



INDIAN SCHOOL AL WADI AL KABIR

Class: XI	Department: Commerce
Worksheet:1	Topic: Financial Statements with Adjustments

I.State True or False.

- 1.Insurance claim received on loss of goods by accident is a revenue receipt.
- 2.Return Inward is deducted from Sales in the Trading A/c.
- 3.Payment to vendors for raw material is a direct expense.
- 4.Computers purchases for office use is a revenue expenditure.
- 5.Prepaid wages mentioned in trial balance is deducted from wages in Trading A/c.
- 6.Closing Stock is valued at lower of market value or cost price.
- 7.Indirect expenses are debited to Profit/Loss A/c.

II. Fill in the blanks:

- 1.Unearned income are shown as _____ in the Balance sheet.
- 2.The outcome of Trading A/c is _____ or _____.
- 3.Registration charges paid on purchase of Land is _____ expenditure.
- 4.Motor vehicle purchased by a car dealer for resale is _____ expenditure.
- 5.Salaries and wages are debited to _____ A/c.
6. When sales are of Rs.25,000 and Gross Profit earned is Rs.3,500. Then the Cost of Goods sold is _____.
- 7.Freight is debited to _____ A/c.
8. _____ is also called as Position Statement.
- 9.Interest on investment given as adjustment is shown _____ and _____.
- 10.Bad debt recovered is recorded in _____ side of _____ A/c.

III. MCQs:

- 1.Financial Statement is prepared from
A.Journal B.Ledger C.Trial Balance D.Purchase Book.
- 2.Sales =Rs.2,00,000. The Gross profit is 20% on sales. The Cost of Goods sold = ?
A.Rs.1,50,000 B.Rs.1,40,000 C.Rs.1,80,000 D.Rs.1,60,000
- 3.Depreciation on fixed assets mentioned as an adjustment, is shown :
A.Debited to P/L a/c. Deducted from the concerned asset.
B.Credited to P/L a/c. Deducted from the concerned asset.
C.Debited to P/L a/c. Added to the concerned asset.
D. Credited to P/L a/c. Deducted from the concerned asset.

4. Prepaid Rent, if given in the Trial Balance, is shown in

- A. Trading A/c as deduction from rent.
- B. Profit/Loss A/c as deduction from rent.
- C. Balance sheet as an asset.
- D. Balance Sheet as a liability

5. On 1.4.2019, the business had a Provision for doubtful of Rs.6,500. During the year 2019-20, Rs.4,000 was written off as further bad debt. The Debtors stood in the books on 31.3.2020 at Rs.1,96,000 before writing off the bad debt. It was decided to maintain Provision for doubtful debt @ 5%. The amount for bad debt and provision debited to P/L A/c will be

- A. Rs.13,600 B. Rs.7,100 C. Rs.9,600 D. Rs.12,100.

6. Trial Balance shows 10% Bank Loan Rs.70,000 and Interest on loan paid Rs.4,200. What is the amount of interest outstanding?

- A. Rs.3,500 B. Rs.2,000 C. Rs.2,800 D. Rs.3,800.

7. Net profit before manager's commission is Rs.13,200 and the manager is entitled for a commission of 10% of Net profit after charging the commission. How much commission is payable to the manager?

- A. Rs.1,320 B. Rs.1,300 C. Rs.1,250 D. Rs.1,200

8. Trial Balance as on 31.3.2020 shows bad debt Rs.1,000; provision for doubtful debt Rs.1,700 and debtors Rs.9,000.

A customer owing Rs.500 was declared bankrupt and the firm decided to maintain a provision for doubtful debt @2%. What will be the amount of bad debt and provision shown in Profit/Loss A/c?

- A. Rs.30 Debit B. Rs.30 credit C. Rs.1,030 debit D. Rs.1,030 credit

9. In Trial Balance 5% Investments of Rs.20,000 is shown. It also shows interest on investment Rs.650. What will be interest on investment shown in Profit/Loss A/c according to accrual concept?

- A. Rs.350 B. Rs.900 C. Rs.1,000 D. Rs.1,100

10. Capital as on 1.4.2022 = Rs.1,90,000; Drawings Rs.7,000, Net loss Rs.24,900. What will be the capital on 31.3.2023?

- A. Rs.2,07,900 B. Rs.1,58,100 C. Rs.2,21,900 D. Rs.172,100

LONG ANSWER QUESTIONS:

1. The following are the balances as on 31st March, 2023 extracted from the books of Vasundhara

	₹		₹
Sales	10,00,000	Courier charges	6,200
Purchases	7,00,000	Trade Expenses	9,000
Returns Inward	13,000	Bad Debts	4,000
Returns Outward	22,000	Debtors	2,20,000
Stock on 1st April, 2022	1,76,000	Creditors	1,28,000
Carriage Inwards	24,000	Loan from Sahil	50,000
Rent	22,000	Capital	5,25,000
Discount (Dr)	37,500	Drawings	19,100
Printing	7,200	Leasehold Premises	3,90,000
Insurance	5,000	Furniture	15,000
Travelling Expenses	14,000		

a.)The stock on 31st March, 2023 was valued at ₹ 2,40,000. (Market price: ₹ 2,60,000)

b)Furniture depreciated by ₹3,000

c)Rent still to be paid ₹ 2,000.

You are required to prepare Trading Account, Profit and Loss Account for the year ended 31st March 2023.

2. Trial Balance of Chatter Sen on 31st March, 2024 revealed the following balances:

Debit Balances:	₹	Debit Balances (Contd.):	₹
Plant and Machinery	90,000	Rent	2,000
Purchases	58,000	Advertisement	2,000
Sales Return	1,000	Cash at Bank	6,900
Opening Stock	40,000	Credit Balances:	
Discount Allowed	350	Capital A/c	1,10,000
Bank Charges	75	Sales	1,27,000
Salaries	6,800	Discount Received	800
Wages	10,000	Loan	5,000
Freight In	750	Sundry Creditors	20,000
Freight Out	1,200	Purchase Return	1,275
Sundry Debtors	45,000	Discount Received	800
		Loan	5,000
		Sundry Creditors	20,000

Stock on 31st March, 2024 was valued at ₹ 35,000.

Rent was paid in advance ₹500 and salaries were outstanding ₹1,200

Prepare Trading and Profit and Loss Account for the year ended 31st March, 2024.

3. The following balances were extracted from the books of Harish Chandra on 31.3.2023.

	₹		₹
Drawings	15,000	Capital	2,45,000
Telephone bill	5,000	Loan	78,800
General Expenses	25,000	Sales	6,53,600
Building	1,10,000	Purchases	4,70,000
Machinery	93,400	Motor Car	20,000
Stock on 1st April, 2022	1,62,000	Reserve Fund (Cr.)	9,000
Power	22,400	Commission (Cr.)	13,200
Insurance	13,150	Car Expenses	18,000
Wages	72,000	Bills Payable	38,500
Debtors	62,800	Cash	800
Creditors	25,000	Bank Overdraft	33,000
Prepaid insurance	15,000	Charity	1,050
Accrued commission	15,000	Bad Debts	5,500
Unearned interest	30,000		

a.)Stock on 31st March, 2023 was valued at ₹ 2,35,000.

b.)Bad debt further written off ₹1,800.

c)Provision for bad debt to be created @ 5%.

d)Motorcar was depreciated @10% p.a

Prepare Trading and Profit/loss A/c for the year ended 31st March, 2023 and also a balance sheet as on that date.

4. Following Trial Balance has been extracted from the books of Pravat on 31st March, 2022:

Particulars	Dr. (₹)	Particulars	Cr. (₹)
10% Investment	40,000	Capital	9,00,000
Building	4,00,000	Sales	16,00,000
Cash at Bank	1,00,000	Sundry Creditors	4,50,000
Cash in Hand	50,000	Interest Received	30,000
Wages	1,00,000		
Purchases	8,00,000		
Stock on 1st April, 2021	6,00,000		
Sundry Debtors	4,00,000		
Bills Receivable	2,90,000		
Rent	45,000		
Commission	25,000		
General Expenses	80,000		
Salaries	50,000		
	29,80,000		29,80,000

Additional Information:

- (i) Stock of 5,000 stolen, but no compensation was recieved from insurance company.
- (ii) Outstanding salaries were ₹ 45,000.
- (iii) Depreciate Building at 10%.
- (iv) Wages outstanding were ₹ 5,000.
- (v) One third of the rent is carried forward to the next year.
- (vi) Stock on 31st March, 2022 ₹ 8,00,000.

Prepare Trading, P/L a/c and Balance Sheet as on 31st Mar 2022.

5. From the following Trial Balance of Mahesh, prepare his Final Accounts for the year ended 31st March, 2023:

Heads of Accounts	Debit Balances (₹)	Credit Balances (₹)
Purchases	2,50,000	...
Sales	...	5,00,000
Returns Inward	12,000	...
Returns Outward	...	10,000
Carriage	8,000	...
Wages	60,000	...
Electricity bill.	2,000	...
Insurance	1,200	...
Repairs & Maintenance	8,000	...
Debtors	1,15,000	...
Creditors	...	1,00,000
Printing	6,000	...
Bad debt	1,000	...
Advertisement	15,000	...
Bills Receivable	4,000	...
Accounts Payable	...	2,000

Opening Stock	30,000	...
Cash in Hand	12,000	...
Interest on Loan	2,800	...
Machinery	2,80,000	...
Furniture	34,000	...
Drawings	20,000	...
Commission	...	2,000
12% Bank Loan	...	25,000
Capital	...	2,40,000
Rent Received	...	5,000
Cash at Bank	28,000	...
Provision for bad debt		5,000
Total	8,89,000	8,89,000

Additional Information:

- Closing Stock on 31st March, 2023 was ₹ 21,000.
- Rent of ₹ 1,200 has been received in advance.
- Bad debt amounted to 15,000, PBDD to be maintained @10% and a provision for discount @ 5%.
- Commission earned during the year but not received was ₹ 2,100.
- Goods costing ₹ 2,000 were donated to a charitable trust.

6. Following balances were extracted from the books of Vijay on 31st March, 2022:

Particulars	₹	Particulars	₹
Capital	2,45,000	Loan	78,800
Drawings	20,000	Sales	6,53,600
General Expenses	47,400	Purchases	4,70,000
Building	1,10,000	Motor Car	20,000
Machinery	93,400	Provision for Doubtful Debts	9,000
Stock on 1st April, 2021	1,62,000	Commission (Cr.)	13,200
Insurance	13,150	Car Expenses	18,000
Wages	72,000	Bills Payable	38,500
Debtors	62,800	Cash	800
Creditors	25,000	Bank Overdraft	33,000
Bad Debts	5,500	Charity	1,050

Prepare Trading and Profit and Loss Account for the year ended 31st March, 2022 and Balance Sheet as at that date after giving effect to the following adjustments:

- Stock as on 31st March, 2022 was valued at ₹ 2,30,000.
- Write off further ₹ 1,800 as Bad Debts and maintain the PDD at 5%.
- Depreciate Machinery at 10% for 6 months.
- Provide ₹ 7,000 as outstanding interest on loan.
- Stock destroyed due to fire 5,000 and the claim to be received from insurance is 60% of stock destroyed.
- General Expenses 2,400 is carried forward to the next year.

