

Final Accounts

Pro-Forma of Trading and P & L Account

Particulars	Amount (Rs)	Particulars	Amount (Rs)
To opening stock	By sales	.....
To purchases	less: returns	.....
less: returns	By closing stock	.....
To carriage inward		
To wages		
To gross profit c/d (in case of gross profit)	By gross loss c/d (in case of gross loss)	.....

To gross profit b/d (in case of gross loss)	By gross profit b/d (in case of gross profit)	.....
To salaries	By interest earned	.....
To carriage outward	By dividend earned	.....
To rates and taxes	By rent earned	.....
To insurance	By discount received	.....
To depreciation	By profit on sale of fixed assets	.....
To bad debts	By profit on sale of investments	.....
To advertising		
To interest paid		
To travelling expenses		
To discount allowed		
To loss on sale of fixed assets		
To loss on sale of investments		
To loss by fire		
To net profit transferred to B/S (in case of net profit)	By net loss transferred to B/S (in case of net loss)	.....

Pro-Forma of Balance Sheet

Liabilities	Amount (Rs)	Assets	Amount (Rs)
Share capital		Fixed assets	
Add: net profit/less: net loss		Land & building .....	.....
Less: drawings	Plant & machinery .....	.....
Long-term liabilities		Furniture & fixtures .....	.....
Debentures	Vehicles .....	.....
Loans & advances from banks	Goodwill .....	.....
Other loans & advances	Investments .....	.....
Current liabilities		Current assets, loans & advances	
Sundry creditors	Sundry debtors .....	.....
Bills payable	Cash in hand .....	.....
Bank overdraft	Cash at bank .....	.....
Outstanding expenses	Bills receivable .....	.....
Income received in advance	Prepaid expenses .....	.....
Provisions		Closing stock .....	.....
For taxation		
For dividend		

Problem.

The following trial balance have been taken out from the books of XYZ as on 31st December, 2005.

	Dr. Rs	Cr. Rs
Plant and Machinery	100,000	
Opening stock	60,000	
Purchases	160,000	
Building	170,000	
Carriage inward	3,400	
Carriage outward	5,000	
Wages	32,000	
Sundry debtors	100,000	
Salaries	24,000	
Furniture	36,000	
Trade expense	12,000	
Discount on sales	1,900	
Advertisement	5,000	
Bad debts	1,800	
Drawings	10,000	
Bills receivable	50,000	
Insurance	4,400	
Bank balances	20,000	
Sales		480,000
Interest received		2,000
Sundry creditors		40,000
Bank loan		100,000
Discount on purchases		2,000
Capital		171,500
	795,500	795,500

Closing stock is valued at Rs.90,000

Required: Prepare the trading and profit and loss account of the business for the year ended 31.12.2005 and a balance sheet as at that date.

Ans.

XYZ
Trading and Profit and Loss Account
For the year ended 31st, December 2005

Opening stock	60,000		Sales	480,000
Purchases	160,000		Less discount	1,900
Less discount	2,000	158,000		478,100
			Closing stock	90,000
Carriage inward	3,400			
Wages	32,000			
Gross profit (transferred to P&L)	314,700			
		568,100		568,000
			Gross profit (transferred to P&L)	314,700
Carriage outward	5,000		Interest received	2,000
Salaries	24,000			
Trade expenses	12,000			
Advertisement	5,000			
Bad debts	1,800			
Insurance	4,400			
Net profit (transferred to capital)	264,500			
		316,700		316,700
				316,700

Note: Discount on purchases and discount on sales are deducted from purchases and sales respectively. They may be shown on the credit and debit side of profit and loss account respectively and it will not affect the net profit of the business. The gross profit will be affected if discount is treated so.

XYZ

Balance Sheet

For the year ended 31st, December 2005

Assets	Rs	Liabilities	Rs
Current Assets:		Current Liabilities:	
Bank balance	20,000	Sundry creditors	40,000
Bills receivable	50,000	Bank loan	100,000
Sundry debtors	100,000	Fixed and Long	
Closing stock	90,000	Term:	
Fixed Assets:		Capital	171,500
Furniture	36,000	+Net profit	264,500
Plant and Machinery	100,000		<hr/>
Building	170,000	-Drawings	10,000
	<hr/>		<hr/>
	566,000		426,000
	<hr/>		<hr/>
			566,000



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