



SYJC - FEB' 18
PRELIMINARY PAPER
ACCOUNTS

(Hours 3)
Marks 80)

Q.1) Attempt any three of the following sub –questions:

[15]

(A) Answer the following in 'one' sentence each:

[5]

1. What is 'bad debt' ?
2. In what proportion is general reserve distributed among old partners ?
3. Which account is debited on payment of dissolution expenses'?
4. Who is a drawer?
5. What is 'statement of affairs'.

(B) Write a word / term / phrase which can substitute each of the following Statements:

[5]

1. Excess of income over expenditure of a 'not for profit' concern.
2. Winding up of partnership business.
3. Encashment of the bill before its due date.
4. A system of accounting which is unscientific:
5. A bill drawn in India and made payable in Japan.

(C) Select the most appropriate answer from the alternatives given below and the Sentences:

[5]

1. The gross profit is transferred to account.
(a) trading (b) profit and loss (c) capital (d) current.
2. A, B and C are partners sharing profit in the ratio of 5 : 3 : 2. If B retires, then the ratio will be .
(a) 5 : 2 (b) 5 : 3 (c) 3 : 2 (d) 1 : 1
3. If shares are issued at their face value, it is called as issued at .
(a) premium. (b) discount (c) par (d) none of these
4. The bill drawn on 12th June, 2013 at two months, would be payable on : ____
(a) 12th August, 2013 (b) 14th August, 2013
(c) 15th August, 2013 (d) 16th August, 2013
5. From financial statement analysis, the creditors are interested to know .
(a) liquidity (b) profit (c) sale' (d) share' capital

(D) State whether the following statements are True or False:

[5]

1. Closing stock is always valued at market price.
2. Receipts and payments account is a real account.
3. Shares are issued for cash only.
4. A bill of exchange can be endorsed only once.

5. Financial statements include only balance sheet.

(E) Prepare a bill of exchange from the following details :

[5]

Drawer	:	Krishna Hake, 104, Mondha Road, Ambajogai.
Drawee	:	Rahul Kukare. Sister Colony. Chandrapur.
Payee	:	Rajvardhan Patil. Nashik.
Amount of bill	:	Rs. 15,555/-
Period of bill	:	90 days
Date of bill	:	23rd August 2013
Date of acceptance	:	25th August, 2013

Answer :

(A)

1. The debt or its part which is irrecoverable. from debtor is called bad debt. It is debited to Profit and Loss account.
2. General reserve is distributed among old partners in their old profit sharing ratio.
3. Realisation account is debited on payment of dissolution expenses.
4. Drawer is a person who makes or draws the bill. He is a creditor.
5. Statement of affairs is a statement which is prepared under the single entry system on the basis of estimated balances of various assets and liabilities.

(B)

1. Surplus
2. Dissolution of partnership firm
3. Discounting of Bill
4. Single Entry System '
5. Foreign bill

(C)

1. (b) Profit and loss
2. (a) 5 : 2
3. (c) Par
4. (b) 14th August, 2013
5. (a) Liquidity:

(D)

1. False
2. True
3. False
4. False
5. False

(E)

BILL OF EXCHANGE

Krishna Hake,
104, Mondha Road,
Ambajogai
Date : 23rd August, 2013.

Stamp

Rs. 15,555/-

Ninety days after date, pay to Rajvardhan Patil or his order, a sum of rupees fifteen thousand five hundred fifty five only for the value received.

To,
Rahul Kukare,
'Sister Colony,
Chandrapur.

Accepted
Sd/-
(Shri Rahul Kukare)
Date : 25th August, 2013

Sd /-
(Shri Krishna Hake)

Q.2) Shri Rajesh keeps his books by single' entry method. Following are the details of his business:

[8]

Particulars	01.04.2012 Amount (Rs.)	31.03.2013 Amount (Rs.)
Cash in hand	10,000	16,000
Cash at bank	20,000	36,000
Stock	16,000	24,000
Furniture	18,000	18,000
Plant and Machinery	60,000	90,000
Creditors	15,000	18,000
Debtors	24,000	30,000

During the year Shri Rajesh has withdrawn Rs. 10,000 for his private purpose and taken goods of Rs. 2,000 for household use. On 1st October 2012, he sold his household furniture for Rs. 2,000 and deposited the same amount in the business bank account.

Provide depreciation on machinery at 10% p.a. (assuming additions were made on 1st October, 2012) and furniture at 5% p.a.

Prepare : Opening and Closing statement of affairs and statement of profit or loss for the year ended 31st March, 2013.

OR

A. State any four limitations of analysis of financial statements.

B. Explain Return on Investment (ROI)

Answer :

Liabilities	01.04.2012 (Rs.)	31.03.2013 (Rs.)	Assets	01.04.2012 (Rs.)	31.03.2013 (Rs.)
Creditors	15,000	18,000	Cash in hand	10,000	16,000
Capital (Bal. Fig)	1,33,000	196,000	Cash at Bank	20,000	36,000
			Stock	16,000	24,000
			Furniture	18,000	18,000
			Plant & Machinery	60,000	90,000
			Debtors	24,000	30,000
	148,000	214,000		148,000	214,000

Statement of Profit and Loss for the year ended 31.03.2013

Particulars	Amount Rs.	Amount Rs.
Capital as on 31.03.2013		1,96,000
Add : Drawings made during the year :	10,000	
Cash Withdrawn for private purpose	<u>2,000</u>	12,000
Goods taken for household use		2,08,000
Less: Additional Capital		<u>2,000</u>
		2,06,000
Less : Opening Capital		<u>1,33,000</u>
		73,000
Less : Depreciate on :		
Plant & Machinery		
60,000 x 10%	6,000	
30,000 x $\frac{10}{100}$ x $\frac{6}{12}$	<u>1,500</u>	7,500
Furniture @ 5%	900	<u>8400</u>
Net Profit		64,600

OR

(A) Financial statements give the operating result and show financial position of business. [4]

Limitations:

Following are the limitations of analysis of financial statements :

1. It is historical information: The information supplied by financial statements are historical one because, it is prepared on the basis of historical cost and book values of assets. It never considers the changes in price levels.

2. Incomplete information: The financial statements are just study of interim reports. It totally based on accounting principles, concepts and conventions i.e. assets shown in balance sheet are on the basis of going concern concepts. But they may not realize the stated values, profit & loss account of concerns. Depreciation, provision for bad and doubtful debts are based on estimates.

3. Qualitative information is ignored : In financial statements only monetary aspects are measured. Non-monetary aspects such as harmony, efficiency of management, competition, etc. are ignored. Actually it is important for achievement of business.

4. It is only the tool but not the remedy : Analysis of financial statement is the tool to measure the solvency, profitability, financial strength etc. It does not give any solution to overcome the drawbacks of business.

(B)

Return on investment reflects the overall profitability of the business. This ratio measures in relationship between net profit before tax and interest and capital invested.

Capital invested means Equity Share Capital + Preference Share Capital + Reserve and Surplus + Debenture. Capital + Other Long-term Loan.

Sometimes capital invested means, Fixed Assets + Current Assets - Current Liabilities.

$$\text{Return On Investment} = \frac{\text{Profit Before Interest , Tax and Dividend}}{\text{Capital Employed}} \times 100$$

It measure overall efficiency and borrowing policy of business. It indicates the ability of company to generate the profit for per rupee of capital employed.

Q.3)

Ram and Krishna were partners sharing profits and losses in the proportion of 2/3 and 1/3 respectively. Their balance sheet is as follows: **[10]**

Balance Sheet as on 31st March , 2013

Liabilities	Amount Rs.	Amount Rs.	Assets	Amount Rs.	Amount Rs.
Capital A/c			Building		1,00,000
Ram	96,000		Furniture		30,000
Krishna	<u>64,000</u>	1,60,000	Sundry debtors	63,000	
General reserve		18,000	Less : R.D.D.	<u>(3,000)</u>	60,000
Profit & Loss A/c		6,000	Stock		84,000
Sundry creditors		80,000	Cash		16,000
Ram's loan		26,000			
		2,90,000			2,90,000

On 1st April 2013, Hari is admitted in the partnership on the following terms:

- (1) Hari should bring in cash (48,000 as capital for 1/5 share in future profit .
- (2) Goodwill was raised in the books of the firm for 18,000.
- (3) Building is revalued at 1,12,000 and the value of stock to be reduced by 6,000.
- (4) Reserve for doubtful debts be maintained at 1,800.
- (5) Ram's loan is to be repaid.

Prepare: Revaluation account, Capital accounts of partners and Balance sheet of the new firm.

OR

Following is the balance sheet of the firm of Sonu, Monu and Piyu who share profits and losses in the ratio of their capital :

Balance Sheet as on 31st March, 2013

Liabilities	Amount (Rs.)	Assets	Amount (Rs.)
Capital A/c		Plant & Machinery	20,000
Sonu A/c	50,000	Land & Building	55,000
Monu A/c	20,000	Stock	12,000
Piyu A/c	30,000	Debtors	12,000
Creditors	15,000	Less : R.D.D.	<u>(1,000)</u>
		Cash	17,000
	1,15,000		1,15,000

Piyu retires from the business on 31st March, 2013 and the following adjustments were agreed:

- (1) The stock is to be valued at 92% of its book value.
- (2) R. D. D. is to be maintained at 10% on debtors.
- (3) The value of land and building is to be appreciated by 20%.
- (4) The goodwill of the firm be fixed at 12,000.

Piyu's share in the same be adjusted in the account of continuing partners in gain ratio.

- (5) The entire capital of the new firm be fixed at Rs.1,60,000 between Sonu and Monu in their new profit sharing ratio which is fixed at 3 : 1 by making adjustment for difference in cash and amount payable to Piyu paid in cash.

Prepare: Profit and loss adjustment account, Partners' capital account and Balance sheet after retirement of Piyu.

Ans :

Dr.		Revaluation A/c		Cr.	
Particulars		Amount (Rs.)	Particulars		Amount (Rs.)
To Stock A/c		6,000	By Building A/c		12,000
To Profit :			By R.D.D. A/c		1,200
Ram	4,800				
Krishna	<u>2,400</u>	7,200			
		13,200			13,200

Dr.				Partner's Capital A/c			Cr.
Particulars	Ram	Krishna	Hari	Particulars	Ram	Krishna	Hari
To Bal. c/d	1,28,800	80,400	48,000	By Bal. b/d	96,000	64,000	-
				By General Reserve A/c	12,000	6,000	-
				By P & L A/c	4,000	2,000	-
				By Cash A/c	-	-	48,000
				By Goodwill A/c	12,000	6,000	-
				By Revaluation A/c (Profit)	4,800	2,400	-
	1,28,000	80,400	48,000		1,28,000	80,400	48,000

Balance sheet as on 31st March, 2013

Liabilities	Amount (Rs.)	Assets	Amount (Rs.)
Capital A/c		Goodwill	18,000
Ram 128,800		Building	112,000
Krishna 80,400		Furniture	30,000
Hari <u>48,000</u>	257,200	Debtors 63,000	
		Less :R.D.D. (1,800)	61,200
		Stock	78,000
		Cash	38,000
	337,200		337,200

Working Notes :

Dr.		Cash A/c		Cr.	
Particulars	Amount (Rs.)	Particulars	Amount (Rs.)		
To Stock A/c	6,000	By Building A/c	12,000		
To Profit :		By R.D.D. A/c	1,200		
Ram 4,800					
Krishna <u>2,400</u>	7,200				
	13,200				13,200

OR

Dr.		Profit & Loss Adjustment A/c		Cr.	
Particulars	Amount (Rs.)	Particulars	Amount (Rs.)		
To Stock A/c	960	By Land & Building A/c	11,000		
To R.D.D. A/c	200				
To Profit :					
Sonu 4,920					
Monu 1,968					
Piya <u>2,952</u>	9,840				
	13,200				13,200

Dr.				Partner's Capital A/c				Cr.			
Particulars	Sonu	Monu	Piya	Particulars	Sonu	Monu	Piya				
To Goodwill A/c [5:1]	3,000	600	-	By Bal. b/d	50,000	20,000	30,000				
To Cash A/c	-	-	36,552	By Goodwill A/c	-	-	3,600				
To Bal. c/d	120,000	40,000	-	By P & L adj. A/c	4,920	1,968	2,952				
				By Cash A/c	68,080	18,632	-				
	123,000	40,600	36,552		123,000	40,600	36,552				

Balance sheet as on 31st March, 2013

Liabilities	Amount (Rs.)	Assets	Amount (Rs.)
Capital A/c		Plant & Machinery	20,000
Sonu 120,000		Land & Building	66,000

Monu	<u>40,000</u>	160,000	Stock	11,040
			Debtors	12,000
Sundry creditors		15,000	Less :R.D.D.	<u>(1,200)</u>
			Cash	67,160
		175,000		175,000

Working Notes :

1).

Dr.

Cash A/c

Cr.

Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
To bal. b/d	17,000	By Piyu's Capital A/c	36,552
To Sonu's Capital A/c	68,080	By Bal. c/d	67,160
To Monu's Capital A/c	18,632		
	103,712		103,712

2) Goodwill of Ritu = $12,000 \times \frac{3}{10}$ = Rs. 3,600

Goodwill written off:

Sonu = $3,600 \times \frac{5}{6}$ = Rs. 3,000

Monu = $3,600 \times$ = Rs. 600

3)

Gain Ratio = New Ratio - Old Ratio

Sonu = $\frac{3}{4}$ - $\frac{5}{10}$ = $\frac{10}{40}$

Monu = $\frac{1}{4}$ - $\frac{2}{10}$ = $\frac{2}{40}$

∴ Gain Ratio = 10: 2 = **5: 1**

Q.4) Sukhdev sold goods to Namdev worth Rs. 30,000 on 1st March 2013. Namdev accepted a bill for three months, drawn by Sukhdev on 1st March 2013. **[10]**

Namdev requested on 21st May 2013 to Sukhdev to receive Rs. 10,000 and to draw a new bill for the balance for two months.

Sukhdev agreed on condition that interest at 12% p.a. for two months is to be provided.

Sukhdev then drew a new bill for balance amount plus interest at 12% p.a. for two months.

Namdev accepted the new bill.

On due date the new bill was honoured.

Give journal entries in the books of Sukhdev

Ans :

Date	Particulars	L.F	Dr. (Rs.)	Cr. (Rs.)
1.3.13	Namdev's A/c Dr. To Sales A/c (Being goods sold on credit)		30,000	30,000
1.3.13	Bills Receivable Alc Dr. To Namdev's (Being bills receivable accepted by Namdev for two months)		30,000	30,000
21.5.13	Namdev's Azc Dr.		30,000	

	To Bills Receivable (Being bill dishonoured due to renewal of bill)			30,000
21.5.13	Cash A/c Dr. 10,000 To Namdev's A/c 10,000 (Being part payment of bill by Namdev)		10,000	10,000
21.5.13	Namdev's A/c Dr. To Interest A/c (Being interest receivable by Namdev for 2 months @ 12% p.a.)		400	400
21.5.13	Bills Receivable A/c Dr. To Namdev's A/c (Being new bill accepted by Namdev)		20,400	20,400
24.7.13	Cash A/c Dr. To Bills Receivable A/c (Being bill honoured on due date)		20,400	20,400
	Total		141,200	141,200

Q.5) Jay, Ajay and Vijay were partners sharing profits and losses in the proportion of 2 : 2 : 1. Following is their balance sheet as on 31.03.2013. [10]

Balance Sheet as on 31st March, 2013

Liabilities	Amount (Rs.)	Assets	Amount (Rs.)
Capital A/c		Machinery	50,000
Jay	60,000	Stock	20,000
Ajay	20,000	Debtors	55,000
Vijay	20,000	Less : R.D.D.	<u>(3,000)</u>
General Reserve	6,000	Investments	24,000
Creditors	40,000	Profit and Loss A/c	18,000
Jay's loan A/c	8,000	Bank	4,000
Bills Payable	14,000		
	168,000		168,000

On the above date the partners decided to dissolve the firm.

(1) Assets were realised as-

Machinery Rs. 45,000, Stock Rs.18,000, Investment Rs.21,000, Debtors Rs.45,000.

(2) Dissolution expenses were Rs.3,000:

(3) Goodwill of the firm realised Rs.24,000.

Prepare:

(1) Realisation account.

(2) Partners' capital account

(3) Bank account

Ans :

Dr.	Realisation A/c				Cr.
Particulars	Amount Rs.	Amount Rs.	Particulars	Amount Rs.	Amount Rs.
To Assets :			By R.D.D.		3,000

Machinery	50,000		By Creditors		40,000
Stock	20,000		By Bills Payable		14,000
Debtors	55,000		By Bank A/c :		
Investment	<u>24,000</u>	149,000	Machinery	45,000	
To Bank A/c (Exp.)		3,000	Stock	18,000	
To Bank A/c :	40,000		Investment	21,000	
Creditors	<u>14,000</u>	54,000	Debtors	45,000	
Bills Payable			Goodwill	<u>24,000</u>	153,000
To Partner's Cap. A/c					
Jay	1,600				
Ajay	1,600				
Vijay	<u>800</u>	4,000			
		210,000			210,000

Dr. Partner's Capital A/c				Cr.			
Particulars	Jay	Ajay	Vijay	Particulars	Jay	Ajay	Vijay
To P & L A/c	7,200	7,200	3,600	By Bal. b/d	60,000	20,000	20,000
To Bank A/c (bal. figure)	56,800	16,800	18,400	By General Reserve A/c	2,400	2,400	1,200
				By Realisation A/c (Profit)	1,600	1,600	800
	123,000	40,600	36,552		123,000	40,600	36,552

Dr. Bank A/c		Cr.	
Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
To bal. b/d	4,000	By Realisation A/c	3,000
To Realisation A/c	153,000	By Realisation A/c	54,000
		By Jay's Loan A/c	8,000
		By Jay's Capital A/c	56,800
		By Ajay's Cap. A/c	16,800
		By Vijay's Cap. A/c	18,400
	157,000		157,000

Working Notes :

Dr. Jay's Loan A/c		Cr.	
Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
To Bank A/c	8,000	By Bal. b/d	8,000
	8,000		8,000

OR

Yogeshwari Co. Ltd., Ambajogai made an issue of 20,000 equity shares of (20 each, payable as follows :

Application Rs.5 per share,

Allotment Rs. 10 per share,

First call Rs.3 per share,

Second and final call Rs.2 per share.

The company received applications for 25,000 shares of which application for 5,000 shares were rejected and money refunded

All the shareholders paid upto second and final call, except Dhiraj, the allottee of 2 V shares who failed to pay the final call.

Pass journal entries in the books of Yogeshwari Co. Ltd., Ambajogai.

Ans :

Date	Particulars	L.F	Dr. (Rs.)	Cr. (Rs.)
	Bank A/c Dr. To Equity Share Application A/c (Being share application money received)		125,000	125,000
	Equity Share Application A/c Dr. To Bank A/c To Equity Share Capital A/c (Being application money transferred to share capital & excess money refunded with application)		125,000	25,000 100,000
	Equity Share Allotment A/c Dr. To Equity Share Capital A/c (Being allotment money due)		200,000	200,000
	Bank A/c Dr. To Equity Share Allotment A/c (Being share allotment received)		200,000	200,000
	Equity Share First Call A/c Dr. To Equity Share Capital A/c (Being share first call money due)		60,000	60,000
	Bank A/c Dr. To Equity Share First Call A/c (Being share first call money received)		60,000	60,000
	Equity Share Second & Final Call A/c Dr. To Equity Share Capital A/c (Being share second & final call money due)		40,000	40,000
	Bank A/c Dr. To Equity Share Second & final Call A/c (Being share second and final call money received)		39,600	39,600
	Calls in Arrears A/c Dr. To Equity Share Second & Final Call A/c (Being unpaid amount transferred to calls in arras A/c)		400	400

Q.6) Following is the Balance Sheet as on 1.4.2012 and receipts and payments account of Mahakavi Kalidas Library, Nashik. **[12]**

Balance Sheet as on 01.04.2012

Liabilities	Amount (Rs.)	Assets	Amount (Rs.)
Capital Fund	690,000	Furniture	72,500
Expenses due	7,000	Books	551,000
		Investments in securities	50,000
		Cash in hand	8,500
		Cash in Bank	15,000
	697,000		697,000

Dr. Receipt and Payment A/c for the year ending 31.03.2013

Cr.

Receipts	Amount (Rs.)	Payments	Amount (Rs.)
To Balance bid		By Electricity charges	6,980
Cash in hand	8,500	By Postage and telegram	6,100
Cash in bank	15,000	By Purchase of books	80,000
To Members' subscriptions	180,000	By Payment of expenses due	7,000
To Entrance fees	25,000	By Sundry expenses	10,500
To Sales of old newspapers	1,500	By Investment in securities	100,000
To Hire of lecture hall	18,000	By Furniture	28,000
To Interest on securities	4,000	By Balance c/d	
		Cash in hand	6,420
		Cash in bank	7,000
	252,000		252,000

Adjustments:

- (1) During the current year, furniture was purchased on 1.10.2012. Depreciate furniture @ 10% p.a.
- (2) Depreciate books by Rs. 1,00,000.
- (3) Membership subscription received during the year includes Rs. 15,000, for the year 2013-14 and Rs. 7,500, are outstanding for current year.
- (4) Capitalise half (1/2) of the entrance fees.

Prepare:

Income and Expenditure account for the year ended 31st March, 2013 and Balance Sheet as on 31st March, 2013

Ans :

Dr. Income & Expenditure A/c for the year ended 31.03.2013

Cr.

Particulars	Amount Rs.	Amount Rs.	Particulars	Amount Rs.	Amount Rs.
To Electricity Charges		6,980	By Member's Subscription	180,000	
To Postage & Telegram.		6,100	Less: Received for next Yr.	<u>(15,000)</u>	
To Sundry Expenses		10,500		165,000	
To Depreciation on :			Add : O/s for current Yr.	<u>7,500</u>	172,500
Furniture	8,650		By Entrance Fees	25,000	
Books	<u>100,000</u>	108,650	Less : Capitalised	<u>(12,500)</u>	12,500

To Excess of Income Over Expenditure (Surplus)		76,270	By Sale of Old Newspaper		1,500
			By Hire of Lecture Hall		18,000
			By Interest on Securities		4,000
		208,500			208,500

Balance Sheet as on 31-03-2013

Liabilities	Amount Rs.	Amount Rs.	Assets	Amount Rs.	Amount Rs.
Capital Fund	690,000		Furniture	72,500	
Add: Entrance Fees	<u>12,500</u>		Add : Purchases	<u>28,000</u>	
	702,500			100,500	
Add : Surplus	<u>76,270</u>	778,770	Less: Depreciation	<u>(8,650)</u>	91,850
Advance Subscription		15,000	Books	551,000	
			Add : Purchases	<u>80,000</u>	
				631,000	
			Less : Depreciation	<u>(100,000)</u>	531,000
			Investment in Securities	50,000	
			Add : Purchases	<u>100,000</u>	150,000
			Cash in Hand		6,420
			Cash at Bank		7,000
			Outstanding Subscription		7,500
		793,770			793,770

Working Note :

Depreciation on Furniture :

$$72,500 \times 10/100 = 7,250$$

Depreciation for 6 months

$$7,250 \times 6/12 = 3,625$$

8,650

Q.7) Satish and Pradeep are partners in a partnership firm, sharing Profits and Losses equally. [15]
From the following Trial balance and Adjustments given below you are required to prepare Trading, and Profit and Loss Account for the year ended 31st March, 2013 and Balance Sheet as on that date.

Trial Balance as on 31.03.2013

Debit balances	Amount (Rs.)	Credit Balance	Amount (Rs.)
Purchases	220,000	Partners' capital	
Sundry debtors	45,000	Satish	120,000
Discount	4,000	Pradeep	90,000
Opening stock	25,000	Sales	430,000
Wages and salaries	23,000	Sundry creditors	85,000
Manufacturing expenses	25,500	Discount	3,500
Factory building	175,000		
Plant and machinery	75,000		

Advertisement . (for 2 years w.e.f 01.01.2013)	10,000		
Salary and wages	45,000		
Cash in hand	15,000		
10% Govt. Bonds (Purchased on 01.07.2012)	60,000		
Warehouse rent	6,000		
	728,500		728,500

Adjustments :

- (1) Closing stock was valued at market price at Rs. 92,000, which is 15% above its cost price.
- (2) Depreciate machinery at 10% p.a.
- (3) Outstanding wages were Rs. 2,500.
- (4) Maintain R.D.D. at 5% on sundry debtors.

Dr. Trading and Profit & Loss A/c for the year ended 31-03-2013 Cr.

Particulars	Amount Rs.	Amount Rs.	Particulars	Amount Rs.	Amount Rs.
To Opening Stock		25,000	By Sales		430,000
To Purchases		220,000	By Closing Stock		80,000
To Wages & Salaries	23,500				
Add : O/s	<u>2,500</u>	25,500			
To Manufacturing Exp.		25,500			
To. Gross Profit c/d		214,000			
		510,000			510,000
Particulars	Amount Rs.	Amount Rs.	Particulars	Amount Rs.	Amount Rs.
To Discount		4,000	By Gross Profit b/d		214,000
To Advertisement	10,000		By Discount		3,500
Less. Advance	<u>(8,750)</u>	1,250	By O/s Interest on Bonds		4,500
To Salary and Wages		45,000			
To Depreciation on Machinery		7,500			
To R.D.D		2,250			
To Warehouse Rent		6,000			
To Net Profit :					
Satish	78,000				
Pradeep	<u>78,000</u>	156,000			
		222,000			222,000

Balance Sheet as on 31-03-2013

Liabilities	Amount Rs.	Amount Rs.	Assets	Amount Rs.	Amount Rs.
Capital :			Factory Building		175,000
Satish	120,000		Plant & Machinery	75,000	
Add : Profit	<u>78,000</u>	198,000	Less : Depreciation	<u>(7,500)</u>	67,500
Pradeep	90,000		Sundry Debtors	45,000	