

**Problem 2**

- 1) Anand Traders started business with capital of Rs. 10,00,000.
- 2) Cash deposited in Punjab National Bank Rs. 2,00,000.
- 3) Paid Office Expenses of Rs. 200.
- 4) Purchased Furniture costing Rs. 16,756 in cash.
- 5) Withdrawn Rs. 1,00,000 from bank for office use.
- 6) Purchased goods from National Enterprises of Rs. 6,83,267.16
- 7) Purchased office stationery for cash of Rs. 620.
- 8) Sold goods to Surabhi Computers and Furnitures of Rs. 7,02,100.
- 9) Purchased Typewriter of Rs. 1,132 in cash.
- 10) Goods returned to National Enterprises of Rs. 67,839.00 ← (Purchase Return)
- 11) Surabhi Computers and Furnitures returned goods of Rs. 47,200. ← (Sales Return)
- 12) Paid Salary Expenses of Rs. 3,000.
- 13) Paid Baqrid advances to staff of Rs. 20,000.
- 14) Invested in National Saving Certificate of Rs. 100.
- 15) Paid for advertisement of Rs. 900. ← (Purchase of Services)
- 16) Paid Rs. 105 for Postal Stamps. ← (Purchase of Postal Stamps)

**Ledger Creation :-**

- 1) Name :- Proprietor's A/c (Anand Sharma)  
Under :- Capital Account.
- 2) Name :- Punjab National Bank  
Under :- Bank Accounts
- 3) Name :- Office Expenses  
Under :- Indirect Expenses
- 4) Name :- Furniture  
Under :- Fixed Assets  
Name :- -----  
Under :- -----
- 6) a) Name :- National Enterprises  
Under :- Sundry Creditors  
b) Name :- Purchase A/c

- Under :- Purchase Accounts
- 7) Name :- Office Stationery  
Under :- Indirect Expenses
- 8) a) Name :- Suzuki Computers and Furnitures  
Under :- Sundry Debtors  
b) Name :- Sales A/c  
Under :- Sales Accounts
- 9) Name :- Typewriter  
Under :- Fixed Assets
- 10) Name :- Purchase Return  
Under :- Purchase Accounts
- 11) Name :- Sales Return  
Under :- Sales Accounts
- 12) Name :- Salary Expense  
Under :- Indirect Expense
- 13) Name :- Advance A/c  
Under :- Loans and Advances (Asset)
- 14) Name :- National Saving Certificate  
Under :- Investments
- 15) Name :- Advertisement  
Under :- Indirect Expenses
- 16) Name :- Postage and Courier Expense  
Under :- Indirect Expenses

### Voucher Entries

Sr. No.	Function Keys	Particular	Debit	Credit
1	73	Cr Anand Sharma Dr Cash Narration - started business	10,00,000.00	10,00,000.00
2	74	Cr Cash Dr Punjab National Bank Narration - cash deposited	2,00,000.00	2,00,000.00
3	75	Dr Office Expenses Cr Cash Narration - Tea, Pen, etc	200.00	200.00
4	76	Dr Furniture	14,200.00	

		Dr. Central Tax Dr. State Tax Cr. Cash Narration :- purchased furniture for office	1,278.00 1,278.00	16,756.00
5	F4	Cr. Punjab National Bank Dr. Cash Narration :- ATM Rec.No.	1,00,000.00	1,00,000.00
6	F9	Dr. Purchase Dr. Central Tax Dr. State Tax Dr. Rounding Off Cr. National Enterprises Narration :- Inv. No.	5,73,447.00 54,910.08 54,910.08 0.84	6,83,268.00
7	F9	Dr. Office Stationery Expenses Dr. Central Tax Dr. State Tax Dr. Rounding Off Cr. Cash Narration :- Rec. No.	525.00 47.25 47.25 0.50	620.00
8	F8	Cr. Sales A/c Cr. Central Tax Cr. State Tax Dr. Surabhi Computers and Furnitures Narration :- Tax Invoice No.	7,08,100.00	5,95,000.00 56,550.00 56,550.00
9	F5	Dr. Typewriter Dr. Central Tax Dr. State Tax Dr. Rounding off Cr. Cash Narration :- purchased furniture for business.	959.00 86.31 86.31 0.38	1,132.00
10	Alt + F5	Dr. National Enterprises Cr. Purchase Return Cr. Central Tax Cr. State Tax Cr. Rounding Off	67,839.00	57,490.00 5,174.10 5,174.10 0.80
11	Alt + F6	Cr. Surabhi Computers and Furnitures Dr. Sales Return	47,200.00	40,000.00

		Dr. Central Tax		3,600.00
		Dr. State Tax		3,600.00
12	FS	Dr. Salary Expenses	3,000.00	
		Cr. Cash		3,000.00
		Narration :- paid salary for		
13	FS	Dr. Advance	20,000.00	
		Cr. Cash		20,000.00
		Narration :- paid for Baqr Id to .....		
14	FS	Dr. National Saving Certificate A/c	100.00	
		Cr. Cash		100.00
		Narration :- Rec. No.		
15	FS	Dr. Advertisement Expenses	945.00	
		Dr. Central Tax	22.50	
		Dr. State Tax	22.50	
		Cr. Cash		945.00
		Narration :- Rec. No.		
16	FS	Dr. Postage and Courier Expenses	100.00	
		Dr. Central Tax	2.50	
		Dr. State Tax	2.50	
		Cr. Cash		105.00
		Narration :- Revenue Stamps		

**Notes :-**

### Debit and Credit Notes

A *Debit note* is a document evidencing a debit to be raised against a party for reasons other than sale on credit. On finding that goods supplied are not as per the terms of the order placed, the defective goods are returned to the supplier of the goods and a note is prepared to debit the supplier, or when an additional sum is recoverable from a customer such a note is prepared to debit the customer with the additional dues. In these two situations the note is called a debit note (refer figure 4.7(b))

A *Credit note* is prepared, when a party is to be given a credit for reasons other than credit purchase. It is a common practice to make it in red ink. When goods are received back from a customer, a credit note should be sent to him. The suggested proforma of credit note is shown in figure 4.7(c)

1

I ≡

<b>Name of the Firm Issuing the Note</b>	
No.	<i>Address of the Firm</i> <i>Date of Issue .....</i>
<b>DEBIT NOTE</b>	
Against : Supplier's Name Goods returned as per delivery Challan No. (Details of goods returned) (Rupees ..... only)	Amount (Rs.)
Signature of the Manager with date	



<b>Name of the Firm Issuing the Note</b>	
No.	<i>Address of the Firm</i> <i>Date of Issue .....</i>
<b>CREDIT NOTE</b>	
Against : Customer's Name Goods returned by the Customer Challan No. (Details of goods returned) (Rupees ..... only)	Amount (Rs.)
Signature of the Manager with date	

Fig. 4.7(c) : Showing a specimen credit note

Note : 1) Cash is calculated as follows :-

Dr. T1--10,00,000/- + T5--1,00,000/- + 0 92 = 11,00,000 92 (Total)  
[where T stands for Transaction]

Cr. T2--2,00,000/- + T3--200/- + T4--16,756/- + T7--620/- +  
T9,T12,T13,T14,T15,T16--1,132/- + 3000/- + 20,000/- + 100/- + 945 -  
-105 - + 3,554 92 = Rs 2,46,412 92 (Total)

Therefore Total Dr. – Total Cr = 11,00,000.92 – 2,46,412.92 =  
Rs. 8,53,588.00

- 2) Punjab National Bank is calculated as follows :-  
Dr. T2—2,00,000/- – Cr. T5—1,00,000 = Rs. 1,00,000.
- 3) Sales is calculated as follows :-  
Cr. T8(Sales)—7,08,100/- – Dr. T11(Sales Return)—47,200/- =  
Rs. 6,60,900/- (Total). (Note - Sales Amount includes GST and Rounding Off)
- 4) Purchase is calculated as follows :- T3—6,83,268/- – T14—67,839/- =  
Rs. 6,15,429/- (Total). (Note - Purchase Amount includes GST and Rounding Off)

Trial Balance will show the above balances of accounts in this way :

Sr.No	Particulars	L.F	Anand Traders 1-Jun-2020 to 30-Jun-2020	
			Closing Balance	
			Debit	Credit
1	Capital Account Anand Traders			10,00,000.00 10,00,000.00
2	Current Liabilities Duties and Taxes Sundry Creditors National Enterprises			6,15,429.00 6,15,429.00 6,15,429.00
3	Fixed Assets Furniture Typewriter		15,159.00 14,200.00 959.00	
6	Investments National Saving Certificate		100.00 100.00	
8	Current Assets Opening Stock Loans and Advances (Asset) Sundry Debtors Scraps, Computers and Furnitures Cash-in-Hand Bank Accounts		16,34,488.00 20,000.00 6,60,900.00 6,60,900.00 8,53,588.00 1,00,000.00	
13	Sales Accounts			5,95,000.00

	Sales A/c			5,95,000.00
	Sales Return			
14	Purchase Accounts		5,73,447.00	
	Purchase A/c		5,73,447.00	
	Purchase Return			57,490.00
16	Indirect Expenses		4,725.00	
	Advertisement Expenses		900.00	
	Office Expenses		200.00	
	Office Stationery		525.00	
	Postage and Courier Expense		100.00	
	Salary Expenses		3,000.00	
	<b>Grand Total</b>		<b>22,67,919.00</b>	<b>22,67,919.00</b>

**Note :-** After pressing "Enter" Key we can look the details of the groups whose figures are red coloured. Please do not count the red coloured figures, they are for understanding only.

**Profit and Loss Account of Anand Traders  
for 30<sup>th</sup> June 2020 (displays upto the last  
transaction of the year)**

Dr.			Cr.	
Particulars	Amount	Particulars	Amount	
<b>Opening Stock</b>		<b>Sales Accounts</b>	<b>5,55,000.00</b>	
Stock @ 14%		Sales A/c	5,95,000.00	
Stock @ 9%		Sales Return	(-40,000.00)	
		<b>Closing Stock</b>	<b>1,34,489.00</b>	
<b>Purchase Accounts</b>	<b>5,15,957.00</b>	Stock @ 14%	21,999.00	
Purchases A/c	5,73,447.00	Stock @ 9%	1,12,490.00	
Purchase Return	(-) 57,490.00			
<b>Gross Profit c/o</b>	<b>1,73,532.00</b>			
	<u>6,89,489.00</u>			<u>6,89,489.00</u>

<b>Indirect Expenses</b>		<b>Gross Profit b/f</b>	<b>1,73,532.00</b>
Advertisement Expenses	900.00		
Office Expenses	200.00	<b>4,725.00</b>	
Office Stationery	525.00		
Postage and Courier Expense	10000		
Salary Expense	3,000.00		
<b>Nett Profit</b>			
		<b>1,68,807.00</b>	
<b>Total</b>		<b>1,73,532.00</b>	<b>Total</b>
			<b>1,73,532.00</b>

**Note :-** Direct and Indirect Expenses are displayed in Profit and Loss Account alphabetically irrespective of transactions which occurs first. For ex. in the above example transaction relating to Salary Expense occur first but when it is displayed in the Profit and Loss Account it is displayed after Postage and Courier Expense and not before it.



**Balance Sheet of Anand Traders  
as on 30<sup>th</sup> June 2020**

<b>Liabilities</b>	<b>Amount</b>	<b>Assets</b>	<b>Amount</b>
<b>Capital Account</b>	<b>10,00,000.00</b>	<b>Fixed Assets</b>	<b>15,159.00</b>
Anand Share 10,00,000.00		Furniture 14,200.00	
		Typewriter 959.00	
<b>Loan Liability</b>			
<b>Current Liabilities</b>	<b>6,15,429.00</b>	<b>Investments</b>	<b>100.00</b>
Duties and Taxes		National Saving Certificate 100.00	
Sundry Creditors 6,15,429.00			
Rounding Off		<b>Current Assets</b>	<b>17,68,977.00</b>
		Loans and Advances (Asset) 20,000.00	
<b>Profit and Loss Account</b>	<b>1,68,807.00</b>	Sundry Debtors 6,60,900.00	
Opening Balance		Cash in Hand 8,53,588.00	
Current Period 1,68,807.00		Bank Accounts 1,00,000.00	
<b>Total</b>	<b>17,84,286.00</b>	<b>Total</b>	<b>17,84,286.00</b>