



Ref. No.: DBC/FA

Date: 21 Sept., 2020

**B.COM. PART 1**

**CORE CONCEPT OF FINANCIAL ACCOUNTING**

**ILLUSTRATION 1**

The following are the balances extracted from the books of Ganesha as on 31-12-1999. Prepare Trading and Profit and Loss account for the year ending 31-12-1999 and a Balance Sheet as on that date.

Particular	Amount
Drawing	4,000
Cash in hand	1,700
Cash at bank	6,500
Capital	20,000
Sales	16,000
Sundry creditors	4,500
Wages	1,000
Purchase	2,000
Stock 1.1.99	6,000
Building	10,000
Sundry debtors	4,400
Bills receivable	2,900
Rent	450
Commission	250
General expenses	800
Furniture	500

The following adjustments are to be made:

- (a) Stock on 31-12-99 was Rs 4,000
- (b) Interest on Capital at 6% to be provided
- (c) Interest on Drawing at 5% to be Charged
- (d) Wages yet to be paid Rs 100
- (e) Rent prepaid Rs.50

**Trading Account**

Particular	Amount	Particular	Amount
To Opening stock	6,000	By Sales	16,000
To Purchases	2,000	By Closing stock	4,000
To Wages	1,000		
Add : Out standing wages	100		
	1,100		



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To Gross profit c/d * (transferred to profit and loss A/c	10,900		
	20,000		20,000

Profit and Loss Account

Particular	Amount	Particular	Amount
To Rent rates & taxes 450		By Gross Profit b/d * 10,900	
Less : prepaid rent 50	400	(transferred from profit and loss A/c)	
To General expenses	800	By Interest on Drawing	200
To Commission	250		
To Interest on capital (20,000*6 /100)	1,200	4000*5/100	
To Net profit transferred to capital A/c (bal.fig)	8,450		
	11,100		11,100

Balance Sheet

Liabilities	Amount	Assets	Amount
Capital 20,000		Buildings 10,000	
Add: Net profit 8,450		Furniture 500	
Add: Interest on Drawing 1,200		Closing stock 4,000	
29,650		Sundry debtors 4,400	
		Bills receivable 2,900	
Less: Drawing 4,000		Prepaid Rent 50	
Less: Int. on drawings 200	25,450	Cash at bank 1,700	
		Cash in hand 6,500	
Sundry creditors 4,500			
Outstanding Wages 100			
	30,050		30,050