

(c) Stationery : Trial balance, 47,100
 Less unused stationery (570)
46,610

(d) Provision for bad debt :
 New Provision = 2.5% of new balance of debtors
 New balance of debtors = Debtors figure - bad debt
 = ~~₹~~89,490 - ~~₹~~130 = ~~₹~~89,360

New Provision = 0.025 × ~~₹~~89,360 = ~~₹~~2,234

OR

2.5% × ~~₹~~89,360 = ~~₹~~2,234

OR

$\frac{2.5}{100} \times 89,360 = ~~₹~~2,234$

New Provision - Old Provision = Profit & Loss Account figure

~~₹~~2,234 - ~~₹~~2,510 = ~~₹~~276

Since new provision is less than the old provision, the difference was taken to Credit side of Profit & Loss Account as Decrease in Provision for bad debts

Illustration II

The following information were extracted from the books of Topace Manufacturing Co. Ltd. During the year to December 31st, 2006.

Sales	₹ 143,000
Stock of raw materials 1st Jan. 2006	16,500
Purchase of raw materials	84,500
Carriage of raw materials	3,500
Factory wages	16,500
Stock of raw materials, Dec. 31st 2006	24,500