

**Solution 1****TRADING AND PROFIT AND LOSS ACCOUNT FOR THE YEAR 31.3.2013**

Particulars	Rs	Assets	Rs
To Opening Stock	9,15,000	By Sales: Cash	1,10,70,000
To Purchases	1,27,02,750	Credit	29,77,500
To Gross Profit c/d	14,04,750	By Closing Stock	9,75,000
	1,50,22,500		1,50,22,500
To Expenses	8,71,050	By Gross Profit b/d	14,04,750
To Discount allowed	54,000	By Discount received	42,000
To Depreciation	22,500		
To Net Profit	4,99,200		
	14,46,750		14,46,750

**BALANCE SHEET OF MR Y AS 31<sup>ST</sup> MARCH, 2013**

Liabilities	Rs	Assets	Rs
Capital	4,50,000	Fixed Assets	2,25,000
Add: Net profit	4,99,200	Less: Depreciation	22,500
	9,49,200	Stock	9,75,000
Less: Drawings	3,60,000	Debtors	2,28,000
Bills payable	2,10,000	Bills receivable	2,10,000
Creditors	10,02,750	Prepaid insurance	3,000
Outstanding expenses	7,500	Cash on hand/bank	1,90,950
	18,09,450		18,09,450

**Working Notes:****(i) BILLS RECEIVABLE ACCOUNT**

Particulars	Rs	Assets	Rs
To Balance b/f	90,000	By Bank A/c (Balancing figure)	5,10,000
To Debtors	6,52,500	By Creditors (Bills endorsed)	22,500
		By Balance c/f	7,42,500
	7,42,500		

**(ii) TOTAL DEBTORS ACCOUNT**

Particulars	Rs	Assets	Rs
To Balance b/f	2,22,000	By Cash/Bank	22,65,000
To Credit Sales (b.f.)	29,77,500	By Discount allowed	54,000
		By Bills receivable	6,52,500
		By Balance off	2,28,000
	31,99,500		31,99,500

**(iv) BILLS PAYABLE ACCOUNT**

Particulars	Rs	Assets	Rs
To Bank A/c	12,22,500	By balance b/f	1,87,500
To Balance c/f	2,10,000	By Creditors (b.f.)	12,45,000
	14,32,500		14,32,500

**(iv) TOTAL CREDITORS ACCOUNT**

Particulars	Rs	Assets	Rs
To Cash/ Bank	1,12,60,500	By Balance b/d	8,70,000
To Discount	42,000	By Purchases	1,27,02,750
To B/R endorsed	22,500		
To B/P	12,45,000		
To Balance (b.f.)	10,02,750		
	1,35,72,750		1,35,72,750

**(v) STOCK ACCOUNT**

Particulars	Rs	Assets	Rs
To Balance b/f	9,15,000	By Cost of goods sold	1,26,42,750
To Purchases	1,27,02,750	(Rs 1,40,47,500 x 90%)	9,75,000
(Balancing figure)	1,36,17,750	By Balance c/d	1,36,17,750

**(vi) EXPENSES ACCOUNT**

Particulars	Rs	Assets	Rs
To Prepaid Expenses	3,000	By O/s Expenses in the beg.	67,500
To Bank A/c	9,31,050	By P & L A/c	8,71,050
To O/s Exp. At the end	7,500	By Prepaid Exp. At end	3,000
	9,41,550		9,41,550

**SOLUTION 2****TRADING AND PROFIT AND LOSS ACCOUNT OF SHRI RASHID**For the year ended 31<sup>st</sup> March, 2013

Particulars	Rs	Rs	Particulars	Rs
To Opening Stock		8,000	By Sales	73,050
To Purchases	45,600			7,000
Less: For advertising	900	44,700		
To Freight inwards		3,000		
To Gross profit c/d		24,350		
		80,050		80,050
To Sundry expenses:		14,200	By Gross Profit b/d	24,350
To Advertisement		900	By Interest on Investments	2
			Rs. $100 \times (4/100) \times (1/2)$	
To Discount allowed			By Discount received	800
Debtors	1,500		By Miscellaneous income	500
Bills receivable	125	1,625		
To Depreciation on furniture		650		
To Provision for doubtful debts		486		
To Net Profit		7,791		
		25,652		25,652

**BALANCE SHEET AS AT 31<sup>ST</sup> MARCH 2013**

Liabilities	Rs	Rs	Assets	Rs	Rs
Capital:			Furniture (w.d.v.)	6,000	
Opening Balance	18,800		Additional during the year	1,000	
Less: Drawings	7,904		Less: Depreciation	650	6,350
Add: Net Profit	7,791	18,687	Investment		96
Sundry creditors		15,000	Interest accrued		2
Outstanding expenses		1,800	Closing stock		7,000
			Sundry debtors	19,450	
			Less: Provision for		
			Doubtful debts	486	18,964
			Bills receivable		1,750
			Cash in hand and at bank		625
			Prepaid expenses		700
		35,487			35,487

**Working Notes:**

(i) Calculation of Opening Capital

**Balance Sheet As At 1<sup>st</sup> April 2012**

Liabilities	Rs	Assets	Rs
Capital (Balancing figure)	18,800	Furniture	6,000
Creditors	11,000	Stock at cost	8,000
Outstanding expenses	2,000	Sundry debtors	16,000
		Cash in hand and at bank	1,200
		Prepaid expenses	600
	31,800		31,800

(ii) Calculation of Purchases made during the year

**Sundry Creditors Account**

Particulars	Rs	Particulars	Rs
To Cash and bank A/c	39,200	By Balance b/d	11,000
To Discount received A/c	800	By Sundry debtors A/c	400
To Bills receivable A/c	2,000	By Purchases A/c	45,600
To Balance c/d	15,000	( Balancing figure)	
	57,000		57,000

(iii) Calculation of Sales made during the year

Opening Stock		Rs	8,000
Purchases	45,600		
Less: For advertising	<u>900</u>		44,700
Freight inwards			<u>3,000</u>
			55,700
			<u>7,000</u>
Less: Closing Stock			48,700
Cost of goods sold			<u>24,350</u>
Add: Gross profit (@ 50% on cost)			<u>73,050</u>
Sales			

(iv) Calculation of Closing Debtors

**Sundry Debtors Account**

Particulars	Rs	Particulars	Rs
To Balance b/d	16,000	By Cash and bank A/c	58,500
To Sales A/c	73,050	By Discount allowed A/c	1,500
To Sundry creditors A/c		By Bills receivable A/c	10,000
(bill dishonoured)	400	By Balance c/d (Balancing figure)	19,450
	89,450		89,450

(v)

**Cash And Bank Account**

Particulars	Rs	Particulars	Rs
To Balance b/d	1,200	By Fright inwards A/c	3,000
To Sundry debtors A/c	58,500	By Furniture A/c	1,000
To Bills receivable	6,125	By Investment A/c	96
To Miscellaneous income A/c	500	By Expenses A/c	14,500
		By Creditors A/c	39,200
		By Drawings A/c	7,904
		[Rs 7,000 + Rs 904 ( Additional drawings)]	
		By Balance c/d	625
	66,325		66,325

(vi)

**Expenses Account**

Particulars	Rs	Particulars	Rs
To Prepaid expenses A/c (beg.)	600	By Outstanding expenses A/c (beg.)	2,000
To Bank A/c	14,500	By Profit and loss A/c (b.f.)	14,200
To Outstanding expenses A/c (end)	1,800	By Prepaid expenses A/c (end)	700
	16,900		16,900

(vii)

**Bills Receivable Account**

Particulars	Rs	Particulars	Rs
To Debtors A/c	10,000	By Creditors A/c	2,000
		By Bank A/c	6,125
		By Discount on bills receivable A/c	125
		By Balance c/d (Balancing figure)	1,750
	10,000		10,000

**Note:** As regards investment, it has been assumed that investment purchased for Rs 96 was of the face value Rs 100.

**SOLUTION 3****Joint Cash And Bank Account**

Particulars	Rs	Particulars	Rs
To Balance b/d: Cash	2,150	By Sundry Creditors	9,28,213
Bank	7,048	By Wages	2,04,111
To Sales	4,27,042	By Salaries	1,50,000
To Sundry Debtors	10,07,401	By Overhead Expenses	57,410
To Balance c/d (Bank Overdraft)	4,488	By Interest on lone	5,000
		By Outstanding Expenses	12,050
		By Hp Deposit	1,000
		By Hp Instalments [Rs 200 x 7]	1,400
		By Lone (repaid)	86,000
		By Drawings	1,000
		By Balance c/d (Cash Balance)	1,945
	14,48,129		14,48,129

**Trading and Profit & Loss Account of Sybal Enterprises**For the year ending 31<sup>st</sup> Dec., 2013

Particulars	Rs	Particulars	Rs
Opening Stock	2,37,423	By Sales [Rs 4,27,042 + Rs 10,01,686]	14,28,728
To Purchases [See Note (ii)]	9,38,417	By Closing Stock	2,47,628
To Wages	2,04,111		
To Gross Profit c/d	2,96,405		
	16,76,356		16,76,356
To Salaries	1,50,000	By Gross Profit b/d	2,96,405
To Overheads	57,410		
To Depreciation [See Note (v)]	8,302		
To Loss on Vehicle written off [Rs 1,960 – Rs 1,699]	261		
To H.P. Interest [See Note (iii)]	175		
To Interest on Loan	5,000		
To Net Profit t/f to Capital A/c	75,257		
	2,96,405		2,96,405

Balance Sheet of Sybal Enterprises As On 31<sup>st</sup> Dec., 2013

Liabilities	Rs	Assets	Rs
Capital:		Land	25,000
Opening balance	2,37,474	Buildings (Rs 1,42,000 – Rs 32,080)	1,09,920
Add: Profit	75,257	Fixtures & Fittings (Rs 21,405 – Rs 12,743)	8,662
Less: Drawings	1,000	Motor Vehicles (Rs 27,930 – Rs 19,184)	8,746
Capital Profit On		Stock-in-trade	2,47,628
Redemption of Loan	14,000	Sundry Debtors	1,89,400
Trade Creditors	2,58,107	Cash in hand	1,945
H.P Creditor	2,975		
Bank Overdraft	4,488		
	5,91,301		5,91,301

**Working Notes:****(i) Total Debtors Account**

Particulars	Rs	Particulars	Rs
To Balance b/d	1,95,115	By Cash/Bank A/c	10,07,401
To Sales (Bal. fig.)	10,01,686	by Balance c/d	1,89,400
	11,96,801		11,96,801

**(ii) Total Creditors Account**

Particulars	Rs	Particulars	Rs
To Cash/Bank A/c	9,28,213	By Balance b/d	2,47,903
To Balance c/d	2,58,107	By Purchases (b.f.)	9,38,417
	11,86,320		11,86,320

- (iii) H.P. Interest = H.P. Price – Cash Price = [Rs 1,000 + (24 x 200)] – Rs 5,200 = Rs 600  
 Interest for each instalment = 600/24 = Rs 25  
 Amount charged to P & L A/c = Rs 25 x 7 = Rs 175  
 It has been assumed that interest has been equally spread over the period of instalments.  
 Alternatively, it can be allocated in the ratio of 24:23:22

(iv) H.P. Creditor = Rs 5,200 – [Rs 1,000 + Rs 1,400] + Rs 175 (being Interest) = Rs 2,975

(v) Depreciation: Building @ 4% on Rs 1,14,500		Rs
Fixtures @15% on Rs 10,191		4,580
Motor Vehicle: on [Rs 22,730 – Rs 16,991] @25%	1,435	1,529
on Rs 5,200 for 7 month @ 25%	758	<u>2,193</u>
		<u>8,302</u>

#### SOLUTION 4

Case (a) Cash Sales = Rs1,50,000 x 20% = Rs 30,000

Net Credit Sales = Rs 1,50,000 – Rs 30,000 = Rs 1,20,000

Gross Credit Sales = Rs 1,20,000 + Rs 50,000 = Rs 1,70,000

Case (b) Let Net Credit Sales be = X

Cash Sales = X – 75% of x = .25X

Net Sales = Cash Sales+ Net Credit Sales

Rs 3,00,000 = .25X + X

X = Rs 3,00,000/1.25 = Rs 2,40,000

Cash Sales = Rs 2,40,000 x 25% = Rs 60,000

Gross Credit Sales = Rs 2,40,000 + Rs 1,00,000 = Rs 3,40,000

Case (c) Let Credit Sales = X, Net Credit Sales = 3X

Net Sales = X – 75% of x = .25X

Net Sales = Cash Sales+ Net Credit Sales

Rs 6,00,000 = X + 3X

X = Rs 6,00,000/4 = Rs 1,50,000

Net Credit Sales = Rs1,50,000 x 3 = Rs 4,50,000

Gross Credit Sales = Rs 4,50,000 + Rs 2,00,000 = Rs 6,50,000

Case (d) Let Credit Sales = X, Net Credit Sales = X + 3X = 4X

Net Sales = X – 75% of x = .25X

Net Sales = Cash Sales+ Net Credit Sales

Rs 12,00,000 = X + 4X

X = Rs 12,00,000/5 = Rs 2,40,000

Net Credit Sales = Rs2,40,000 x 4 = Rs 9,60,000

Gross Credit Sales = Rs 9,60,000 + Rs 4,00,000 = Rs 13,60,000

Case (e) Net Sales = Gross Profit /Gross Profit Ratio = Rs 30,000/20% = Rs 1,50,000

Cash Sales = Rs 1,50,000 X 20% = Rs 30,000

Net Credit Sales = Rs 1,50,000 – Rs 30,000 = Rs 1,20,000

Gross Credit Sales = Rs 1,20,000 + Rs 50,000 = Rs 1,70,000

Case (f) Net Sales = Gross Profit /Gross Profit Ratio = Rs 60,000/20% = Rs 3,00,000

Rs 3,00,000 = .25X + X

X = Rs 3,00,000/1.25 = Rs 2,40,000

Cash Sales = Rs 2,40,000 X 25% = Rs 60,000

Gross Credit Sales = Rs 2,40,000 + Rs 1,00,000 = Rs 3,40,000

Case (g) Net Sales = Cost of goods Sold + Gross Profit

= Rs 4,80,000 + 25% of Rs 4,80,000 = Rs 6,00,000

Let Cash Sales = X, Net Credit Sales = 3 X

Net Sales = Cash Sales + Net Credit Sales

Rs 6,00,000 = X + 3X

X = Rs 6,00,000/4 = Rs 1,50,000

Net Credit Sales = Rs 1,50,000 X 3 = 4,50,000

Gross Credit Sales = Rs 4,50,000 + Rs 2,00,000 = Rs 6,50,000

Case (h) Net Credit Sales = Closing Debtors x Debtors Turnover Ratio

= Rs 50,000 x 6 = Rs 3,00,000

Cash Sales = 20% of Rs 3,00,000 = Rs 3,00,000 = Rs 60,000

Gross Credit Sales = Rs 3,00,000 + Rs 30,000 = Rs 3,30,000

Case (i) Net Credit Sales = Closing Debtors x Debtors Turnover Ratio

$= \text{Rs } 1,00,000 \times 12/2 = \text{Rs } 6,00,000$   
 Cash Sales = 25% of Rs 6,00,000 = Rs 1,50,000  
 Gross Credit Sales = Rs 6,00,000 + Rs 60,000 = Rs 6,60,000.

**Case (j)****Debtors Account**

Particulars	Rs	Particulars	Rs
To Balance b/d	25,000	By Sales Return	30,000
To Credit Sales (b.f.)	2,10,000	By Discount allowed A/c	8,750
		By Cash A/c	1,03,000
		By Bank A/c	33,250
		By Bills Receivable A/c	30,000
		By Bad Debts A/c	2,000
		By Balance c/d	28,000
	2,35,000		2,35,000

Net Credit Sales = Rs 2,10,000 – Rs 30,000 = Rs 1,80,000

Cash Sales = 25% of Rs 1,80,000 = Rs 45,000

**Note:** Provision for Doubtful Debts and Discount and Bad Debts recovered affect the Profit and Loss Account and not the Debts Account.