

Subject: Financial Accounting

Class: BBA II Sem

Topic Name: Final Account of Joint Stock Companies

EXPENDITURE ON PURCHASE & FACTORY OR MANUFACTURING EXPENSES (1)	OFFICE EXPENSES , SELLING EXPENSES And Income (2)	Appropriation of profit (3)	Liabilities and Assets (4)
Purchaseless Pur.Return (Return outwards), Saleless SaleReturn (Return inwards) stock (Opening) Stock(Closing) Carriage inward, Octroi, Freight, Dock charges Wages, Power, Gas, Water	Salary, contribution to PF,Printing & Stationery, Interest, Rent,Postage, Audit Fee, Insurance, repairs, Advertisement, Bad debts, Travelling expenses. Free samples, Commission, Carriage outwards Income: Interest, Commission, Dividend received	(only from adjustment entry) Dividend Declared; EquilisationFund, StatutoryReserve, Education Fund	Liabilities: Share Capital Less Calls in Arrears, Statutory Reserve, DepreciationFund, Deposits, Debentures Sundry Creditors, Bills Payable, Bank Overdraft, Loan, Outstanding exp. Assets: Fixed Assets =Land &Building, Machinery, Furniture, Delivery Van,Loose tools, Goodwill,Motor Vehicle Investment, Current Assets = Cash in hand &at Bank, Sundry Debtors, Bills Receivable, Prepaid Ins., Pre.Exp.

ADJUSTMENTS:-

1)Closing Stock	Credit side of Trading Account	Asset side of B/S
2)Depreciation	Debit Side of P & L	Deduct from Asset
3)Bad Debts	Debit Side of P & L	Deduct from Debtors
4)Provision for Bad Debts (On Debtors)	Debit Side of P & L	Deduct from Debtors
5)Dividend (On Share Capital)	Debit Side of P & L Appro. A/c	Liability side of B/S
6)Dividend Equalisation Fund	Debit Side of P & L Appro. A/c	Liability side of B/S

7) Statutory Reserve	Debit Side of P & L Appro. A/c	Liability side of B/S
8) Outstanding Expenses or Unpaid	Add. Debit Side of P & L	Liability side of B/S
9) Prepaid or paid in Advance	Deduct from. Debit Side of P & L	Asset side of B/S
10) Accrued Income or Income receivable	Add Credit Side of P & L	Asset side of B/S
11) Income received in Advance	Deduct Credit Side of P & L	Liability side of B/S

Form of Balance Sheet

Liabilities	Assets
1. Share Capital	1. Fixed Assets
2. Reserves & Surplus	2. Investments
3. Secured Loans	3. Current Assets, Loans & Advances
4. Unsecured Loans	
5. Current Liabilities	4. Misc. Exp. & Losses
6. Contingent Liabilities	

Q1. The trial balance of Samson Ltd. As on 31st March 1998 is given below:-

Particulars	Debit`	Credit`
Share Capital	--	40,00,000
Building	16,00,000	--
Loose tools	1,88,000	--
Furniture	72,000	--
Cash in hand and at bank	1,10,000	--
Bills Receivable	2,72,000	--
Sundry Debtors	6,66,000	--
Repairs	17,200	--
General Reserve	--	3,00,000
Purchase & Purchase Return	43,00,000	1,00,000
Sales Return & Sales	1,40,000	65,68,900
Advertisement	50,800	--
Carriage Inward	74,000	--
Insurance	98,000	--
Debenture Interest	1,40,000	--
Advances	2,50,000	--
Land	8,50,000	--
Plant and Machinery	25,62,000	--
Preliminary Expenses	98,000	--
Calls in arrears	30,000	--
Investments	1,97,600	--
Goodwill	3,20,000	--
Interim Dividend	1,98,500	--
Sundry Creditors	--	6,11,200

Profit & Loss A/c	--	1,76,000
Audit fees	20,000	--
Salaries	4,64,000	--
Stock (1-4-1997)	9,52,000	--
14% Debentures	--	20,00,000
General expenses	86,000	
	1,37,56,100	1,37,56,100

Following additional information is also available.

1. Stock as on 31-3-1998 is ` 850000.
2. Provide for half year's interest on debenture.
3. Provide for depreciation:
 Building- 5% Plant and Machinery- 15% Furniture – 10%
4. The directors propose a dividend of 5% in addition to the interim dividend.
 You are required to prepare Trading and Profit and Loss Account for the year ending 31st March 1998 and the Balance Sheet as on that date.

Ans:-

Samson Company Ltd.

Trading and Profit & Loss Account

For the year Ended on date 31st March ,2008

Particulars			Particulars		
To Opening Stock		9,52,000	By Sale	65,68,900	
To Purchase	43,00,000		Less Sales Return	<u>1,40,000</u>	64,28,900
Less Purchase Return	<u>1,00,000</u>	42,00,000	By Closing Stock		8,50,000
To Carriage Inwards		74,000			
To Gross Profit c/d		20,52,900			
		72,78,900			72,78,900
To Salaries		4,64,000	By Gross Profit b/d		20,52,900
To Repairs		17,200			
To Advertisement		50,800			
To Insurance		98,000			
To Debenture Interest	1,40,000				
Add O/S	<u>1,40,000</u>	2,80,000			
To Audit Fee		20,000			
To General expenses		86,000			
To Depreciation					
Building	80,000				
Furniture	7,200	4,71,500			
Plant	<u>3,84,300</u>	5,65,400			
To Net Profit c/d					
		20,52,900			20,52,900

Samson Company Ltd.

Profit & Loss Appropriation Account

For the year Ended on date 31stMarch ,2008

Particulars			Particulars		
To Interim dividend		1,98,500	By Balance b/d	65,68,900	1,76,000
To Dividend proposed		1,98,500	By Profit & Loss	<u>1,40,000</u>	5,65,400
To Balance		3,44,400	account		
		7,41,400			7,41,400

Samson Ltd. Balance Sheet

As on date 31stMarch ,2008

Liabilities		Amt(000)	Assets		Amt(000)
1.Share Capital			1.Fixed Assets		
Authorised Capital			Building	16,00,000	
Issued,Subscribed,and			Less Depre.	<u>80,000</u>	15,20,000
Equity Share Capital	40,00,000		Loose Tools		1,88,000
Less: Call in Arrears	<u>30,000</u>	39,70,000	Furniture	72,000	
2.Reserves and			Less Depre.	<u>7,200</u>	64,800
Surplus			Land		8,50,000
Reserve Fund	3,00,000		Plant & Machinery	25,62,000	
P & L Account	<u>3,44,400</u>	6,44,400	Less Depre.	<u>3,84,300</u>	21,77,700
3.Secured Loan:			Goodwill		3,20,000
Debentures	20,00,000		2.Investments		1,97,600
Interest on Debentures	<u>1,40,000</u>	21,40,000	3. Current assets,		
4.Unsecured Loan			Loans & Advances		
5. Current Liabilities			Cash in Hand		1,10,000
& Provisions			Sundry Debtors		6,66,000
Sundry Creditors		6,11,200	Bills Receivable		2,72,000
Provision for dividend		1,98,500	Advances		2,50,000
			Stock		8,50,000
			4. Misc. Expenditure		
			& Losses		
			Preliminary Exp.		98,000
		75,64,100			75,64,100

Q2. The following is the balance of Nilam Co. Ltd. The Company has 40,000 shares of ₹100 each as Authorised Capital:

Trial Balance as on 31.3.2009

Particulars	Dr. ₹	Cr. ₹
Share Capital	--	6,00,000
Calls in Arrears	32,000	--
Reserve Fund	--	5,00,000
Building	3,60,000	--
Fixed Deposits	--	2,00,000
Wages	60,000	--
Machinery	1,78,000	--
Furnitures	1,60,000	--
Purchases and Sales	4,20,000	10,50,000
Salary	1,20,000	--
Debtors and Creditors	4,40,000	3,00,000
Bills Receivable and Bills Payable	1,22,000	1,80,000
Directors fees	40,000	--
Returns	30,000	40,000
Freight	20,000	--
Opening Stock (1.4.2008)	1,30,000	--
Interim Dividend	50,000	--
Audit fees	30,000	--
Tools	76,000	--
Preliminary Expenses	1,20,000	--
Manufacturing Expenses	10,000	--
Debentures	--	2,00,000
Interest on Debentures	28,000	--
Profit & Loss Appropriation A/c	--	54,000
Investment in goods Securities	5,00,000	--
Goodwill	1,04,000	--

Insurance and taxes	40,000	--
Printing and Stationery	30,000	--
Bank Balance	24,000	--
	31,24,000	31,24,000

Adjustments:- (1) Closing stock ₹1,60,000 (2) Directors proposed total dividend @ 25%

(3) Write off preliminary Expenses 25% and 10% of Goodwill

(4) Depreciate Building at 2% and Furniture by 5%

(5) Transfer ₹1,20,000 to Reserve Fund (6) Prepaid Insurance ₹3,000

Prepare final accounts and Balance Sheet for the year ended 31.3.2009

Ans:-

In the books of Nilam Co Ltd

Trading & Profit & Loss Account

For the year ended on 31st March 2009

Particulars	₹	Particulars	₹
To Opening Stock	1,30,000	By Sales	
To Purchase		10,50,000	
4,20,000		Less Sales Return	
Less Pur. Return		<u>30,000</u>	10,20,000
<u>40,000</u>	3,80,000	By Closing Stock	1,60,000
To Wages	60,000		
To Freight	20,000		
To Manufacturing exp.	10,000		
To Gross Profit	5,80,000		
	11,80,000		11,80,000
To Salaries	1,20,000	By Gross Profit	5,80,000
To Director's fees	40,000		
To Audit Fee	30,000		
To interest on Debenture	28,000		
To Insurance			

40,000			
Less Prepaid <u>3,000</u>			
	37,000		
To printing & Stationery	30,000		
To Goodwill w/o	10,400		
To Preliminary exp. w/o	30,000		
To Depreciation			
Building			
7,200			
Furniture			
<u>8,000</u>	15,200		
To Net Profit c/d	2,39,400		
	5,80,000		5,80,000

Profit & Loss Appropriation account

Particulars	`	Particulars	`
To Interim Dividend	50,000	By Balance b/f	54,000
To Proposed Dividend	92,000	By Net profit	2,39,400
To Reserve Fund	1,20,000		
To Balance c/d	31,400		
	2,93,400		2,93,400

In the Books of Nilam Ltd

Balance Sheet

As on date 31st March 2008

Liabilities	Amount`	Assets	Amount`
1.Share Capital		1.Fixed Assets	

Equity share capital 6,00,000		Goodwill 1,04,000	
Less Calls in arrears 32,000	5,68,000	W/o <u>10,400</u>	93,600
2.Reserve & Surplus		Building 3,60,000	
Reserve Fund 5,00,000		Less Depre <u>7,200</u>	3,52,800
Add Transfer during the yea1, <u>20,000</u>	6,20,000	Machinery	1,78,000
		Furniture 1,60,000	
Profit & Loss a/c	31,400	Less Depre <u>8,000</u>	1,52,000
3. Secured Loan:	2,00,000	2.Investment	
6% Debentures		Goods Security	5,00,000
4.Unsecured Loan	2,00,000	3.Current Assets, Loans & Advances:	
Fixed Deposit		a)Current Assets;	
5.Current Liabilities		Sundry Debtors	4,40,000
a)Sundry Creditors	3,00,000	Bills Receivable	1,22,000
Bills Payable	1,80,000	Tools	76,000
Dividend	92,000	Closing stock	1,60,000
		Cash at Bank	24,000
		b)Loans & Advances	
		Pre-paid Insurance	3,000
		4.Misc.Exp.& Losses	
		Preliminary Exp. 1,20,000	
		w/o <u>30,000</u>	90,000
	21,91,400		21,91,400

