

Final accounts format: sole proprietor

Horizontal (T-form) format, as taught in NCERT Class 11 Accountancy Part II (chapters 8 and 9) and ICAI Foundation Paper 1 (chapter 7).

Trading and Profit and Loss Account for the year ended _____

Dr. Particulars	₹	Cr. Particulars	₹
To Opening stock		By Sales	
To Purchases		Less: Returns inwards	
Less: Returns outwards		By Closing stock	
To Wages (add outstanding)			
To Carriage inwards			
To Other direct expenses			
To Gross profit c/d		By Gross loss c/d	
Total		Total	

Dr. Particulars	₹	Cr. Particulars	₹
To Gross loss b/d		By Gross profit b/d	
To Salaries (add outstanding)		By Commission (less received in advance)	
To Rent (less prepaid)		By Interest received (add accrued)	
To Insurance (less prepaid)		By Interest on drawings	
To Carriage outwards		By Other income	
To Bad debts and provision			
To Depreciation			
To Interest on capital			
To Other expenses			
To Net profit (to capital)		By Net loss (to capital)	
Total		Total	

Worked example: Mehra Stationers (hypothetical figures, ₹)

Trial balance as at 31 March 2026

Account	Debit (₹)	Credit (₹)
Capital (1 April 2025)		3,50,000
Drawings	48,000	
Opening stock (1 April 2025)	75,000	
Purchases	5,40,000	
Sales		9,60,000
Returns inwards (sales returns)	12,000	
Returns outwards (purchase returns)		8,000
Wages	30,000	
Carriage inwards	9,000	
Salaries	1,08,000	
Rent of shop	66,000	
Insurance (premium paid on 1 July 2025 for one year)	18,000	
General expenses	14,000	
Carriage outwards	6,000	
Bad debts	3,000	
Provision for doubtful debts (1 April 2025)		4,000
Commission received		10,000
Sundry debtors	1,20,000	
Sundry creditors		85,000
Shop equipment	1,50,000	
Furniture	60,000	
Fixed deposit with bank (8% a year, made on 1 April 2025)	50,000	
Cash at bank	1,00,000	
Cash in hand	8,000	
Total	14,17,000	14,17,000

Adjustments

- Closing stock on 31 March 2026, valued at cost: 90,000
- Wages outstanding: 3,000
- Salaries for March 2026 outstanding: 9,000
- Insurance: months of the premium that fall in 2026-27 (April to June 2026): 3
- Interest on the fixed deposit accrued for the year, not yet received (rate): 8%
- Commission received in advance (belongs to 2026-27): 2,000
- Depreciation on shop equipment (rate on cost): 10%
- Depreciation on furniture (rate on cost): 10%
- Further bad debts to be written off: 2,000
- Provision for doubtful debts on debtors (rate): 5%
- Interest on capital (rate on opening capital): 6%
- Interest on drawings: 1,500

Solution

Trading Account for the year ended 31 March 2026

Dr. Particulars	₹	Cr. Particulars	₹
Opening stock	75,000	Sales 9,60,000	9,48,000
		Less: Returns inwards 12,000	
Purchases 5,40,000	5,32,000	Closing stock	90,000
Less: Returns outwards 8,000			
Wages 30,000	33,000		
Add: Outstanding 3,000			
Carriage inwards	9,000		
Gross profit c/d	3,89,000		
Total	10,38,000	Total	10,38,000

Profit and Loss Account for the year ended 31 March 2026

Dr. Particulars	₹	Cr. Particulars	₹
Salaries 1,08,000	1,17,000	Gross profit b/d	3,89,000
Add: Outstanding 9,000			
Rent of shop	66,000	Commission 10,000	8,000
		Less: Received in advance 2,000	
Insurance 18,000	13,500	Interest on fixed deposit (accrued)	4,000
Less: Prepaid 4,500			
General expenses	14,000	Interest on drawings	1,500
Carriage outwards	6,000		
Bad debts 3,000	6,900		
Add: Further bad debts 2,000			
Add: New provision 5,900			
Less: Old provision 4,000			
Depreciation: shop equipment 15,000	21,000		
Depreciation: furniture 6,000			
Interest on capital	21,000		
Net profit (transferred to capital)	1,37,100		
Total	4,02,500	Total	4,02,500

Balance Sheet as at 31 March 2026

Liabilities	₹	Assets	₹
Opening balance 3,50,000	4,58,600	Shop equipment 1,50,000	1,35,000
Add: Interest on capital 21,000		Less: Depreciation 15,000	
Add: Net profit 1,37,100			
Less: Drawings 48,000			
Less: Interest on drawings 1,500			
Sundry creditors	85,000	Furniture 60,000	54,000
		Less: Depreciation 6,000	
Outstanding wages	3,000	Fixed deposit with bank	50,000
Outstanding salaries	9,000	Accrued interest on fixed deposit	4,000
Commission received in advance	2,000	Closing stock	90,000
		Sundry debtors 1,20,000	1,12,100
		Less: Further bad debts 2,000	
		Less: Provision for doubtful debts 5,900	
		Prepaid insurance	4,500
		Cash at bank	1,00,000
		Cash in hand	8,000
Total	5,57,600	Total	5,57,600