

FINAL ACCOUNTS OF SOLE TRADER

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

34. Mr. Balaji commenced business with a capital of Rs. 20000 on October 2010. He closed the account on the 30th september 2011. During the year the propreitor had withdrawn Rs. 2000 for his personal use. In addition to the above the ledger accounts showed the following balances

Bills payable	18000	Machinery& tools	15000
Carriage on purchase	2000	Manufacturing wages	9000
Carriage on sales	4000	Opening stock	10000
Cash	5000	Postage&stationary	4000
Commission earned	2000	Purchases	50000
Creditors	25000	Salaries	3000
Debtors	35000	Sales	80000
Discount allowed	1000	Furniture & fixture	5000

Additional information

(a) Closing stock Rs. 8000,(b) Manufacturing wages outstanding Rs.1000, (c) Stock of stationary in hand Rs.5000

Prepare trading and profit and loss account for the year ended 30th september 2011 and Balancesheet as on that date.

35. The following trial balance was form the books of Basheer on 31.12.2009.

Plant & machinery	20000	
Manufacturing wages	34500	
Salaries	15850	
Furniture	10000	
Freight on purchase	1860	
Frieght on sales	2140	
Building	24000	
Manufacturing expenses	9500	
Insurance and tax	4250	
Goodwill	25000	
General expenses	8200	
Factory power and fuel	1280	
Sundry debtors	78200	
Factory lighting	950	
Opening stock	34200	
Motor car	12000	
Purchases	102000	
Sales return	3100	
Bad debts	1400	
Interest and bank charges	400	
Cash at bank	4200	
Cash in hand	1120	
Capital		80000
Creditors		44560
Bank loan		15000
Purchase return		1740
Sales		250850
Reserve for bad debt		2000

Prepare final accounts taking in to consideration the following

- Stock on 31.12.2009 was Rs. 30500
- Depreciation on Plant & machinery by 10%, Furniture by 5%, Motor car by Rs. 1000
- Bring provision for bad debts to 5% on debtors
- A commission of 1% of the gross profit is to be provided to production manager
- A commission of 2% on net profit(after charging production managers' commission) is to be credited to the General manager.

36. The balancesheet of Thahir on 1.1.2009 was as follows

	Rs		Rs
Creditors	15000	Plant & machinery	30000
Expenses payable	1500	Furniture	3000
Capital	50000	Stock	13000
		Debtors	14000
		Bank	6500
	66500		66500

During 2009, his profit and loss account revealed a net profit of Rs. 15300. This was after allowing for the following:

- Interest on capital at 6% p.a
- Depreciation on machinery at 10% and on furniture at 5%
- A provision for bad debt at 5% of the debtors as at 31.12.2009

But while preparing profit and loss account he had forgotten to provide for:

- Outstanding expenses Rs. 1800
- Prepaid insurance Rs. 200

His current assets and liabilities on 31.12.2009 were:

Stock Rs. 14500; Debtors Rs. 20000;
Bank Rs. 10350; Creditors Rs. 11400

During the year, he withdraw Rs. 6000 for domestic use.

Draw up his profit and loss a/c and Balancesheet at the end of the year

37. The following is the trial balance of Gupta as on 31st March 2005

Land and building	35000	
Goodwill	5000	
Opening stock	17250	
Purchases	82750	
Wages and salaries	6500	
Coal and power	3500	
Machinery	25000	
Freight	1500	
Royalties	2500	

Management expenses	14500	
Bad debts	4800	
Drawings	6000	
Debtors	31000	
Cash	2500	
Capital		96800
Sales		125000
Provision for bad debts		1400
Bad debt recovered		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

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.