

COURSE : II B.COM (CA)
SEMESTER : IV
SUBJECT : CORPORATE ACCOUNTING
SUBJECT CODE : 18BCA41C
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UNIT : 3

SYLLABUS : Preparation of final accounts-trading and profit and loss a/c-Balance sheet(vertical form)

Problems balance sheet of a company as per revised schedule III of the companies act 2013

FORMAT OF BALANCE SHEET EQUITY

AND LIABILITIES

1.Shareholder's funds:

- a)share capital
- b)reserves and surplus
- c)money received and against share warrants

2.Share application money pending allotment:

3.Non-current liabilities:

- a)long term borrowings
- b)Deferred tax liabilities(net)
- c)other long term liabilities
- d)Long term provisions

4. current liabilities

- a) short term borrowings
- b) trade payable
- c) other current liabilities
- d) short term provisions

ASSETS

1.Non- current assets

a) fixed assets

- i)tangible assets
- ii)intangible

b)non-current investments

c)long term loans & advances

d)other non-current assets

2.Current assets:

- a)current investments
- b) inventories
 - c)trade receivable
 - d)cash and cash equivalents
 - e)short-term loans and advances
 - f)other current assets

PROBLEMS:

SUM NO: 1 show the necessary entries to adjust the followings:

- a)outstanding salaries Rs.1200;rent Rs.300
- b)prepaid insurance premium Rs.450
- c)incomes outstanding: interest on investments Rs. 400
dividend Rs.350

- d)discount received in advance Rs.150
- e)bad debts written off Rs.200
- f)interest on securities received in advance Rs.500

SUM NO:2 From the following balances as at December 1994 of a trader , prepare a trading and profit & loss A/c for the year 1994 and a balance sheet as on that date

Salaries	5500	trade expense	600
Rent	1300	purchases	25000
Cash	1000	advances	2500
Debtors	40000	bank balances	5600
Creditors	9500	sales	32000
Capital	30000	loans	10000
81500		81500	

Adjustment:

- i)the closing stock amounted to Rs.9000
- ii)one months salary is outstanding iii)one months rent has been paid in advance.
- iv)provide 5 per cent for doubtful debts.

SUM NO :3 From the following trial balance of thiru.rehman as on 31st march 1995,prepare trading and profit & loss A/c and balance sheet taking into account the adjustments:

Land & building	42000	carriage on sales	3200
Machinery	20000	carriage on purchase	2040
Patents	7500	salaries	15000
Stock 1.4.1994	5760	general expenses	3000
Debtors	14500	insurance	600
Purchases	40675	drawings	5245

Cash in hand	540	capital	62000
Cash in bank	2630	sales	98780
Return inwards	680	return outwards	500
Wages	8480	creditors	6300
Fuel & power	4730	bills payable	9000
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	176580		176580

Adjustments:

i) stock on 31.3.1995 was Rs.6800 ii) salary

outstanding Rs.1500 iii) insurance prepaid

Rs.150

iv) depreciate machinery@10% and patents@20%

v) create a provision of 2% on debtors for bad debts.

SUM NO:4 From the following trial balance, prepare trading, profit & loss A/c for the year ended 31.12.1981 and a balance sheet as on that date:

Purchases	11870	cash	210
Debtors	7580	stock	2450
Return inwards	450	discount allowed	40
Bank deposit	2750	drawings	600
Rent	360	capital	8000
Salaries	850	bad debts recovered	250
Travelling expenses	300	creditors	1250
Return outwards	350	bank overdraft	1570
Sales	14690	bills payable	1350
<u>27460</u>		<u>27460</u>	

Adjustments:

i) the closing stock on 31.12. 1981 was Rs. 4200 ii) write off Rs.80 as bad debts and create a reserve for bad debts at 5% on sundry debtors. iii) three months rent is outstanding.

SUM NO:5 From the following are the balances extracted from the books of Ganesh as 31-12-1999. Prepare trading and profit & loss account for the year ending 31-12-1999 and a balance sheet as on that date.

Drawings	4000	debtors	4400
Cash at bank	1700	bills receivable	2900
Cash in hand	6500	rent	450
Wages	1000	commission	250
Purchases	2000	general expenses	800
Stock 1.1.99	6000	furniture	500
Building	10000	capital	20000
Sales	16000	creditors	4500
40500		40500	

The following adjustments are to be made:

- a) stock on 31-12-99 was Rs.4000
- b) interest on capital at 6% to be provided
- c) interest on drawings at 5% to be provided
- d) wages yet to be paid Rs.100
- e) rent prepaid Rs.50

SUM NO:6 From the following were extracted from the books of Prasad on 31st March 1994

Capital	50000	creditors	5000
Drawings	4000	bad debts	1100
General expenses	5000	loan	15760
Building	22000	sales	130720
Machinery	18680	purchase	94000

Stock	32400	motor car	4000
Power	4480	reserve fund(cr)	1800
Taxes & insurances	2630	commission(cr)	2640
Wages	14400	car expenses	3600
Debtors	12560	bills payable	6700
Bank overdraft	6600	cash	160 Charity

210

Stock on 31st march 1994 was valued at Rs.47000 prepare the final accounts for the year ended on 31st march 1994.

SUM NO:7 From the following are the ledger balances extracted from the books of weifa.

Weifa's capital	50000	sales	30100
Bank overdraft	8400	return in(cr)	800
Business premises	40000	taxes & insurances	4000
Creditors	26600	general expenses	8000
Opening stock	44000	salaries	18000
Debtors	36000	commission allowed	4400
Rent from tenants	2000	carriage on purchases	3600
Purchases	220000	provision for doubtful	
		Debts	1600

Adjustments:

i)stock on hand on 31-12-1995 was estimated as Rs.40120 ii)write off depreciation on business premises Rs.600 and furniture Rs.520 iii)make a provision of 5% on debtors for bad & doubtful debts iv)allow interest on capital at 5% and carry forward Rs.1400 for unexpired insurance. Prepare final accounts for the year ended 31-12-1995

SUM NO:8 From the following trial balance extracted from the books of Srinath prepare trading and profit & loss A/c and balance sheet for the year ended 31-12-96

Cash at bank	2610	depreciation on property	1200
Book debts	11070	freehold property	10800
Salaries	4950	creditors	4700
Carriage inwards	1450	discounts	150
Carriage outwards	1590	creditors for expenses	400
Bad debts	1310	returns outwards	2520
Office expenses	5100	sales	80410
Purchases	67350	capital	40000
Return inwards	1590	insurance	3300
Furniture & fixtures	1500	stock	14360
<u>128180</u>		<u>128180</u>	

Adjustment:

- i) make provision for doubtful debts at 5%
- ii) calculate discount on creditors @ 2%
- iii) office expenses include stationery purchased Rs.800
- iv) carriage inwards includes carriage paid on purchases of furniture Rs.50
- v) outstanding salaries Rs.150
- vi) prepaid insurance Rs.300
- vii) stock on hand Rs. 10700 (including stationery stock Rs.200)

SUM NO:9 Prepare trading and profit & loss A/c and balance sheet of Chandru as at 31st December 1992 from the following trial balance and additional information.

Drawings	10000	cash and bank	10000
Opening stock	100000	furniture & fittings	10000
Purchase	250000	bad debts	4000
Bills receivable	26400	plant & machinery	160000
Sales returns	4000	freight & duty	3000
600	wages	30000	carriage outwards
			1000

sales	520000	salaries	20000
purchase return	2400	insurance	2400
500 rent	6000	creditors	60000
debtors	90000	provision for bad debts	3500
tax	1800	capital	142800
<u>729200</u>		<u>729200</u>	

Adjustments:

i) stock on 31st december 1992 was valued at Rs. 120000 ii) the provision for bad debts is to be maintained at 5% on sundry debtors iii) total bad debts to be written off were Rs. 6400 iv) outstanding liabilities were as under: salaries Rs. 4000 and wages Rs. 6000

v) rent and insurance paid during the year were for 15 and 18 months respectively. vi) depreciate: furniture & fittings by 5% and plant & machinery by 10%

vii) goods costing Rs. 1000 were taken by the proprietor for his own use and have been included in the drawings of Rs. 10000

SUM NO: 10 The following trail balance has been taken from the books of mohan as on 31st december 1996:

Miscellaneous expenses	1000	cash at bank	6000
Stock 31-12-96	40000	cash in hand	5000
Office furniture	13000	bills receivable	22000
Printing & stationery	1200	debtors	33800
Coal, gas and water	600	carriage outwards	1500
Freight and clearing charges	3500	insurance	600
Purchases (adjusted)	65000	interest on bank loan	1000
Discount	950	sales	205350
Repairs to plant	1000	creditors	15000
Factory rent	2500	bank loan (at 16% taken	

Salaries	2800	on1-1-96)	20000
Manufacturing wages	24000	discount	400
Advertising	19000	bad debts provision	600
Plant & machinery	70000	bills payable	1500
Office rent	3600	capital	81000
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	323850		323850
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Adjustment:

- i) sales include Rs.350 worth of goods which were taken by the proprietor.
- ii) Rs.100 were paid in advance for factory rent.
- iii) half of the advertising account is to be carried to a suspense account and to be written off in the subsequent years
- iv) insurance premium was paid for six months up to 31-3-1997
- v) an outstanding bill for repairs amounting to Rs. 250 remains to be paid.
- vi) depreciate plant & machinery @10% and office furniture @7.5% provision for bad debts to be raised to 5% and provision for discount on creditors to 1%.

BOOKS REFERRED :

CORPORATE ACCOUNTING - T. S. REDDY AND MOORTHY