National Institute of Open Schooling (NIOS)
Senior Secondary

Worksheet-18

L-18 FINANCIAL STATEMENTS: II

1. Is it necessary to make accounting adjustments?

2. What do you understand by abnormal losses? Discuss its accounting treatment in the books of accounts.

3. On 1st April, 2020 reserve for Bad Debts shows a balance of Rs 4,500 Bad debts during the year as per ledger were Rs. 1,700. Debtors amounted to Rs.10, 000. After closing of the ledger, it was found that there were bad debts of Rs. 1,000. It was decided to create a reserve for doubtful debts on creditors @5%. Pass necessary journal entries and show the items in Profit & Loss account and Balance Sheet.

4. Pass necessary journal entries for the following adjustments:

i. 1/3rd of the total commission received during the year of Rs.30, 000 relates to the next year.
ii. Interest on capital is charged for the year amounting to Rs.550.

5. "Sometimes income is received before it becomes actually due". With reference to this statement, explain the concept of unearned income. Also explain its accounting treatment with the help of an example.

6. The net profit of a firm amount to Rs. 1, 25,000 before charging commission. The manager of the firm is entitled to a commission of Rs. 10% on the net profit. Calculate the commission payable to the manager under the following alternative cases:-

i. If the manager is allowed commission on the net profit before charging such commission, and
ii. If the manager is allowed commission on the net profit after charging such commission. Also show the treatment in the final account ending on 31st March 2021.

7. Explain the provision for discount on debtor's adjustments with examples.

8. Discuss the accounting treatment of drawings of goods by the proprietor.

9. Your friend Raj has distributed goods worth Rs.10, 000 as free samples. What will the effect of such transaction in his books of accounts?

10. Discuss the adjustment relating to deprecation of fixed assets in the books of accounts with the help of an suitable example.