

## **Class 11 Accountancy Chapter 14 - Adjustments in Preparation of Financial Statement**

TS Grewal Class 11 Solutions for Accountancy Chapter 14 - Adjustments in Preparation of Financial Statements is a concept that students should consider while preparing for their Accountancy exam. Here, are few solutions rendered in a simple and stepwise method.

<b>Board</b>	CBSE
<b>Class</b>	Class 11
<b>Subject</b>	Accountancy
<b>Chapter</b>	Chapter 14
<b>Chapter Name</b>	Adjustments in Preparation of Financial Statements
<b>Number of questions solved</b>	7
<b>Category</b>	TS Grewal

Chapter 14 - Adjustments in Preparation of Financial Statements defines the below-mentioned concepts:

- Inventory
- Trading Account
- Profit & Loss Account
- Balance Sheet Account

- Accruals and Prepayments

TS Grewal Class 11 Solutions for Accountancy Chapter 14 - Adjustments in Preparation of Financial Statements

**QUESTION 1**

Dr.		Profit & Loss for till March 31st, 2018		Cr.	
Particulars	₹	Particulars	₹		
To Salaries	8,000	By Gross Profit b/d	10,900		
To Repairs	1,900	By Net Loss c/d	24,900		
To Rent	4,500				
And: Unpaid Rent	500				
	5,000				
To Bad Debts	5,000				
To Depreciation On:					
Machine & Plant	12,000				
Vehicle Delivery	3,900				
	15,900				
	35,800				
					35,800

**QUESTION 2**

Arrange Profit & Loss and Trading Account till March 31st, 2018

Particulars	₹	Particulars	₹
Capital	1,00,000	Wages	50,000
Creditor Returns	12,000	Bank	10,000
Outward Sales	5,000	Repairs	500
Sales	1,64,000	On April 1st, 2017 stock available	20,000
Bills Payable	5,000	Rent	4,000
Machine & Plant	40,000	Manufacturing Expenses	8,000
Sundry Debtor	24,000	Trade Expenses	7,000
Drawing	10,000	Bad Debts	2,000
Purchase	1,05,000	Carriage	1,500

Returns Inward	3,000	Power & Fuel	1,000
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Added Information:

- (i) Stock at 14,500 on closing
- (ii) Plant & Machine Depreciation ₹4,000
- (iii) Bad Debts are written off ₹5,000
- (iv) Repair due amount ₹500

**Solution.**

Dr.		Trading Account till March 31st, 2018		Cr.	
Particulars	₹	Particulars	₹		
To Opening Stock	20,000	By Sales	1,64,000		
To Purchase	1,05,000	Less: Return Inward	3,000		1,61,000
Less: Return Outward	5,000	By Closing Stock			14,500
To Wages	50,000	By Gross Loss c/d			5,000
To Manufacturing Expenses	8,000	(Balancing Fig.)			
To Carriage	1,500				
To Gross Profit c/d	1,000				
	1,80,500				1,80,500

Dr.		Profit & Loss till March 31st, 2018		Cr.	
Particulars	₹	Particulars	₹		
To Gross Loss b/d	5,000	By Net Loss c/d			27,900
To Repairs	500	(Balancing Fig.)			
And: Unpaid Rent	400				
To Rent	4,000				
To Miscellaneous Expenses	7,000				

To Bad Debts	2,000		
Add: Added Bad Debts	5,000	7,000	
To Depreciation On: Machine & Plant		4,000	
		27,900	27,900

### QUESTION 3

Arrange Trading and Balance Sheet till March 31st, 2018.

	₹		₹
Machinery	4,00,000	Capital	9,00,000
Bak cash	1,00,000	Sales	16,00,000
Hand cash	50,000	Sundry Creditors	4,50,000
Wages	1,00,000	Interest Received	30,000
Purchase	8,00,000		
On April 1st, 2017 stock available	6,00,000		
Sundry Debtors	4,40,000		
Bills Receivable	2,90,000		
Rent Commission	45,000		
General	25,000		
Expenses	80,000		
Salaries	50,000		
	29,80,000		29,80,000

Added Information.

- (i) Salaries due were ₹25,000
- (ii) Machine Depreciation ₹10%
- (iii) Due wages were ₹5,000
- (iv) Prepaid Rent ₹10,000
- (v) capital Interest 5% p.a
- (vi) Stock on March 31st, 2018 ₹8,00,000

### Solution.

Dr.	Trading Account till March 31st, 2018	Cr.
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Particulars	₹	Particulars	₹
To Opening Stock	6,00,000	By Sales	16,00,000
To Wages 1,00,000		By Closing Stock	8,00,000
Add: Due wages 5,000	1,05,000		
To Purchase	8,00,000		
By Gross Profit c/d	8,95,000		
(Balancing Fig.)			
	24,00,000		24,00,000

Balance Sheet till March 31st, 2018			
Liabilities	₹	Assets	₹
Capital 9,00,000		Fixed Assets	
Add: Capital Interest 45,000		Machine 4,00,000	
Add : Net Profit 6,05,000	15,50,000	Less: Depreciation 10% 40,000	3,60,000
<b>Current Liabilities</b>		Current Asset	
Sundry Creditors 4,50,000	4,50,000	Closing Stock 8,00,000	8,00,000
Due Salary 45,000	45,000	Sundry Debtors 4,40,000	4,40,000
Due Wages 5,000	5,000	Rent Prepaid 10,000	10,000
		Bank cash 1,00,000	1,00,000
		Receivable Bills 2,90,000	2,90,000
		Cash in Hand 50,000	50,000
	20,50,000		20,50,000

#### QUESTION 4

From the below-mentioned trial balance of M/s Shakti till March 31st, 2018. Arrange Profit & Loss and Trading Account.

Heads of Account	Dr. (₹)	Cr. (₹)
Capital		80,000
Drawings	18,000	

Sales		1,55,000
Purchase	82,600	
On April 1st, 2017 stock available	42,000	
Return Outward		1,600
Carriage Inward	1,200	
Wages	4,000	
Power	6,000	
Machinery	50,000	
Furniture	14,000	
Rent	22,000	
Salary	15,000	
Insurance	3,600	
Bank Loan 8%		25,000
Debtors	20,600	
Creditors		18,900
Cash in Hand	1,500	
	2,80,500	2,80,500

Few other added points are given below.

- (i) Stock ₹64,000 was on closing
- (ii) Due wages ₹2,400
- (iii) Bad Debts ₹600
- (iv) Doubtful DEbt provision to be 5%
- (v) Paid 11 months rent
- (vi) Paid insurance premium per annum, ended 31st May 2018
- (vii) On 1st October 2017, a loan was taken from a bank.
- (viii) Machine depreciation @10% and on Furniture @5%

### Solution.

Financial statement of M/s Shakti			
Dr.		Cr.	
Trading Account till March 31st, 2018			
Particulars	₹	Particulars	₹
To Opening Stock	42,000	By Sales	1,55,000
To Purchase	82,600	By Closing Stock	64,000
Less: Return Outward	1,600		
	81,000		

To Carriage Inward		1,200		
To Wages	4,000			
Add: Due Wages	2,400	6,400		
To Power		6,000		
To Gross Profit c/d (Balancing Fig.)		82,400		
		2,19,000		2,19,000

Dr.		Profit & Loss till March 31st, 2018		Cr.	
Particulars		₹	Particulars		₹
To Salary		15,000	By Gross Profit b/d		82,400
To Rent	22,000				
Add: O/s for 1 month (22,000x11)	2,000	24,000			
To O/s bank loan interest (25,000x8%x6/12)		1,000			
To Bad Debts	600				
Add: Provision for doubtful debts	1,000	1,600			
To Insurance	3,600				
Less: Prepaid 2 months (3,600 x 2/12)	(600)	3,000			
To Depreciation on:					
Machin	5000				
Furniture	700	5,700			
To Net Profit c/d (Balancing Fig.)		32,100			
		82,400			82,400

### QUESTION 5

From the below-mentioned trial balance till March 31st, 2018 . Arrange Trading and account.

Particulars	Dr. (₹)	Particulars	Cr. (₹)
On April 1st, 2017 stock available	25,000	Sales	2,27,800
Furniture	8,000	Commission	500
Plant & Machinery	1,50,000	Returns Outward	1,000
Debtors	30,000	Creditors	40,000
Wages	12,000	Capital	1,50,000
Salaries	20,000		
Bad Debts	1,000		
Purchase	1,20,000		
Electricity charges	1,200		
Telephone charges	2,400		
General Expenses	3,000		
Postage Expenses	1,800		
Returns Inward	900		
Insurance Premium	1,500		
Cash in Hand	2,500		
Cash in Bank	40,000		
	4,19,300		4,19,300

Added requirement

- (i) Stock ₹7,000 on closing
- (ii) Wages due liabilities ₹600 and salaries ₹1,400
- (iii) Depreciation on all fixed assets @ 5%
- (iv) Plant & Machine machine purchased @ ₹10,000 on 1st October, 2017
- (v) ₹200 advance paid for insurance premium

**Solution:**

Dr.		Trading Account		Cr.	
Particulars	₹	Particulars	₹		
Opening Stock	25,000	Sales	2,27,800		
Wages	1,200	Less: Returns	900		2,26,000
Add: Due wages	600	Closing Stock			7,000
	12,600				



Purchase	1,20,000		
Less: Return	1,000	1,19,000	
		77,300	
		2,33,900	2,33,900

### QUESTION 6

From the below-mentioned balance extracted from Nalia's book till March 31st, 2018

. Arrange Trading account.

Particulars	₹	Particulars	₹
Nalia's Capital	3,00,000	Sales	15,00,000
Nalia's Drawings	50,000	Sales Return	20,000
Furniture & Fittings	26,000	Discount (Dr.)	16,000
Bank Overdraft	42,000	Discount (Cr.)	20,000
Creditors	1,38,000	Insurance	20,000
Business Premises	2,00,000	General Expenses	40,000
On April 1st, 2017 stock available	2,20,000	Salaries	90,000
Debtors	1,80,000	Commission (Dr.)	22,000
Rent from Tenants	10,000	Carriage on Purchase	18,000
Purchase	11,00,000	Bad Debts written off	8,000

Added Information.

- Stock ₹2,00,600 on closing
- Depreciation: business premises ₹3,000 and furniture & Fittings ₹2,500
- Doubtful Debt 5%
- Carry forward ₹2000 for unexpired insurance
- Salary due ₹15,000

### Solution.

Dr.		Trading Account		Cr.	
Particulars	₹	Particulars	₹		
Opening Stock	2,20,000	Sales	15,00,000		
Purchase	11,00,000	Less: Return	20,000		14,80,000
Carriage on Purchase	18,000	Closing Stock			2,00,600

Gross Profit	3,42,000		
	16,80,600		16,80,600

### QUESTION 7

From the below-mentioned balance extracted from Nilu 's book till March 31st, 2018.

Arrange Trading account.

Particulars	₹	Particulars	₹
Capital	1,20,000	Drawings	21,000
Opening Stock	45,000	Machine & Plant	24,000
Furniture	1,500	Purchase	2,95,000
sales	4,35,000	Insurances	1,500
Purchase Return	4,000	Sales Return	7,000
Rent	5,000	Trade Expenses	2,000
Salaries	24,000	Wages	40,000
Bad Debts	1,000	6% Investments	50,000
Sundry	40,000	Sundry Creditors	19,000
Debtors Bill Payable	800	Cash	12,200
Advertisement	6,000	Miscellaneous Receipt	1,200
Patent	4,800		

Adding Elements.

- (i) Stock ₹75,000 on closing
- (ii) Depreciation machine 10% and furniture 20%
- (iii) Salary ₹2,000 and wages ₹5,000 due
- (iv) Bad Debt ₹5,000 and create 5% doubtful debt
- (v) No interest received for the investment made on 1st July 2017

**Solution.**

Dr.		Trading Account		Cr.	
Particulars	₹	Particulars	₹		
To Opening Stock	45,000	By Sales	4,35,000		
To Purchase	2,95,000	Less: Sales Return	(7,000)		4,28,000
Less: Purchase return	4,000				
	2,91,000	By Closing Stock			75,000

To Wages	40,000		
Add: Due Wages	5,000	45,000	
To Gross Profit c/d (Balancing Fig.)		1,22,000	
		5,03,000	5,03,000

