

## Solution # 1

**Mr. QAMAR**  
**STATEMENT OF AFFAIRS**  
**As on 31st December 2002**

<b>Assets</b>	<b>Rs.</b>	<b>Liabilities</b>	<b>Rs.</b>
Cash in hand	59,200	Creditor	50,400
Stock	63,000	Capital (bal Fig)	135,600
Debtors	48,400		
Less: bad debts	<u>2,400</u>		
	<b>46,000</b>		
Less: provision for B.D	2,300		
	43,700		
Furniture	12,000		
Less: Depreciation	<u>1,200</u>		
	10,800		
Machinery	10,000		
Less: depreciation	<u>900</u>		
	9,100		
Prepaid insurance	200		
<b>Total</b>	<b>186,000</b>	<b>Total</b>	<b>186,000</b>

### Working:

#### W-1

Provision for doubtful debts =  $46,000 * 5/100 = \text{Rs. } 2,300$

#### W-2

Depreciation on Machinery

Machinery 2,000

Less:  $2,000 * 10/100 * 6/12 =$  100

Machinery 8,000

Less:  $8,000 * 10/100 =$  800

**Solution # 2:**

		Rs.
Subscription received in cash in 2005		10,050
<b>Add:</b>		
Subscription for 2005 received in advance in 2004	750	
Subscription accrued for 2005	<u>1,050</u>	<u><b>1,800</b></u>
		<b>11,850</b>
<b>Less:</b>		
Subscription accrued for 2004		<u>900</u>
<b>Income &amp; expenditure Account</b>		<b>10,950</b>