

BCM SCHOOL, BASANT AVENUE, LUDHIANA

XI ACCOUNTANCY

ASSIGNMENT

TOPIC: FINANCIAL STATEMENTS WITH ADJUSTMENTS

1.	Income earned but not received is shown in : (a) Liabilities (b) Assets (b) Foot notes (d) None of them	1												
2.	Following information is given in the trial balance Bad debts 3,000 Provision for bad debts 3,500 Debtors 40,000 Additional information: It is desired to make a provision for doubtful debts @ 10% on debtors. The amount debited to P/L account is:	1												
3.	Extract of trial balance as on 31 st March 2017 is as follows: Sundry Debtors Rs. 1,02,000 Bad Debts Rs. 1,400 Provision for doubtful debts Rs. 3,400 Additional information: A debtor of Rs. 2,000 could not be recovered. It is decided to maintain Provision for Doubtful Debtors @ 5% on Debtors and Provision for Discount at @ 2%. How these adjustments will be shown in Financial Statements?	3												
4.	The following balance have been extracted from the books of Miss Mehak as on 31 st March, 2016: <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 60%;"></th> <th style="width: 20%; text-align: center;">DR</th> <th style="width: 20%; text-align: center;">CR</th> </tr> </thead> <tbody> <tr> <td>Trading a/c balance</td> <td></td> <td style="text-align: center;">80,000</td> </tr> <tr> <td>Office expenses</td> <td style="text-align: center;">6,000</td> <td></td> </tr> <tr> <td>Selling expenses</td> <td style="text-align: center;">8,000</td> <td></td> </tr> </tbody> </table> <p>Adjustment: (a) Manager's commission is 10% of net profit before charging such commission. (b) Manager's commission is 10% net profit after charging such commission. Calculate the amount of manager's commission under both the alternatives and also show commission payable will be shown in the balance sheet.</p>		DR	CR	Trading a/c balance		80,000	Office expenses	6,000		Selling expenses	8,000		3
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Trading a/c balance		80,000												
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5.	Give adjusting entries for the following before the preparation of final accounts. (a) Stock in hand as on 31 st March, 2014 is Rs 6,800 (b) Machinery Rs 40,000 is to be depreciated at the rate of 10% and patents Rs 25,000 at the rate of 20%. (c) Salaries for the month of march, 2014 amounting to Rs 1,500 were unpaid. (d) Wages include a sum of Rs 2,000 on erection of a cycle shed for employees and customers. (e) Insurance includes a premium of Rs 170 on policy expiring on 30 th September, 2014. (f) A provision for bad and doubtful is to be created to the extent of 5% on sundry debtors amounting to Rs 10,000.	6												

, prepare trading and profit and loss account for the year ending 31st March, 2014 and the balance sheet as at that date from the balances extracted from the books of Mr. Graham :

Drawings	₹ 6,300	Office salaries	₹ 6,420
Cash & bank balance	3,870	Purchases	1,99,080
Capital	1,50,000	Stock on 1st April, 2013	60,225
Bill receivable	1,860	Sales returns	1,875
Furniture	5,120	Carriage	5,180
Land and building	32,580	General expenses	7,680
Wages	46,885	Plant and machinery	21,640
Discount allowed	3,960	Rent and rates	3,630
Discount received	2,985	Purchase returns	1,455
Loan account @ 6% (Cr.)	15,000	Sales	2,81,505
Bank charges	105	Insurance	705
Sundry debtors	65,775	Provision for bad debts	4,650
Bad debts	1,380	S. creditors	18,675

Adjustments :

Closing stock on 31st March, 2014 was ₹ 63,705. Depreciation plant and machinery by 10% and furniture by 5%. Raise the provision for bad debts to ₹ 7,500. Insurance includes a premium of ₹ 360 on a policy expiring on 30th Sept. 2014. On 28th March, 2014, there was a fire which destroyed goods worth ₹ 5,000, the insurance company admitted claim for ₹ 4,000. Purchases include purchase of two typewriters costing ₹ 1,500.