

Question 1

The following information has been extracted from the trial balance of M/s Randhir Transport Corporation.

<i>Debit balances</i>	<i>Amount ₹</i>	<i>Credit balances</i>	<i>Amount ₹</i>
Opening stock	40,000	Capital	2,70,000
Rent	2,000	Creditors	50,000
Plant and Machinery	1,20,000	Bills payable	50,000
Land and Buildings	2,55,000	Loan	1,10,000
Power	3,500	Discount	1,500
Purchases	75,000	Sales	1,50,000
Sales return	2,500	Provision for bad debts	1,000
Telegram and Postage	400	General reserves	50,000
Wages	4,500		
Salary	2,500		
Insurance	3,200		
Discount	1,000		
Repair and Renewals	2,000		
Legal charges	700		
Trade taxes	1,200		
Debtors	75,000		
Investment	65,000		
Bad debts	2,000		
Trade expenses	4,500		
Commission	1,250		
Travelling expenses	1,230		
Drawings	20,020		
	<u>6,82,500</u>		<u>6,82,500</u>

Adjustments

1. Closing stock for the year was ₹ 35,500.
2. Depreciation charged on plant and machinery 5% and land and building 6%.
3. Interest on drawing @ 6% and Interest on loan @ 5%.
4. Interest on investments @ 4%.
5. Further bad debts 2,500 and make provision for doubtful debts on debtors 5%.
6. Discount on debtors @ 2%.
7. Salary outstanding ₹ 200.
8. Wages outstanding ₹ 100.
9. Insurance prepaid ₹ 500.

You are required to make trading and profit and loss account and a balance sheet on March 2017 .

Gross Profit : 59900

Net Profit : 10217

Balance Sheet : 524797