

SIES COLLEGE OF COMMERCE AND ECONOMICS (AUTONOMOUS)
FYBMS
FINAL ACCOUNTS
IMPORTANT ADJUSTMENTS

1) Closing Stock of Raw materials

Sol : Deduct from Raw Materials consumed,
Pass Entry on Assets side of Balance sheet

2) Closing Stock of WIP

Sol : Entry on Credit side of Manufacturing Account
Pass Entry on Assets side of Balance sheet

3) Closing Stock of Finished Goods

Sol : Entry on Credit side of Trading Account
Pass Entry on Assets side of Balance sheet

4) Depreciation on Factory Assets

Sol : Entry on Debit side of Manufacturing Account,
Deduct from Asset in Balance Sheet
(Depreciation A/c...Dr.
To Asset A/c)

5) Depreciation on Office Assets

Sol : Entry on Debit side of Profit & Loss Account,
Deduct from Asset in Balance Sheet
(Depreciation A/c...Dr.
To Asset A/c)

6) Outstanding expenses

Sol : Add to expense on Debit side of Manufacturing/Profit & Loss Account
Pass Entry on Liabilities side of Balance sheet
(Expense A/c...Dr.
To Outstanding Expenses A/c)

7) Prepaid expenses

Sol : Deduct from expense on Debit side of Manufacturing/Profit & Loss Account
Pass Entry on Assets side of Balance sheet
(Prepaid Expenses A/c...Dr.
To Expenses A/c)

8) Debtors turned bad

Sol : Add to Bad Debts on Debit side of Profit & Loss Account
Deduct from Debtors on Assets side of Balance sheet
(Bad Debts A/c...Dr.
To Debtors A/c)

9) Provision for Bad and Doubtful Debts (RDD) given in Trial Balance

Sol : Deduct from Bad Debts as Old RDD

10) Create Provision for Bad and Doubtful Debts (RDD)

Sol : Add to Bad Debts on Debit side of Profit & Loss Account
Deduct from Debtors on Assets side of Balance sheet

Format : Old Bad Debts (From Trial balance)
Add : New Bad Debt(from adjustment)
Add : New RDD (from adjustment)
Less : Old RDD (From Trial Balance)

Format : Debtors (In Balance Sheet)
Less : New Bad Debts
Total
Less : New RDD
Total in Outer column

11) Drawings given in Trial Balance

Sol : Deduct from Capital on Liabilities side of Balance sheet

12) Net Profit generated in Profit & Loss Account

Sol : Add to Capital on Liabilities side of Balance sheet

Format : Capital

 Add : Net Profit

 Less : Drawings

13) Interest payable on loan

Sol : Add to Interest on debit side of Profit & Loss A/c

 Pass Entry on Liabilities side of Balance Sheet

 (Interest A/c...Dr.

 To Outstanding Interest A/c)

14) Interest receivable

Sol : Pass Entry of Interest received on Credit side of Profit & Loss A/c

 Pass Entry on Assets side of Balance Sheet