

(H : Financial Statements of Sole Proprietor - without Adjustment (v.v. Imp)

- Financial statements (or Final Accounts) are the statements prepared at the end of Accounting period.
- A complete set of financial statements include :-
- Trading and Profit & Loss Account
 - Balance Sheet

→ Objectives of Financial Statements. (Importance)

- To assess the financial results i.e profit or loss
- To assess the financial position i.e preparing Balance sheet.
- To analyse + interpret various ratios from these statements.

* Capital & Revenue items *

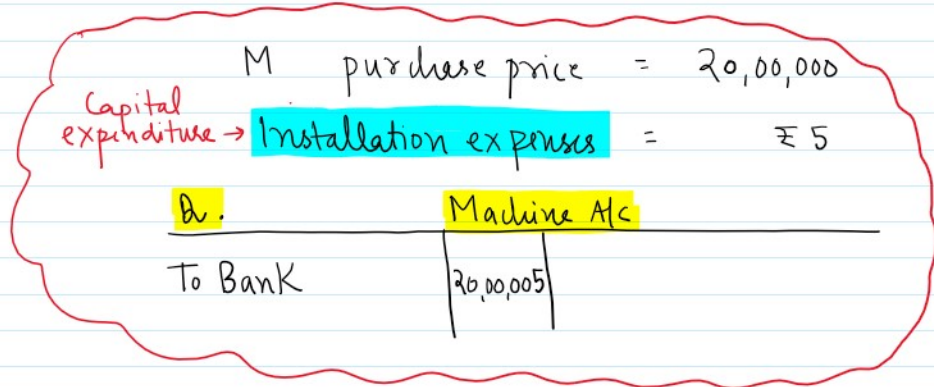
<u>Capital</u> expenditure $\uparrow A$ or $\downarrow L$	<u>Revenue</u> expenditure $\uparrow A$ or $\downarrow L$
<u>Capital</u> Receipts $\uparrow L$ or $\downarrow A$	<u>Revenue</u> Receipts $\uparrow L$ or $\downarrow A$

① Capital Expenditure

- Benefit for more than one accounting period
- Non-recurring in nature
- *** → It increases the earning capacity or reduces the operating expenses.

→ It **increases the earning capacity** or reduces the operating expenses.

→ It is debited to Asset Account (i.e. added to the cost of Asset)



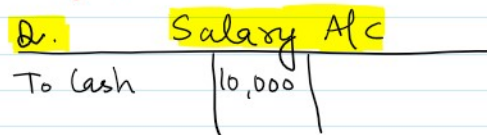
② Revenue Expenditure

→ Benefit for **less than one** accounting period

→ **Recurring** in nature

→ Earning capacity **does not** increase.

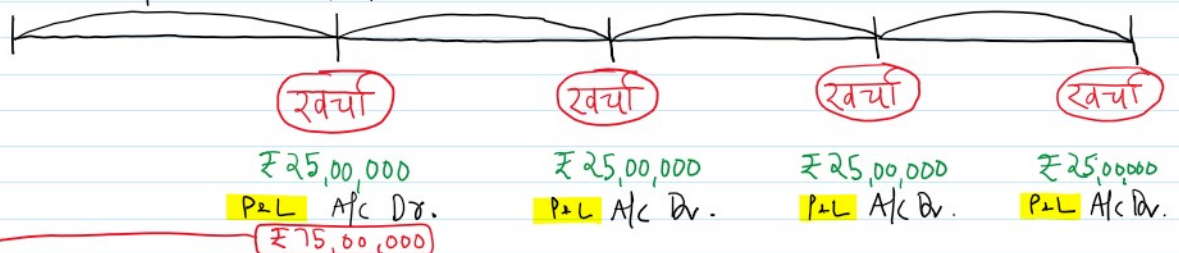
→ It is debited to **Expense A/c**
(eg Salary paid ₹ 10,000)



* Deferred Revenue Expenditure

postpone

Advertisement expenses = ₹ 1,00,00,000



→ It is a revenue expenditure that is incurred during an accounting period but it is estimated that its benefit will extend beyond that accounting period.

→ Expense of one year is debited to **P&L A/c**

mounting period. v

→ Expense of one year is debited to P&L A/c
(Amount written off)

→ Amount NOT written off is shown
→ as ASSET

FICTITIOUS ASSET

③ Capital Receipts

- The amount received by the enterprise which either increases liability or reduces asset.
- Non-recurring in nature
- Eg :- a) Bank Loan
b) Sale of fixed asset

④ Revenue Receipts

- These receipts which do not create liability nor reduces assets.
- It is received in normal course of business
- It is recurring in nature
- Eg :- Sale of Goods.

x ————— x ————— x ————— x ————— x ————— x ————— x

① TRADING A/c

Dr		Trading A/c		Cr	
Particulars	₹	Particulars	₹		
To Opening Stock	xxx	By closing stock	xxx		
To Purchases xxx		{ COST or M.P which ever is LOWER }			
(-) Purchase Return (xx)	xxx	By Sales xxx			
To Direct expenses ①	xxx	(-) Sales Return (xx)	xxx		
To Stores consumed ②	xxx				
To GROSS PROFIT	(bal..)	By GROSS LOSS	(bal..)		

To GROSS PROFIT	(bal..)	By GROSS LOSS	(bal..)
	dddd		dddd

* Trading A/c is prepared to find Gross profit or Gross loss

① Direct expenses

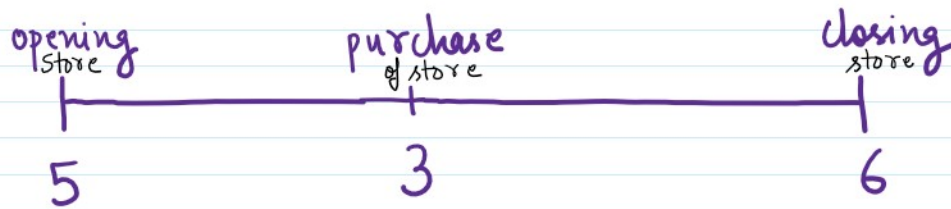


eg:- Wages, Carriage Inwards, Freight Inwards, Carriage on Purchase, Fuel, Power, Factory rent, Factory electricity, Factory expenses etc

Salaries, Carriage Outwards, Freight Outwards, Carriage on Sale, Office expenses

② Stores consumed = opening Stores (+) purchase of Stores (-) closing stores

Spare parts (Raw Materials)



$2 = 5 + 3 - 6$

- * Net purchases = Purchase (-) Purchase Return
- * Net Sales = Sales (-) Sales Return
- * Adjusted purchases = Opening stock (+) Purchases (-) closing stock

* Cost of goods sold (COGS) = Opening Stock (+) Purchases
 (+) Direct expenses (-) closing stock

OR

COGS = Net Sales (-) Gross profit

OR

COGS = Net Sales (+) Gross Loss

II

Profit & Loss Account

Dr	expenses / losses	P & L A/c	NOMINAL A/c	Income / gains Cr
To Gross Loss	XXX	By Gross profit		XXX
To Depreciation	XXX	By Commission received		XXX
To Bad debt	XXX	By discount received		XXX
To Rent	XXX	By Bad debt recovered		XXX
To Indirect expenses	XXX	By gain on sale of asset etc etc		XXX
To etc etc	XXX	By NET LOSS		(bal..)
To NET PROFIT	(bal..)			XXXX
	XXXX			XXXX

* This A/c is prepared to calculate Net profit or Net Loss

TRADING A/c	P & L A/c
1. It is a part of P & L A/c	1. It is the Main A/c
2. Gross profit or Gross loss is determined from Trading A/c	2. Net profit or Net loss is determined from P & L A/c
3. Balance of Trading A/c is transferred to P & L A/c	3. Balance of P & L A/c is transferred to Capital A/c.

* JOURNAL ENTRIES *

Trading A/c

(i) Trading A/c Dr. XXX

To Opening stock A/c	_____	xx
To Purchase A/c	_____	xx
To direct expenses A/c	_____	xx
⊛ To Sales Return A/c	_____	xx

(ii) Closing stock A/c Dr. xx
 Sales A/c Dr. xx
 ⊛ Purchase Return A/c Dr. xx

To Trading A/c _____ xxx

(iii) GROSS PROFIT | GROSS LOSS

Trading A/c Dr. xxx	P&L A/c Dr. xx
To P&L A/c _____ xxx	To Trading A/c _____ xx
(being G.P transferred to P&L A/c)	(being G.L transferred to P&L A/c)

P&L A/c

(i) P&L A/c Dr. xxx

To all expenses	_____	xxx
-----------------	-------	-----

(ii) All incomes A/c Dr. xxx

To P&L A/c	_____	xxx
------------	-------	-----

(iii) Net profit | Net Loss

P&L A/c Dr. xx	Capital A/c Dr. xx
To Capital A/c _____ xx	To P&L A/c _____ xx
(being N.P transferred to Capital A/c)	(being N.L transferred to Capital A/c)

x _____ x _____ x _____ x _____ x

* Operating Profit *

→ Operating profit = Gross profit (-) Operating expenses ①

OR

OR

$$\rightarrow \text{Operating profit} = \text{Net Sales (-) COGS (-) Operating expenses}$$

OR

$$\rightarrow \text{Operating profit} = \text{Net profit (+) Non Operating expenses}^{(2)} \\ \text{(-) Non Operating Incomes}^{(3)}$$

OR

$$\rightarrow \text{Operating profit} = \text{Net Sales (-) Operating COST}^{(4)}$$

- ① Operating expense \Rightarrow Selling + distribution expenses, office administration expenses, other regular type of indirect expenses. (salary) depreciation, Repair etc
- ② Non Operating expenses \Rightarrow Donation, Charity, Loss on sale of asset, Loss by theft or fire, Interest paid on loan
- INDIRECT expenses

- ③ Non Operating Income \Rightarrow Gain on Sale of asset, Rent received, Interest received etc
- ~~Commission received~~

$$\text{④ } \underline{\text{Operating COST}} \Rightarrow \text{COGS (+) Operating expenses}$$

*

Gross profit	xx
(-) Operating expenses	(xx)
Operating Profit	xxx
(+) Non Operating Incomes	xx
(-) Non Operating Expenses	(xx)

(-) Non Operating Expenses (xx)	xx
Net Profit	xxx

x ————— x ————— x ————— x ————— x

III BALANCE SHEET

- Balance sheet is a statement of firm's **assets**, **liabilities** and **capital** of proprietor at a specific point of time.
- It is prepared from **Real Accounts** and **Personal Accounts**

Balance Sheet as at -----

LIABILITIES	₹	ASSETS	₹
Capital xxx		Goodwill	xxx
(+) Interest on Capital xx		Land & Building	xxx
(+) Net profit xx		Plant & Machinery	xxx
(-) Drawings (xx)		Furniture	xxx
(-) Income Tax (xx)		Investment	xxx
(-) Life Insurance Premium (xx)		Debtors	xxx
(-) Net Loss (xx)	xxx	Bills Receivable	xxx
Reserves	xxx	Closing Stock	xxx
Loans	xxx	Cash at Bank	xxx
Creditors	xxx	Cash in Hand	xxx
Bills Payables	xxx		
	xxxx		xxxx

*

Balance Sheet	Trial Balance
---------------	---------------

*

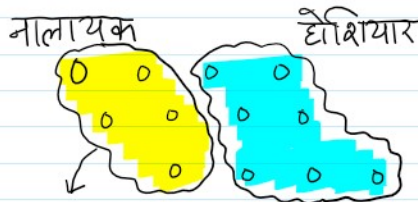
Balance Sheet	Trial Balance
1. The purpose is to portray the financial position	1. The purpose is to establish arithmetic accuracy of the books
2. It has two sides i.e. liabilities & Assets	2. It has two columns i.e. Debit & Credit Balance
3. It is essential to prepare Balance sheet.	3. It is optional to prepare trial Balance
4. It is generally prepared at the year end	4. It is prepared at any particular date

*

GROUPING & MARSHALLING

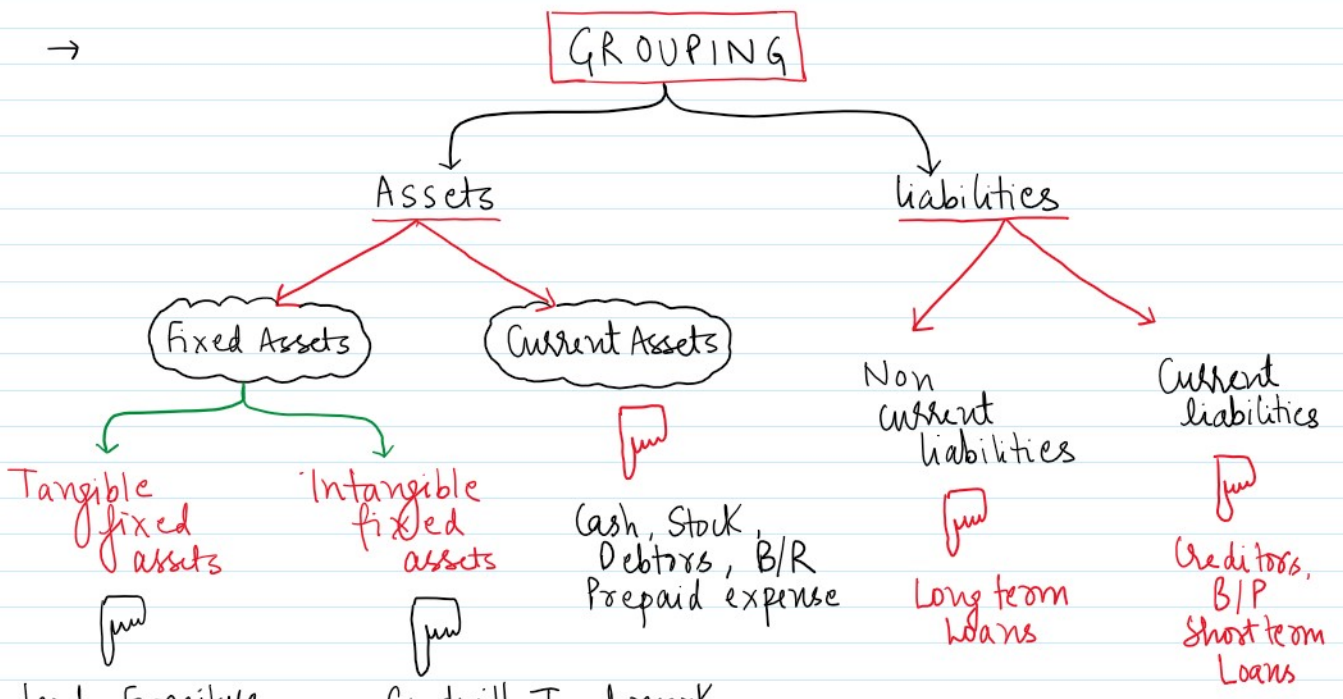
It means putting items of similar nature under a common accounting head

Assets & liabilities are shown in order of :-
 (a) Permanence
 (b) Liquidity



FIXED ASSETS.

→



Land, Furniture,
Building, Machine

Goodwill, Trademark,
Software, Patents

Loans

Short term
Loans

MARSHALLING

In order of "Permanence"

B/S

Liabilities	₹	Assets	₹
Capital	xx	Goodwill	xx
Loans	xx	Land + Building	xx
Creditors	xx	Plant + Machine	xx
BP	xx	Investment	xx
		Closing Stock	xx
		Debtors	xx
		BR	xx
		Cash at Bank	xx
		Cash in hand	xx

In order of "liquidity"

B/S

Liabilities	₹	Assets	₹
BP	xx	Cash in hand	xx
Creditors	xx	Cash at Bank	xx
Loans	xx	BR	xx
		Debtors	xx
		Stock	xx
Capital	xx	Investment	xx
		Plant + Machine	xx
		Land + Bldg	xx
		Goodwill	xx

⊛

Working Capital

= Current Assets (-) Current Liabilities

x x x x x x x x x x

1/ State whether the following expenses are **capital** or **revenue** in nature:

- Expenses on whitewashing and painting of a building purchased to make it ready for use. - Capital
- ₹ 10,000 spent on constructing platform for a new machine. - Capital
- Repair expenses of ₹ 25,000 incurred for whitewashing of factory building. - Revenue
- Insurance premium paid as renewal premium. - Revenue
- Purchased a new car. Asset - Capital
- Excise duty ^{Tax} paid on purchase of new machine. - Capital
- Wages paid to install a machine. - Capital
- Repairs carried out on existing car. - Revenue
- Office block of building (repainted) for ₹ 50,000. - Revenue
- Paid telephone bill of ₹ 2,500. - Revenue

3/ Prepare Trading Account from the transactions given below:

₹		₹	
Opening Stock	23,000	Purchases Return	2,400
Purchases	29,000	Closing Stock	47,700
Sales Return	500	Carriage Inwards	DIRECT 100
Sales	25,400	Depreciation	INDIRECT 2,000

Sales Return	500	Carriage Inwards	DIRECT	100
Sales	25,400	Depreciation	INDIRECT	2,000

Also pass the **Journal entries.**

[Gross Profit—₹ 22,900.]

Sol:-

Dr		Trading A/c		Cr	
To Opening Stock	23,000	By Sales	25,400		
To Purchases	29,000	(-) Sales Return	(500)		24,900
(-) Purchase Return	(2,400)				
To Carriage Inwards	100	By closing stock			47,700
To Gross Profit (bal..)	22,900				
	72,600				72,600

(i) Trading A/c Dr. 52,600
 To Opening stock A/c 23,000
 To Purchase A/c 29,000
 To Carriage Inwards A/c 100
 To Sales Return A/c* 500

(ii) Closing Stock A/c Dr. 47,700
 Sales A/c Dr. 25,400
 Purchase Return A/c* Dr. 2,400
 To Trading A/c 75,500

(iii) Trading A/c Dr. 22,900
 To P & L A/c 22,900

* Calculate Closing Stock from the following details: Direct expense = Nil
 Opening Stock → ₹ 20,000 | Credit Sales → ₹ 40,000
 Cash Sales → ₹ 60,000 | Rate of Gross Profit on Cost $33\frac{1}{3}\%$
 Purchases → ₹ 70,000 | **COST OF GOODS SOLD (COGS)**

Sol:- Net Sales (Total Sales) = Cash Sales + Credit Sale
 = 60,000 + 40,000
 = 1,00,000

Rate of Gross profit on COST = $33\frac{1}{3}\%$
 COST at $33\frac{1}{3}\%$ = GP = $\frac{100}{3}\%$
 COGS at $\frac{1}{3}$ = GP = $\frac{100}{3} \times \frac{1}{100} = \frac{1}{3}$

COGS = Net Sales (-) Gross profit
 $x = 100,000 (-) \frac{1}{3}x$
 $x + \frac{1}{3}x = 100,000$
 $\frac{3x + x}{3} = 100,000 \Rightarrow 4x = 300,000$
 $x = 75,000$

$$\frac{3x + x}{3} = 100,000 \Rightarrow 4x = 300,000$$

$$\therefore x = \frac{300,000}{4} = 75,000 \text{ (COGS)}$$

$$\text{COGS} = \text{Opening Stock (+) Net purchases (+) Direct expenses (-) closing stock}$$

$$75,000 = 20,000 (+) 70,000 (+) 0 (-) \text{ closing stock}$$

$$\text{closing stock} = 20,000 + 70,000 (-) 75,000$$

$$= 15,000$$

17. From the following, prepare **Profit and Loss Account** of Sohan Lal as it would appear in the 1st year that ended 31st March, 2021:

Indirect P.L.A/c		Direct Trading A/c		₹	
Salaries and Wages					
Commission Paid	exp				
Postage and Courier	exp				
Insurance	exp				
Interest Paid	exp				
Carriage Outwards	Indirect exp				

The **Gross Profit** was 45% of Sales, which amounted to ₹ 6,50,000. \therefore G.P = 2,92,500
 Also pass the Journal entries. [Net Profit—₹ 2,41,050.]

Sol:-

Dr		P & L A/c		Cr	
To Salaries & Wages	30,000	By Gross profit	2,92,500		
To Commission paid	2,000	By Interest on Investment	15,000		
To Postage & Courier	1,500	By Rent received	17,000		
To Insurance	3,000				
To Interest paid	4,000				
To Carriage outwards	5,000				
To Advertising	10,000				
To Discount allowed	18,000				
To Bad debts	9,000				
To Brokerage paid	950				
To NET PROFIT (bal..)	2,41,050				
	3,24,500				3,24,500

10. From the following figures, calculate **Operating Profit**:

₹		₹	
Net Profit	1,00,000	Rent Received	10,000
Gain on Sale of Machine	NOI — 15,000	Interest on Loans	NOE — 20,000
Donation	NOE — 2,000		(Delhi)

[Operating Profit—₹ 97,000.]

Sol:-

$$\text{Operating profit} = \text{Net profit (+) Non Operating Expense (-) Non Operating Income}$$

profit

$$\begin{aligned}
 & (-) \text{ Non Operating Income} \\
 & = 100,000 + (2000 + 20000) \\
 & \quad (-) (15000 + 10000) \\
 & = 100000 + 22000 - 25000 = 97000
 \end{aligned}$$

15. From the Balance Sheet given below, calculate:

(i) Fixed Assets

(ii) Current Assets

(iii) Current Liabilities

(iv) Working Capital = CA - CL

BALANCE SHEET as at 31st March, 2021

Liabilities	₹	Assets	₹
Trade Creditors — CL	42,000	Stock in Hand — CA	48,000
Expenses Accrued — CL	3,200	Debtors — CA	36,000
Bank Overdraft — CL	4,800	Prepaid Expenses — CA	400
Long-Term Loan	20,000	Goodwill — FA	20,000
Interest on Loan — CL	1,000	Land — FA	20,000
Capital	93,400	Plant — FA	32,000
		Furniture — FA	8,000
	1,64,400		1,64,400

(i) Fixed Assets = 20,000 + 20,000 + 32,000 + 8,000 = 80,000

(ii) Current Assets = 48,000 + 36,000 + 400 = 84,400

(iii) Current liabilities = 42,000 + 3,200 + 4,800 + 1,000 = 51,000

(iv) Working Capital = 84,400 (-) 51,000 = 33,400

Illustration 18

O.E N.O.E N.O.I

Compute Operating Profit and Net Profit from the following:

Particulars	₹	Particulars	₹
Gross Profit — O.E	4,40,000	Interest on Loans — N.O.E	22,000
Carriage Outwards — O.E	4,800	Interest on Investments — N.O.I	2,800
Advertising — O.E	12,000	Printing and Stationery — O.E	3,600
Salaries — O.E	1,78,000	Loss on Sale of Furniture — N.O.E	35,000
Rent — O.E	62,000	General Expenses — O.E	1,400
Lighting — O.E	15,000	Donation — N.O.E	5,100
Insurance Charges — O.E	2,400	Rent Received — N.O.I	6,000
Bad Debts — O.E	1,500	Loss by Fire — N.O.E	20,000
Audit Fees — O.E	2,000	Gain on Sale of Machine — N.O.I	50,000

Sol:-	Gross profit	440,000
<u>operating expenses</u>	(-) Carriage Outwards	(4800)
	(-) Advertising	(12000)
	(-) Bad debts	(1500)
	(-) Salaries	(178,000)
	(-) Rent	(62,000)
	(-) lighting	(15,000)
	(-) Insurance charges	(2,400)
	(-) Audit fees	(2,000)
	(-) Printing & Stationery	(3,600)
	(-) General expenses	(1,400)
	OPERATING PROFIT	157,300
NOI	(+) Interest on Investments	2,800
	(+) Rent received	6,000
	(+) Gain on Sale of Machine	50,000
NOE	(-) Interest on Loans	(22,000)
	(-) Loss on Sale of Furniture	(35,000)
	(-) Donation	(5,100)
	(-) Loss by fire	(20,000)
	NET PROFIT	134,000

16. Prepare Trading and Profit and Loss Account and Balance Sheet of Jagat Shah as at 31st March, 2021 from the following balances:

	₹		₹
Capital (Cr.)	3,60,000	Salaries — Indirect	60,000
Machinery	70,000	General Expenses — Indirect	20,000
Sales	8,20,000	Rent — Indirect	50,000
Purchases	4,00,000	Purchases Return	5,000
Sales Return	10,000	Debtors	3,00,000
Stock on 1st April, 2020 (opening)	1,00,000	Cash — Asset	40,000
Drawings	40,000	Carriage Outwards — Indirect	20,000
Wages — DIRECT	1,00,000	Advertising — Indirect	20,000
Carriage Inwards — DIRECT	5,000	Creditors — Liability	50,000

⊛ Closing Stock was valued at ₹ 2,00,000.

[Gross Profit—₹ 4,10,000; Net Profit—₹ 2,40,000; Balance Sheet Total—₹ 6,10,000.]

Sol:-	Dr	Trading A/c	Cr
	To Opening Stock	1,00,000	By Sales 820,000
	To Purchases 400,000		(-) Sales Return (10,000)
	(-) Purchases Return (5,000)	3,95,000	810,000
	To Wages	100,000	By closing stock
			200,000

To Wages	100,000	By closing stock	200,000
To Carriage Inwards	5,000		
To Gross Profit (bal..)	4,10,000		
	10,10,000		10,10,000

P & L A/c		Cr	
To Salaries	60,000	By Gross profit	410,000
To General expenses	20,000		
To Rent	50,000		
To Carriage Outwards	20,000		
To Advertising	20,000		
To Net profit (bal..)	2,40,000		
	410,000		410,000

Balance Sheet					
Liabilities		₹	Assets		₹
Capital	360,000		Machinery		70,000
(-) Drawings	(40,000)		closing stock		200,000
(+) Net profit	240,000	5,60,000	Debtors		300,000
Creditors		50,000	Cash		40,000
		6,10,000			6,10,000

22. Trial Balance of Chatter Sen on 31st March, 2022 revealed the following balances:

Debit Balances:	₹	Debit Balances (Contd.):	₹
Plant and Machinery	90,000	Rent	2,000
Purchases	58,000	Advertisement	2,000
Sales Return	1,000	Cash at Bank	6,900
Opening Stock	40,000	Credit Balances:	
Discount Allowed	indirect - 350	Capital A/c	1,10,000
Bank Charges	indirect - 75	Sales	1,27,000

Discount Allowed	indirect	350
Bank Charges	indirect	75
Sundry Debtors		45,000
Salaries	indirect	6,800
Wages	direct	10,000
Freight (in)	direct	750
Freight Out	indirect	1,200

Capital A/c	1,10,000
Sales	1,27,000
Purchases Return	1,275
Discount Received	800
Loan	5,000
Sundry Creditors	20,000

Stock on 31st March, 2022 was ₹ 35,000 at cost and its net realisable value (market value) was ₹ 40,000. Lower

Prepare Trading and Profit & Loss Account for the year ended 31st March, 2022 and Balance Sheet as at that date.

[Gross Profit—₹ 53,525; Net Profit—₹ 41,900; Balance Sheet Total—₹ 1,76,900.]

Dr		Trading A/c		Cr	
To opening stock	40,000	By Sales	1,27,000		
To Purchases	58,000	(-) Sales Return	(1,000)	1,26,000	
(-) Purchase Return	(1,275)				
To wages	10,000	By closing stock	35,000		
To freight in	750				
To Gross Profit (bal..)	53,525				
	1,61,000				1,61,000

Dr		P&L A/c		Cr	
To discount allowed	350	By Gross profit	53,525		
To Bank charges	75	By discount received	800		
To Salaries	6,800				
To freight out	1,200				
To Rent	2,000				
To Advertising	2,000				
To Net profit (bal..)	41,900				
	54,325				54,325

Balance Sheet

Balance Sheet

Capital	1, 10, 000		Plant & Machinery	90 000
(+) Net profit	41, 900	151, 900	Sundry debtors	45 000
			Closing Stock	35 000
Loan		5, 000	Cash at Bank	6, 900
Sundry creditors		20, 000		
		176 900		176 900

**/ The following is the Trial Balance of Atul as at 31st March, 2022:

Heads of Accounts	L.F.	Dr. Balance (₹)	Cr. Balance (₹)
Capital →		...	50,000
Drawings →		10,000	...
Debtors →		→ 24,000	...
Creditors →		...	→ 16,000
Adjusted Purchases	opening stock + purchases - cl stock ⇒	* 75,700	...
Sales →		...	→ 1,31,000
Sales Return →		1,500	...
Bank Loan →		...	→ 10,000
Interest on Loan →	Indirect	→ 300	...
Cash in Hand →		→ 3,000	...
Cash at Bank →		→ 7,500	...
Miscellaneous Income →		...	→ 1,000
Wages	Direct	→ 6,000	...
Furniture →		→ 33,900	...
Carriage Outwards →	Indirect	→ 4,500	...
Carriage Inwards →	Direct	→ 5,000	...
Salaries →	Indirect	→ 12,000	...
Rent →	" "	→ 18,000	...
Bad Debts →	" "	→ 600	...
Discount Allowed →	" "	→ 5,000	...
Discount Received →		...	→ 2,600
Bills Receivable →		→ 10,000	...
Bills Payable →		...	→ 8,000
Insurance →	Indirect	→ 2,000	...
Commission →	income	...	→ 15,400
Closing Stock →		→ 15,000	...

Insurance	→	2,000
Commission	→ income	→	15,400
Closing Stock	→	15,000
Total			2,34,000	2,34,000

Prepare Trading and Profit & Loss Account for the year ending on 31st March, 2022 and Balance Sheet as on that date.

[Gross Profit—₹ 42,800; Net Profit—₹ 19,400; Balance Sheet Total—₹ 93,400.]

Dr		Trading A/c		Cr	
To Adjusted purchase	75,700	By Sales	131,000		
To Wages	6,000	(-) Sales Return	(1,500)	129,500	
To Carriage Inward	5,000				
To Gross Profit (bal.-)	42,800				
	129,500			129,500	

Dr		P+L A/c		Cr	
To Bad debts	600	By Gross profit	42,800		
To Int. on loan	300	By Misc Income	1,000		
To Carriage outwards	4,500	By discount received	2,600		
To Salaries	12,000	By Commission	15,400		
To Rent	18,000				
To discount allowed	5,000				
To Insurance	2,000				
To Net profit (bal.-)	19,400				
	61,800			61,800	

Balance Sheet

Capital	50,000	Debtors	24,000
(-) Drawings	(10,000)	Cash in hand	3,000
(+) Net profit	19,400	Cash at Bank	7,500
	59,400		

(-) Drawings (10,000)			Cash in hand	3,000
(+) Net profit	19,400	59,400	Cash at Bank	7,500
			Furniture	33,900
BP	8,000		BR	10,000
Creditors	16,000		Closing stock	15,000
Bank loan	16,000			
		93,400		93,400

24. Prepare Trial Balance, Trading and Profit & Loss Account for the year ended 31st March, 2022 and Balance Sheet of the Premier Trading Company as at that date, from the following extract of Ledger balances:

₹		₹	
Proprietor's Capital A/c	1,19,400	Proprietor's Drawings A/c	10,550
Bills Receivable	9,500	Plant and Machinery	28,800
Wages direct	40,970	Salaries indirect	11,000
Sundry Debtors	62,000	Sundry Creditors	60,830
Bank Loan	20,000	Returns Inward - Sales Return	2,780
Purchases	2,56,590	Sales	3,56,430
Commission Received	5,640	Discount Allowed indirect	5,870
Rent	5,620	Stock on 1st April, 2021	89,680
Travelling Expenses	1,880	Insurance	400
Cash	530	Bank (Debit Balance)	18,970
Repairs indirect	3,370	Bad Debts indirect	3,620
Furniture	8,970	Output CGST } liability	4,500
Input CGST } Asset	600	Output SGST }	4,500
Input SGST }	600		

Stock in Hand on 31st March, 2022 was valued at ₹ 1,28,960.

[Trial Balance Total—₹ 5,71,300; Gross Profit—₹ 95,370; Net Profit—₹ 69,250; Balance Sheet Total—₹ 2,58,930.]

Dr	Trading A/c	Cr
To Opening Stock	89,680	By Sales 356,430
To Wages	40,970	(-) Return (2,780)
To Purchases 256,590	256,590	353,650
		By closing stock
		128,960

To Gross profit (bal..)	95370	
	482,610	482,610

	P&L A/c		Cr
To Travelling expense	1880	By Gross profit	95,370
To Rent	5620	By Commission received	5640
To Salaries	11000		
To Discount allowed	5870		
To Repairs	3370		
To Insurance	400		
To Bad debts	3620		
To Net profit (bal..)	69,250		
	1,01,010		1,01,010

Balance sheet

Capital	1,19,400	BR	9500
(-) drawings	(10,550)	Debtors	62000
(+) Net profit	69,250	Plant & machine	28800
	178,100	Cash	530
Bank loan	20,000	Furniture	8970
Creditors	60,830	Input CGST*	600
		Input SGST*	600
		Bank	18,970
		Closing stock	128,960
	2,58,930		258,930

29. From the following Trial Balance, prepare Trading and Profit & Loss Account for the year ended 31st March, 2022 and Balance Sheet as at that date:

Heads of Accounts	L.F.	Dr. Balance (₹)	Cr. Balance (₹)
Capital — BS - L		...	5,00,000
Plant and Machinery — BS - A		1,00,000	...
Land and Building — BS - A		1,20,000	...
Sales — T		...	9,00,000
Furniture and Fixtures — BS - A		50,000	...
Trade Expenses — Indirect P&L		30,000	...
Cash at Bank — BS - A		2,50,000	...
Wages and Salaries — Direct T		60,000	...
Repairs — P&L		10,000	...
Purchases — T		6,00,000	...
Opening Stock — T		2,00,000	...
Sundry Debtors — BS - A		1,00,000	...
Sundry Creditors — BS - L		...	1,20,000
Purchases Return — T		...	10,000
Rent * — Cr. in P&L A/c		Received	22,000
Discount — Dr in P&L		8,000	...
Drawings — Cap (-)		10,000	...
Bills Receivable — BS - A		40,000	...
Bills Payable — BS - L		...	30,000
Bad Debts — P&L A/c		4,000	...
Input CGST A/c		5,000 10,000	...
Input SGST A/c		5,000 10,000	...
Input IGST A/c		5,000	...
Output CGST A/c	
Output SGST A/c	
Output IGST A/c	
Total		16,07,000	16,07,000

The stock on 31st March, 2022 was valued at ₹ 1,40,000.

[Gross Profit—₹ 1,90,000; Net Profit—₹ 1,60,000; Balance Sheet Total—₹ 8,00,000.]

Trading A/c		Gr	
To Opening stock	200000	By Sales 900000	900000
To Wages & Salaries	60000	By closing stock	140000
To Purchases 600000			
(-) Purchase Return (10000)	590000		
To Gross profit (bal.)	190000		
	1040000		1040000

P&L A/c		Gr	

Dr	P & L A/c		Cr
To Trade expenses	30 000	By Gross profit	19 000
To Repairs	10 000	By Rent	22 000
To discount	8 000		
To Bad debts	4 000		
To Net profit (bal..)	160 000		
	212 000		212 000

Balance sheet

Capital	500 000		Plant & Machine	100 000
(-) Drawings	(10 000)		Land & Building	120 000
(+) Net profit	160 000	650,000	Furniture & fixture	50 000
Creditors		120,000	Cash at Bank	250 000
			Debtors	100 000
BP		30 000	BR	40 000
			closing stock	140 000
		800,000		800,000