

**BCM SCHOOL, BASANT AVENUE, LUDHIANA**

**XI ACCOUNTANCY**

**TOPIC: FINANCIAL STATEMENTS WITH ADJUSTMENTS**

**ANSWER KEY**

<b>1.</b>	<b>(B) ASSETS</b>	<b>1</b>																									
<b>2.</b>	<b>ANSWER: 3,500</b>	<b>1</b>																									
<b>3.</b>	<table border="1" style="width:100%; border-collapse: collapse;"> <thead> <tr> <th style="width:10%;">Date</th> <th style="width:45%;">Particular</th> <th style="width:5%;">Lf</th> <th style="width:15%;">Debit</th> <th style="width:25%;">credit</th> </tr> </thead> <tbody> <tr> <td></td> <td>Bad debts a/c.....dr     To debtors (further bad debts)</td> <td></td> <td style="text-align:right;">2000</td> <td style="text-align:right;">2000</td> </tr> <tr> <td></td> <td>Provision for doubtful debts a/c.....dr     To bad debts (bad debts adjusted)</td> <td></td> <td style="text-align:right;">3400</td> <td style="text-align:right;">3400</td> </tr> <tr> <td></td> <td>Profit and loss a/c.....dr     To provision for doubtful debts (Net amount charged to P &amp; I account)</td> <td></td> <td style="text-align:right;">5,000</td> <td style="text-align:right;">5,000</td> </tr> <tr> <td></td> <td>Profit and loss a/c.....dr     To provision for discount debtors (amount charged to P &amp; I account)</td> <td></td> <td style="text-align:right;">1900</td> <td style="text-align:right;">1900</td> </tr> </tbody> </table>	Date	Particular	Lf	Debit	credit		Bad debts a/c.....dr To debtors (further bad debts)		2000	2000		Provision for doubtful debts a/c.....dr To bad debts (bad debts adjusted)		3400	3400		Profit and loss a/c.....dr To provision for doubtful debts (Net amount charged to P & I account)		5,000	5,000		Profit and loss a/c.....dr To provision for discount debtors (amount charged to P & I account)		1900	1900	<b>3</b>
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<b>4.</b>	<p align="right">₹</p> <p><b>Gross Profit</b> <span style="float:right">80,000</span></p> <p><b>Less Office Expenses</b> <span style="float:right">6,000</span></p> <p><b>Less Selling Expenses</b> <span style="float:right"><u>8,000</u></span></p> <p><b>Net Profit before Commission</b> <span style="float:right"><u>66,000</u></span></p> <p><b>(i) Manager's Commission</b> = <math>66,000 \times \frac{10}{100} = ₹ 6,600</math></p> <p><b>(ii) Manager's Commission</b> = <math>66,000 \times \frac{10}{110} = ₹ 6,000</math></p> <p><b>Case I.</b></p> <p align="center"><b>BALANCE SHEET</b></p> <table border="1" style="width:100%; border-collapse: collapse;"> <thead> <tr> <th style="width:30%;">Liabilities</th> <th style="width:10%;">Amount</th> <th style="width:30%;">Assets</th> <th style="width:10%;">Amount</th> </tr> </thead> <tbody> <tr> <td>Manager's Commission Due</td> <td style="text-align:right;">₹ 6,600</td> <td></td> <td style="text-align:right;">₹</td> </tr> </tbody> </table> <p><b>Case II.</b></p> <p align="center"><b>BALANCE SHEET</b></p> <table border="1" style="width:100%; border-collapse: collapse;"> <thead> <tr> <th style="width:30%;">Liabilities</th> <th style="width:10%;">Amount</th> <th style="width:30%;">Assets</th> <th style="width:10%;">Amount</th> </tr> </thead> <tbody> <tr> <td>Manager's Commission Due</td> <td style="text-align:right;">₹ 6,000</td> <td></td> <td style="text-align:right;">₹</td> </tr> </tbody> </table>	Liabilities	Amount	Assets	Amount	Manager's Commission Due	₹ 6,600		₹	Liabilities	Amount	Assets	Amount	Manager's Commission Due	₹ 6,000		₹	<b>3</b>									
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JOURNAL				
Date	Particulars	L.F.	Debit Amount	Credit Amount
(a)	Closing Stock account ...Dr. To Trading account (Being the value of closing stock brought into account)		₹ 6,800	₹ 6,800
(b)	Depreciation account ...Dr. To Machinery account To Patents account (Being depreciation provided on machinery and patents for the year)		9,000	4,000 5,000
(c)	Salaries account ...Dr. To Salaries outstanding account (Being salaries outstanding for the month of March 2011 provided)		1,500	1,500
(d)	Building account ...Dr. To Wages account (Being wages paid for construction of cycle shed wrongly included in wages account)		2,000	2,000
(e)	Insurance prepaid account ...Dr. To Insurance account (Being insurance paid in advance)		85	85
(f)	Profit and loss account ...Dr. To Provision for doubtful debts a/c (Being provision for doubtful debts created @ 5% on ₹ 10,000)		500	500

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**TRADING AND PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDING 31ST MARCH, 2014**

DR.

CR.

Particulars	₹	Particulars	₹
To Opening stock	60,225	By Sales	2,81,505
To Purchases	199,080	Less Returns	1,875
Less Returns	1,455	By Closing stock	63,705
Less Purchase of type writers	1,500	By Loss by fire	5,000
	2,955		
	1,96,125		
To Carriage	5,180		
To Wages	46,885		
To Gross profit	39,920		
	3,48,335		3,48,335
To Office salaries	6,420	By Gross profit	39,920
To General expenses	7,680	By Discount received	2,985
To Discount allowed	3,960		
To Interest on loan	900		
To Bank charges	105		
To Provision for bad debts			
—Bad debts	1,380		
Add Provision required	7,500		
	8,880		
Less Old Provision	4,650		
	4,230		
To Depreciation :			
—Plant and machinery	2,164		
—Furniture	256		
To Rent and rates	3,630		

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To Insurance	705		
Less Prepaid insurance	180	525	
To Loss by fire		1,000	
To Net profit transferred to capital account		12,035	
		42,905	42,905

**BALANCE SHEET  
AS AT 31ST MARCH, 2014**

<i>Liabilities</i>		₹	<i>Assets</i>		₹
Sundry creditors		18,675	Cash & bank balance		3,870
Loan		15,000	Bills receivable		1,860
Interest outstanding		900	Sundry debtors	65,775	
Capital	1,50,000		Less provision for bad debts	7,500	58,275
Add Net profit	12,035		Closing stock		63,705
	162,035		Insurance company		4,000
Less Drawings	6,300	1,55,735	Furniture	5,120	
			Less Depreciation	256	4,864
			Plant and Machinery	21,640	
			Less Depreciation	2,164	19,476
			Land and building		32,580
			Insurance prepaid		180
			Typewriters		1,500
		1,90,310			1,90,310