

8/29

Chapter-4Financial statement under
Traditional ApproachFinancial statements

- Financial statements are the end products of accounting process.
- Financial statements are the final reports, prepared by the company at the end of the fiscal year with the help of ~~trial~~ trial balance to determine ~~probability~~ profitability and financial position, tax liability, liquidity position, cash position, etc.

Approaches/methods of preparing financial statements:

- 1) Traditional Approach
- 2) Modern Approach

1) Traditional Approach (Preparation of final account)Components of final account

- 1) Trading account
- 2) Profit and loss account
- 3) Profit and loss appropriation account
- 4) Balance sheet.

1) Trading account

- Recorded direct expenses in debit side and direct income in credit side.
- Gross profit or gross loss is determined from trading a/c.

• Specimen: _____ Company
 Trading account
 for the year ended _____

Dr.	Amount	Particulars	Cr. Amount
To opening stock	xxx	By sales xxx	
To purchase xxx		less: sales return ^{xxx}	xxx
less: purchase return ^{xxx}	xxx		
To purchase related expenses	xxx		
[carriage, import duty, load/unload wages]			
To production/factory related expenses			
To production/factory related expenses			
To prof gross profit cd	xxx		
	xxx		xxx

2) Profit and loss account

Recorded indirect expenses in debit side and indirect income in credit side of P/L a/c.

Indirect expenses:

Office related expenses / office and administrative overheads.

Selling related expenses / selling and distribution overheads.

losses.

Indirect Income:

- Rent / Interest / commission / discount / dividend received
- Gains & sales of ...
- Transfer fee
- Apprentice premium
- Appreciation

• Net profit or net loss is calculated from P/L a/c.

Specimen:

_____ Company
 Profit and Loss a/c
 For the year ended _____

Dr.		Cr.	
Particulars	Amount	Particulars	Amount
To office related expenses	XXX	By gross profit b/d	XXX
To selling related expenses	XXX	By incomes	XXX
To losses	XXX	By profit	XXX
	XXX		XXX

3) Profit and Loss Appropriation Account

→ Profit and loss appropriation a/c is prepared to show the distribution of net profit into reserves and dividend.

Specimen:

_____ Company
 Profit and loss Appropriation a/c
 As on _____

Dr.		Cr.	
Particulars	Amount	Particulars	Amount
To tax paid (last year)	XXX	By balance b/d	XXX

To interim dividend	xxx	By net profit b/d	xxx
To reserve (adj)	xxx	By provision for tax (last year) TB	xxx
To proposed dividend	xxx		
To balance b/d	xxx	Total	xxx
Total	xxx	By balance b/d	xxx

Note:

- Balance b/d → Previous year's remaining amount profit, given in Cr. side of T-B.
- Profit & Loss a/c or P/L appropriation a/c or Retained earning given in 'Cr.' side of TB.

4) Classified Balance Sheet

- Balance sheet which is prepared to show assets, liability and capital in different sub-heads called classified balance sheet.

- Specimen:

← Company
 Classified Balance Sheet
 As on _____

Capital and liabilities	Amount (Rs.)	Assets	Amount (Rs.)
Share capital		Fixed Assets	
Authorized share capital	xxx	Tangible assets	xxx
Issued/Subscribed/ Called up share capital xxx		Intangible assets	xxx
less: calls in arrears ^{xxx}	xxx	Investment	
Share forfeiture	xxx	Investment/govt. bond	xxx
Calls in advance	xxx	Investment in share/debenture	xxx

<u>Reserve and Surplus</u>		<u>Current assets</u>	
Any reserve (T.B)	xxx	and loan and advance	
General reserve (R.B) xxx			
Add: Transfer (adj) xxx	xxx		
Share/ Debenture premium	xxx	Cash / bank	xxx
P/L Appropriation a/c (Cr.)	xxx	Closing stock	
		(Inventory)	xxx
<u>Secured Loan</u>		Debtors/ Any	
Bank loan/ Mortgage loan	xxx	receivables	xxx
Debenture	xxx	Advance payment	xxx
		Short term	xxx
<u>Unsecured Loan</u>		investment	
		(marketable	
<u>Current Liability and Provision</u>		securities)	
Short term loan	xxx	Miscellaneous	
Creditors/ any payables	xxx	Expenditure	
Outstanding expenses	xxx	Discount on issue	xxx
Overdraft	xxx	of share/ debenture	xxx
Advance income	xxx	P/L app. a/c Dr.	xxx
Provision for tax (adj.)	xxx	Underwriting comm	xxx
Proposed dividend (adj.)	xxx	Preliminary expense	xxx
Total	xxx	Total	xxx

HW 1

Sagarmatha Co. Ltd.
Trading Account
For the year ended Dec 31, 2020.

Dr.		Cr.
Particulars	Amount	Particulars
To stock as on 1.1.2020	175000	By sales
To consumable store	20000	
To purchase of raw materials	110000	
To factory lighting	7000	
To indirect labour	35000	
To other manufacturing expenses	1500	
To factory insurance	4000	
To work manager's salary	2500	
To factory rent	10000	
To royalty	10000	
To expenses on purchase	5000	
To motive power	3000	
To gross profit c/d	19500	
	402500	
		402500

HW 2

Annapurna Company Ltd.
Trading & P/L a/c
For the year ended 31-03-2021

Dr.		Cr.
Particulars	Amount	Particulars
To opening stock	45000	By sales 345000
To purchases 55000		less: sales return ³⁰⁰⁰⁰
less: purchase return ²⁰⁰⁰⁰	35000	
To wages	80000	
To heat, light and power	10500	
To consumable store	35000	
	195000	
		315000

To coal and coke	2000		
To other manufacturing expenses	4000		
Royalty	12000		
To factory rent	7000		
To net ^{gross} profit c/d	74500		
	315000		315000
To insurance	10000	By gross profit b/d	74500
To salaries	40000	By disc count	5000
To salesmen's commission	25000	By commission	3500
To discount allowed	10000	By interest received	2500
To advertisement	4000		
To legal expenses	3000	By rent received	7000
To net profit c/d	12500	By transfer fees	3000
		By dividend received	7000
		By provision for bad debt	2000
	104500		104500

Q3

Maya Company Limited
Profit and loss Appropriation Account
As on 31-05-2021

Dr.		Cr.	
Particulars	Amount	Particulars	Amount
To tax paid for last year	95000	By balance b/d	300000
To interim dividend	20000	By net profit b/d	180000
To general reserve	42000	By provision for tax last year	20000
To sinking fund	10000		
To dividend equalization fund	5000		
To proposed dividend	72000		
To balance c/d	106000		
	300000		300000

By balance b/d 106000

Working Note:

$$\text{Proposed dividend} = 10\% \text{ of } (500000 - 20000) + 8\% \text{ of } 200000$$

$$= 72000$$

HW4

Yak & Yeti Co. Ltd
Profit and loss a/c
For the year ended 12-31-2077

Dr.		Cr.	
Particulars	Amount	Particulars	Amount
To administrative expenses	30000	By gross profit	515000
To salaries	50000	By provision for bad debts	5500
To carriage on sales	5000	By interest	⁵⁵⁶⁰ 5650
To director's fees	8000	By transfer fees	1400
To office insurance	6500		
To legal charges	3050		
To printing expenses	4500		
To bad debts	5560		
To rent, rates and taxes	4200		
To commission	3450		
To salesmen's commission	8500		
To bank charges	2550		
To interest on loan	4050		
To telephone charges	5550		
To net profit c/d	386500		
	527460		527460

Yak & Yeti Co. Ltd.
 Profit and loss Appropriation Account
 As on 12-31-2077

Dr. Particulars	Amount	Particulars	Cr. Amount
To tax paid for 2076	10000	By balance b/d	60000
To interim dividend	4750	By provision for	16350
To balance c/d	448100	Tax for 2076	
		By net profit b/d	386500
	462850		462850
		By balance b/d	448100

Siwani Hydro Power
 Balance sheet
 As on June 31, 2021

Capital and Liabilities	Amount	Assets	Amount
Share capital		Fixed assets	
Authorized share capital	---	Business premises	225000
^{Issued/} Author Subscribed/ Called		Equipment	112500
up share capital ⁴⁵⁰⁰⁰⁰	435000	Vehicle	75000
^{less: Calls in arrears 150000}		Patent	37500
6% Preference share capital	120000	Copyrights	30000
Calls in advance	19500	Loose tools	4020
		Unexpired advertisement	18000
Reserve and Surplus		Investment	
Capital reserve	72500	6% Government bond	183000
Share premium	9000		
Debenture premium	15000	Current assets and loan and Advance	
Pension fund	7500	Stock	37500
		Accounts receivable	30000
Secured loan			
10% Bank loan	75000		
Secured loan	45000		

Unsecured loan		Short term investment	25000
Current liability and provision		Accrued rent	15000
		Cash at bank	30000
		Advance tax paid	10500
Interest due on bank loan	7500	Interest due on govt. bond	10980
Accounts payable	5000	Miscellaneous exp.	
Bank overdraft	22500	Discount on issue of shares	37500
Short term loan	18000		
Unearned income	10000		
Total	871500		871500

Adjustment rules

1. Closing stock

If given in trial balance → Recorded in C.A.
Heading in B/S only.

If given in adjustment → i) Recorded in CA Heading in BS
ii) Recorded in Cr. side of Trading account

2. Depreciation

If given in trial balance → Recorded in Dr. side of P/L a/c only

If given in adjustment → i) Recorded in Dr. side of P/L a/c
ii) Less from respective fixed assets (3/4)

3. Appreciation

If given in trial balance → Recorded in Cr. side of P/L a/c only.

If given in adjustment → i. Recorded in Cr. side of P/L a/c

ii) Add with respective fixed assets (B/S)

4. Outstanding expenses

If given in trial balance → Recorded in CL/ Provision Heading Only

If given in adjustment → i. Recorded in CL/ Provision Heading

ii. Add with respective expense in Dr. side of Trading/ P/L a/c

5. Outstanding income / Accrued income / receivable

If given in trial balance → Recorded in CA Heading only

If given in adjustment → i. Recorded in C.A. Heading

ii. Add with respective income in Cr side of P/L a/c

6. Bad debt

If given in trial balance → Recorded in 'Dr.' side of P/L a/c only

If given in adjustment → i. Recorded in Dr. side of P/L a/c

ii. Less from debtors in CA Heading (B/S)

7. Provision for bad debt

If given in trial balance → Recorded in Cr side of P/L a/c only

If given in adjustment → i. Recorded in Dr. side of P/L a/c.

ii. Less from debtors in CA Heading

8. Prepaid expenses was expired.

If given in adjustment → i. Less from ~~prepaid~~ prepaid in C.A. Heading

~~ii. Less from advance income in C.L. Heading~~

ii. Recorded in 'Dr.' side of Trading or P/L a/c

9. Advance income was earned

If given in adjustment → i. Recorded in 'Cr.' side of P/L

ii. Less from advance income in C.L. Heading

10. Reserve

Example: • General reserve / Reserve fund

• Sinking fund

• Capital reserve

• Debenture redemption reserve

• Contingency reserve

• Research and development fund

• Dividend equalization fund.

If given in trial balance → Recorded in reserve & surplus

If given in adjustment → i. Recorded in reserve & surplus heading liability side
ii. Recorded in Dr. side of P/L appropriation a/c.

11. Proposed dividend / Provision for dividend

If given in adjustment → i. Recorded in C.L / provision heading of Liab. side
ii. Recorded in Dr. side of P/L app. a/c

12. Provision for tax

S.N.	Heading	If given in TB	If given in adj.	Recorded in
a)	Provision for tax	-	xxx	CL / Provision P/L a/c Dr.
b)	Provision for tax	xxx	-	P/L app. a/c Cr.
c)	Tax paid	-	xxx Dr	P/L app. a/c Dr.
	Provision for tax	-	xxx Cr.	P/L app. a/c Cr.
d)	Tax paid for last year	xxx	-	P/L app a/c Dr.
e)	Tax paid	xxx	-	CA Heading assuming advance paid.

HW 6

Ruru Hydro Co. Ltd.
Profit and loss a/c
for the year ended 31-03-2078

Dr.			Cr.
Particulars	Amount	Particulars	Amount
To salaries	16000	By gross profit b/d	53750
To discount	1100	By provision for	2100
To advertisement	2200	bad & doubtful	
To insurance	1600	debt	
To carriage outward	4850	By dividend received	3000
To interest on bank	3500	By discount	3500
loan			
To net profit c/d	33100		
Total	62350	Total	62350

Ruru Hydro
~~Annapurna~~ Co. Ltd

Profit & loss appropriation a/c
As on Dec 31-2020

Dr.			Cr.
Particulars	Amount	Particulars	Amount
To interim dividend	9000	By balance b/d	10000
To tax paid last year	3400	By provision for	4500
to balance c/d	35200	tax for last year	
Total	47600	By net profit b/d	33100
		Total	47600
		By balance b/d	35200

Ruru Hydro Co. Ltd.
Balance Sheet
As on 12-31-2020

Capital and Liabilities	Amount	Assets	Amount
<u>Share capital</u>		<u>Fixed Assets</u>	
Authorized share capital	- - - -	Stock (31-03-2020)	60000
Issued/subscribed/ called up capital	220000	Business premises	120000
		Other fixed assets	75000
<u>Reserve & Surplus</u>		<u>Investment</u>	
General Reserve	11000	Investment in	60000
P/L app. a/c	35200	shares of M Ltd	
<u>Secured Loan</u>			
Bank loan	35000	Closing stock and loan and advance	
<u>Unsecured loan</u>			
		Stock (31-03-2020)	60000
<u>Current liab & provision</u>		Bills receivable	30000
Advance ^{rent income} income ear.	7500	Cash at bank	1700
Bank overdraft	18000	Miscellaneous exp.	
Bills payable	20000		
<u>Total</u>	<u>346700</u>	<u>Total</u>	<u>346700</u>

HW7

Bhesi Co. Ltd.
Trading and P/L a/c
For the year ended 31-12-2021

Dr.	Amount	Particulars	Cr.	Amount
To opening stock	30000	By sales		240000
To purchases	40700	By closing stock		80000
To wages 40000				
Add: outstanding 5000	45000			
To cartage	3000			
To factory rent	7500			
To gross profit c/d	193800			
Total	320000	Total		320000
To depreciation	10000	By gross profit b/d		193800
To audit fees	15000	By interest on		2800
To salaries	8300	investment		
To sundry expenses	9900			
To director's fee	3300			
To net profit c/d	150100			
Total	196600	Total		196600

Bhesi Co. Ltd.
Profit & Loss appropriation a/c
As on 31-12-2021

Dr.	Amount	Particulars	Cr.	Amount
To general reserve	12000	By balance b/d		5000
To balance c/d	149300	By net profit b/d		150100
		By provision for tax		6200
		(for 2020)		
Total	161300	Total		161300

HWS

Rupa Company Ltd.
Profit and loss a/c
For the year ended 31-12-2021

Dr.		Cr.	
Particulars	Amount	Particulars	Amount
To salary	42000	By gross profit b/d	203000
To rent	35000	By commission received	25000
To bad debt written off	7000	By interest on investment	6000
To provision for tax	45000	By appreciation	12000
To net profit c/d	124000	Total	246000
Total	246000		

By net profit

Rupa Company Ltd
Profit & loss Appropriation a/c
As on 31-12-2021

Dr.		Cr.	
Particulars	Amount	Particulars	Amount
To interim dividend	6000	By balance b/d	35000
To balance c/d	153000	By net profit b/d	124000
Total	159000	Total	159000
		By balance b/d	153000

Rupa Company Ltd.
Balance sheet
As on Dec-31-2021

Capital and liabilities	Amount	Assets	Amount
<u>Share capital</u>		<u>Fixed Assets</u>	
Authorized share capital	500000	Business premises ¹²⁰⁰⁰	132000
Issued/subscribed/ Called up share capital	300000	Add: dep ¹²⁰⁰⁰	120000
		Patent	15000
		<u>Investment</u>	
Reserve and surplus		10% Investment	60000
P/L appropriation a/c	153000		
<u>Secured loan</u>		<u>Current assets</u>	
		loan & advance	
<u>Unsecured loan</u>		Prepaid salary ⁴²⁰⁰⁰	7000
		less: salary exp. ³⁵⁰⁰⁰	
		Cash at bank	150000
<u>Current liability & provision</u>		Interest receivable	6000
Creditors	90000	Closing stock	120000
Provision for tax	45000	Debtors 80000	
	588000	less: bad debt (7000)	73000
		<u>Miscellaneous exp:</u>	
<u>Total</u>	588000	Preliminary exp-	25000
		<u>Total</u>	588000

HW9

Swabalamban Co. Ltd.
 Profit and loss account
 For the year ended 31-12-2016

Dr.		Cr.	
Particulars	Amount	Particulars	Amount
To salaries	70500	By gross profit b/d	583200
To bad debt	10000	By interest on investment	200000
To provision for bad debt	21000	By dividend	25000
To rent	37125	By provision for bad debts	7500
To free sample distribution	18000		
To prelim ^{interest} on investment	100000		
To general expenses	89175		
To interest on debenture	⁷⁰⁰⁰⁰		
Add: O/s interest ¹⁰⁰⁰⁰⁰	40000		
To net profit c/d	339800		
	625600		625600

Swabalamban Co. Ltd.

Profit & loss appropriation a/c

As on 31-12-2020

Dr.		Cr.	
Particulars	Amount	Particulars	Amount
To proposed dividend	56500	By balance b/d	197500
To interim dividend	189000	By net profit b/d	339800
To tax paid for 2019	29000		
To balance c/d	262800		
		By balance b/d	262800

W.N.

$$\begin{aligned} \text{proposed dividend} &= 10\% \text{ of } (300000 + 50000) + 6\% \text{ of } 500000 \\ &= 80000 + 56500 \end{aligned}$$

Swabalamban Co. Ltd.
Balance Sheet
As on 31-12-2020

Capital and liabilities	Amount	Assets	Amount
Share capital		Fixed assets	
Authorized share cap.	3500000	Plant & machinery	2421800
Issued/ subscribed/ Called up capital	1800000	Investment	
less: calls in arrears	25000	5% investment	200000
6% preference share cap.	500000	Current assets,	
Reserve and surplus		loan and advance	
General reserve	300000	Sundry debtors	430000
P/L appropriation a/c		less: bad debt	10000
			420000
Secured loan		less: provision for	
10% debenture	400000	bad debt (21000)	399000
Unsecured loan		Interest receivable	10000
Current liability & provision		Cash and bank	170000
Sundry creditors	394000	Closing stock	280000
Interest payable	10000	Miscellaneous	
Proposed dividend	56500	exp.	
		Preliminary	
Total	3488300	expenses	27500
		Total	3488300

W10

Himalaya Company
Trading P/L account
For the year ended 03-31-2018

Dr.		Cr.	
Particulars	Amount	Particulars	Amount
To opening stock	72000	By sales	375000
To purchases	200000	By closing stock	175000
To wages	42500		
To gross profit c/d	235500		
Total	550000	Total	550000
To salaries	35000	By gross profit b/d	235500
To establishment expenses	42750	By interest on investment	96000
To copyright amortized	4500	Add: receivable	3600
To provision for tax	25500 25500	By sundry receipts	17500
To ^{net profit} balance c/d	200350	By appreciation	45500
Total	308100	Total	308100

Himalaya Company
Profit & loss app. account
As on 03-31-2018

Dr.		Cr.	
Particulars	Amount	Particulars	Amount
To proposed dividend	226350 226350	By balance b/d	40000
To balance c/d	226350	By provision for tax	11500
		By net profit b/d	200350
Total	251850	Total	251850
		By balance b/d	226350

W.N.

Proposed dividend = 5% of (550000 - 40000)
= 25500

HNJL

Nepal Company Ltd.
Trading and P/L account
For the year ended 30-6-2021

Dr.	Amount	Particulars	Cr. Amount
Particulars		By sales 405000	
To opening stock	80000	less: sales returns ⁵⁰⁰⁰	400000
To purchases 200000	190000	By closing stock	200000
less: purchase return ₁₀₀₀₀			
To manufacturing expenses	25000		
To wages	35000		
To gross profit c/d	270000		
Total	600000	Total	600000
To salaries 40000		By gross profit b/d	270000
Add: o/s salaries 5000	45000	By dividend	10000
To rent	25000	By provision for	15000
To bad debts	5000	bad debts	
To depreciation	27000		
To carriage outward	7000		
To net profit c/d	176000		
Total	295000	Total	295000

Nepal Company Ltd.
P/L appropriation a/c
For the year ended 30-6-2021

Dr.	Amount	Particulars	Cr. Amount
Particulars		Particulars	
To interim dividend	40000	By balance b/d	40000
To proposed dividend		By net profit b/d	176000
To general reserve a/c	10000		
To balance c/d	166000		
Total	216000	Total	216000
		By balance b/d	166000

W.N-

Nepal Co. Ltd.

proposed dividend = Balance sheet

As on 30-6-2021

Capital & Liability	Amount (Rs)	Assets	Amount (Rs)
Share capital		Fixed assets	
Authorized share capital	---	Plant and machinery	370000
Issued/subscribed/ Called up capital	400000	less: dep.	37000
			333000
Reserve & surplus		Investment	
General ^{reserve} surplus	10000	Investment in shares of ALtd.	50000
P/L appropriation a/c	166000		
Secured loan		Current assets, loan & advance	
Unsecured loan		Debtors	90000
Current liability and provision		Cash and bank balance	28000
Creditors	80000	Closing stock	200000
Bank overdraft	40000	Miscellaneous expenses	
Outstanding salary	5000		
Total	701000	Total	701000

HW12

Ganesha Company Ltd.
Trading & P/L account
For the year ended 31-12-2077

Dr.	Amount	Particulars	Cr.
Particulars			Amount
To beginning inventory	40000	By sales	180000
To wages 16000			
less: erection of machinery ⁴⁰⁰⁰	12000		
To royalty	24000		
To purchases	81400		
To gross profit c/d	22600		
Total	180000	Total	180000
To depreciation ¹⁹⁰⁰⁰	13600	By gross profit b/d	22600
To bad debts 600	3600	By rent received	1600
Add: new bad debt ³⁰⁰⁰		By interest on	
To salary	4000	govt. bond	4000
To sundry expenses	17400	By net loss c/d	13800
To interest on bank loan	3000		
Total	28200	Total	42000

Ganesha Company Ltd.
P/L appropriation a/c
As on 31-12-2077

Dr.	Amount	Particulars	Cr.
Particulars			Amount
To net loss b/d	13800	By balance b/d	30000
To proposed dividend	9000	By provision for tax	12400
To balance c/d	19600	By balance c/d ¹⁹⁶⁰⁰	20000
Total	42400	By net loss c	20000
	22400	Total	42400
to balance b/d	20000	By balance b/d	19600

WN

$$\text{Proposed dividend} = 5\% \text{ of } (200000 - 200000) = 9000$$

Ganesh Company Ltd.
Balance Sheet
As on 31-12-2022

Capital and Liability		Amount (₹)	Assets		Amount (₹)
Share capital			Fixed assets		
Authorized share capital	1500000		Plant & machinery	136000	
Issued/subscribed/ Called up capital	200000		Less: Depreciation	136000	
Less: calls in arrears	20000	180000	Add: erection	4000	126000
			Land and building	44000	
Reserve and surplus			Investment		
General reserve	30000		Government bond	170000	
P/L app. d/c	19600				
Secured loan			Current assets,		
Bank loan	70000		loan & advance		
			Book debt	24000	
Unsecured loan			Less: bad debt	2000	21000
			Prepaid salary	6000	
Current liability and provision			Less: prepaid	4000	2000
Creditors	46000		Cash and bank	balance	600
Proposed dividend	9000		Miscellaneous expenses		
			P/L app. d/c 'Dr.'	19600	20000
Total	363600		Total		363600

HW 13

Marshyangdi Hydro Power
Trading and P/L account
for the year ended 31-03-2021

Dr.		Cr.	
Particulars	Amount	Particulars	Amount
To opening stock	80000	By sales 700000	678000
To purchases ⁴⁰⁰⁰⁰⁰	680000	less: returns ²²⁰⁰⁰	
less: return 20000	376000		
less: loss by fire ⁴⁰⁰⁰			
To gross profit c/d	222000		
Total	678000	Total	678000
To bad debts	9800	By gross profit b/d	222000
To interest on debentures ¹⁰⁰⁰⁰		By provision for	4800
Add: interest payable ⁷⁵⁰⁰	17500	bad debts	
To salaries & wages	140000		
To loss by fire	1200		
To depreciation on	3000		
loose tools			
To discount on issue ^{of shares}	5000		
To provision for tax	12575		
of shares written off			
To net profit c/d	37725		
Total	226800	Total	226800

Marshyangdi Hydropower Co.
P/L appropriation account
As on 31-03-2021

Dr.		Cr.	
Particulars	Amount	Particulars	Amount
To tax paid for last year	30000	By balance b/d	50000
To proposed dividend	67500	By net profit b/d	37725
To balance c/d	15225	By provision for	
		tax for last year	25000
Total	112725	Total	112725
		By balance b/d	15225

WN

$$\begin{aligned} \text{Proposed dividend} &= 15\% \text{ of } (500000 - 50000) \\ &= 67500 \end{aligned}$$

HW14

Citizen Company
Profit and loss account
For the year ended 31-03-2018

Dr.

Particulars	Amount
To carriage on sales	10000
To Office rent	30000
Add: payable	6000
To sundry expenses	35000
To salaries	50000
To bad debts	5000
To interest on deb.	6400
To provision for doubtful debt	10500
To managing director's commission	6355
To provision for tax	30186.25
To net profit c/d	90558.75
Total	280000

Cr.

Particulars	Amount
By gross profit b/d	270000
By provision for doubtful debts	10000

Total 280000

Citizen Company
P/L appropriation a/c
As on 31-03-2018

Dr.

Particulars	Amount
To interim dividend	15000
To balance c/d	115558.75

Cr.

Particulars	Amount
By balance b/d	40000
By net profit b/d	90558.75

Total	130558.75	Total	130558.75
		By balance b/d	130558.75

Citizen Company
Balance Sheet
As on 31-03-2018

Capital & Liabilities	Amount	Assets	Amount
Share capital		Fixed assets	
Authorised capital	500000	Land & building	400000
Issued/Subscribed/ Called up capital	400000	Investment	
Less: calls in arrears	350000	Investment	70000
Calls in advance	20000		
Reserve and surplus		Current assets,	
Reserve fund	50000	loan & advance	
P/L app. account	115558.75	sundry debtors	100000
		less: provision for bad debt	10500
Secured loan		Closing stock	75000
8% Debenture	80000	Cash at bank	80000
Unsecured loan		Miscellaneous expenses	
Current liability and provision			
Creditors	50000		
Interest payable	6000		
Provision for tax	30186.25		
Rent payable	6000		
Managing director's commission	6355		
Total	714500	Total	714500

HWIS

Company
Trading and P/L account
For the year ended 31-12

Dr.		Cr.	
Particulars	Amount	Particulars	Amount
To opening stock	30000	By sales	650000
To purchase	350000	By closing stock	50000
To wages 50000			
Add: wages due ¹⁰⁰⁰⁰	60000		
To cartage	20000		
To gross profit c/d	240000		
Total	700000	Total	700000
To rent 20000		By gross profit b/d	240000
less: ²⁰⁰⁰ prepaid rent	18000	By provision for	6000
To salaries	60000	bad debts	
To debenture interest ⁵⁰⁰⁰			
Add: payable ⁵⁰⁰⁰	10000		
To general expenses	35000		
To bad debts	5000		
To provision for	4500		
bad debts			
To net profit c/d	113500		
Total	246000	Total	246000
		By net profit b/d	113500

Company
P/L appropriation a/c
As on 31-12

Dr.		Cr.	
Particulars	Amount	Particulars	Amount
To general reserve	20000	By balance b/d	84000
To proposed dividend	39000	By net profit b/d	113500
To balance c/d	88500		
Total	147500	Total	147500
		By balance b/d	88500

Company
Balance Sheet
As on 31-12

Capital & Liability	Amount	Assek	Amount
Share capital	400000	Fixed Assets	
Authorized share capital	<u>400000</u>	Machinery	150000
Issued / Subscribed / Called up capital	400000	Land & Building	300000
Less: Calls in arrears	10000	Goodwill	50000
	390000	Investment	
Reserve and surplus		Current Assets,	
General reserve	20000	Loan & Advance	
P/L appropriation a/c	88500	Debtors 90000	
Unsecured loan		Less: provision	
10% Debentures	100000	for bad debt ⁴⁵⁰⁰	85500
Unsecured loan		Cash	45000
Current liability & provision		Closing stock	50000
Creditors	30000	Prepaid rent	2000
Wages due	10000	Miscellaneous	
Proposed dividend	39000	expenses	
Interest payable	5000		
Total	682500	Total	682500