

PROBLEMS FINANCIAL STATEMENTS (1)

Problem # 19.1: Prepare Adjustment Entries, Adjusted Trial Balance and three Informal Financial Statements excluding cash flow statement.

Mah Gul Jadoon

Trial Balance

31-Dec-15

Description	Debit	Description	Credit
Sundry Debtors	145,000	Sundry Creditors	63,000
Drawings	52,450	Opening Capital	710,000
Insurance Expense	6,000	Purchase Return	5,000
General Expenses	30,000	Sales	988,800
Salaries	150,000	Commission	3,200
Patents	75,000		
Machinery	200,000		
Leasehold Land	100,000		
Building	300,000		
Opening Inventory	58,600		
Carriage on Purchases	20,400		
Carriage on Sales	32,000		
Fuel and Power	47,300		
Wages	104,800		
Return Inward	6,800		
Cash at Bank	29,500		
Cash in Hand	5,400		
Purchases	406,750		
Total	Rs. 1,770,000	Total	Rs. 1,770,000

Adjustments

- (a) Inventory on 31st, December 2015 was valued at Rs. 68,000
- (b) Depreciation Machinery by 10 % and Amortization of Patents by 20 %
- (c) Unexpired Insurance at the end financial year was Rs. 2,000
- (d) Wages includes Rs. 7,000 paid as advance to employees (Prepaid Wages Debit)

Solution # 1 Adjustment Entries

General Journal

Date		Account Title and Explanations	Ref	Amount (Rs)	
				Debit	Credit
2015					
Dec	31				
	31				
	31				
	31				
Total				Rs. 112,000	Rs. 112,000

Solution # 2 Adjusted Trial Balance

Mah Gul Jadoon

Adjusted Trial Balance

31-Dec-15

Description	Debit	Description	Credit

Mah Gul Jadoon

Statement of Owner Equity

For the Year ended 31st December, 2015

<i>Description</i>	<i>Debit</i>	<i>Description</i>	<i>Credit</i>
Total	Rs. 944,950	Total	Rs. 944,950

Mah Gul Jadoon

Balance Sheet

As on 31st December, 2015

<i>Assets</i>	<i>Debit</i>	<i>Equities</i>	<i>Credit</i>
Total	Rs. 990,500	Total	Rs. 990,500