## **EDU FACTORY**

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## FINAL ACCOUNTS OF SOLE TRADER

| <ol> <li>Outstanding expenses appearing in Trial balance<br/>is shown in :         <ul> <li>(a) Profit &amp; loss a/c</li> <li>(b) Balance sheet</li> <li>(c) Both (a) and (b)</li> <li>(d) None of the above</li> </ul> </li> <li>Drawing account is transfered to account?</li> <li>Match the following         <ul> <li>(a) Current assets</li> <li> Added to capital</li> <li>(b) Drawings</li> <li> Closing stock</li> <li>(c) Large amount of advertising Credit balance</li> </ul> </li> </ol> | <ul> <li>22. What is accrued income?</li> <li>23. From the following information, calculate stock at beginning Sales Rs. 240000, Persontage of gross profit - 20%, Purchases Rs. 195000, Closing stock Rs. 30000.</li> <li>24. Find odd one out: <ul> <li>(a) Carriage</li> <li>(b) Carriage outward</li> <li>(c) Carriage inward</li> <li>(d) Wages</li> </ul> </li> <li>25. Premuim paid on the life policy of the proprietor is</li> </ul> |
|---|---|
| (d) Provision for bad debt Deducted from capital  | debited to P/L a/c (True / False)   |
| Deferred revenue<br>expenditure   | 26. Excess of debit over credit in trading account  |
| 4. Define Balance sheet?  | means   |
| 5. What do you mean by reserve?   | 28. What do you mean interest accrued   |
| 6. What do you mean by adjusting entries?   | 29. From the following prepare trading account  |
| 7. Give adjusting entries for the folowing  | Opening stock Rs. 25000,  |
| (a) Salary outstanding  | Goods purchased Rs. 135000,   |
| (b) Salary paid in advance  | Goods taken for private use Rs. 5000,   |
| 8. In sole traders, balancesheet assets are arranged in   | Freight and packing charges Rs. 5000,   |
| in the order of :   | Stock at close Rs. 15000,   |
| (a) Permanency (b) Liquidity  | Sales Rs. 190000,   |
| (c) Single entry (d) Double account   | Selling expenses on sales Rs. 9000.   |
| 9. Gross profit is ascertained through account  | 30. When trial balance shows closing stock, it is re  |
| 10 represents excess assets over liabilities  | corded only in the balancesheet (T/F)   |
| 11. Mention any two purposes of trading account   | 31. Stock at shop is debited to accounts  |
| 12. What is closing entries?  | (Stock with customer / stock in the shop)   |
| 13. What is the purpose of profit and loss account  | 32. Prepare trading account for the year ending March   |
| 14. On preparing the final accounts of sole trader,   | 31, 2010 from the following ledger accounts   |
| bad debt account has a balance of Rs. 600 and a   | Opening stock - 10000, Purchases - 99500  |
| sundry debtor's account has a balance of Rs.  | Wages - 5000 Carriage inward - 1000   |
| 21000, of which 1000 to be written off as bad   | Sales - 170000 Return inward - 5000   |
| debts. Give adjusting entries for the bad debts and<br>also show how it would appear in profit and loss   | Return outward- 8000 Sales tax paid - 15000   |
| account and balancesheet  | Freight - 500 Closing stock - 20000   |
| 15. If profit is 22000 and rate of commission is 10%  | Excise duty on goods manufactured - 2500  |
| on the profit. Calculate commission on profit   | 33. From the following details, obtained from the   |
| before charging and after charging?   | books of a trader, prepare trading, profit and loss   |
| 16. Return inwards are deducted from  | a/c for the year ending 31 March 2012.<br>Stock (1-4-2011) - 55555 wages - 12500  |
| 17. Which of the following is a direct expenses   | Discount received - 200 Purchase - 192500   |
| (a) Rent (b) Salaries   | Loss on sale of furniture - 1000  |
| (c) Interest (d) Wages  | Carriage in - 5000 Sales - 293500   |
| 18. What are contingent assets?   | Insurance - 3500 Rates and tax - 12750  |
| 19. Closing stock given in trial balanceis to be  | Carriage out - 800 Commission paid - 3500   |
| credited to trading account ( True / False)   | Bad debts- 500 Interest paid - 3500   |
| 20. Provision for doubtful debts represents the   | Depreciation - 4000 Sales return - 3500   |
| amount uncollectable (True/ False)  | Stock ( 31-3-2012) - 77777  |
| 21. Excess of credit over debit in the P/L a/c indicate   |   |
| (Net profit / Net loss)   |   |

| outstanding Rs.1000, (c) Stock of stationary in hand<br>Rs.5000Capital50000Stock13000DebtorsBank6500   | 34. Mr. Balaji commenced business with<br>Rs. 20000 on October 2010. He clow<br>on the 30th september 2011. During<br>propreitor had withdrawn Rs. 2000<br>use. In addition to the above the leas<br>showed the following balancesBills payable18000<br>Dening set<br>Manufacture<br>Carriage on purchase 2000<br>Carriage on salesBills payable18000<br>Dening set<br>Postage&set<br>DebtorsCarriage on sales4000<br>SalariesCarriage on sales4000<br>SalariesCarriage on sales4000<br>SalariesCash5000<br>SalariesDebtors35000<br>SalesDiscovert ellowed1000<br>Sales | besed the a<br>g the year<br>of for his p<br>dger acco<br>w& tools<br>ring wag<br>tock<br>tationary | 15000<br>10000<br>4000<br>3000<br>80000 | <ul><li>ing production managers' commission) is to be credited to the General manager.</li><li>36. The balancesheet of Thahir on 1.1.2009 was as follows</li></ul> |            |  |
|--|---|---|---|--|------------|--|
| (a) Closing stock Rs. 8000,(b) Manufacturing wages<br>outstanding Rs.1000, (c) Stock of stationary in hand<br>Rs.5000Expenses payable<br>Capital1500<br>StockFurniture<br>Stock3000<br>(13000)Prepare trading and profit and loss account for the<br>year ended 30th september 2011 and Balancesheet<br>as on that date.Expenses payable<br>(a) Closing stock Rs. 122009.1500<br>StockFurniture<br>(b) Control Rs. 15300. This was after allowing fo<br>the following:35. The following trial balance was form the books of<br>Basheer on 31.12.2009.During 2009, his profit and loss account revealed<br>net profit of Rs. 15300. This was after allowing fo<br>the following:Plant & machinery<br>Manufacturing wages<br>Salaries20000<br>34500<br>Salaries1860<br>Frieght on sales1140<br>1122009Freight on sales<br>Frieght on sales2140<br>Building24000<br>(i) Prepaid insurance and tax<br>Goodwill25000<br>General expenses8200<br>Factory power and fuel<br>1280<br>Sundry debtors25000<br>(i) Opening stock<br>Motor car<br>Purchases2500<br>102000<br>  |   | Insture   | 3000                                    |  |            |  |
| CapitalSound rest sound (o) fundamentaling wages<br>outstanding Rs.1000, (c) Stock of stationary in hand<br>Rs.5000CapitalSound<br>CapitalStock<br>Debtors<br>Bank1300<br>(6500Prepare trading and profit and loss account for the<br>year ended 30th september 2011 and Balancesheet<br>as on that date.During 2009, his profit and loss account revealed<br>net profit of Rs. 15300. This was after allowing for<br>the following:<br>(a) Interest on capital at 6% p.a<br>(b) Depreciation on machinery at 10% and on<br>furniture<br>Freight on purchase<br>Frieght on sales<br>Frieght on sales<br>Frieght on sales<br>Sundry debtors<br>Factory lighting<br>Opening stock<br>Motor car<br>Purchases<br>Sales return<br>Bad debts<br>Interest and bank charges<br>(Cash at bank<br>Matuk charges<br>Motor car<br>Motor car<br>Purchases<br>Motor car<br>Purch   |   | ufacturir   |   |  | 3000       |  |
| Debtors1400Rs.5000Debtors1400Prepare trading and profit and loss account for the<br>year ended 30th september 2011 and Balancesheet<br>as on that date.Debtors1400Operation of the debtors<br>as on that date.Debtors<br>Bank1400Operation of the debtors<br>as on that date.Debtors<br>Bank1400Operation of the debtors<br>Basheer on 31.12.2009.Debtors<br>Bank1400Plant & machinery<br>Manufacturing wages<br>Salaries<br>Furniture20000<br>34500Freight on purchase<br>Freight on purchase1860Frieght on sales<br>Building<br>Manufacturing expenses<br>Goodwill<br>General expenses<br>Factory lighting<br>Opening stock<br>Motor car<br>Purchases20000Goodwill<br>Sales return<br>Bad debts<br>Interest and bank charges<br>4200During 2009, his profit and loss account revealed<br>net profit of Rs. 10300. This was after allowing fo<br>the following:<br>(a) Interest on capital at 6% p.a<br>(b) Depreciation on machinery at 10% and on<br>furniture at 5%Colspan="2">(c) A provision for bad debts<br>Insurance and tax<br>Goodwill<br>Sales return<br>Bad debts1400Bad debts<br>Interest and bank charges2000<br>4200Gash at bank42003100Bank Rs. 10350;<br>5000Creditors Rs. 11400During the year<br>Sales return31003100Date matering the p   | · · · · · · · · · · · · · · · · · · ·   |   |   | 1 1 5  | 13000      |  |
| Prepare trading and profit and loss account for the<br>year ended 30th september 2011 and Balancesheet<br>as on that date.Bank $6500}{6650}$ 35. The following trial balance was form the books of<br>Basheer on 31.12.2009.During 2009, his profit and loss account revealed<br>net profit of Rs. 15300. This was after allowing fo<br>the following:<br>(a) Interest on capital at 6% p.a<br>(b) Depreciation on machinery at 10% and on<br>furniture at 5%<br>(c) A provision for bad debt at 5% of the debtors as<br>at 31.12.2009Plant & machinery<br>Manufacturing wages<br>Salaries<br>Furniture<br>Building<br>Uning<br>Building<br>Manufacturing expenses<br>Goodwill<br>General expenses<br>Factory lighting<br>Opening stock<br>Motor car<br>Purchases<br>Sundry debtors<br>Factory lighting<br>Opening stock<br>Motor car<br>Purchases<br>Sales return<br>Bad debts<br>Interest and bank charges<br>(Cash at bank<br>Kertest<br>Mank<br>Hertest and bank charges<br>Motor Cash at bankBank<br>Bank<br>(c)<br>Anufacturing expenses<br>Stock<br>Motor car<br>Purchases<br>Motor car<br>PurchasesBank<br>(c)<br>(c)<br>Aprovision for bad debt<br>(c)<br>(c) A provision for bad debt at 5% of the debtors as<br>at 31.12.2009Bad debts<br>Interest and bank charges<br>Cash at bank4200Stock Rs. 14500;<br>Hore<br>(c)<br>(c)<br>(c)<br>(c)<br>(c)<br>(c)<br>(c)<br>(c)<br>(c)<br>(c)<br>(c)<br>(c)Bad debts<br>Interest and bank charges<br>(c)1400<br>(c)<br>(c)<br>(c)1400<br>(c)<br>(c)<br>(c)Bad debts<br>(c)1400<br>(c)<br>(c)1400<br>(c)<br>(c)Bad debts<br>(c)1400<br>(c)1400<br>(c)Bad debts<br>(c)1400<br>(c)1400<br>(c)Bad debts<br>(c)1400<br>(c)1400<br>(c)Bad debts<  | e xxx   | stationary  | y III IIallu                            | 1  | 14000      |  |
| year ended 30th september 2011 and Balancesheet<br>as on that date.<br>35. The following trial balance was form the books of<br>Basheer on 31.12.2009.<br>Plant & machinery<br>Manufacturing wages<br>Salaries<br>Furniture<br>Treight on purchase<br>Frieght on sales<br>Frieght on sales<br>Frieght on sales<br>Frieght on sales<br>Sundry debtors<br>Factory power and fuel<br>Sundry debtors<br>Factory lighting<br>Sundry debtors<br>Factory lighting<br>Practory lighting<br>Salas return<br>Bad debts<br>Salaries<br>Factory lighting<br>Salas return<br>Bad debts<br>Interest and bank charges<br>Manufacturing<br>Salas return<br>Bad debts<br>Sundry debtos<br>Factory lighting<br>Salas return<br>Bad debts<br>Salas return<br>Bad math<br>Salas return<br>Bad debts<br>Salas return<br>Bad debts<br>Salas return<br>Bad math<br>Salas March 2005<br>Salas March 2005<br>Salas March 2005<br>S |   |   |   | Bank   | 6500       |  |
| as on that date.<br>35. The following trial balance was form the books of<br>Basheer on 31.12.2009.<br>Plant & machinery 20000<br>Manufacturing wages 34500<br>Salaries 15850<br>Furniture 100000<br>Freight on purchase 1860<br>Frieght on sales 2140<br>Building 24000<br>Manufacturing expenses 9500<br>Insurance and tax 4250<br>Goodwill 25000<br>General expenses 8200<br>Factory power and fuel 1280<br>Sundry debtors 78200<br>Factory lighting 9550<br>Opening stock 34200<br>Motor car 12000<br>Sales return 3100<br>Sales return 3100<br>Bad debts 102000<br>Sales return 3100<br>Bad debts 14000<br>Manufacturing stock 42200<br>Manufacturing stock 34200<br>Motor car 12000<br>Sales return 3100<br>Sales return 3100<br>Cash at bank 4200   |   |   |   | 66500  | 66500      |  |
| 35. The following trial balance was form the books of<br>Basheer on 31.12.2009.net profit of Rs. 15300. This was after allowing for<br>the following:<br>(a) Interest on capital at 6% p.a<br>(b) Depreciation on machinery at 10% and on<br>furniture at 5%<br>(c) A provision for bad debt at 5% of the debtors as<br>at 31.12.2009<br>But while preparing profit and loss account he had<br>forgotten to provide for:<br>(i) Outstanding expenses Rs. 1800<br>(ii) Prepaid insurance Rs. 200<br>His current assets and liabilities on 31.12.2009<br>But while preparing profit and loss account he had<br>forgotten to provide for:<br>(i) Outstanding expenses Rs. 1800<br>(ii) Prepaid insurance Rs. 200<br>His current assets and liabilities on 31.12.2009<br>were:<br>Stock Rs. 14500; Debtors Rs. 20000;<br>Bank Rs. 10350; Creditors Rs. 11400<br>During the year, he withdraw Rs. 6000 for<br>domestic use.9500<br>Goeneral expenses<br>Factory lighting<br>Opening stock34200<br>102000<br>Sales return950<br>3100<br>13100<br>13100<br>13100<br>13100<br>13100<br>131100<br>131100<br>131100<br>131100<br>131100<br>1311001100<br>1100<br>1100<br>1100<br>1100<br>1100<br>1100<br>1100<br>1100<br>1100<br>1100<br>1100<br>1100<br>1100<br>1100<br>1100<br>1100<br>1100<br>1100<br>1100<br>1100<br>1100<br>1100<br>1100<br>1100<br>1100<br>1100<br>1100<br>1100<br>1100<br>1100<br>1100<br>1100<br>1100<br>1100<br>1100<br>1100<br>1100<br>1100<br>1100<br>1100<br>1100<br>1100<br>1100<br>1100<br>1100<br>1100<br>1100<br>1100<br>1100<br>1100<br>1100<br>1100<br>1100<br>1100<br>1100<br>1100<br>1100<br>1100<br>1100<br>1100<br>1100<br>1100<br>1100<br>1100<br>1100<br>1100<br>1100<br>1100<br>1100<br>1100<br>1100<br>1100<br>1100<br>1100<br>1100<br>1100<br>1100<br>1100<br>1100<br>1100<br>1100<br>1100<br>1100<br>1100<br>1100<br>1100<br>1100<br>1100<br>1100<br>1100<br>1100<br>1100<br>11000   |   | nd Balan  | cesheet                                 | During 2000 his profit and loss account  | rovoolod o |  |
| Basheer on 31.12.2009.Plant & machinery20000Manufacturing wages34500Salaries15850Furniture10000Freight on purchase1860Frieght on sales2140Building24000Manufacturing expenses9500Insurance and tax4250Goodwill25000General expenses8200Factory power and fuel1280Sundry debtors78200Purchases102000Sales return3100Bad debts1400Interest and bank charges400Cash at bank4200   |   |   | 1 f                                     |  |            |  |
| Plant & machinery $20000$<br>Manufacturing wages $34500$<br>$34500$ Plant & machinery $20000$<br>Manufacturing wages $34500$<br>$15850$ Salaries $15850$<br>Furniture $10000$<br>Freight on purchaseFrieght on purchase $1860$<br>Frieght on sales $2140$<br>$24000$ Building $24000$<br>Manufacturing expenses $9500$<br>$1nsurance and tax425025000General expenses8200Factory power and fuel250001280Goodwill25000were:8200Factory lighting9509500pening stock34200102000Motor car12000Factory lighting950342001400Interest and bank charges14001400Interest and bank charges14001400Manufacturing4200420050005000$   |   | orm the b   | ooks of                                 | -  | owing ior  |  |
| Plant & machinery $20000$<br>Manufacturing wages $20000$<br>34500Manufacturing wages $34500$<br>15850(b) Depreciation on machinery at 10% and on<br>furniture at 5%Furniture $10000$<br>Freight on purchase $1860$<br>24000Frieght on sales $2140$<br>24000BuildingBuilding $24000$<br>9000But while preparing profit and loss account he had<br>forgotten to provide for:<br>(i) Outstanding expenses Rs. 1800<br>(ii) Prepaid insurance Rs. 200<br>His current assets and liabilities on $31.12.2009$<br>were:General expenses $8200$<br>Factory power and fuel<br>Sundry debtors $78200$<br>PurchasesMotor car $12000$<br>Purchases $34500$<br>( $12000$ Sales return $3100$<br>Bad debts $1400$<br>Interest and bank chargesMadebts $1400$<br>Interest and bank charges $400$<br>Cash at bank  |   | 20000   |   | -  |            |  |
| Manufacturing wages34,000Salaries15850Furniture10000Freight on purchase1860Frieght on sales2140Building24000Manufacturing expenses9500Insurance and tax4250Goodwill25000General expenses8200Factory power and fuel1280Sundry debtors78200Factory lighting950Opening stock34200Motor car12000Purchases102000Sales return3100Bad debts1400Interest and bank charges400Cash at bank4200   | •   |   |   |  | d on       |  |
| Furniture10000Freight on purchase1860Frieght on sales2140Building24000Manufacturing expenses9500Insurance and tax4250Goodwill25000General expenses8200Factory power and fuel1280Sundry debtors78200Factory lighting950Opening stock34200Motor car12000Purchases102000Sales return3100Bad debts1400Interest and bank charges400Cash at bank4200   |   |   |   |  |            |  |
| Freight on purchase1860<br>2140Frieght on sales2140Building24000Manufacturing expenses9500Insurance and tax4250Goodwill25000General expenses8200Factory power and fuel1280Sundry debtors78200Factory lighting950Opening stock34200Motor car12000Purchases102000Sales return3100Bad debts1400Interest and bank charges400Cash at bank4200   |   |   |   | (c) A provision for bad debt at 5% of the  | lebtors as |  |
| Frieght on sales2140Building24000Manufacturing expenses9500Insurance and tax4250Goodwill25000General expenses8200Factory power and fuel1280Sundry debtors78200Factory lighting950Opening stock34200Motor car12000Purchases102000Sales return3100Bad debts1400Interest and bank charges400Cash at bank4200  |   |   |   | at 31.12.2009  |            |  |
| Building24000Manufacturing expenses9500Insurance and tax4250Goodwill25000General expenses8200Factory power and fuel1280Sundry debtors78200Factory lighting950Opening stock34200Motor car12000Purchases102000Sales return3100Bad debts1400Interest and bank charges400Cash at bank4200  |   |   |   | But while preparing profit and loss account  | int he had |  |
| Manufacturing expenses9500Insurance and tax4250Goodwill25000General expenses8200Factory power and fuel1280Sundry debtors78200Factory lighting950Opening stock34200Motor car12000Purchases102000Sales return3100Bad debts1400Interest and bank charges400Cash at bank4200   | e   |   |   |  |            |  |
| Insurance and tax4250Goodwill25000General expenses8200Factory power and fuel1280Sundry debtors78200Factory lighting950Opening stock34200Motor car12000Purchases102000Sales return3100Bad debts1400Interest and bank charges400Cash at bank4200   | e   |   |   | 0 0 1  |            |  |
| Goodwill25000General expenses8200Factory power and fuel1280Sundry debtors78200Factory lighting950Opening stock34200Motor car12000Purchases102000Sales return3100Bad debts1400Interest and bank charges400Cash at bank4200  | 0 1   |   |   |  |            |  |
| General expenses8200Factory power and fuel1280Sundry debtors78200Factory lighting950Opening stock34200Motor car12000Purchases102000Sales return3100Bad debts1400Interest and bank charges400Cash at bank4200   | Goodwill  | 25000   |   |  |            |  |
| Factory power and fuel1280Sundry debtors78200Sundry debtors78200Factory lighting950Opening stock34200Motor car12000Purchases102000Sales return3100Bad debts1400Interest and bank charges400Cash at bank4200  | General expenses  | 8200  |   |  | NO.        |  |
| Sundry debtors78200Factory lighting950Opening stock34200Motor car12000Purchases102000Sales return3100Bad debts1400Interest and bank charges400Cash at bank4200   | _   | 1280  |   | -  | -          |  |
| Practory ngining950Opening stock34200Motor car12000Purchases102000Sales return3100Bad debts1400Interest and bank charges400Cash at bank4200  | Sundry debtors  | 78200   |   | ,  |            |  |
| Opening stock34200Motor car12000Purchases102000Sales return3100Bad debts1400Interest and bank charges400Cash at bank4200   | Factory lighting  | 950   |   |  |            |  |
| Notor cal12000Purchases102000Sales return3100Bad debts1400Interest and bank charges400Cash at bank4200   |   |   |   |  |            |  |
| Purchases102000Sales return3100Bad debts1400Interest and bank charges400Cash at bank4200   |   |   |   |  |            |  |
| Sales fetulit3100Bad debts1400Interest and bank charges400Cash at bank4200   |   |   |   |  | inta as on |  |
| Bad debts1400Interest and bank charges400Cash at bank4200  |   |   |   |  |            |  |
| Cash at bank4200Goodwill5000   |   |   |   |  |            |  |
|  | -   |   |   | e e  |            |  |
| $1 + 3x^{1} + 0.00x^{1}$   |   |   |   |  |            |  |
| Capital 80000 Purchases 82750  |   | 1120  | 80000                                   | 1 0  |            |  |
| Creditors 44560 Wages and salaries 6500  |   |   |   |  |            |  |
| Bank loan15000Coal and power3500   |   |   |   | 8  |            |  |
| Purchase return 1740 Machinery 25000   |   |   |   | 1  |            |  |
| Sales 250850 Freight 1500  |   |   |   |  |            |  |
| Reserve for bad debt2000Royalties2500  |   |   |   | -  | 00         |  |

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| Management expenses<br>Bad debts              | 14500<br>4800 |             |
|---|---------------|-------------|
| Drawings                                      | 6000          |             |
| Debtors<br>Cash                               | 31000<br>2500 |             |
| Capital                                       | 2300          | 96800       |
| Sales   |               | 125000      |
| Provision for bad debts<br>Bad debt recovered |               | 1400<br>600 |
| Creditors                                     |               | 14000       |
|   | 237800        | 237800      |

Adjustments:

(a) Closing stock Rs. 8500

(b) Write off Rs. 1000 as bad debts

(c) Provide 5% on debtors for bad debts

(d) Royalties outstanding amounts to Rs. 500

Prepare trading and profit and loss account and Balancesheet as on that date.

38. From the following trial balance of Vivek as on 31st March 2006, prepare trading and profit and loss account and balance sheet

| Purchases                    | 220000 |        |
|------------------------------|--------|--------|
| Stock as on 31.03.2006       | 30000  |        |
| Goods sent as gratis         | 3000   |        |
| Freight and duty             | 12000  |        |
| Sales                        |        | 330000 |
| Debtors & Creditors          | 32000  | 20000  |
| Drawings                     | 8000   |        |
| Interest on capital          | 2000   |        |
| Advertisement                | 5000   |        |
| Goodwill                     | 10000  |        |
| Travelling expenses          | 300    |        |
| Bank overdraft               |        | 3250   |
| Horses and carts             | 2600   |        |
| Bills receivable and Payable | 1200   | 2100   |
| Depreciation on furniture    | 150    |        |
| Interest on overdraft        | 200    |        |
| Furniture                    | 5500   |        |
| Office expenses              | 1500   |        |
| Plant and machinery          | 61900  |        |
| Capital                      |        | 40000  |

Additional information:

- (a) The closing stock is found undervalued by Rs. 2000
- (b) Goods sent as gratis to be recorded amount to Rs. 500
- (c) Bad debt to be written off amounts to Rs.2000 and a provision of 5% is required for doubtful debts

- (d) Closing stock includes goods of the cost of Rs.
   3000 bought on 29th March 2006, for which invoice is not received and hence not recorded in the day book
- (f) 10% of the net profit to be carried to general reserve
- 39.Following is the trial balance of Anil traders as on 31st December 2011

| 31st December 2011     |        |        |
|------------------------|--------|--------|
| Drawings               | 12000  |        |
| Sundry debtors         | 70000  |        |
| Cash on hand           | 3000   |        |
| Interest               | 2000   |        |
| Stock                  | 40000  |        |
| Cash at bank           | 9000   |        |
| Bad debts              | 4000   |        |
| Land                   | 90000  |        |
| Sales return           | 7000   |        |
| Purchases              | 120000 |        |
| Carriage inward        | 2000   |        |
| Carriage outward       | 3000   |        |
| Insurance              | 18500  |        |
| Advertisement          | 11000  |        |
| Wages                  | 10000  |        |
| Bills receivable       | 11500  |        |
| Capital                |        | 100000 |
| Creditors              |        | 80000  |
| Loan                   |        | 45000  |
| Sales                  |        | 160000 |
| Purchase return        |        | 8000   |
| Discount               |        | 2000   |
| Bills payable          |        | 10000  |
| Rent received          |        | 3000   |
| Provision for bad debt |        | 5000   |
|                        | 413000 | 413000 |

Additional information:

- (a) Closing stock on 31.03.2011 Rs. 60000
- (b) Prepaid insurance amounted for Rs. 500
- (c) Depreciate land at 5% p.a.
- (d) Bad debt provision is to be increased by Rs. 1000
- (e) Provide for the managers commission at 5% on the net profit after charging such commissions

Prepare trading and profit and loss account for the year ended 31.03.2011 and a balance sheet as on that date.