

UNIT-1

Trial Balance:

Meaning: & Definition:

A statement of containing all the debit balances and credit balances of ledger accounts of a business enterprises is known as Trial Balance.

According to M.S. Goswami "Trial Balance is a statement containing the balances of all ledger accounts, as at any given date, arranged in the form of debit and credit columns placed side by side and prepared with the object of checking the arithmetical accuracy of ledger postings."

Final Accounts

Meaning: Preparation of final accounts

is the last step in the accounting cycle. The amount of profit or loss has been determined by preparing Profit and Loss account of a concern. All the income and expenditures are accumulated and bring under this account, in addition the list of assets and liabilities of the business as at the ~~end~~ end of the period. It contains trading & profit & loss account and balance sheet at the end of the year.

Exercise

1. Prepare T. B :

Capital	9,000
plant and machinery	12,000
purchases	8,000
sales	12,000
sundry creditors	8,000
Bank loan	22,000
Rent outstanding	1,000
Opening stock	2,000
sales Return	4,000
Investments	14,000
Debtors	12,000

Solution

Trial Balance

S. NO	NAME OF ACCOUNT	L. F	D. Bin Rs	C. Bin Rs
	Capital			9,000
	plant and machinery		12,000	
	purchases		8,000	
	sales			12,000
	sundry creditors			8,000
	Bank loan			22,000
	Rent outstanding			1,000
	Opening stock		2,000	
	sales returns		4,000	
	Investment		14,000	
	Debtors		12,000	
			52,000	52,000

2] Prepare Trial Balance

Opening stock	10,600
wages	2,200
carriage	200
commission (Dr)	300
Purchases	12,000
Returns Inward	440
Trade Expenses	580
Rent	2,600
Plant	2,600
Repairs to plant	460
Cash at Bank	200
Cash in hand	1,000
Debtors	3,000
Income tax	500
Drawings	700
Returns Outwards	150
Sales	25,200
Discount received	400
Capital	7,000
Creditors	830
Loan (Cr)	1,400

3] Solution :

S.No	NAME OF ACCOUNT	L.F	D. Bin Rs	C. Bin Rs
	Opening stock		10,600	
	wages		2,200	
	carriage		200	
	commission (Dr)		300	
	Purchases		12,000	
	Returns Inward		440	
	Trade Expenses		580	
	Rent		2,600	
	plant		2,600	
	Repairs to plant		460	
	Cash in hand		200	
	Cash at bank		1,000	
	Debtors		3,000	
	Income tax		500	
	Drawings		700	
	Returns Outwards		150	150
	Sales			25,200
	Discount received			400
	Capital			7,000
	Creditors			830
	Loan (Cr)			1,400
			34,980	34,980

3) prepare Trial Balance from the following ledger balance for the year ending 31.12.99.

Capital	50,000
Sales	1,77,000
Return Outward	750
Stock (1.1.99)	30,000
Discount (Cr)	800
Debtors	45,000
Salaries	6,800
wages	10,000
Bad debts provisions	525
Advertisement	2,000
Plant and Machinery	80,600
purchases	60,000
Returns inward	1,000
Discount (Dr)	350
Bank charges	75
Creditors	25,000
Carriage inward	750
Carriage outward	1,200
Rent and Taxes	10,000
Cash in hand	900
Cash at bank	6,000

Solution:

Trial Balance for the year ending 31.12.99

S.No	NAME OF ACCOUNT	L.F	D.B In Rs	C.B In Rs
	Capital			50,000
	Sales			1,77,000
	return Outward			750
	stock (1.1.99)		30,000	
	Discount (Cr)			800
	Debtors		45,000	
	salaries		6,800	
	wages		10,000	
	Bad debts provisions			525
	Advertisement		2,000	
	Plant and Machinery		80,600	
	Purchases		60,000	
	Return inward		1,000	
	Discount (Dr)		350	
	Creditors			25,000
	Bank charges		75	
	Carriage Inward		750	
	Carriage Outward		1,200	
	Rent and Taxes		10,000	
	Cash in hand		900	
	Cash at bank		6,000	

2,54,075 2,54,075

4) From the following balances extracted from the ledger, you are required to prepare a Trial balance.

A Brown's drawing Account	5,800
A Brown's Capital Account	24,000
Sundry Creditors	43,000
Bills payable	4,000
Sundry debtors	51,000
Bills receivable	5,200
Loan advanced to Ravi Co	10,000
Fixtures and fittings	4,500
Stock of commencement	47,000
Cash in office	900
Cash at the state Bank	12,500
Overdraft with the central bank	6,000
Purchases	50,000
Duty and clearing charges	3,500
Sales	1,28,000
Staff salaries	9,500
Return from customers	1,000
Return to creditors	1,100
Commission & travelling expenses	4,700
Trade expenses	2,500
Rent account	2,000
Discount received	4,000

Solution :-

Trial Balance

S. NO	NAME OF ACCOUNT	I	F	D.B in Rs	C.B in Rs
	A Brown's drawings A/c			5,800	
	A Brown's capital A/c				24,000
	Sundry Creditors				43,000
	Bills payable				4,000
	Sundry debtors			51,000	
	Bills receivable			5,200	
	Loan advanced to Ravi Co			10,000	
	Fixtures and fitting			4,500	
	Stock of commencement			47,000	
	Cash in office			900	
	Cash at state Bank			12,500	
	Overdraft with central bank				6,000
	Purchases			50,000	
	Duty and clearing charges			3,500	
	Sales				1,28,000
	Staff salaries			9,500	
	Return from customers				1,000
	Return to customers			1,100	1,100
	Commission & travelling expenses			4,700	
	Trade expenses			2,500	
	Rent account			2,000	
	Discount received				4,000
				2,10,000	2,10,000

4) From the following balances extracted from the ledger, you are required to prepare a Trial balance.

A Brown's drawing Account	5,800
A Brown's Capital Account	24,000
Sundry creditors	43,000
Bills payable	4,000
Sundry debtors	51,000
Bills receivable	5,200
Loans advanced to Rao & Co	10,000
Fixtures and fittings	4,500
Stock of commencement	47,000
Cash in office	900
Cash at the state Bank	12,500
Overdraft with the central bank	6,000
Purchases	50,000
Duty and clearing charges	3,500
Sales	1,28,000
Staff salaries	9,500
Return from customers	1,000
Return to creditors	1,100
Commission & travelling expenses	4,700
Trade expenses	2,500
Rent account	2,000
Discount received	4,000

Solution:

Trial Balance

S. NO	NAME OF ACCOUNT	J F	Dr in Rs	Cr in Rs
	A. Brown's drawings A/c		5,800	
	A. Brown's capital A/c			24,000
	Sundry creditors			43,000
	Bills payable			4,000
	Sundry debtors		51,000	
	Bills receivable		5,200	
	Loans advanced to Rao & Co		10,000	
	Fixtures and fitting		4,500	
	Stock of commencement		47,000	
	Cash in office		900	
	Cash at state Bank		12,500	
	Overdraft with central bank			6,000
	purchases		50,000	
	Duty and clearing chgs		3,500	
	sales			1,28,000
	staff salaries		9,500	
	Return from customers			1,000
	Return to customers			1,100
	Commission & travelling expenses		4,700	
	Trade Expenses		2,500	
	Rent account		2,000	
	Discount received			4,000
			2,10,000	2,10,000

Ex: 5) Following are the ledgers balances of Sri Rao. You are asked to trial balance as on 31.12.2020

Opening stock	10,000
salaries	5,000
Bills payable	5,000
Cash in hand	12,000
Bank Overdraft	4,000
Debtors	15,000
Cash at bank	18,000
Sales	80,000
wages	1,000
Prepaid Insurance	2,500
Depreciation on plant	8,000
Capital	60,000
Creditors	10,000
Loan from Krishna	25,000
Discount allowed	700
Accrued interest payable	5,000
Purchases	30,000
Reserve for bad debts	1,200
Trade expenses	500
Outstanding salaries	2,000
Plant & Machinery	90,000
Outstanding Interest On Overdraft	500

Trial balance of Mr. Sri Rao for the year ending 31.12.2020

S.NO	PARTICULARS	L.F	D.B in RS	CB in RS
	Opening stock		10,000	
	salaries		5,000	5,000
	Bills payable			5,000
	Cash in hand		12,000	
	Bank Overdraft			4,000
	Debtors		15,000	
	Cash at bank		18,000	
	Sales			80,000
	wages		1,000	
	Prepaid Insurance		2,500	
	Depreciation on plant		8,000	
	Capital			60,000
	Creditors			10,000
	Loan from Krishna			25,000
	Discount allowed		700	
	Accrued Interest payable			5,000
	Purchases		30,000	
	Reserve for bad debts			1,200
	Trade expenses		500	
	Outstanding salaries			2,000
	Plant and machinery		90,000	
	Outstanding Interest On Overdraft			500
			1,92,700	1,92,700

Trading account for the year ended ...

	Rs
To Opening stock	xxx
To purchases	xxx
Less: purchase return	xxx
	xxx
To Direct expenses:	
Carriage inward	xxx
Wages	xxx
Freight	xxx
Import duty	xxx
Gas and fuel	xxx
Royalty on production	xxx
Factory expenses etc	xxx
	xxx
To Gross profit 1/4*	
Transferred to Profit & Loss %	xxx
	xxx

[FORMAT]

	Rs
By sales	xxx
(-) Less sales returns	xxx
	xxx
By closing stock	xxx
By Gross loss 1/4*	xxx
	xxx

194/205

FORMAT

Profit and Loss

	Rs
To Gross Loss b/d	xxx
To management expenses:	
Office salaries	xxx
Rent rates & Taxes	xxx
Printing & Stationery	xxx
Postage & Telegram	xxx
Telephone charges	xxx
Legal charges	xxx
Audit fees	xxx
Insurance	xxx
General expenses	xxx
Office lighting	xxx
To Financial Expenses:	
Int on Capital	xxx
Int on loans	xxx
Discount allowed	xxx
Discount on bills	xxx
To Selling & Distribution exp:	
Advertising	xxx
Traveller's Salaries	xxx
Expenses & Commission	xxx
Bad debts	xxx
Godown rent	xxx
Carriage outward	xxx
Agent's Commission	xxx

account of the year ended...

	Rs
By Gross profit b/d	xxx
By Interest received	xxx
By discount received	xxx
By Commission received	xxx
By rent from tenants	xxx
By Income from Investment	xxx
By Apprenticeship premium	xxx
By Interest on debentures	xxx
By miscellaneous revenue receipt	xxx

upkeep of motor Vans xxx
Export expenses xxx

To Depreciation & Maintenance:

Depreciation xxx
Repairs & maintenance xxx

To Extraordinary Expenses:

Loss by fire xxx
(not recovered by Insurance)
Cash donations xxx

To Net profit transferred
to capital A/c xxx

xxx

- x - x -

By Net loss transferred
to capital a/c xxx

xxx

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Date: / /

Balance sheet

Liabilities		Rs
	Capital	xxx
Add	Net profit	xxx
Add	Interest on Capital	xxx
		xxx
Less	Drawings	xxx
Less	Interest on drawings	xxx
Less	loss if any	xxx
		xxx
LONG TERM LIABILITY:		
	Loan from Mortgage	xxx
	Bank loan	xxx
CURRENT LIABILITIES		
	Sundry creditors	xxx
	Bills payable	xxx
	Bank OD	xxx
	creditors for Outstanding expenses	xxx
	Income received in Adv	xxx
		xxx

of _____ as on _____

Assets		Rs
Fixed "		
	Goodwill	xxx
	Land & Buildings	xxx
	Loose tools	xxx
	Furniture & Fixtures	xxx
	Vehicles	xxx
	Patents	xxx
	Trade marks	xxx
	Long term loans (Adv)	xxx
Investments:		
Current Assets:		
	Closing stock	xxx
	Sundry debtors	xxx
	Bills receivable	xxx
	Prepaid expenses	xxx
	Accrued incomes	xxx
	Cash at bank	xxx
	Cash in hand	xxx
Fictitious Assets		
	Preliminary expenses	xxx
	Advertising "	xxx
	Underwriting commission	xxx
	Discount on Issue of shares	xxx
	Discount on Issue of debentures	xxx
		xxx

15)

Trading and Profit & Loss

To Opening stock		2,450
To purchase	11,870	
less Purchase return	350	11,520
To Gross profit %d		4,470
		18,440
To Rent	360	360
Add Outstanding rent for 3 months	120	480
To Salaries		850
To Travelling Expenses		300
To Discount Allowed		40

a/c for the year ending 31-12-1981

By closing stock		4,200
By sales	14,690	14,690
less: sales return	450	14,240
		18,440
By gross profit		4,470
By bad debts recovered		250

	1/570	1/570
To Bank Overdraft	80	
Add Existing Bad debts	375	2/1025
Add New reserve 5%		
	2595	
To net profit %d	4720	

Balance sheet for the year

Capital	8000	
Add net profit	2595	
	10,595	
less Drawings	600	9,995
Creditors		1,250
Bank Overdraft		1,570
Bills payable		1,350
Outstanding rent		120
		14,285

Ending 31-12-1981 4720

Debtors	7580	
less write off bad debts	80	
less Reserve for debtors	375	7125
Cash		210
stock		4,200
Bank deposit		2,750
		14,285

(b) Trading and Profit & loss % for the year ending 31-12-1994

To By purchases		25,000
To Gross profit %d		16,000
		41,000
To salaries	5,500	
Add Outstanding salary for 1 month	500	6000
To Rent	1,300	
less Paid in Advance	100	1200
To trade expenses		600
Provision of doubtful debts		2000
To net profit %d		6,800
		16,000

By closing stock	9000
By sales	32,000
	41,000
By Gross profit	16,000

16,000

To General Expenses		450
To Depreciation		
Machinery	4000	
Furniture	600	4600
To Net profit Yd		80,750
		1,34,150

Balance sheet for Mr. Akilan as on 31-12-1995

Capital	1,60,000	
Add Net profit	80,750	
	240,750	
less 45000 (drawings)	45000	195750
Bills payable		35000
Creditors		70,000
Outstanding wages		1500
		3,02,250

Goodwill		90,000
Buildings		60,000
Machinery	40,000	
less Depreciation	4000	36000
Bills receivable		6000
Bank		25000
Cash		1600
Debtors	45000	
less Provision	2,250	42,750
Furniture	6000	1
less Provision	600	5,400
Closing stock		35000
Add: Prepaid Advertisement		500
		3,02,250

Balance sheet for the

Capital	30,000	36,200
Add: Net profit	6,200	
		9,500
Liabilities		10,000
Loan		500
Outstanding salary		2,500
Advances		

(F) Trading and Profit and loss

To opening stock		40,000
To purchase	51,000	
(-) purchase return	2,650	48,350
A To wages		26,000
d To carriage inward		1,000
d: Outstanding wages		1,500
		1,34,150
To Gross profit %d		251,000

To carriage outward		500
To salaries		35,000
To rent		3,000
To discount		1,100
To repairs		2,300
To Bad debts	1,200	
Add new provision	2,850	3,450
Advertisement	3,500	
Less prepaid	500	3,000

year ending 31-12-1994

Cash		1,000
Bank balance		5,600
Debtors	40,000	40,000
less Provision	2,000	38,000
Closing stock		9,000
Advances		2,500
Add: Rent paid in advance		

1/2 of Mr. Akilan for the year ending 31-12-95

By closing stock		35,000
By sales	2,18,000	
(-) sales return	2,000	2,16,000

		251,000
By gross profit		1,34,150

Trading and Profit and Loss

To Opening stock		5,760
To purchase	40,675	
(-) purchase return	500	40,175
To carriage Inward		2,040
To wages		8,480
To fuel and power		4,130
To Gross profit %		43,715
		1,04,900
To carriage on sales		3,200
To salaries	15,000	
Add Outstanding	1,500	16,500
To General Expenses		3,000
To Insurance	600	
less Prepaid	150	450
To Depreciation		
machinery	2,000	
Patents	1,500	3,500
To provision on doubtful debts	290	
		290
To Net profit %		16,775
		43,715

a/c of Rehman as on 31-4-1995

By closing stock		6,800
By purchase sales	98,780	
(-) purchase return	680	98,100
sales		
		1,04,900
By Gross profit		43,715
		43,715

Balance sheet of Rehman

Capital	62,000
net profit	16,775
	78,775
	5,245
Drawings	73,530
	6,300
Sundry Creditors	9,000
Bills payable	1,500
Outstanding salary	
	90,330

M Trading and profit and loss 1/c

To	2000
By purchase	6000
By Opening stock	1000
To wages	100
Add yet to be paid	10,900
To Gross profit %d	20000
	20000
To Rent	450
less Prepaid	50
	400
To Commission	250
To General Expenses	800
To Interest on capital	1,200
To Gross profit %d	8,450
	11,100

as on 31-4-1998

Land and Buildings	42,000
Machinery	20,000
(-) To Depreciation	2000
Patents	7,500
(-) To Depreciation	1,500
Sundry debtors	14,500
(-) provision	290
Cash in hand	540
Cash at bank	2630
(+) Insurance prepaid	150
Closing stock	96,880
	90330

of Ganesh for the year ending 31-12-1999

By closing stock	4000
By sales	16000
	20000
By Gross profit %d	10,900
By Interest on drawings	200
	11,100

Balance sheet of Rehman

Capital	62,000
net profit	16,775
	78,775
Drawings	5,245
	73,530
Sundry Creditors	6,300
Bills payable	9,000
Outstanding salary	1,500
	90,330

19. Trading and profit and loss A/c of Ganesh for the year ending 31-12-1999

To		
By purchase	2000	
By opening stock	6000	
To wages	1000	
Add		
yet to be paid	100	
To Gross profit %	10,900	
	20000	
To Rent	450	
less Prepaid	50	
	400	
To Commission	250	
To General Expenses	800	
To Interest on capital	1,200	
To Gross profit %	8,450	
	11,100	

as on 31-4-1995

Land and Buildings		42,000
Machinery	20,000	
(-) To Depreciation	2000	18000
Patents	7,500	
(-) To Depreciation	1,500	6000
Sundry debtors	14,500	
(-) provision	290	14210
Cash in hand		540
Cash at bank		2630
(+) Insurance prepaid		150
Closing stock		96,330
		90330

By closing stock	4000	
By sales	16000	
	20000	
By Gross profit b/d	10,900	
By Interest on drawings	200	
	11,100	

Balance sheet of Ganesh

Capital	20,000	
Add Interest on Capital	1,200	
	21,200	
Add Net profit	8,450	
	29,650	
less Drawings	4,000	25,450
Add Interest on Drawings	200	
		4,500
Sundry Creditors		100
wages yet to be paid		
		30,050

as on 31-12-1999

Cash at Bank	1,100
Cash in hand	6,500
Buildings	10,000
Sundry debtors	4,400
Bills receivable	2,900
Furniture	500
Closing stock	4,000
Prepaid rent	50
	30,050

20) Trading and profit and loss A/c of Ahmedabad Tripathi brothers for the year ending 31-12-1992

To opening stock		3100
To purchases	21,200	
(-) purchase return	420	20780
To wages		5200
To freight and cartage on purchase		660
To Gross profit b/d		13780
		43420
To By salaries	2,200	
(+) salaries Unpaid	200	2200
To Bad debts	120	
(+) provision	300	420
To Rent		600
To miscellaneous expenses	500	
(-)	120	380

By opening stock		2,980
By sales	41,460	
(-) sales return	1,020	40,440
		43,420
By Gross profit B/d		13,780

Name of the Institution / Club Receipts

and payments A/c For the year ended...

Receipts	Rs.
To Balance b/d	xxx
Cash	xxx
Bank	xxx
	xxx
To Subscriptions:	
Relating to previous years	xxx
For current year	xxx
For future year	xxx
	xxx
To Life membership fee	xxx
To Entrance fee	xxx
To Donations	xxx
To Income from Lectures and concerts	xxx
To Rent	xxx
	xxx

Payments	Rs.
By Rent & Taxes	xxx
By Salaries	xxx
By Electricity	xxx
By printing & stationery	xxx
By purchase of Furniture	xxx
By purchase of Books	xxx
By purchase of Investments	xxx
By Insurance	xxx
By Repairs	xxx
By Miscellaneous Expenses	xxx
By balance c/d:	

cash xxx

Bank xxx

B/F xxx

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Income and Expenditure

To Revenue payments:

[Rent, Interest, salaries Repairs etc.]	xxx	
Less: pertaining to previous period	xxx	
	xxx	
Less: pertaining to future period	xxx	
	xxx	
Add: outstanding expenses	xxx	
		xxx
To Loss on sale of assets		xxx
To depreciation on fixed assets		xxx
To bad debts etc.		xxx
To surplus (excess of income over expenditure (Bal. fig))		xxx
		xxx

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Account for the year ended

By Revenue Receipts: xxx

[Subscriptions, Rents, Interest, Entrance, fee etc.]		
Less: Relating to previous period	xxx	
	xxx	
Less: Relating to future period.	xxx	
	xxx	

Add: Accrued
Income xxx

		xxx
By other receipts		xxx
By profit on sale of assets		xxx
By deficit [excess of expenditure over income]		xxx

[Bal. fig] xxx

xxx