

# INTERNATIONAL INDIAN SCHOOL RIYADH

## ACCOUNTANCY WORK SHEET 8 – CLASS 11

### CHAPTER: FINANCIAL STATEMENTS

Q.1 Find out (a) Cost of goods sold (b) Closing Stock.

Opening Stock	Rs. 15,000	Sales	Rs. 1350,000
Purchases	Rs. 1050,000	Return Outwards	Rs. 10,000
Carriage	Rs. 18,000	Return Inwards	Rs. 12,000
Gross profit	Rs. 200,000	<b>(March 2010. Marks 2+2=4)</b>	

Q.2 (a) Pass adjusting journal entries for the following.

(i) Interest on Capital      (ii) Manager's Commission

(b) Distinguish between Capital Expenditure and Revenue Expenditure.

**(March 2011. Marks 2+2)**

Q.3 Calculate: (a) COGS (b) Gross Profit for the following information.

	Rs.		Rs.
Opening Stock	10,000	Administration Expenses	10,500
Closing Stock	15,000	Selling & Distribution Expenses	7,200
Purchases	80,000	Sales	150,000
Purchase Returns	5,000	Sales Return	10,000
Wages	15,000		

**(March 2011. Marks 4)**

Q.4 On 31.12.2003, the following Trail Balance was extracted from the books of a merchant.

Dr. Balance	Amount Rs.	Cr. Balance	Amount Rs.
Drawings	3,000	Capital	28,000
Sundry Debtors	20,100	Sundry Creditors	10,401
Interest on loan	300	Loan on Mortgage	9,500
Cash in hand	2,050	Bad debts Reserve	710
Stock (1.1.2003)	6,839	Sales	110,243
Motor Vehicles	10,000	Purchase returns	1,346
Cash at bank	3,555	Discounts	540
Land & buildings	12,000	Bills payable	2,614
Bad debts	525	Rent received	250
Purchases	66,458		
Sales Returns	7,821		
Carriage outward	2,404		
Carriage inward	2,929		

Salaries	9,097		
Rates, Taxes and insurance	2,891		
Advertising	3,264		
General Expenses	3,489		
Bills Receivable	6,882		

Prepare Trading and Profit and Loss account for the year ended 31.12.2003, and balance Sheet as on that date, after making adjustments for the following matters

1. Depreciate Land and Building at 2.5% and motor vehicles at 20%.
2. Interest on Loan at 6% p.a. is unpaid for six months.
3. Goods costing Rs. 500 were sent to customer on sale or return for Rs. 600 on 30<sup>th</sup> December, 2003, and had been recorded in the books as actual sales.
4. Salaries amounting to Rs. 750 and rates amounting to Rs. 350 are outstanding.
5. Prepaid insurance amounted to Rs. 150
6. Provision for Bad debts is to be maintained at 5% on Sundry Debtors.
7. Provide for Manager's commission at 10% on net profits after charging such commission.
8. Stock in hand on 31.12.2003 was valued at Rs. 6,250.

(March 2005. Marks 13)

Q.5 From the following information prepare the Final Accounts for the year ending on 31<sup>st</sup> March 2005:

Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
Drawings	20,000	Sales	138,000
Sundry Debtors	40,000	Bills Payable	7,700
Bad Debts	1,500	Sundry Creditors	30,000
Trade Expenses	1,200	Provision for doubtful debts	2,000
Printing & Stationary	1,000	Return Outwards	1,000
Rent, Rates & Taxes	5,000	Capital	100,000
Freight	2,000	Cash at Bank	12,000
Furniture & Fixtures	10,000	Bills Receivables	7,000
Return Inwards	2,000	Discount allowed	1,000
Purchases	90,000	Wages	5,000
Opening Stock	25,000	Cash in hand	6,000
Plant & Machinery	50,000		

**Adjustments:**

- (a) The Closing Stock was Rs. 45,000

- (b) Provision for doubtful debts is to be maintained at 8% on Sundry Debtors
- (c) Provide for depreciation on Furniture & Fixtures and Plant & Machinery @ 10% p.a.
- (d) Machinery costing Rs. 20,000 was purchased on 1<sup>st</sup> Oct, 2004
- (e) A fire broke out on 20<sup>th</sup> March, 2005 and stock of Rs. 10,000 was destroyed. It was fully insured and the insurance company admitted the claim for Rs. 8,500 **(March 2006. Marks 13)**

Q.6 The following balances have been extracted from the trial balance of Messrs, Intiaz Limited. You are required to prepare the Trading and Profit and Loss A/c on March 31, 2006. Also prepare Balance Sheet on that date.

Opening Stock	6,000	Capital	20,000
Furniture	1,200	Sales	41,300
Drawings	2,800	Purchase return	4,000
Cash in hand	3,000	Bank Overdraft	4,000
Purchase	24,000	Bad debts provision	400
Sales return	2,000	Apprenticeship Premium	500
Establishment exp.	4,400	Commission	100
Carriage inwards	3,000	Creditors	10,000
Bad debts	1,000		
Debtors	10,000		
Bills Receivable	6,000		
Bank deposits	8,000		
Wages	1,000		
Trade Expenses	500		
Bank Charges	400		
Salaries	2,000		
Insurance	1,500		
Postage & Telegram	500		
General Expenses	1,000		
Rent	2,000		
	<u>80,300</u>		<u>80,300</u>

**Adjustments:**

1. Outstanding Salaries Rs.100
2. Unexpired insurance Rs. 500
3. Further Bad debts amounted Rs. 200
4. Provision for doubtful debts is to be maintained at 5% on debtors.
5. Depreciate furniture at 10%.

6. Apprenticeship premium received in advance amounted to Rs. 100.  
 7. Closing stock was valued at Rs. 9,000 (March 2007. Marks 15)  
 (Ans: GP Rs.18,300 NP Rs.5,490 BS Rs.36,890)

Q.7 Prepare Final Accounts from the following Trial Balance of Mr. Joshi as on 31<sup>st</sup> March 2007

Particulars (Debit Balance)	Amount Rs.	Particulars (Credit Balance)	Amount Rs.
Building	50,000	Capital	80,000
Furniture	8,000	Sales	115,000
Investments @ 10% (1.4.06)	10,000	Purchase Returns	2,000
Purchases	82,000	Sales Tax collected	4,500
Opening Stock	15,000	Interest on Investments	500
Sundry Debtors	20,000	Sundry Creditors	30,000
Wages	1,800	Commission	2,000
Rent	6,500	Outstanding salaries	1,000
Insurance	22,000		
Carriage on purchases	200		
Salaries	12,000		
Bad Debts	800		
Cash @ Bank	20,000		
Cash in Hand	6,500		
	<u>235,000</u>		<u>235,000</u>

**Additional Information:**

- (i) Closing Stock was valued at Rs. 20,000  
 (ii) Furniture of Rs. 4,000 was purchased on 1<sup>st</sup> July, 2006.  
 (iii) Provide depreciation on building @ 5% and on furniture @ 10%.  
 (iv) Advance rent for one month has been paid.  
 (v) Provide for Manager's commission @5% on net profit after charging such commission.  
 (March 2008. Marks 16)

(Ans: GP Rs.38,000 NP Rs.16,000 BS Rs.132,300 Commission Rs.800)

Q.8 The following were the balance extracted from the books of Yogita as on March 31<sup>st</sup> 2005.

Debit Balance	Rs	Credit Balance	Rs.
Cash in hand	540	Sales	98,780

Cash at Bank	2,630	Returns outwards	500
Purchases	40,675	Capital	62,000
Returns in wards	680	Sundry Creditors	6,300
Wages	8,480	Rent	9,000
Fuel and Power	4,730		
Carriage on Sales	3,200		
Carriage on Purchase	2,040		
Opening Stock	5,760		
Building	32,000		
Freehold land	10,000		
Machinery	20,000		
Salaries	15,000		
Patents	7,500		
General Expenses	3,000		
Insurance	600		
Drawings	5,245		
Sundry Debtors	14,500		
	<u>176,580</u>		<u>176,580</u>

Taking into account the following adjustments. Prepare Trading and Profit and Loss account and balance sheet as on March 31<sup>st</sup> 2005:

- Stock in hand on March 31<sup>st</sup>, 2005, was Rs. 6,800
  - Machinery is to be depreciated at the rate of 10% and Patent @ 20%.
  - Salaries for the month of March, 2005 amounting to Rs. 1,500 were outstanding.
  - Insurance includes a Premium of Rs. 170 on policy expiring on September 30<sup>th</sup>, 2006.
  - Further bad debts are Rs. 725. Create a Provision @ 5% on debtors.
  - Rent Receivable Rs. 1,000.
- (March 2009. Marks 16)**  
**(Ans: GP Rs.43,715 NP Rs.25,586 BS Rs.90,141)**

Q.9 The following information has been extracted from the trial balance of M/s Randhir Transport Corporation.

Debit balance	Amount Rs.	Credit balance	Amount Rs.
Opening stock	40,000	Capital	270,000
Rent	2,000	Creditors	50,000
Plant & Machinery	120,000	Bills Payable	50,000
Land & Building	255,000	Loan	110,000

Power	3,500	Discount	1,500
Purchases	75,000	Sales	150,000
Sales Return	2,500	Provision for bad debts	1,000
Telegram & Postage	400	General reserves	50,000
Wages	4,500		
Salary	2,500		
Insurance	3,200		
Discount	1,000		
Repair & Renewals	2,000		
Legal Charges	700		
Trade taxes	1,200		
Debtors	75,000		
Investments	65,000		
Bad Debts	2,000		
Trade Expenses	4,500		
Commission	1,250		
Travelling Expenses	1,230		
Drawings	20,020		
	<u>682,500</u>		<u>682,500</u>

**Adjustments:**

1. Closing stock for the year was Rs. 35,500.
2. Depreciation charges on Plant and Machinery @ 5% and Land and Building @ 6%.
3. Interest on drawing @ 6% and interest on loan @ 5%.
4. Interest on investment @ 4%.
5. Further bad debts Rs. 2,500 and make a provision for bad debts on debtors @ 5%.

You are required to make trading and profit and loss account and a balance sheet on March 31<sup>st</sup> 2008. **(March 2010. Marks 16)**

**(Ans: GP Rs.60,000 NP Rs.11,396 BS Rs.525,675)**

Q.10 The following balances were extracted from the books of Shri Krishna on 31<sup>st</sup> December 2003.

Name of the Account	Debit Rs.	Credit Rs.
Capital		24,500
Drawing	2,000	
General Expenses	2,500	
Buildings	11,000	

Machinery	9,340	
Stock (1.1.2004)	16,200	
Power	2,240	
Taxes and insurance	1,315	
Wages	7,200	
Sundry Debtors	6,280	
Sundry Creditors		2,500
Charity	105	
Bad Debts	550	

Bank Overdraft		11,180
Sales		65,360
Purchases	47,000	
Scooter	2,000	
Bad Debtor Provision		900
Commission		1,320
Trade Expenses	1,780	
Bills Payable		3,850
Cash	100	
	<u>109,610</u>	<u>109,610</u>

- Stock on 31<sup>st</sup> December, 2004 was valued at Rs. 23,500.
- Write off a further bad debts of Rs. 160 and maintain the provision for bad debts at 5% on sundry debtors.
- Provide 2% for discount on sundry creditors.
- Depreciation machinery at 10% and scooter by Rs. 240.
- Provide Rs. 750 for outstanding interest on Bank overdraft.
- Prepaid insurance is to be extent of Rs. 50.
- Provide Manager's commission at 10% on the net profit after charging such commission

Prepare final accounts for the year ended 31<sup>st</sup> December, 2004 giving effect to the above adjustments. **(March 2011. Marks 16)**