

- From the following Trial Balance and adjustments given below of Reena and Aarti, you are required to
- prepare Trading and Profit and Loss Account for the year ended 31st March, 2019 and Balance Sheet .

Trial Balance as on 31st March, 2019

Debit BALANCE	Amount	Credit BALANCE	Amount
PURCHASES	35,500	SALES	58,200
Sundry Debtors	40,000	Sundry Creditors	25,700
SALES Returns	1,000	PURCHASES Returns	500
Opening Stock	18,100	R.D.D	800
BAD debts	500	Discount	50
LAND & Building	25,000	Commission	250
Furniture	20,000	CAPITAL :	
Discount	1,000	REENA	50,000
ROYALTIES	700	AARTI	30,000
Rent	1,900		
SALARIES	3,000		
WAGES	800		
INSURANCE	1,500		
DRAWINGS :			
REENA	2,000		
AARTI	1,000		
CASH AT BANK	11,500		
CASH in HAND	2,000		
	1,65,500		1,65,500

Adjustments :

- Closing Stock valued at ` 22,000 Tr – Cr & Asset
- Write off ` 900 for Bad & doubtful debts and create a provision for Reserve for doubtful debts ` 1,000.
- Create a provision for Discount on Debtors @ 3% and creditors @ 5%.
- Outstanding Expenses - Wages ` 700 and Salaries ` 800.
- Insurance is paid for 15 months, w.e.f. 1st April 2018 == $1500/15=100$ p.m *3= 300
- Depreciate Land and Building @ 5%
- Reena & Aarti are Sharing Profits & Losses in their Capital Ratio.(50000:30000) 5:3

IN THE BOOKS OF Reena AND Aarti
Trading, Profit and Loss Account for the year Ended 31st March 2019

Dr.

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PARTICULARS	Amt	Amt	PARTICULARS	Amt	Amt
To Opening Stock		18100	By SALES	58200	
To PURCHASES	35500		Less : SALES Return	1000	
Less - PURCHASES Return	500	35000			57200
To ROYALTIES		700			
To WAGES	800				
Add : O/s wages	700	1500			
To Gross Profit c/d		23900	By Closing Stock		22000
		79200			79200
To salaries	3000				
Add: o/s salaries	800	3800	By Gross Profit b/d		23900
To insurance	1500				
Less : Prepaid insurance	300	1200			
To Discount on Debtors		1143			
To Rent		1900	By Discount		50
To DEPRECIATION on : Land & Building		1250	By Commission		250
To BAD debts (old)	500		By discount on creditors		1285
Add : New BAD Debts	900				
Add : New R.D.D.	1000				
Less : R.D.D.(old)	800	1600			
To Discount		1000			
To Net Profit (TRANSFERRED to CAPITAL A/c's)					
REENA 5	8495				

Balance Sheet as on 31st March, 2019

LIABILITIES	Amt.	Amt.	Assets	Amt.	Amt.
CAPITAL : REENA	50000	56495	Land & Building	25000	23750
Add : Net Profit	8495		Less : DEPRECIATION 5%	1250	
Less: drawings	2000				
CAPITAL AARTI	30000	34097	FURNITURE		20000
Add : Net Profit	5097		CASH AT BANK		11500
Less: drawings	1000		Cash in Hand		2000
sundry Creditors	25700	24415	Closing Stock		22000
Less : Discount on Creditors 5%	1285		Sundry Debtors	40000	
OUTSTANDING WAGES	700		1500	Less : BAD debts (New)	900
SALARIES	800		Less : R.D.D. (New)	1000	
				38100	
			Less : Discount on debtors 3%	1143	36957
			Prepaid Insurance		300
		116507			116507