



TRADING AND PROFIT AND LOSS ACCOUNT

as on 31st March, 2017

Dr.			Cr.	
Particulars	Amount (Rs.)	Particulars	Amount (Rs.)	
To Opening Stock	25,000	By Sales	2,76,000	
To Purchase	1,80,000	(-) Return Inwards	7,000	2,69,000
(-) Return Outwards	2,000	By Closing Stock		45,000
To Wages	10,000			
To Gross Profit c/d	1,01,000			
	3,14,000			3,14,000
To Bad Debts	1,000	By Gross Profit b/d		1,01,000
To Trade Expenses	2,400	By Provision for Bad		
To Printing and Stationery	2,000	Debts	4,000	
To Rent, Rates and Taxes	5,000	(-) New Provision	1,600	2,400
To Freight	4,000			
To Discount Allowed	2,000			
To Depreciation on Furniture and Fixture	1,000			



Dr.		Cr.	
Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
To Depreciation on Plant and Machinery (4,200 + 900)	5,100		
To Depreciation on Motor Car	5,100		
To Manager's Commission	6,891		
To Net Profit c/d	68,909		
	1,03,400		1,03,400

Working Note:

1. Depreciation on Plant and Machinery

Rs. 30,000 Machinery was purchased on 1 July, 2011.

Hence, Depreciation on 70,000 (1,00,000-30,000) @ 6% = 4,200

and Depreciation on 30,000 @ 6% for six months = 900

Rs. 5,100

2. Profit Before Manager's Commission = (1,03,400 - 27,600) = Rs. 75,800

Manager is entitled to a commission @ 10% on the new profit after charging such commission

$$= \left[75,800 \times \frac{10}{110} \right] = \text{Rs. } 6,891$$



BALANCE SHEET

as on 31st March, 2017

Liabilities		Amount (Rs.)	Assets		Amount (Rs.)
Capital	2,00,000		Sundry Debtors	80,000	
(+) Net Profit	68,909		(-) Provision for Bad Debts	1,600	78,400
	<u>2,68,909</u>		Furniture and Fixture	20,000	
(-) Drawings	20,000	2,48,909	(-) Depreciation @ 5%	1,000	19,000
Bank Overdraft		12,000	Plant and Machinery	1,00,000	
Creditors		60,000	(-) Depreciation @ 6%	5,100	94,900
Bills Payable		15,400	(4200 + 900)		
Manager's Commission			Motor Car	51,000	
Outstanding		6,891	(-) Depreciation @ 10%	5,100	45,900
			Cash in Hand		6,000
			Bills Receivable		14,000
			Investments		40,000
			Closing Stock		45,000
		<u>3,43,200</u>			<u>3,43,200</u>