

Question NUM 1

From the following balance taken from the books of Simmi and Vimmi Ltd. for the year ending March 31, 2014, calculate the gross profit.

	₹
Closing stock	2,50,000
Net sales during the year	40,00,000
Net purchases during the year	15,00,000
Opening stock	15,00,000
Direct expenses	80,000

Solution NUM 1

**Simmi and Vimmi Ltd.
Trading Account
For the year ended 31st March 2014**

Dr.		Cr.	
Particulars	₹	Particulars	₹
To Opening Stock	15,00,000	By Net Sales	40,00,000
To Net Purchases	15,00,000	By Closing Stock	2,50,000
To Direct Expenses	80,000		
To Gross Profit c/d	11,70,000		
	42,50,000		42,50,000

Question NUM 2

From the following balance extracted from the books of M/s Ahuja and Nanda. Calculate the amount of :

- a. Cost of goods available for sale
- b. Cost of goods sold during the year
- c. Gross Profit

	₹
Opening stock	25,000
Credit purchases	7,50,000
Cash purchases	3,00,000
Credit sales	12,00,000
Cash Sales	4,00,000
Wages	1,00,000
Salaries	1,40,000
Closing Stock	30,000
Sales return	50,000
Purchases return	10,000

Solution NUM 2

(a) Cost of Goods Sold Available for Sales
 Cost of Goods Manufactured
 = Opening Stock + Net Purchases + wages
 = 25,000 + 10,40,000 + 1,00,000
 = ₹11,65,000

(b) Cost of Goods Sold
 = Opening Stock + Net Purchases + Wages + Closing stock
 = 25,000 + 10,40,000 + 1,00,000 + 30,000
 = ₹11,35,000

(c)

**M/s Ahuja and Nanda
Trading Account**

Dr.	₹	Cr.	₹
To Opening Stock	25,000	By Sales	
To Purchases		Add: Credit Sales	12,00,000
Add: Credit Purchases	7,50,000	Add: Cash Sales	4,00,000
Add: Cash Purchases	3,00,000	Less: Sales Return	(50,000)
Less: Purchases Return	(10,000)	By Closing Stock	30,000
	10,40,000		
To Wages	1,00,000		
To Gross Profit	4,15,000		
	15,80,000		15,80,000

-Gross Profit ₹4,15,000

Question NUM 3

Calculate the amount of gross profit and operating profit on the basis of the following balances extracted from the books of M/s Rajiv and Sons for the year ended March 31, 2014.

	₹
Opening stock	50,000
Net sales	11,00,000
Net purchases	6,00,000
Direct expenses	60,000
Administration expenses	45,000
Selling and distribution expenses	65,000
Loss due to fire	20,000
Closing stock	70,000

Solution NUM 3

**M/s Rajiv and Sons
Trading Account
For the year ended 31st March 2014**

Dr.	₹	Cr.	₹
To Opening Stock	50,000	By Net Sales	11,00,000
To Net Purchases	6,00,000	By Closing Stock	70,000
To Direct Expenses	60,000		
To Gross Profit	4,60,000		
	11,70,000		11,70,000

Operating Profit

- = Sales - (Opening Stock + Net Purchases + Direct Expenses + Administration Expenses + Selling and Distribution Expenses) + Closing Stock
- = 11,00,000 - (50,000 + 6,00,000 + 60,000 + 45,000 + 65,000) + 70,000
- = ₹3,50,000

Question NUM 4

Operating profit earned by M/s Arora and Sachdeva in 2013-14 was ₹17,00,000. Its non-operating incomes were ₹1,50,000 and non-operating expenses were ₹3,75,000. Calculate the amount of net profit earned by the firm.

Solution NUM 4

Net Profit = Operating Profit + Non-operating Income + Non-operating Expenses
 = 17,00,000 + 1,50,000 + 3,75,000
 = ₹14,75,000

M/S Arora and Sachdeva earned in net profit 2013-14 = ₹14,75,000

Question NUM 5

The following are the extract from the trial balance of M/s Bhola and Sons as on March 31, 2014

Account title	Debit ₹	Credit ₹
Opening Stock	2,00,000	
Purchases	8,10,000	
Sales		10,10,000
	10,10,000	10,10,000

(Only relevant items)

Closing Stock as on date was valued at ₹3,00,000

You are required to record the necessary journal entries and show how the above items will appear in the trading and profit and loss account and balance sheet of M/s Bhola and Sons.

Solution NUM 5

M/s Bhola and Sons Journal

Date	Particulars	L.F.	Debit ₹	Credit ₹
2014 31 Mar	Trading A/c To Opening Stock A/c To Purchase A/c (Being balance from purchases account and stock account transferred to trading account)	Dr.	10,10,000	2,00,000 8,10,000
31 Mar	Sales A/c Closing Stock A/c To Trading A/c (Being balance from sales and closing stock transferred to trading account)	Dr.	10,10,000 3,00,000	13,10,000
31 Mar	Trading A/c To Profit and Loss A/c (Being of Trading A/c (gross profit) transferred to profit and loss A/c)	Dr.	3,00,000	3,00,000

M/s Bholu and Sons
Trading Account
For the year ended 31st March 2014

Dr.		Cr.	
Particulars	₹	Particulars	₹
To Opening Stock	2,00,000	By Sales	10,10,000
To Purchases	8,10,000	By Closing Stock	3,00,000
To Gross Profit c/d	3,00,000		
	13,10,000		13,10,000

Balance Sheet
as on March 31, 2014

Liabilities	₹	Assets	₹
		Closing Stock	3,00,000

Question NUM 6

Prepare trading and profit and loss account and balance sheet , as on March 31, 2014:

Account Title	₹	Account Title	₹
Machinery	27,000	Capital	60,000
Sundry Debtors	21,600	Bills Payable	2,800
Drawings	2,700	Sundry creditors	1,400
Purchases	58,500	Sales	73,500
Wages	15,000		
Sundry expenses	600		
Rent and taxes	1,350		
Carriage inwards	450		
Bank	4,500		
Openings Stock	6,000		

Closing stock, as on March 31, 2014 ₹22,400.

Solution NUM 6

Trading Account
For the year ended 31st March 2014

Dr.		Cr.
Particulars	₹	Particulars
To Opening Stock	6,000	By Sales
To Purchases	58,500	By Closing Stock
To Wages	15,000	
To Carriage Inwards	450	
To Gross Profit c/d	15,950	
	95,900	95,900

Profit and Loss Account
For the year ended 31st March 2014

Dr.		Cr.
Particulars	₹	Particulars
To Sundry Expenses	600	By Gross Profit b/d
To Rent and Taxes	1,350	
To Net Profit c/d	14,000	
	15,950	15,950

Balance Sheet
as on 31st March 2014

Liabilities	₹	Assets	₹
Capital	60,000	Fixed Assets	
Add: Net Profit	14,000	Machinery	27,000
Less: Drawings	(2,700)	Current Assets	
Current Liabilities		Bank	4,500
Sundry Creditors	1,400	Closing Stock	22,400
Bills Payable	2,800	Sundry Debtors	21,600
	71,300		
	75,500		75,500

Question NUM 7

The following trial balance is extracted from the books of M/s Ram on March 31, 2014. You are required to prepare trading and profit and loss account and the balance sheet as on date:

Account title	₹	Account title	₹
Debtors	12,000	Apprenticeship premium	5,000
Purchases	50,000	Loan	10,000
Coal, gas and water	6,000	Bank Overdraft	1,000
Factory wages	11,000	Sales	80,000
Salaries	9,000	Creditors	13,000
Rent	4,000	Capital	20,000
Discount	3,000		
Advertisement	500		
Drawings	1,000		
Loan	6,000		
Petty cash	500		
Sales return	1,000		
Machinery	5,000		
Land and Building	10,000		
Income tax	100		
Furniture	9,900		

Solution NUM 7

M/s Ram
Trading Account
For the year ended 31st March 2014

Dr.		Cr.	
Particulars	₹	Particulars	₹
To Purchases	50,000	By Sales	80,000
To Coal, Gas and Water	6,000	Less: Sales Return	(1,000)
To Factory Wages	11,000		
To Gross Profit c/d	12,000		
	79,000		79,000

Profit and Loss Account
For the year ended 31st March 2014

Dr.		Cr.	
Particulars	₹	Particulars	₹
To Salaries	9,000	By Gross Profit b/d	12,000
To Rent	4,000	By Apprenticeship Premium	5,000
To Discount	3,000		
To Advertisement	500		
To Net Profit c/d	500		
	17,000		17,000

Balance Sheet
as on 31st March 2014

Liabilities	₹	Assets	₹
Capital	20,000	Machinery	5,000
Add: Profit and Loss (Net Profit)	500	Land and Building	10,000
	20,500	Furniture	9,900
Less: Drawings	(1,000)	Loan (Given)	6,000
Less: Income Tax	(100)	Debtors	12,000
	19,400	Petty Cash	500
Loan	10,000		
Creditors	13,000		
Bank Overdraft	1,000		
	43,400		43,400

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