Dr.	Man	ufacturing Ex	penses Ac	count	Cr.
1.4.2011	To Prepaid Expenses Account— transfer To Purchases Ledger Control Account To Cash Account	6,925 1,31,243 958 1,39,126		By Expenses Outstanding Account—transfer By Balance to appear in Trial Balance	7,400 1,31,726 1,39,126
Dr.	Dis	stribution Exp	enses Acc	count	Cr.
	To Cash Account	₹ 2,707	# 47		
Dr.	was de Maria	Sales A	ccount	State countries of	Cr.
10 10 10 10 10 10 10 10 10 10 10 10 10 1	To Sales Ledger Control Account (Returns) To Balance to appear in Trial Balance	₹ 6,901 7,58,119 7,65,020	(0.1) (0.1)	By Sales Ledger Control Account	7,65,020
Dr.	Profi	t on Sale of M	Aachinery	Account	Cr.
	El sera els testes d'unidades. Microsoph Losson D.			By Fixed Assets Account	5,709
Dr.		Loss of Sto	ck Accou	at	Cr.
A SALES	To Opening Stock	₹ 4,870	Jar St. A	Parameter and separated of the control of the contr	
Dr.	A COMMENT OF THE PARTY	Wages	Account		Cr.
	To Bank To. P.F. & E.S.I. Dues: Employees Company	2,65,002* 29,205* 29,205		By Wages Outstanding Account By Balance to appear in Trial Balance	₹ 2,497 3,20,915
-		3,23,412	4 013-	The state of the second	3,23,412
Dr.		Bad Deb	ts Account		Cr.
	To Sales Ledger Control Account	7,205	101 101	record and secondary of the control	

^{*} Gross wages are ₹ 2,94,207. Employees' contribution towards P.F. & E.S.I. is ₹ 29,205. Hence, amount paid is ₹ 2,94,207 —₹ 29,205 = ₹ 2,65,002

EXERCISE II

FINAL ACCOUNTS

Preparation of Final Accounts

Problem No. 1

Prepare Trading and Profit and Loss Account for the year ended 31st March, 2012 and Balance Sheet as at that date from the following Trial Balance of K. Rama Rao.

Dr. Balances	₹	Cr. I	Balances ₹
Drawings	45,000	Capital	1,60,000
Goodwill	80,000	Bills Payable	33,800
Land & Buildings	60,000	Creditors	70,000
Plant & Machinery	40,000	Purchase Returns	2,650
Loose Tools	3,000	Sales	4,18,000
Bills Receivable	3,000	Total Leaves	1,10,000
Stock, 1st April, 2011	40,000		
Purchases	2,51,000		
Wages	20,000	Mar I sur	
Carriage Outwards	500		and appropriate to be a
Carriage Inwards	1,000		I become make her wit
Coal	5,800	COLUMN TO THE REAL PROPERTY.	historial Address of the
Salaries	35,000		
Rent, Rates & Taxes	2,800		
Discount	1,500		
Cash at Bank	25,000	and the second s	
Cash in hand	400	March Street Services of	
Sundry Debtors	45,000		
Repairs	1,800		A CONTRACT OF THE PARTY OF THE
Printing & Stationery	500		
Bad Debts	1,200		du avi slad.
Advertisements	3,500		tentral etains
Sales Returns	2,000	And Share to	and the state of t
Furniture	11,200		
General Expenses	5,250		
Adjustments :			

- - Closing Stock on 31st March, 2012 was ₹ 35,000.
 Depreciate Plant & Machinery, Tools and Furniture by 10% and Land & Buildings by 5%.
 - (3) Provide ₹ 1,500 for wages.
 - (4) Advertisements prepaid are ₹ 500.
 - (5) Provide 5% on Debtors against bad debts and 2% against discount.

	7	₹			7
To Stock, opening		40,000	By Sales	4,18,000	
To Purchases	2,51,000		Less : Sales Returns	2,000	4,16,000
Less: Purchases Returns	2,650	2,48,350		2,000	4,10,000
To Wages Add: Wages Outstanding	20,000	21,500	By Stock, closing		35,000
To Carriage Inwards	2 10 (10 (10 (10 (10 (10 (10 (10 (10 (10	1,000			
To Coal		5,800			
To Gross Profit c/d	Simple?	1,34,350			
MENT SEE SE		4,51,000			4,51,000

	7	7	7
To Salaries	MARK	35,000 2,800	By Gross Profit b/d 1,34,350
To Rent, Rates & Taxes	1,500	2,800	
To Discount Add: Provision for	1,500		
Discount on Debtors	855	2,355	RESULTANTA LATER TO 100 100 100 100 100 100 100 100 100 10
To Carriage Outwards		500	The second secon
To Repairs	d7844.38数	1,800	and the subsection of the street of the subsect of the subsect of
To Printing and Stationery		500	the state of the property of the same state of t
To Advertisement	3,500		
Less: Advertisement prepaid	500	3,000	
To General Expenses		5,250	THE RESERVE OF THE PARTY OF THE
To Bad Debts	1,200		
Add: Provision for Bad		AND DESCRIPTION OF THE PERSON	
& Doubtful Debts	2,250	3,450	
To Depreciation on :			
Plant & Machinery	4,000		The second secon
Tools	300		THE RESERVE OF THE PARTY OF THE
Furniture	1,120	0.420	IN COLUMN TO THE PARTY OF THE P
Land & Buildings	3,000	8,420	and the same of th
To Net Profit transferred			CARLE STATE OF THE
to Capital Account		71,275	
		1,34,350	1,34,350

Balance Sheet of Mr. K. Rama Rao as on 31st March, 2012

Liabilities	₹	7	Assets	7	*
Bills Payable Sundry Creditors Wages Outstanding		33,800 70,000 1,500	Fixed Assets: Goodwill Land & Buildings	60,000	80,000
Capital	1,60,000		Less : Depreciation	3,000	57,000
Add: Net Profit for the year	71,275		Plant & Machinery Less: Depreciation	40,000 4,000	36,000
Less: Drawings	2,31,275 45,000	1,86,275	Furniture Less: Depreciation	11,200 1,120	10,080
		il Nicifi.	Loose Tools Less: Depreciation	3,000 300	2,700
The state of the s	30.75 Sell 19	Fucil and	Current Assets Cash at Bank	best großert?	25,000
Service 2			Cash in Hand Bills Receivable Sundry Debtors	45,000	3,000
			Less :Provision for Bad & Doubtful Debts	2,250	P. Salah
			Less: Provision for Discount	42,750	regress of
			on Debtors	855	41.895
			Stock Advertisement Prepaid	les that	35,000 500
		2,91,575			2,91,57

Problem No. 2

Prepare Trading and Profit and Loss Account and Balance Sheet as on 31st March, 2012 from the following balances:

M. Mirza's Capital Account	1,19,400
M. Mirza's Drawings Account	10,550
Sundry Creditors	59,630
15% Loan Account (Credit)	20,000
Cash in hand	3,030
Cash at Bank	18,970
Sundry Debtors (including Badri Das for dishonoured bill of ₹ 1,000)	62,000
Bill Receivable	9,500
Provision for Doubtful Debts	2,500
Fixtures and Fittings	8,970
Plant and Machinery	28,800
Stock, 1st April, 2011	89,680
Purchases	2,56,590
Manufacturing Wages	40,970
Sales	3,56,430
Returns Inwards	2,780
Salaries	11,000
Rent and Taxes	5,620
Interest and Discount (Debit)	5,870
Travelling Expenses	1,880
Repairs and Renewals	3,370
Insurance (including Premium of ₹ 300 per annum paid up to	
30th September, 2012)	400
Bad Debts	3,620
Commission Received	5,640

Stock in hand on 31st March, 2012 was ₹ 1,28,960. Write off half of Badri Das's dishonoured bill. Create a provision of 5% on Sundry Debtors. Charge 10% interest on Capital. Manufacturing Wages include ₹ 1,200 for erection of new machinery purchased last year. Depreciate Plant and Machinery by 15% and Fixtures and Fittings by 10% per annum. Commission earned but not received amounts to ₹ 600. Interest on loan for the last two months has not been paid.

Solution:

Dr.	Trading and Profit and Loss Account of Mr. M. Mirza for the year ended 31st March, 2012	(
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	7	7	Short and the Color of the Color	7
To Stock, Opening	A ball out ones	89,680	By Sales 3,56,430	
To Purchases	and #1 both day	2,56,590	Less: Sales Returns 2,780	3,53,650
To Manufacturing wages Less: Charged to Plant &	40,970	2015	By Stock, closing	1,28,960
Machinery	1,200	39,770		
To Gross Profit c/d		96,570		
		4,82,610	The second of the second	4,82,610
To Salaries		11,000	By Gross Profit b/d	96,570
To Rent & Taxes	MATPHINE PUR STATE	5,620	By Commission 5,640	l landing
To Interest & Discount Add: Interest	5,870		Add: Commission Accrued 600	6,240
Outstanding	500	6,370		
To Travelling Expenses	64.6 F-	1,880	minimal to hand solven	
To Repairs & Renewals	THE A TOWN CO.	3,370	Complete Accompanies on reported at a	No. of Contract of
To Insurance	400	Service of the least		
Less: Insurance Prepaid	150	250		
To Bad Debts	3,620	or invest	CHIEF CHICKORY WHEN I has DOT AT THE	
Add: Half of Badri Dass's	WHAT ARREST	facing the first	I I have excelled a start on by a may religion of	T It some
dishonoured bill	500	THE PARTY	A 1992 week from stellah birthanik was had maken	STREET SHIP F. S
	4,120	AND RO WAY	latti baka ministrati mu natio storing nd ymitaliae eminis Lingua ministra i kinatipan	a tell lang

(Contd.)

			7 7
Add: Provision for Bad &	Marke.	-	the transport of the state of t
Doubtful Debts required (5% on ₹ 61,000)	3,050		toring Lynn Ver
	7,170		Annual Conference of the Confe
Less: Existing Provision for			The same of the sa
Bad & Doubtful Debts	2,500	4,670	in sell mouse and the
To Depreciation on: Plant & Machinery @ 15% Furniture & Fixtures @ 10%	4,500 897	5,397	three of the service contribution matrices and a service of the se
To Interest on Capital		11,940	and the photostral and the little
To Capital Account—			manufit bear parties
transfer of net profit		52,313	The second secon
		1,02,810	1,02,810

Balance Sheet of Mr. M. Mirza as on 31st March, 2012

Liabilities	7	7	Assets	7	7
Sundry Creditors		59,630	Fixed Assets:	and the second second	
15% Loan Account	20,000		Plant & Machinery	28,800	100
Add: Interest outstanding	500	20,500	Add: Wages for erection of	STATE OF THE PARTY OF	
Capital Account	1,19,400	Congress of	the new machine	1,200	
Less: Drawings during the year	10,550			30,000	No. of the last
			Less: Depreciation	4,500	25,500
	1,08,850		Fixtures & Fittings	8,970	MEN'S STATE OF
Add: Interest on Capital for			Less: Depreciation	897	8,073
the year	11,940	STATE STATE	Current Assets:	and the same	A Property of
Add: Net Profit for the year	52,313	1,73,103	Cash at Bank	not be be	18,970
	100000000000000000000000000000000000000		Cash at Hand	And Dis Street St.	3,030
	E SE		Bills Receivable		9,500
	ALCOHOL THE ST	A STATE OF	Sundry Debtors	62,000	
			Less: Bad Debts	500	
				61,500	
		10000	Less: Provision for Bad &		of party
	NER SE	CHÉ PAR	Doubtful Debts	3,050	58,450
	The state of	Ball of		of the sales	1 20 060
			Stock	And the later	1,28,960
			Insurance Prepaid	ATTENDED!	600
			Commission Accrued		000
		2,53,233			2,53,233
		2,00,200			2,55,25

Provisions for Bad Debts and Discount on Debtors and Reserve for Discount on Creditors. Problem No. 3

A firm had the following balances on 1st April, 2010:—
Provision for Bad and Doubtful Debts

Provision for Discount on Debtors

Reserve for Discount on Creditors

₹ 6,500

₹ 4,800

During the year ended 31st March, 2011, bad debts amounted to ₹ 4,500; discounts allowed were ₹ 15,800 and discounts received were ₹ 9,700. During 2011–2012 bad debts amounting to ₹ 2,300 were written off while discounts allowed and received were ₹ 12,500 and ₹ 8,900 respectively. Surdry Debtors were ₹ 1,50,000 on March 31, 2011 and ₹ 90,000 on March 31, 2012. Sundry creditors on these two dates were ₹ 1.05,000 and ₹ 1,26,000. It is firm's policy to maintain a provision of 5 per cent against bad and doubtful debts and 3 per cent for discounts on debtors and a reserve of 2 per cent on creditors. Show the accounts relating to provisions on debtors and reserve on creditors for the years 2010-2011 and 2011-2012.

Dr.		Bad Deb	s Account		C
2011 Mar. 31	To Sundry Debtors	₹ 4,500	2011 Mar. 31	By Provision for Bad and Doubtful Debts—transfer	4,500
2012 Mar. 31	To Sundry Debtors	2,300	2012 Mar. 31	By Provision for Bad & Doubtful Debts Account—transfer	2,300
Dr.	Provision for	Bad and	Doubtful I	Debts Account	Ci
2011	of Value of Chickey Suits	7	2010		7
Mar. 31	To Bad Debts Account —transfer	4,500 7,500	Apr. 1 2011	By Balance b/fd	6,500
	To Balance c/d		Mar. 31	By Profit & Loss Account	5,500
2012	their landing periods as the street we sin	12,000	2011		12,000
Mar. 31	To Bad Debts Account—transfer To Profit and Loss Account To Balance c/d	2,300 700 4,500	Apr. 1	By Balance b/d	7,500
	appointed The State of the Property as	7,500	di. 100 9.00	etament tracine sum Magazina	7,500
	and to the Mark State (1997), the value	Marie allegate	2012 Apr. 1	By Balance b/d	4,500
Dr.	Disc	ount on D	ebtors Acc		4,500
2011	ALKS STATE STATE STATE BROWGER	andres Tall	2011	The second second second second	7
Mar. 31	To Sundry Debtors	15,800	Mar. 31	By Provision for Discount on Debtors—transfer	15,800
2012 Mar. 31	To Sundry Debtors	12,500	2012 Mar. 31	By Provision for Discount on Debtors A/c—transfer	12,500
Dr.	Provis	ion for Di	scount on I	Debtors	C
2011	My Bullinsa hid	714	2010	491.90	7
Mar. 31	To Discount Account—transfer To Balance c/d	15800 4,275	Apr. 1 Mar. 31	By Balance b/fd By Profit & Loss Account	3,200 16,875
		20,075			20,075
2012 Mar. 31	To Discount on Debtors Account—transfer	12,500	2011 Apr. 1 2012	By Balance b/d	4,275
	To Balance c/d	2,565	Mar. 31	By Profit & Loss Account	10,790
	Your plant to be fair thank to	15,065			15,065
	ETHER STREET		2012 Apr. 1	By Balance b/d	2,565
Dr.	Discount	on Sundr	Creditors	Account	C
2011		7	2011		₹
Mar. 31	To Reserve for Discount on Sundry Creditors Account —transfer	9,700	Mar. 31	By Sundry Creditors	9,700
2012 Mar. 31	To Reserve for Discount on Sundry Creditors Account—transfer	8,900	2012 Mar. 31	By Sundry Creditors	8,900

Dr.	Reserve for	editors Account	Cr.		
2010		2	2011		7
Apr. 1 2011	To Balance b/d	4,800	Mar. 31	By Discount on Sundry Creditors Account—transfer	9,700
Mar. 31	To Profit & Loss Account	7,000	" "	By Balance c/d	2,100
		11,800			11,800
2011	Commission of the Commission o		2012		
Apr. 1 2012	To Balance b/d	2,100	Mar. 31	By Discount on Sundry Creditors Account—transfer	8,900
Mar. 31	To Profit & Loss Account	9,320	" "	By Balance c/d	2,520
		11,420			11,420
2012 Apr. 1	To Balance b/d	2,520		to fluid (A-this Association) and the first Association (A-this As	

Problem No. 4

On 31st March, 2011 a firm considered the undermentioned book debts as doubtful and decided to maintain, as policy, a full provision to meet the possible loss.

P ₹ 4,500; Q ₹ 720 and R ₹ 3,400.

During 2011-2012, Q paid the whole of the amount due from him and R was declared insolvent, his estate paying 40P in the rupee. On 31st March, 2012, the firm found that amounts due from T and V ₹ 6,100 and ₹ 5,200 respectively, were also doubtful of recovery.

You are required to give the personal accounts and also the account for 2011-2012 relating to the provision.

Pro	ovision for Doub	tful Debts	Account	Cr.
To Bad Debts Account To Balance c/d*	2,040 15,800 17,840	2011 Apr. 1 2012 Mar. 31 2012 Apr. 1	By Balance b/fd By Profit & Loss Account By Balance b/d	15,100 2,740 17,840
Salvad and a dis-	1/8 1 S Table	•	To Salana of	Cr.
To Balance b/fd	₹ 4,500	2012 Mar. 31	By Balance c/d	4,500
1 To Balance b/d	4,500	1925	newfelf an requireff of address and many. The product of	
		2		Cr.
To Balance b/fd	7,200	2011-2012 ?	By Cash	7,200
	C- I	R	Particular statement	Cr.
To Balance b/fd	3,400	2011-2012	By Cash By Bad Debts Account	1,360 2,040
	To Bad Debts Account To Balance c/d* To Balance b/fd To Balance b/fd To Balance b/fd	To Bad Debts Account To Balance c/d* To Balance c/d* 17,840 17,840 To Balance b/fd To Balance b/fd	To Bad Debts Account To Balance c/d* To Balance c/d* To Balance c/d* To Balance b/fd To Balance b/fd	To Bad Debts Account To Balance c/d* 2,040

^{*} Total of amounts due from P, T and V.