

A.A.V. PATEL JUNIOR COLLEGE

EXCELLENCE PROGRAM SYJC COMMERCE

SUB: BOOK KEEPING & ACCOUNTANCY

CHP: PARTNERSHIP FINAL ACCOUNTS

SYNOPSIS

MARKS WITH OPTION		TOTAL MARKS
PROBLEM	OBJECTIVE	WITH OPTION
15	+ 3	= 18

SPECIMEN FORM OF FINAL ACCOUNTS :

(i) Specimen of Trading Account :

M/s _____ (Name of the firm)

Dr.

Trading Account for the year ended 31st March, 20.....

Particulars	Amt. ₹	Amt. ₹	Particulars	Amt. ₹	Amt. ₹
To Opening Stock		-	By Sales		
To Purchases	-		Less: Sales Returns	-	
Less: Purchase Returns	-		By Goods Lost by Fire / Theft		
To Wages			By Partner's Capital A/c		
To Wages and Salaries			(Goods withdrawn for self use)		
To Works Manager's Salary			By Advertisement A/c		
To Carriage/Carriage Inward			(Goods distributed as free samples)		
To Freights			By Closing Stock		
To Factory Lighting			By Gross Loss (c/d)		
To Factory Rent					
To Coal, Gas and Water					
To Fuel and Power					
To Manufacturing Expenses					
To Trade Expenses					
To Customs Duty					
To Import Duty					
To Octroi					
To Motive Power					
To Heating & Lighting					
To Factory Insurance					
To Dock Charges					
To Royalty / Royalty on Purchase					
To Gross Profit (c/d)					

Dr.

Profit and Loss Account for the year ended 31st March, 20 ...

Cr.

Particulars	Amt. ₹	Amt. ₹	Particulars	Amt. ₹	Amt. ₹
To Gross Loss b/d		-	By Gross Profit (b/d)		-
To Salaries		-	By Rent (received)		-
To Unproductive Wages		-	By Interest (received)		-
To Office Expenses		-	By Commission (received)		-
To Office Rent		-	By Discount (received)		-
To Stationery and Printing		-	By Dividend (received)		-
To General Expenses		-	By Miscellaneous Receipts		-
To Sundry Expenses		-	By R.B.D.D. A/c (excess reserve)		-
To Depreciation		-	By Sundry Income		-
To Postage and Telegram		-	By Bad Debts Recovered		-
To Telephone Charges		-	By Profit on Sale of Assets		-
To Travelling Expenses		-			
To Conveyances		-			
To Advertisement		-			
To Interest on Loan		-			
To Repairs and Renewals		-			
To Audit Fees		-			
To Loss by Fire		-			
To Discount (allowed)		-			
To Commission (allowed)		-			
To Carriage Outward		-			
To Insurance		-			
To Entertainment Expenses		-			
To Provident Fund Contribution		-			
To Rent, Rates and Taxes		-			
To Electricity Charges		-			
To Legal Charges		-			
To Bank Charges		-			
To Trade Expenses		-			
To Export Duty		-			
To Packing Charges		-			
To Miscellaneous Charges		-			
To R.B.D.D A/c Bad debts		-			
Add: Further Bad Debts		-			
Add: New Reserve for Doubtful Debts		-			
		-			
Less: Old Reserve for Doubtful Debts		-			
To Salary to Partners:			By Interest on Drawings:		
A		-	A		-
B		-	B		-
C		-	C		-
To Interest on Capital:			By Capital / Current A/c: (Net Loss transferred)		
A		-	A		-
B		-	B		-
C		-	C		-
To Commission to Partners:					
A		-			
B		-			
C		-			
To Capital/Current A/c: (Net Profit transferred)					
A		-			
B		-			
C		-			

Specimen of Balance Sheet :

M/s. _____ (Name of firm)

Balance Sheet as on 31st March, 20...

Liabilities	Amt. ₹	Amt. ₹	Assets	Amt. ₹	Amt. ₹
Capital A/c:			Land and Building		—
A	—		Freehold Premises/PROPERTY		—
B	—		Plant and Machinery		—
C	—	—	Furniture and Fixtures		—
Current A/c:			Goodwill		—
A	—		Motor Vehicle		—
B	—		Trade Marks		—
C	—	—	Investments		—
Sundry Creditors		—	Bills Receivable		—
Bank Overdraft		—	Insurance Claim Receivable		—
Loan Taken		—	Provident Fund Investment		—
Bills Payable		—	Cash in Hand		—
Income Received in Advance		—	Stock of Stationery/POSTAL STAMPS		—
Outstanding Expenses:			Cash at Bank		—
Wages	—	—	Closing Stock		—
Rent	—	—	Sundry Debtors		—
Salaries	—	—	Loose Tools		—
Advertisement		—	Patents		—
Reserve Funds :			COPY- RIGHTS		—
General Reserves	—	—	Loan (given)		—
Advances Received	—	—	Prepaid Expenses		—
			Income Receivable / Outstanding Incomes		—
			Partner's Current A/c [DEBIT BALANCE]		—
					—
					—

Specimen of Partners' Capital / Current Account:

Partners' Capital Accounts / Current Accounts								
Dr.	Particulars	A	B	C	Particulars	A	B	Cr.
	To Drawings A/c (withdrawals)	—	—	—	By Balance (b/d)	—	—	—
	To Interest on Drawings A/c	—	—	—	By Interest on Capital A/c	—	—	—
	To Profit & Loss A/c (Divisible Loss)	—	—	—	By Salary A/c	—	—	—
	To Balance (c/d)	—	—	—	By Commission A/c	—	—	—
		—	—	—	By Profit and Loss A/c (Divisible Profit)	—	—	—
		—	—	—		—	—	—

SUB: BOOK-KEEPING & ACCOUNTANCY. STD: SYJC
Chp: PARTNERSHIP FINAL ACCOUNTS.

* SOME IMPORTANT TERMS & POINTS :

1. FREIGHT : Transport charges for carrying goods, paid to airways or railways or shipping company are called freights. Freights are DEBITED to TRADING A/c.
2. CARRIAGE / CARRIAGE INWARD : Transport charges for carrying the goods from the place of origin or market to the place of factory paid to Road Transport are called CARRIAGE / CARRIAGES INWARD. They are DEBITED TO TRADING A/c.
3. OCTROI DUTY / CUSTOM DUTY / IMPORT DUTY : When goods are brought within municipal area the Octroi duty is to be paid on it. In case of goods imported from other countries Import duty, custom duty, dock charges have to be paid. Since these expenses relate to purchase of goods, they are treated as direct expenses and DEBITED to TRADING A/c.
4. TRADE EXPENSES : Expenses incurred for trading of goods & services are called trade expenses. When trade expenses are given in the trial balance along with General / Office / Sundry / Miscellaneous Exp then the trade Exp should be DEBITED to TRADING A/c. If trade expenses are given in the trial balance without General / Office / Sundry / Miscellaneous Exp, then trade expenses are to be shown on the DEBIT Side of PROFIT & LOSS A/c.

5. **ROYALTY**: Royalty is the amount paid for use of name, patents, copyright, etc. is called Royalty. Eg: Amount paid to the owner of coal-mine for taking out the coal from coal-mine. Royalty on purchases are to be debited to Trading Alc whereas Royalty on sales is to be debited to Profit & Loss Alc
6. **MOTIVE POWER / FUEL / COAL / GAS / WATER**: Electricity power or coal, gas or fuel utilised for manufacturing of goods are expenses related to manufacturing of goods. Therefore it is treated as direct expenses and DEBITED TO Trading Alc.

Summary of Adjustments -

	Adjustments	1 st Effect	2 nd Effect
a	Closing Stock	Balance Sheet Asset side	Trading A/c credit side
b	Outstanding Expenses	Add to that particular expenses on the debit side of Trading/Profit and Loss A/c	Balance Sheet Liability Side
c	Prepaid Expenses	Balance Sheet Asset Side	Deduct from that particular expenses on the debit side of Trading / profit and loss A/c
d	Income received in advance (Pre-received Income)	Deduct from that particular income on the credit side of Profit and Loss A/c	Balance Sheet Liability Side
e	Income receivable (Outstanding Income)	Balance Sheet Asset Side	Add to that particular Income on the credit side of profit and loss A/c
f	Bad debts (Additional or New Bad debts)	Show to the debit side of profit and loss A/c (Add to old Bad debts)	Deduct from sundry debtors in Balance Sheet Asset Side
g	Provision for Doubtful Debts (Reserve for Doubtful Debts, New R.D.D)	Show to the debit side of profit and loss A/c (Add to old bad debts)	Deduct from sundry debtors in Balance Sheet Asset Side

	Adjustments	1 st Effect	2 nd Effect
h (i)	Reserve for Discount on Debtors	Show to the debit side of profit and loss A/c (Add to discount allowed)	Deduct from sundry debtors Balance Sheet Asset side.
(ii)	Reserve for Discount on creditors	Deduct from sundry creditors in Balance Sheet Liability Side	Show to the credit side of profit and loss A/c (Add to discount received)
j	Depreciation	Show on the debit side of the profit and loss A/c	Deduct from that particular asset in Balance Sheet Asset side.
j (i)	Interest on Capital	Show to the debit side of profit and loss A/c	Partner's capital / current A/c credit side or add to capitals
(ii)	Interest on Drawings	Show to the debit side of partner's capital /current A/c or Less from capital	Show to the credit side of profit and loss A/c
(iii)	Interest on loan taken	Show to the debit side of profit and loss A/c	Add to loan taken in the Balance Sheet liability side
k	Interest on Investment and on loan given	Balance Sheet asset side	Show to the credit side of profit and loss A/c
l (i)	Insured Goods destroyed by fire / accident	i) Balance Sheet asset side (claim amount) ii) Profit and loss A/c (loss amount)	Trading A/c - credit side (gross amount).
(ii)	Uninsured Goods destroyed by fire/ accident	Profit and loss A/c debit side	Show to the credit side of Trading A/c or deduct from purchases
m	Goods stolen	Profit and loss A/c debit side	Show to the credit side of Trading A/c or deduct from purchases
n	Goods distributed as free samples	Profit and loss A/c debit side (Add in advertisement)	Show to the credit side of Trading A/c or deduct from purchases
o	Goods withdrawn by Partners for personal use	Partners capital /current A/c debit side	Show to the credit side of Trading A/c or deduct from purchases A/c
p (i)	Unrecorded Purchases	Add to purchases on the debit side of Trading A/c	Add to creditors on the liability side of Balance Sheet
(ii)	Unrecorded Sales	Add to debtors on the asset side of the Balance Sheet	Add to sales on the credit side of Trading A/c
q (i)	Capital Expenditure included in revenue expenditure	Add to that particular asset in Balance Sheet Asset side	Deduct from that particular revenue expenses on the debit side of Trading or profit and loss A/c
(ii)	Revenue expenditure included in capital expenditure	Add to that particular revenue expenditure	Deducted from that particular Asset in Balance Sheet
r	Bills Receivable dishonoured	Add the amount of bill dishonoured to sundry debtors in the Balance Sheet asset side	Deduct the amount of bill dishonoured from Bills Receivable Add the amount of bill dishonoured to sundry creditors in the Balance Sheet liability side
s	Bills Payable dishonoured	Deduct the amount of bill dishonoured from Bills payable	

	Adjustments	1 st Effect	2 nd Effect
t	Deffered expenses of Advertisement paid for 5 years	Advertisement related to current year debited to profit and loss A/c	Remaining amount of advertisement is shown on asset side of the Balance Sheet as Prepaid Advertisement
u	Revenue receipts included in capital receipts e.g. sales of goods included in sale of furniture	Add to furniture on the asset side of the Balance Sheet	Add to sales on the credit side of Trading A/c
v	Commission to partners as percentage of gross profit / sales	Show to the debit side of profit and loss A/c	Show to the credit side of Partner's capital /current A/c or add to partner's capital A/c