

<p>Marks: 30</p>	<p>FYJC</p> <p>Subject: Book keeping & Accountancy</p> <p>Topic – Final Account & Single Entry (Solution)</p>
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Q.1. Prem's books of accounts showed the following balances as on 31.03.2019: -

(15 Marks)

TRIAL BALANCE AS ON 31ST MARCH, 2019

PARTICULARS	DEBIT	PARTICULARS	CREDIT
Opening stock	11,200	Sales	1,50,500
Debtors	15,000	Returns outwards	1,100
Purchases	75,200	Creditors	13,600
Salaries	5,000	Reserve for bad debts	750
Cash at bank	2,200	Prem's capital	1,20,000
Bills receivable	6,500	Loan @ 10% from Kiran on 1.10.18	8,000
Sales returns	1,300	Commission received	4,000
Plant and machinery	54,000		
Conveyance	1,000		
Sundry expenses	1,750		
Insurance	500		
Rent, rates and taxes	300		
Bad debts	2,000		
Office premises	80,000		
Wages	12,000		
Discount	1,000		
12% Investments on 01.01.19	20,000		
Drawings	9,000		
	2,97,950		2,97,950

Adjustments: -

1. Closing stock Cost Price was Rs. 24000 where as Market Price was Rs. 28000.
2. Wages and salaries unpaid Rs. 2000 and Rs. 500 respectively.
3. Insurance was prepaid to the extent of 25%
4. Goods lost by fire Rs. 5,000. Insurance Co agreed to a claim of 60%.
5. Write off Rs. 200 bad debts, provide 5% as reserve for bad and doubtful debts @ 2% RFDD
6. Depreciate plant and machinery by 10%
7. Interest on capital to be charged @ 5%.

You are required to prepare Trading and Profit/loss for the year ended 31.03.19 and a balance sheet as on that date.

Ans.

**IN THE BOOKS OF PREM
TRADING AND PROFIT/LOSS ACCOUNT
FOR THE YEAR ENDED: 31ST MARCH, 2019**

Particulars	Rs.	Rs.	Particulars	Rs.	Rs.
To opening Stock		11,200	By sales	150,500	
To purchases	75,200		Less : Returns	1,300	149,200
Less : Returns	1,100	74,100			
To wages	12,000		By goods lost by fire		5,000
Add : Outstanding	2,000	14,000	By closing stock		24,000
To Gross Profit		78,900			
		178,200			178,200
To bad debts (TB)	2,000		By Gross Profit		78,900
Add : Bad debts (A)	200				
	2,200		By commission received		4,000
Add : RDD (A)	740				
	2,940		By interest on investments		600
Less : RDD (TB)	750	2,190			
To discount	1,000				
Add : RFDD (A)	281				
	1,281				
Less : RFDD (TB)	0	1,281			
To salaries	5,000				
Add : Outstanding	500	5,500			
To conveyance		1,000			
To sundry expenses		1,750			
To insurance	500				
Less : Prepaid	125	375			
To rent, rates and taxes		300			
To loss by fire		2,000			
To depreciation on machinery		5,400			
To interest on capital		6,000			
To interest on loan		400			
To Net Profit		57,304			
		83,500			83,500

**IN THE BOOKS OF PREM
BALANCE SHEET AS ON 31ST MARCH 2019**

Liabilities	Rs.	Rs.	Assets	Rs.	Rs.
Capital	120,000		Plant and machinery	54,000	
Less : Drawings	9,000		Less : Depreciation 10%	5,400	48,600
	111,000				
Add : Interest on capital	6,000		Office premises		80,000
	117,000		Closing Stock		24,000
Add : Net Profit	57,304	174,304			
Creditors		13,600	Debtors	15,000	
Loan form Kiran @ 10% on 10/1/2018	8,000		Less : Bad debts (A)	200	
Add : Interest	400			14,800	
		8,400	Less : RDD (A) 5%	740	
<u>Outstanding expenses</u>			Less : RFDD (A) 2%	281	13,779
Wages	2,000				
Salaries	500		Cash at Bank		2,200
		2,500	Bills receivable		6,500
			10% Investments 01.01.19	20,000	
			Add : Interest	600	
					20,600
			Prepaid insurance		125
			Insurance claim		3,000
TOTAL		198,804	TOTAL		198,804

Q.2 A kept books on single entry system. Position of his assets and liabilities was as under:

(10 Marks)

	01.04.18	31.03.19
Cash on hand	2,000	3,000
Cash at bank	8,000	5,000
Debtors	10,000	21,000
Stock	20,000	36,000
Furniture	15,000	25,000
Machinery	18,000	30,000
Creditors	5,000	12,000
Bills payable	6,000	4,000

Following information is given to you: -

- Additions to furniture and machinery were made on 01.10.2018. Depreciate furniture by 10% and machinery by 20%
 - Rs. 1000 was no more payable to creditors
 - Provide Rs. 500 as bad debts and 5% RDD
 - Capital introduced during the year on 01.01.19 was Rs. 10000 & drawings were Rs. 30000
 - Interest on capital was 10% and drawings on 5%
- Ascertain profit of A for the year 2018 – 2019

Ans.

**IN THE BOOKS OF MR.A
STATEMENT OF AFFAIRES AS ON**

Liabilities	01.04.2018	31.03.2019	Assets	01.04.2018	31.03.2019
Capital (bal fig)	62,000	104,000	Furniture	15,000	25,000
Creditors	5,000	12,000	Machinery	18,000	30,000
Bills Payable	6,000	4,000	Cash on hand	2,000	3,000
			Cash at Bank	8,000	5,000
			Debtors	10,000	21,000
			Stock	20,000	36,000
	73,000	120,000		73,000	120,000

STATEMENT OF PROFIT FOR THE YEAR ENDED: 31ST MARCH 2019

Capital at the end ie 31.03.2019		104,000
Add : Drawings		30,000
		134,000
Less : Capital Introduced on 01.01.2019		10,000
		124,000
Less : Capital at the start on 01.04.2018		62,000
Profit Before Adjustments		62,000
Less : Expenses		
1. Depreciation on furniture	2,000	
2. Depreciation on machinery	4,800	
3. Bad debts	500	
4. Reserve for bad debts	1,025	
5. Interest on capital	6,450	
		14,775
		47,225
Add : Incomes		
1. Amount not payable to creditors	1,000	
2. Interest on drawings	750	
		1,750
Net Profit For The Year		45,475

Q.3 State whether the following statements are true or false: -

(5 Marks)

1. Trading account gives the gross profit of the business.

Ans. False

2. Single entry system is used by large and complex businesses

Ans. False

3. Prepaid expenses are assets

Ans. True

4. Net profit is subtracted from capital

Ans. False

5. In single entry system statement of assets and liabilities is called as balance sheet

Ans. False