7,500	Loan	50,000
Debtors	80,100	Capital	3,32,300

Closing Stock	70,000		
Motor Car	40,000		
Building	1,50,000		
Plant and Machinery	1,20,000		
Bills Receivable	4,400		
Investments	20,000		
Drawings	6,000		

Prepare his Balance Sheet as at 31st March, 2017.

Solution:

Trading Account					
Dr.			Cr.		
Particulars		Amount ₹	Particulars		Amount ₹
Opening Stock		40,000	Sales	1,27,000	
Purchases	60,000		Less: Sales Returns	1,500	1,25,500
Less: Purchases Returns	1,275	58,725	Closing Stock		35,000
Wages		10,000			
Freight inwards		1,000			
Gross Profit (<i>Balancing Figure</i>)		50,775			
		1,60,500			1,60,500

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Profit and Loss Account			
Dr.		Cr.	
Particulars	Amount ₹	Particulars	Amount ₹
Discount Allowed	350	Gross Profit	50,775
Bank Charges	100	Discount Received	800
Salaries	7,000		
Freight Outwards	1,200		
Rent, Rates and Taxes	2,000		
Advertisement	2,000		
Net Profit	38,925		
	51,575		51,575

Balance Sheet				
Liabilities		Amount ₹	Assets	Amount ₹
Capital	1,13,075		Fixed Assets	
Add: Net Profit	38,925	1,52,000	Plant & Machinery	90,000

Current Liabilities		Current Assets	
Sundry Creditors	20,000	Sundry Debtors	45,000
Bills Payable	5,000	Cash at Bank	7,000
		Closing Stock	35,000
	1,77,000		1,77,000

Question 17

Following is the Trial Balance of Sh. Damodar Parshad as at 31st March, 2016:-

Dr. Balances	(₹)	Cr. Balances	(₹)
Stock 1-4-2015	10,000	Discount Received	750
Purchases	58,000	Return Outwards	2,600
Wages	4,700	Sales	98,650
Returns Inwards	3,520	B/P	3,000
Carriage on Purchases	2,360	Sundry Creditors	5,600
Carriage on Sales	710	Creditors for Rent	500
Office Salaries	4,800	Capital	40,000
Rent and Taxes	2,400	Loan from X	10,000
Cash	1,100	Commission	1,200
Bank Balance	7,820		
Bad-debts	600		

Discount allowed	640		
Land and Building	20,000		
Scooter	6,600		
Scooter Repairs	850		
B/R	3,500		
Commission	1,800		
Sundry Debtors	25,400		
Interest on X's Loan	1,500		
Drawings	6,000		
	1,62,300		1,62,300

Prepare a Trading and Profit and Loss Account for the year ended on 31-3-2016 and the Balance Sheet as at that date. The Stock on 31st March, 2016 was ₹ 22,000.

Solution:

Trading Account of Sh. Damodar Parshad				
Dr.		Cr.		
Particulars	Amount ₹	Particulars	Amount ₹	
Opening Stock	10,000	Sales	98,650	
Purchases	58,000	Less: Return Inwards	3,520	95,130

Less: Return Outwards	2,600	55,400	Closing Stock	22,000
Wages		4,700		
Carriage on Purchase		2,360		
Gross Profit (<i>Balancing Figure</i>)		44,670		
		1,17,130		1,17,130

Profit and Loss Account			
Dr.			Cr.
Particulars	Amount (₹)	Particulars	Amount (₹)
Carriage on sales	710	Gross Profit	44,670
Office Salaries	4,800	Discount Received	750
Rent & Taxes	2,400	Commission	1,200
Bad Debts	600		
Discount Allowed	640		
Scooter Repairs	850		
Commission	1,800		
Interest on X's Loan	1,500		
Net Profit	33,320		

	46,620		46,620

Balance Sheet as on March 31, 2016				
Liabilities		Amount (₹)	Assets	Amount (₹)
Capital	40,000		Fixed Assets	
Add: Net Profit	33,320		Land & Building	20,000
Less: Drawings	6,000	67,320	Scooter	6,600
Loan from X		10,000		
Current Liabilities			Current Assets	
Creditors		5,600	Closing Stock	22,000
Bills Payable		3,000	Debtors	25,400
Creditors for Rent		500	Bills Receivable	3,500
			Cash at bank	7,820
			Cash in hand	1,100
		86,420		86,420

Question 18

From the following balances extracted from the books of Sh. Badri Vishal on 31st March, 2017, prepare a Trading Account, P & L A/c and a Balance Sheet. Closing Stock valued on that date was ₹ 15,000.

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	Dr. (₹)	Cr. (₹)
Capital		1,28,200
Household Expenses	10,000	
Sales		1,80,000
Return inwards	4,000	
Return outwards		6,000
Purchases	1,50,000	
Cash at Shop	1,600	
Bank Overdraft		15,000
Interest on Overdraft	1,500	
Creditors		17,800
Stock at the Commencement	18,000	
Freight	8,500	
Rent and Taxes	7,000	
Debtors	32,600	
Commission	3,000	2,200
Freehold property	30,000	
Sundry expenses	3,900	

Salaries and wages	20,000	
Life Insurance Premium	1,800	
Insurance Premium	1,600	
Motor Vehicle	39,800	
Typewriter	8,000	
Interest		800
Carriage inwards	2,000	
Carriage outwards	800	
Power	2,200	
Audit Fee	1,700	
Lighting	2,000	
	3,50,000	3,50,000

Solution:

Trading Account of Sh. Badri Vishal				
Dr.				Cr.
Particulars	Amount ₹	Particulars	Amount ₹	
Opening Stock	18,000	Sales	1,80,000	

Purchases	1,50,000		Less: Return Inwards	4,000	1,76,000
Less: Return Outwards	6,000	1,44,000	Closing Stock		15,000
Freight		8,500			
Carriage Inwards		2,000			
Power		2,200			
Gross Profit (<i>Balancing Figure</i>)		16,300			
		1,91,000			1,91,000

Profit and Loss Account for the year ended March 31, 2017			
Dr.			Cr.
Particulars	Amount (Rs)	Particulars	Amount (Rs)
Interest on Overdraft	1,500	Gross Profit	16,300
Rent & Taxes	7,000	Commission Received	2,200
Commission	3,000	Interest Received	800
Sundry Expenses	3,900	Net Loss (<i>Balancing Figure</i>)	22,200
Salaries & Wages	20,000		
Insurance Premium	1,600		

Carriage Outwards	800		
Audit Fees	1,700		
Lighting	2,000		
	41,500		41,500

Balance Sheet as on March 31, 2017				
Liabilities		Amount ₹	Assets	Amount ₹
Capital	1,28,200		Fixed Assets	
Less: Net Loss	22,200		Freehold Property	30,000
Less: Drawings*	11,800	94,200	Motor Vehicle	39,800
			Typewriter	8,000
Current Liabilities			Current Assets	
Creditors		17,800	Closing Stock	15,000
Bank Overdraft		15,000	Debtors	32,600
			Cash in hand	1,600
		1,27,000		1,27,000

Question 19

From the following balances of the Ledger of Sh. Akhileshwar Singh, prepare Trading and Profit & Loss Account and Balance Sheet :-

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	Dr. ₹	Cr. ₹
Stock on 1-4-2016	30,000	
Stock on 31-3-2017	46,200	
Purchases and Sales	2,30,000	3,45,800
Returns	12,500	15,200
Commission on Purchases	1,200	
Freight and Carriage	26,000	
Wages and Salary	10,800	
Fire Insurance Premium	820	
Business Premises	40,000	
Sundry Debtors	26,100	
Sundry Creditors		26,700
Goodwill	8,000	
Patents	8,400	
Coal, Gas and Power	12,100	
Printing and Stationery	2,100	
Postage	710	
Travelling Expenses	4,250	
Drawings	7,200	

Depreciation	1,000	
General Expenses	8,350	
Capital		89,760
Investments	8,000	
Interest on Investments		800
Cash in Hand	2,570	
Banker's Account		5,200
Commission	4,600	4,400
Loan on Mortgage		30,000
Interest on Loan	3,000	
B/P		2,280
B/R	4,540	
Income Tax	3,000	
Horses and Carts	20,300	
Discount on Purchases		1,600
	5,21,740	5,21,740

Solution:

Trading Account of Sh. Akhilesh Singh

Dr.					Cr.
Particulars		Amount ₹	Particulars		Amount ₹
Opening Stock		30,000	Sales	3,45,800	
Purchases	2,30,000		Less: Sales Return	12,500	3,33,300
Less: Purchases Return	15,200	2,14,800			
Freight and Carriage		26,000			
Commission on Purchases		1,200			
Wages & Salaries		10,800			
Coal, Gas and Power		12,100			
Gross Profit (<i>Balancing Figure</i>)		38,400			
		3,33,300			3,33,300

Dr.	Profit and Loss Account				Cr.
Particulars		Amount ₹	Particulars		Amount ₹
Fire Insurance Premium		820	Gross Profit		38,400
Printing & Stationery		2,100	Interest on Investments		800
Postage & Telegram		710	Commission Received		4,400
Travelling Expenses		4,250	Discount Received		1,600

Depreciation	1,000		
General Expenses	8,350		
Commission	4,600		
Interest on Loan	3,000		
Net Profit	20,370		
	45,200		45,200

Balance Sheet				
Liabilities		Amount ₹	Assets	Amount ₹
Capital	89,760		Fixed Assets	
Add: Net Profit	20,370		Goodwill	8,000
Less: Income tax	3,000		Business Premises	40,000
Less: Drawings	7,200	99,930	Patents	8,400
Loan on Mortgage		30,000	Horses and Carts	20,300
Current Liabilities			Current Assets	
Creditors		26,700	Closing Stock	46,200
Banker's Account		5,200	Debtors	26,100

Bills Payable	2,280	Cash in Hand	2,570
		Bills Receivable	4,540
		Investment	8,000
	1,64,110		1,64,110

Question 20

From the following balances prepare Final Accounts as at 31st March 2017:-

Particulars	(₹)	Particulars	(₹)
Stock 1-4-2016	23,500	Freight In	1,100
Purchases	46,800	Freight Out	3,000
Sales	1,30,000	Rent (Factory 1/3, Office 2/3)	7,500
Productive Expenses	27,000	Legal Expenses	800
Unproductive Expenses	5,800	Miscellaneous Receipts	500
Trade Expenses	1,200	Sundry Debtors	30,000
Returns In	6,600	Sundry Creditors	16,100
Returns Out	2,800	Donation	600
Loose Tools	7,200	Bad-Debts	4,750
Trade Marks	5,000	Bad-Debts Recovered	4,000
Discount Cr.	2,100	Bank Charges	2,800

Salaries	9,600	Loan on Mortgage	20,000
Fixed Deposit with Punjab National Bank	10,000	Interest on Loan	2,400
Cash in Hand	1,300		
Motor Vehicles	50,000		
Leasehold Land	60,000		
Capital	1,37,450		
Life Insurance Premium	6,000		

Value of Closing Stock was ₹ 36,500 on 31st March, 2017.

Solution:

Trading Account <i>for the year ended March 31, 2017</i>				
Dr.				Cr.
Particulars		Amount (Rs)	Particulars	Amount (Rs)
Opening Stock		23,500	Sales	1,30,000
Purchases	46,800		Less: Return Inwards	6,600
				1,23,400
Less: Return Outwards	2,800	44,000	Closing Stock	36,500
Freight Inwards		1,100		
Productive Expenses		27,000		

Rent (1/3 of 7,500)	2,500		
Gross Profit (<i>Balancing Figure</i>)	61,800		
	1,59,900		1,59,900

Profit and Loss Account			
Dr.			Cr.
Particulars	Amount (Rs)	Particulars	Amount (Rs)
Freight Outwards	3,000	Gross Profit	61,800
Unproductive Wages	5,800	Discount Received	2,100
Trade Expenses	1,200	Misc. Receipts	500
Salaries	9,600	Bad Debts Recovered	4,000
Rent (2/3 of 7,500)	5,000		
Legal Expenses	800		
Donation	600		
Bad Debts	4,750		
Bank Charges	2,800		
Interest on Loan	2,400		
Net Profit	32,450		

	68,400		68,400

Balance Sheet				
Liabilities		Amount ₹	Assets	Amount ₹
Capital	1,37,450		Fixed Assets	
Add: Net Profit	32,450		Trade Marks	5,000
Less: Drawings (Life Insurance Premium)	6,000	1,63,900	Fixed Deposit with PNB	10,000
Loan on Mortgage		20,000	Motor Vehicles	50,000
			Leasehold Land	60,000
Current Liabilities			Current Assets	
Sundry Creditors		16,100	Closing Stock	36,500
			Sundry Debtors	30,000
			Cash in Hand	1,300
			Loose Tools	7,200
		2,00,000		2,00,000

Question 21

Arrange assets in the order of permanence:

Sundry Debtors, Stock, Investment, Land and Building, Cash in Hand, Motor Vehicle, Cash at Bank, Goodwill, Plant and Machinery, Furniture, Loose Tools, Marketable Securities.

Solution:

Assets in the order of Permanence:

1. Goodwill
2. Land and Building
3. Plant and Machinery
4. Motor Vehicle
5. Loose Tools
6. Furniture
7. Investment (Long-term)
8. Stock
9. Sundry Debtors
10. Marketable Securities (Short-term)
11. Cash at Bank
12. Cash in Hand