

PROBLEMS ADJUSTED TRIAL BALANCE (1)

Problem # 18.1: An inexperienced book-keeper has drawn up an Incorrect and Unadjusted Trial Balance, You are required to Correct Trial Balance, Pass Adjusting Entries and then prepare Adjusted Trial Balance.

Wasim Mubarik (Pvt.) Ltd.

Incorrect, Unadjusted Trial Balance

As on 31st December, 2016

| S. No | Heads of Accounts | Ref | Amount (Rs.) | |
|--------------|--------------------|-----|--------------------|--------------------|
| | | | Debit | Credit |
| 1 | Purchases Return | | 13,000 | |
| 2 | Machinery | | 34,000 | |
| 3 | Salaries | | | 17200 |
| 4 | Creditors | | | 33,000 |
| 5 | Cash in hand | | 40,000 | |
| 6 | Carriage Inward | | 6,000 | |
| 7 | Rent Received | | | 3,000 |
| 8 | Discount Allowed | | | 2,000 |
| 9 | Purchases | | 100,000 | |
| 10 | Bill Payable | | | 20,000 |
| 11 | Debtors | | 15,000 | |
| 12 | Carriage Outward | | | 5,000 |
| 13 | Owner Equity | | 53,200 | |
| 14 | Building | | | 18,000 |
| 15 | Sales Return | | 3,000 | |
| 16 | Discount Received | | | 14,000 |
| 17 | Insurance Expenses | | 6,000 | |
| 18 | Sales | | | 130,000 |
| 19 | Furniture | | | 20,000 |
| 20 | Suspense Account | | | 8,000 |
| Total | | | Rs. 270,200 | Rs. 270,200 |

Adjustments:

1. Salary Payable on December 31, 2016 is Rs. 1,500
2. Depreciation on Furniture charged to 10% by cost method
3. Inventory on hand on December is Rs. 60,000
4. Rs. 30,000 of Sales Account is unearned

Solution 1: Unadjusted Trial Balance*Wasim Mubarik (Pvt.) Ltd.*

Unadjusted Trial Balance

As on 31st December, 2016

| S. No | Heads of Accounts | Ref | Amount (Rs.) | |
|--------------|--------------------|-----|--------------------|--------------------|
| | | | Debit | Credit |
| 1 | Purchases Return | | | |
| 2 | Machinery | | | |
| 3 | Salaries | | | |
| 4 | Creditors | | | |
| 5 | Cash in hand | | | |
| 6 | Carriage Inward | | | |
| 7 | Rent Received | | | |
| 8 | Discount Allowed | | | |
| 9 | Purchases | | | |
| 10 | Bill Payable | | | |
| 11 | Debtors | | | |
| 12 | Carriage Outward | | | |
| 13 | Owner Equity | | | |
| 14 | Building | | | |
| 15 | Sales Return | | | |
| 16 | Discount Received | | | |
| 17 | Insurance Expenses | | | |
| 18 | Sales | | | |
| 19 | Furniture | | | |
| Total | | | Rs. 266,200 | Rs. 266,200 |

Solution 2: Adjusted Entries**General Journal**

| Date | Account Title and Explanations | Ref | Amount (Rs) | |
|--------|--------------------------------|-----|-------------|--------|
| | | | Debit | Credit |
| 2016 | | | | |
| Dec 31 | | | | |
| | 31 | | | |

| | | | | |
|--------------|----|--|-------------------|-------------------|
| | 31 | | | |
| Total | | | Rs. 93,500 | Rs. 93,500 |

Solution 3: Adjusted Trial Balance

Wasim Mubarik (Pvt.) Ltd.

Adjusted Trial Balance

As on 31st December, 2016

| S. No | Heads of Accounts | Ref | Amount (Rs.) | |
|--------------|-------------------|-----|--------------------|--------------------|
| | | | Debit | Credit |
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| Total | | | Rs. 269,700 | Rs. 269,700 |