Class: 10th
Comm. Stud.
Lokesh Arora

Tender Heart High School.
Final Account of A Sole Proprietorship

classmate
Date 29/7/24
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Good Morning Students,
This lesson is for class 10th for the subject of Commercial Studies. The topic for today is Preparation of final Accounts which is covered in Chapter 7 titled 'Final Accounts of Sole Proprietorship' of your book.
This lesson is being submitted to you on 29/7/24.

Before starting with the problem sum lets discuss few items appearing in Trial Balance.

	Debit Dr Bal.	Credit Cr Bal.
Purchase and Sales	90000	120,000
Returns.	5,000	6,000
Drawing and Capital	10,000	150,000
Discount	800	600
Interest	400.	
Rent		700
Commission	200	500
Cash and Bank Balance.	2,000	11,000
Wages and Salaries	12,000	
Salaries and Wages.	16,000	
Trade Expenses	7,000	
Manufacturing Expenses	4,000	

If purchase and sales are mentioned simultaneously like in the figures mentioned above, The amount under debit balance i.e. 90,000 is purchase and amount under Cr. bal. i.e 120,000 is sales.

Returns refer to purchase return (returns outward), and sales return (returns inward).
Dr. balance represent sales return i.e. ₹ 5000 and credit balance represents purchase return i.e. 6,000.

Drawings always have debit balance. So 10,000 is drawings and capital always have credit balance. So capital is ₹ 1,50,000.

For discount, debit balance represents discount allowed i.e. 800 in this example and credit balance represents discount received i.e. 600 in this example.

In case of Interest, rent and commission, debit balance represents expenses. So amount under debit balance represents Interest paid i.e. ₹ 400, rent paid nil and commission paid i.e. ₹ 200.
Credit balance represents income. So amount shown under credit balance represents Interest received, Rent received i.e. ₹ 700 and commission received i.e. ₹ 500

Cash and Bank Balance.
Cash always have debit balance. Amount shown under debit balance represents Cash in hand (asset) and bank balance

can be both debit balance and credit balance.
Debit balance of bank account represents cash at bank i.e. asset shown in balance sheet asset side.
Credit balance of bank account represents bank overdraft (liability i.e. ₹ 11,000 in this case) shown under liability side of balance sheet.

Wages and Salaries is shown in trading Account whereas salaries and wages are shown in Profit and Loss Account.
Trade expenses are shown in profit and loss Account.
Manufacturing expenses are shown on debit side of Trading Account

Prepare Trading and Profit and loss account and Balance Sheet of Mr. Harinath for the year ending 31st March 2020.

Particulars	Debit Bal.	Credit Bals
Drawings and Capital.	21,000	97,900
Debtors and Creditors.	82,200	64,700
Cash and Bank Balance.	2,400	6,600
Discounts	3,400	2,100
Purchases and Sales.	1,02,700	1,66,200
Factory Premises.	65,000	
Wages and Salaries	18,800	
Stock as on. 1.4.2019.	31,200	
General Expenses.	2,100	
Rates and Insurance.	2,700	
Returns.	15,000	10,000
Bad debts.	1,000	
Total	347,500	347,500

Closing stock. ₹ 56,900/-

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Trading and Profit and Loss Account of Mr. Harinath for the year ending 31st March 2020

Dr. Cr.

Particulars	Amount	Particulars	Amount
To Opening Stock	31,200	By Sales 1,66,200	
To Purchases 1,02,700		- Sales return 15,000	1,51,200
- Purchase Return 10,000	92,700		
To Wages and Salaries	18,800	By Closing Stock.	56,900
To Gross Profit transferred to Profit & Loss A/c	65,400		
	2,08,100		2,08,100
To Discount Allowed	3,400	By Gross Profit transferred from Trading Account	65,400
To General Expenses	2,100		
To Rates and Insurance	2,700		
To Bad debts.	1,000	By Discount Received	2,100
To Net Profit transferred to Capital A/c	58,300		
	67,500		67,500

Balance Sheet of Mr. Harinath as on 31st March 2020

Liabilities	Amount	Assets	Amount
Capital 97,900		Factory Premises	65,000
+ Net Profit 58,300		Debtors	82,200
1,56,200		Closing Stock	56,900
- Drawings 21,000	1,35,200	Cash in hand	2,400
Creditors	64,700		
Bank overdraft	6,600		
	2,06,500		2,06,500

Put a double line after totals

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The following is the trial Balance of Mr. Vishwanath as on 31st March 2019.

Particulars	Debit	Credit
Capital		50,000
Drawings.	1,000	
Stock on 1.4.18	28,000	
Loose Tools.	1,000	
Sundry Debtors and Creditors	25,000	15,000
Purchases and Sales.	90,000	72,000
Returns.	750	550
Discounts	250	300
Land and Building	88,000	
Salaries and Wages	33,000	
Carriage Inward	1,200	
Carriage Outward	1,500	
Insurance	1,000	
Commission		18,550
Cash in hand	1,700	
Bank Overdraft		20,000
Advertisement.	2,000	
Bills Receivable	7,500	
Bills Payable		5,500
	2,81,900	2,81,900

Closing stock valued on 31-3-19 at ₹ 25,000

Prepare Trading Account, Profit and loss account and Balance Sheet

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Trading and Profit and Loss Account of Mr. Vishwanath for the year ending 31-3-19

Dr. Particulars	Amount	Particulars	Cr. Amount
To Opening Stock	28,000	By Sales 1,72,000	
To Purchases 90,000		- Sales Return 750	1,71,250
- Purchase Return 550	89,450	By Closing Stock	25,000
To Carriage Inwards	1,200		
To Gross Profit transferred to Profit and Loss A/c	77,600		
	1,96,250		1,96,250
To Discount Allowed	250	By Gross Profit transferred from trading A/c	77,600
To Carriage Outward	1,500	By Discount Received	300
To Salaries and Wages	33,000	By Commission Received	18,550
To Insurance	1,000		
To Advertisement	2,000		
To Net Profit Transferred to Capital A/c	58,700		
	96,450		96,450

Balance Sheet of Mr. Vishwanath as on 31-3-19.

Liabilities	Amount	Assets	Amount
Capital 50,000		Loose Tools	1,000
Net Profit 58,700		Closing Stock	25,000
108,700		Land and Building	88,000
- Drawings - 1,000	107,700	Sundry Debtors	25,000
Sundry Creditors	15,000	Bills Receivable	7,500
Bank Overdraft	20,000	Cash in hand	1,700
Bills Payable	5,500		
	1,48,200		1,48,200

With this, I am endingg my topic here. Solve the following questions in your note books

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