

MASTER QUESTION

ACCOUNTANCY

Final accounts with adjustments

MASTER QUESTIONS . our aim of the master question(s) is/are to cover or summarised the whole chapters in one or two or more numerical questions

Important Adjustments of Final Accounts

1. Closing stock

- a) Credit side of trading account
- b) Assets side of balance sheet

2. Outstanding expenses

- a) Add into the related expenses
- b) Liability side of balance sheet

3. Prepaid expenses

- a) Less from related expenses
- b) Assets side of balance sheet

4. Income Accrued/Income outstanding

- a) Add into the related income on credit side of profit and loss account
- b) Assets side of balance sheet

5. Unexpired income/Prepaid income/Income received in advance

- a) Less from related income on credit side of profit and loss account
- b) Liability side of balance sheet

6. Depreciation of fixed assets

- a) Debit side of profit and loss account
- b) Less from fixed assets in balance sheet

7. Interest on capital

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- a) Debit side of profit and loss account
- b) Add into the capital in balance sheet

8. **Bills receivable dishonoured**

- a) Less from bills receivable in assets side of balance sheet
- b) Add into the debtor in assets side of balance sheet

9. **Interest on drawing**

- a) Credit side of profit and loss account
- b) Add into the drawing in balance sheet

10. **Goods sold on approval basis is included in actual sales**

- a) Less from sales value(selling price) on credit side of Trading account
- b) Less from debtor same value which are deducted from sale value
- c) Credit side of trading account treated as stock with customer(cost price)
- d) Assets side of balance sheet as stock with customer(cost price)

11. **A sum of rupees has been received from debtor as deposits which is wrongly credited to his account**

- a) Add into the debtor in balance sheet
- b) Liability side of balance sheet treated as deposit from debtor

12. **Last year amount were written off as bad debts and this amount has been recovered and wrongly credited to debtor**

- a) Add into the debtor in balance sheet
- b) Credit side of profit and loss account as bad debts recovered

13. **Sale include as sale tax collected from customer**

- a) Less from sales on credit side of trading account
- b) Liability side of balance sheet treated as sale tax collected

The journal entry is

Cash/debtor-----Dr 13000

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To sales account	12000
To sale tax collected	1000

14. **Sundry creditor include a claim say Rs2000 for the damages made during the year last year. This amount was settled for Rs 1510**

- Credit side of profit and loss account as claim for damages Rs 490
- Less Rs 2000 from creditor
- Liability side of balance sheet as claim for damages Rs 1510

15. **Goods lost by fire for Rs 10000 out of which claim admitted by the insurance company for Rs 6000**

- Less from purchases account of Rs10000 in trading account
- Debit side of profit and loss account as Rs 4000 claim not admitted
- Assets side of balance sheet as claim for damages Rs 6000

16. **Bills receivable not yet due but discounted**

No entry will be passed anywhere because it is a contingent Liability

17. **An item of Rs 6000 yet to be received from Ram and it is included in the amount of sundry debtor and amount of Rs 2000 yet to paid to Ram and it is included in the list of sundry creditor**

It is the adjustment of mutual debts least of the above amount shall be adjusted in both debtor and creditor

- Less Rs 2000 from the list of debtor
- Less Rs 2000 from the list of creditor

18. **Wages include for erection of machinery**

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- a) Less from wages in trading account
- b) Add into the machinery in assets side balance sheet

19. Goods distributed as samples

- a) Less from purchases in trading account
- b) Debit side of profit and loss account as advertisement

20. Goods in transit:

- a) Add into the creditor
- b) Assets of the balance sheet

21. Bad debts written off (New baddebts)

- a) Less from debtor
- b) Add into the old baddebts(which is given in trial balance) in profit and loss account

22. Provision for bad and doubtful debts(New provision for bad and doubtful debts)

- a) Less from debtor
- b) Add into the old baddebt in profit and loss account

23. Provision for discount on debtor (New provision for discount on debtor)_

- a) Less from debtor
- b) Add into the discount allowed in profit and loss account

24. Provision for discount on creditor(New provision for discount on creditor)

- a) Less from creditor
- b) Add into the discount received on credit side of profit and loss account

25. Goods sold and delivered but not recorded

- a) add into the debtor
- b) add into the sale on credit side of trading account

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26. assets sold treated as goods sold

- a) less from sales on credit side of trading account
- b) less from assets

27. additional discount allowed to debtor

- a) debit side of profit and loss account
- b) deduct from debtor in assets side

28. provident fund is given to employees

Trial balance

Salaries less PF	10000
P.F remittance including proprietary contribution 50%	3000

- solution
- a) add into the salary both employers and employees contribution
 $1500 + 1500 = 3000$
 - b) P.F remittance NIL

29. manager commission on profit

- a) debit side profit and loss account
- b) liability side of balance sheet

30. trial balance as on 31-3-2013

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Furniture 1800

Adjustments

1-4-2012 book contains such furniture of Rs 600 which was sold for RS 290 ON 30TH SEPTEMBER 2012 and in exchange of new furniture of RS 520 acquired its net invoice of Rs 230 was recorded in purchase book

Depreciation on furniture @10% p.a

Solution

- 1) Rs 230 less from purchases account
- 2) Rs 600 less from furniture account
- 3) Rs 520 add into the furniture account
- 4) Depreciation $30+26+120 = 176$ debited to profit and loss account
- 5) Depreciation 146 less from furniture in balance sheet

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Trial balance for the year ended for the year ended 31st march2011

Particulars	Debit	Credit
purchases and sales-----	200000	500000
RETURN -----	20000	30000
RENT -----	2000	
SALARY -----	5000	
OCTROI DUTY-----	1000	
ROYALTY ON OUTPUT-----	1000	
EXCISE DUTY-----	2000	
CUSTOM DUTY -----	3000	
FREIGHT OUTWARD-----	2000	
ROYALTY ON SALES-----	2000	
MACHINERY`-----	100000	
FURNITURE-----	90000	
GOODWILL-----	10000	
PATENTS AND TRADE MARKSS-----	2000	
PRELIMINARY EXPENSES-----	1000	
DEBTOR AND CREDITOR-----	20000	30000
12% LOAN FROM BANK-----		90000
SALESMAN SALARY-----	3000	
LEASEHOLD PROPERTY-----	20000	
BILLS RECEVIABLE-----	20000	
BILLS PAYABLE-----		10000
DRAWING-----	10000	
MOTIVE POWER-----	7000	
IMPORT DUTY-----	7000	
EXPORT DUTY-----	2000	
WAGES-----	7000	
FREIGHT-----	1000	
PRODUCTIVE EXPENSES-----	1000	
CONSUMABLE STORES-----	2000	
COAL GAS AND WATER-----	3000	
CLEARING CHARGES-----	2000	

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FUEL-----	500	
CAPITAL-----		300000
INVESTMENT-----	10000	
GENERAL EXPENSES-----	1000	
AUDIT FEES-----	2000	
PACKING EXPENSES ON SALES-----	3000	
PROFIT ON SALE OF ASSETS-----		3000
INTEREST RECEIVED-----		3000
DISCOUNT RECEIVED-----		2000
RENT RECEIVED-----		1000
BAD DEBTS-----	1000	
BAD DEBTS RECOVERED-----		2000
DIVIDEND RECEIVED-----		5000
DEPRECIATION-----	1000	
SALE TAX PAID-----	2000	
DELIVERY EXPENSES-----	1000	
INTEREST ON LOAN FROM BANK-----	3500	
ADVERTISEMENT-----	100000	
CASH IN HAND-----	200000	
CASH AT BANK-----	50000	
LAND-----	50000	
GENERAL RESERVE-----		20000
HEATING AND LIGHTING-----	13000	
UNPRODUCTIVE WAGES-----	2000	
DONATION-----	3000	
PREPAID EXPENSES-----	2000	
OUTSTANDING EXPENSES-----		1000
UNEXPIRED INCOME-----		1000
ACCRUED INCOME-----	3000	
CONTINGENCY RESERVE-----		3000
TRADE EXPENSES-----	3000	
APPRENTICESHIP PREMIUM-----		3000
MISCELLANCE EXPENSES-----	7000	
PROVISION FOR BAD AND DOUBTFUL DEBTS-----		2000
PROVISION FOR DISCOUNT ON DEBTOR-----		300
PROVISION FOR DISCOUNT ON CREDITOR-----	300	
PROVISION FOR DEPRECIATION-----		500
CAPITAL INTRODUCED ON JUNE 30 TH 2018-----		5000
10% INVESTMENT IN F.D ON JUNE 30 TH 2018-----	7500	
INTEREST ON ABOVE INVESTMENT-----		200

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STIONERY PAID

200

1012000

1012000

1. Closing stock of Rs 50000 on 31st march 2011
2. Outstanding wages for Rs 1000
3. Prepaid salary for Rs 2000
4. Rent Accrued but not received for Rs 300
5. interest received in advance for Rs 200
6. Depreciation on machinery @10%
7. Interest on capital @5%
8. Bills receivable dishonoured for Rs 2000
9. Interest on drawing @ 4%
10. Goods sold on approval basis is included in actual sales for Rs 5000 actual cost price of Rs 4000
11. A sum of rupees has been received from debtor as deposits which is wrongly credited to his account for Rs 5000
12. Last year amount were written off as bad debts and this amount has been recovered and wrongly credited to debtor for Rs 2500
13. Sale include as sale tax collected from customer for Rs 2500
14. Sundry creditor include a claim say Rs 2000 for the damages made during the year last year. This amount was settled for Rs 1510
15. Goods lost by fire for Rs 10000 out of which claim admitted by the insurance company For Rs 6000
16. Bills receivable not yet due but discounted for Rs 3000
17. An item of Rs 6000 yet to be received from Ram and it is included in the amount of sundry debtor and amount of Rs 2000 yet to paid to Ram and it is included in the list of sundry creditor
18. Wages include for erection of machinery for Rs 4000

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CLASS-11

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19. **Goods distributed as samples for Rs 3000**
- 20 **Goods in transit for Rs 3500**
- 21.**Bad debts written off for Rs 5000**
22. **Provision for bad and doubtful debts @ 7.5%(New provision for bad and doubtful debts)**
- 23.**Provision for discount on debtor @3% (New provision for discount on debtor)_**
24. **Provision for discount on creditor @2.5%(New provision for discount on creditor)**
25. **General manager commission @15% on net profit after charging such commission**