

17.

		CrS	
BK	✓	Op.	110200 + 9800 <u>120000</u>
CL	○	Pur	916000. ← $\frac{12480}{3\%} + 500000$

Rebate rec^v

Op bal	9800	Bank	9800
P&L	12480	bal fd	12480

Cash a/c .

op bal	590	Draw	13000
Cash Sale	Baafif	Car	23400
Dds.		Car Exp.	2080
		Sundries	1040
		Bank.	152700
		cl bal	670

Dds a/c

op bal.	24000	Cash + Cash Sale	
Cr sale + Cash sale	1710500	Total collection.	
Total Sale		cl bal	



Q18

Dr Dr 2000
to Sale 2000

Purchase Dr
to Crs

Wages Dr
to Capital

Drawing Dr 3000

⇒ To Dr [Wages Dr 4000

To Cr [to Trading a/c

70000 → Stock
withdraw

20 ,

Cash in Hand	2,600	1,500
Furniture	27,000	30,000
Cash at Bank	15,600	18,700

← 3000 Proceed

His cash transactions for the year ended 31st March, 2005 included the following :
(besides certain other items).

	₹.
Payments to Creditors	4,10,000
Cash Sales (25% of Total Sales)	1,70,000
Business Expenses	82,000
Cash Purchases	1,30,000
Collection from Debtors	5,27,000
Withdrawn For Household Expenses	30,000

Handwritten notes on the left:

furⁿ
op 30000
Cash 3000
P&L 3000
debt 2400
bal 21600

He maintains a uniform rate of gross profit of 25% on turnover. Outstanding Business expenses on 31st March, 2005 amounted to ₹. 5,000. Addition of new machinery was made on October 1, 2004. Some old furniture (Book value ₹. 6,000) was sold during the year and the proceeds stands credited to Furniture Account.

Provide depreciation on machineries @ 15% per annum and on Furniture @ 10% per annum (excluding sold item).

Mr. Reddy request you to prepare a Trading and Profit and Loss Account for the year ended 31st March, 2005 and a Balance Sheet as on that date.

Solution :

Mr. Reddy

TRADING AND PROFIT AND LOSS ACCOUNT

Stock-in-trade	50,000	75,000
Sundry Creditors	1,20,000	40,000
Sundry Debtors	85,000	52,000
Office Equipment (at cost less depreciation)	54,000	48,600
Cash and Bank	60,000	5,000

Additional Information :

- His Drawings were : 2003-04 – ₹. 25,000
2004-05 – ₹. 30,000
- His total sales for 2004-05 amounted to ₹. 6,00,000. Total cash sales figure is not readily available. He always sells goods at cost plus 25%.
- Payments to creditors in 2004-05 included ₹. 12,000 paid from his private bank account. There is no cash purchase.
- Sundry debtors on 31 March 2005 included a wrong credit of ₹. 20,000 as insurance claim received towards goods costing ₹. 25,000 destroyed by fire and a further sum of ₹. 2,000 was recovered from a customer whose account was written off in 2003-04.
- During the year goods costing ₹. 6,000 were distributed as free samples. Discounts allowed to debtors ₹. 12,000 and discounts received ₹. 8,000.
- Depreciation is charged @ 10% on Furniture and Office Equipment. Mr. Chaklader requests you to prepare final accounts for the year ended 31 March 2005.

Handwritten notes and corrections:

- ✓ Bu Dr to P&L
- X Bu Dr to Drs
- Ⓚ Drs Dr to Capital
- Bu Dr X to P&L Bu Dr

$$\frac{10}{90} \times 81900 =$$

Solution :

STATEMENT OF AFFAIRS
as on 31 March 2004

100w
- low TDS.
- Zero PF.
Zero.

ω →)

100w-
+20w

120w

Collections on Bills	4,500
Bank Loan	23,000

(iii) Cash Payments :

	₹.
Merchandise	36,500
Salaries	4,100
Rent	750
Miscellaneous	1,240
Sales-tax	730
Bank Loan	7,500

$$\begin{array}{r} \text{Sales} \\ -10000 \\ \hline \times 5\% \end{array}$$

(iv) Other information relating to the business was as follows :

- Income-tax of ₹. 250 was deducted at source from staff salaries.
- Cash customers were allowed a discount of ₹. 240.
- Ten-year rental contract for occupation of premises was entered into with the landlord on a monthly rental of ₹. 250 plus 5% on net sales in excess of ₹. 10,000.
- Losses arising from sales on credit are estimated at 2%.
- An estimated amount of ₹. 600 is to be provided in respect of depreciation on the asses of the business: motor vehicle ₹. 400 and Furniture ₹. 200.
- The cost of sale for the quarter amounted to ₹. 33,500.

You are required to prepare a statement of A's income for the quarter ending 31 March 2005 and Balance Sheet as at that date.

Solution :

TRADING & PROFIT AND LOSS ACCOUNT
For the Quarter ended 31.03.2005

To Opening Stock	₹.	By Sales :	₹.
	27,500		

Chapter 14

ACCOUNTS FROM INCOMPLETE RECORDS

calendar year basis. During the three years subsequent to December 31, 2001, the cash receipts and disbursements records were regularly maintained and credit sales were recorded directly in a Debtor's ledger. No other accounts regarding sales were maintained.

The following balances at the beginning and at the end of three years period are available :

	31.12.01	31.12.04
Book Debts	₹.	₹.
Less than one year	7,700	14,100
One to two years old	600	900
Two of three years old	--	400
Over three years old	--	1,100
	<u>8,300</u>	<u>16,500</u>
Stock	5,800	9,400
Sundry creditors for goods	2,500	5,500

	2002	2003	2004
Cash received From Customers	₹.	₹.	₹.
Current year's collections	74,400	80,900	<u>1,04,400</u>
Book debts of the previous year	6,700	7,500	8,400
Book debts, two years prior	300	200	1,000
	<u>81,400</u>	<u>88,600</u>	<u>1,13,800</u>
Cash sales	8,500	13,000	15,600
Payment to sundry creditors	62,500	70,600	86,800

The following balances at the beginning and at the end of three years period are available :

	31.12.01	31.12.04
Book Debts	₹.	₹.
Less than one year	(2001) 7,700	14,100 (2004)
One to two years old	(2000) 600	900 (2003)
Two of three years old	--	400 (2002)
Over three years old	--	1,100 2001
	<hr/> 8,300	<hr/> 16,500
Stock	5,800	9,400
Sundry creditors for goods	2,500	5,500

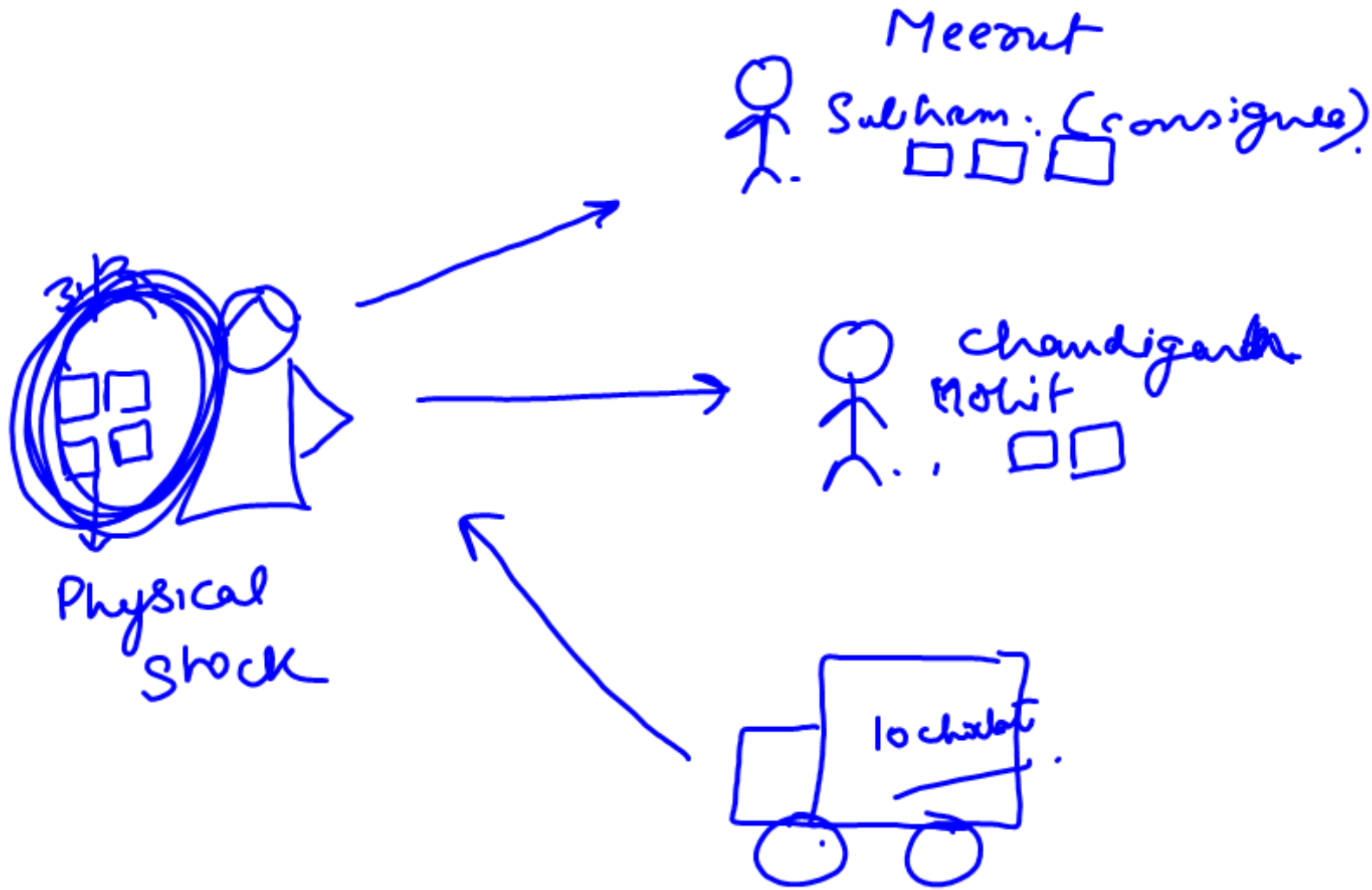
Cr Sale

07	104400
	+14100
	<hr/>
03	80900
	+8400
	+900
	<hr/>

	2002	2003	2004
<u>Cash received From Customers</u>	₹.	₹.	₹.
Current year's collections	(02) 74,400	03 ✓ 80,900	1,04,400
Book debts of the previous year	(01) 6,700	02 7,500	✓ 8,400
Book debts, two years prior	(00) 300	01 200	1,000
	<hr/> 81,400	<hr/> 88,600	<hr/> 1,13,800
Cash sales	8,500	13,000	15,600
Payment to sundry creditors	62,500	70,600	86,900

04	104400
03	+8400
02	+900
	<hr/>
02	74400
	+7500
	+1000
	+400
	<hr/>

No amount has been written off as irrecoverable during the three years period. The ratio of gross profit to sales remained constant from year to year. You are required to prepare a schedule showing total sales, cost of sales and gross profit for the three years.



CS Stock
19.
7200

Cz Note.

A/c ~~18990.~~

15990.

Capital

~~P&L~~ Dr

to Drs

37(3).

Plot of land.

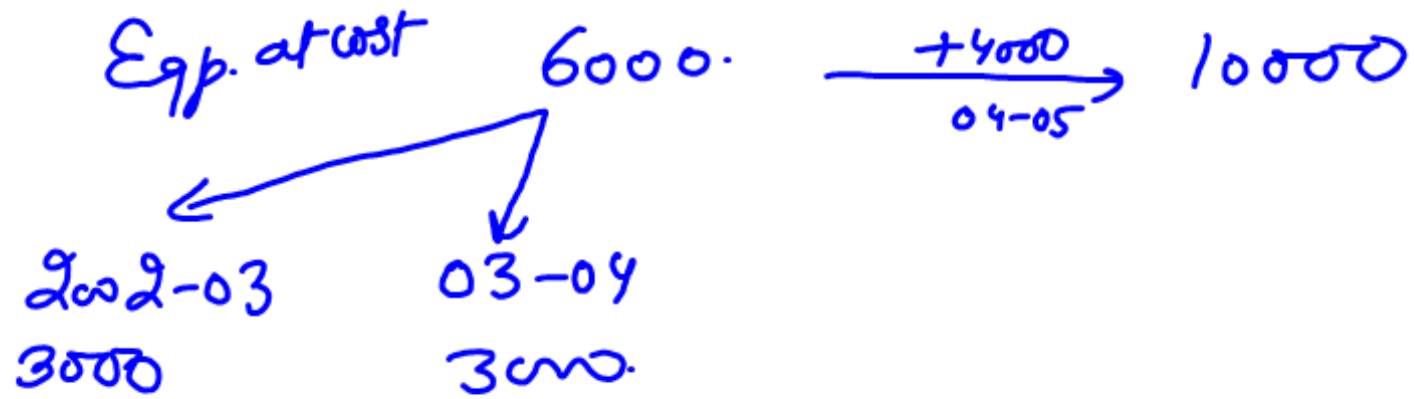


dwelling = Sweet home.

431/31/v

31.3.04

31.3.05



I

II

III

2002-03

3000

-depr

$$3000 \times 10\% \times \frac{6}{12} = 150$$

2003-04

2850

3000

-depr

$$3000 \times 10\%$$

$$3000 \times 10\% \times \frac{6}{12}$$

2004-05

2550

2850

4000

-depr

300

300

$$4000 \times 10\% \times \frac{6}{12}$$

$$= 200$$

2250

2550

3800

369/32/II Para.

15% Gen fund Invt. = 18750 Return.

$$\text{GF Invt} = \frac{18750}{15\%} = 125000 \text{ fV.}$$

$$\begin{aligned} \text{Pur cost} &= 125000 \times 96\% \\ &= \underline{120000.} \end{aligned}$$

$$\begin{array}{r} \text{Before TDS} = 100 \\ - \text{TDS} = 20 \\ \hline \text{after TDS} = 80 \\ \text{after } 15000 \end{array}$$

$$\text{before} = \frac{15000}{80} \times 100 = 18750$$