

## Example for “Sole traders Financial Statements” – Grade 12

Following trial balance was extracted from Arjun’s business as at 31.03.2020.

	Debit (Rs.000)	Credit (Rs.000)
Property, Plant and Equipment (At cost):-		
-Lands.....	900	
-Buildings.....	800	
-Motor vehicle.....	600	
-Equipments.....	300	
Provision for depreciation-01.04.2019:-		
-Buildings.....		180
-Motor vehicle.....		120
-Equipment.....		60
Debtors.....	180	
Creditors.....		100
Sales (8% VAT inclusively).....		1620
Purchases (8% VAT inclusively).....	540	
VAT paid.....	30	
Cash ctrl: account.....	355	
Electricity.....	24	
Rates and Insurance.....	64	
Inventory-01.04.2019.....	160	
Salaries and wages (Net).....	90	
Discount Allowed.....	20	
Discount received.....		30
EPF paid.....	20	
ETF paid.....	2	
Bad debts.....	5	
Provision for doubtful debts (01.04.2019).....		20
Suspense account.....	80	
Investment (20%).....	600	
Bank loan (20%).....		300
Equity (01.04.2019).....		2240
	<b><u>4770</u></b>	<b><u>4770</u></b>

*Additional information :-*

- i. Stock as at 31.03.2020. has been valued at Rs.260000
- ii. A stock at an invoice price of Rs.50000 has been sent on sales or return basis within the year, at a profit margin of 20% on invoice price. This stock has not yet been sold.
- lii Following errors also were detected in later investigations.
  - \*Purchasing a new computer and equipment at Rs.100000, on 01.10.2019. and not been posted to the equipment account. (The effective life of these equipment is 10 years.)
  - \*Total of the Discount received column, Rs.10000 as at 31.03.2020. has been debited to the Discount allowed account.
- iv. Accrued electricity is Rs.6000 and insurance prepaid is Rs.4000 as at 31.03.2020.
- v. A debtor of Rs.5000 has informed his solvency and it should be written off as bad debts. Provision for doubtful debts should be 10% on balance debtors.
- vi. EPF contribution of employee is 10% and it is 15% of the employer. ETF contribution is 3%.
- vii. Buildings, motor vehicles and equipment (Excepting the newly purchased equipment) are depreciated at 10% p:a: under straight line method.
- viii. Bank loan was obtained on 01.03.2020. and should be settled in 10 years, equally, starting from 31.03.2020. Interest relevant for the current year, has not yet been paid.

**Required:-**

1. Income statement for the year ended 31.03.2020.
2. Statement of Financial Position as on 31.03.2020.

