CH-20

V. V. V. easy

Accounts from Incomplete Records (5 - 8 Marks)

(Single Entry System)

→ Single entry system is a system in which both the aspects of all transactions are not recorded

→ This system is suitable for small size businesses

→ In this system only personal accounts and cash book is generally prepared

→ It is a simple method and less expensive

* Advantages / Disadvantages

Advantages	Disadvantages
① It is a simple method	① Arthematical accuracy cannot be determined.
② It is less expensive	② No control on assets
③ No in-depth Knowledge is required	③ Financial Position cannot be ascertained
④ Easy to ascertain profit or loss	④ No Internal check.

* HOW TO CACLUCATE PROFIT ??

100%.

Opening Capital	Additional Capital	Withdraw (drawings)	Closing Capital
???	5,000	3,000	??

PROFIT 4,000

Particulars	₹
Closing Capital	XXX
(+) Drawings	XXX

(+) Drawings	XXX
(−) Additional Capital	(XXX)
(−) Opening Capital	(XXX)
Profit or Loss	XX / (XX)

(+)ve (−)ve

If Opening Capital and Closing Capital is not given then we have to prepare Statement of Affairs

Statement of Affairs

Liabilities	₹	Assets	₹
Creditors	7,000	Cash	1,000
Loan	4,000	Machine	12,000
Capital (bal..)	11,000	Bank	3,000
		Debtors	4,000
	20,000		20,000

* To find Opening Capital we will prepare opening SOA
To find Closing Capital we will prepare closing SOA

* If there are any adjustments (like depreciation, Bad debts etc) then we will consider them in closing SOA.

eg ① Opening Capital = 10,000
Additional Capital = 8,000
Drawings = 5,000
Closing Capital = 23,000
Find Profit. (1/2 Marks)

Sol:- Statement of Profit

Particulars.	₹
Closing Capital	23,000
(+) Drawings	5,000

Sol:

Particulars	₹
Closing Capital	23,000
(+) Drawings	5,000
(−) Additional Capital	(8,000)
(−) Opening Capital	(10,000)
Profit	10,000

eg ②

	"1 April 2022"	31 March 2023
Cash	1500	500
Bank	6500	5500
Stock	4000	7000
Creditors	4000	3000

During the year, additional Capital = 2000 and drawings = 1,000. Find profit.

Sol:-

Particulars	₹
Closing Capital	10,000
(+) Drawings	1,000
(−) Additional Capital	(2,000)
(−) Opening Capital	(8,000)
PROFIT	1,000

SOA (1. April 2022)

Liabilities	₹	Assets	₹
Creditors	4000	Cash	1500
		Bank	6500
Opening Capital	8,000	Stock	4000
	12,000		12000

SOA (31 March 2023)

Liabilities	₹	Assets	₹
Creditors	3,000	Cash	500
		Bank	5500
Closing Capital	10,000	Stock	7000
	13,000		13,000

eg ③

	1April	31 March

eg (3)

	1 April	31 March
Cash -	4500	3000
Machine -	10 000	8 000
Debtors -	6 000	5 000
Furniture -	7 000	9 000
Creditors. - L	11 000	12 000

Additional Capital = 3,000

Drawings = 4,000

Depreciate Machine + Furniture by 10%. Bad debts ₹ 1000.

find Profit.

Sol:-

Particulars	₹
Closing Capital	10,300
(+) Drawings	4,000
(−) Additional Capital	(3,000)
(−) Opening Capital	(16,500)
LOSS	(5,200)

SOA (1 April)

Creditors	11000	Cash	4500
		Machine	10 000
Opening Capital	16,500	Debtor	6 000
		Furniture	7000
	27500		27500

SOA (31 March)

Creditors	12 000	Cash	3000
		Machine (8000 - 800*)	7,200
		Debtors (5000 - 1000*)	4,000
Closing Capital	10,300	Furniture (9000 - 900*)	8,100

Closing Capital (bal..)	10,300	Furniture (9000 - 900*)	8,100
	22,300		22,300

9. Shruti maintains her books of account from Incomplete Records. Her books provide the following information:

	1st April, 2015 (₹)		31st March, 2016 (₹)
Cash → ~~Asset~~	1,200	→	4,000
Debtors	16,800	→	27,200
Stock	22,400	→	24,400
Investments	...	→	8,000
Furniture	7,500	→	8,000
Creditors — liability	14,900	→	11,600

500 X 12 = 6000 p.a = drawings

She withdrew ₹ 500 per month for personal expenses. She sold her Investments of ₹ 16,000 at 5% premium (ज्यादा) and introduced the amount into business. (+) 5% + 800 = 16 800

You are required to prepare a Statement of Profit or Loss for the year ending 31st March, 2016. (KVS)

[Capital as at 1st April, 2015—₹ 33,000; Capital as at 31st March, 2016—₹ 60,000; Profit—₹ 16,200.]

Sol:-

Statement of Profit

Particulars	₹
Closing Capital	60,000
(+) Drawings	6,000
(−) Additional Capital	(16,800)
(−) Opening Capital	(33000)
PROFIT	16,200

SOA (1 April 2015)

Liabilities	₹	Assets	₹
Creditors	14900	Cash	1200
		Debtor	16 800
		Stock	22 400
Opening Capital (bal..)	33000	Furniture	7500
	47900		47900

	47900		47900

SOA (31 March 2016)

Liabilities	₹	Assets	₹
Creditors	11600	Cash	4000
		Debtors	27200
		Stock	24,400
Closing Capital (bal.)	60,000	Investment	8,000
		Furniture	8,000
	71,600		71,600

Imp. 100%

16. Gurman, a retailer, has not maintained proper books of account but it has been possible to obtain the following details:

		Opening Last Year (₹)	Closing This Year (₹)
Trade Creditors	L	6,270	5,890
Loan from Naresh	L	5,000	5,000
Stock	A	12,350	11,980
Cash in Hand	A	570	650
Shop Fittings	A	7,250	7,800
Trade Debtors	A	5,280	4,560
Bank Balance	A	3,990	4,130

Calculate the net profit for this year and draft the Statement of Affairs at the end of the year after noting that:

(*a*) Shop Fittings are to be depreciated by ₹ 780.

(*b*) Gurman has drawn ₹ 100 per week for his own use. Drawings p.a = 52 × 100 = 5200

(*c*) Included in the Trade Debtors is an irrecoverable balance of ₹ 270. Bad debt

(*d*) Interest at 5% p.a. is due on the loan from Naresh but has not been paid for the year.

[*Net Profit—₹ 3,960; Total of Statement of Affairs—₹ 28,070.*]

Outstanding Interest

Outstanding Interest

Sol:-

Particulars	₹
Closing Capital	16,930
(+) Drawings	5,200
(–) Additional Capital	(0)
(–) Opening Capital	(18170)
PROFIT	3,960

SOA (Opening)

Creditors	6270	Stock	12350
loan from Naresh	5000	Cash	570
		Shop fitting	7250
		Debtors	5280
Opening Capital (bal..)	18,170	Bank	3990
	29,440		29440

SOA (closing)

Creditor	5890	Stock		11980
Loan from Naresh	5000	Cash		650
* d Outstanding Interest [$\frac{5}{100} \times 5000$]	250	Shop fitting * a) Dep	7800 (780)	7,020
Closing Capital (bal..)	16,930	Debtors * c Bad debt	4560 (270)	4,290
		Bank		4,130
	28,070			28,070

13. From the following information relating to the business of Abhay who keeps books on Single Entry System, ascertain the profit or loss for the year 2022–23:

	1st April, 2022 (₹)	31st March, 2023 (₹)
Machinery (A)	8,000	8,000
Furniture (A)	2,000	2,000
Stock (A)	7,000	5,000
Sundry Debtors (A)	4,000 *	4,500 *
Bank Balance (L) →	200 (Cr.)	1,800 (Dr.)
Sundry Creditors (L) →	5,000	3,500

Abhay withdrew ₹ 4,100 during the year to meet his household expenses. He introduced ₹300 as fresh capital on 15th January, 2023. Machinery and Furniture are to be depreciated at 10% and 5% p.a. respectively. [*Profit*—₹ *4,900.*]

Sol:-

Statement of Profit

Particulars	₹
Closing Capital	16,900
(+) Drawings	4100
(–) Additional Capital	(300)
(–) Opening Capital	(15800)
PROFIT	4,900

SOA (1 April)

Bank balance	200	Machine	8000
Creditors	5000	Furniture	2000
		Stock	7000
		Debtors	4000
Opening Capital (bal.)	15,800		
	21000		21000

SOA (31 March) — Dr.

Creditors	3500	Machine (8000 (–) 800)	7200
		Furniture (2000 (–) 100)	1900
Closing Capital (bal.)	16,900	Stock	5000
		Debtors	4500

Closing Capital (bal..)	16,900	Stock Debtors Bank Balance	5000 4500 1800
	20,400		20400

10. Swastik maintains his books of account by Single Entry System. His books provide the following information:

	1st April, 2022 (₹)	31st March, 2023 (₹)
Furniture (A)	2,000	2,000
Stock (A)	28,000	30,500
Sundry Debtors (A)	21,000	34,000
Cash (A)	1,500	5,000
Sundry Creditors (L)	17,500	19,000
Loan (L)	...	5,000
Investments (A)	...	10,000

His drawings during the year were ₹ 5,000. Depreciate furniture by 10% and provide a reserve for Bad and Doubtful Debts at 10% on Sundry Debtors. Prepare the statement showing the profits for the year. [*Profit during the year—₹ 23,900.*]

$\boxed{200}$ (–)

$\boxed{3400}$ (–)

Break 7 6:40 pm.

Closing Capital	53900
(+) Drawings	5000
(–) Additional Capital	(–)
(–) Opening Capital	(35000)
PROFIT	23900

SOA (1 April)

Creditor	17500	Furniture Stock Debtor Cash	2000 28000 21000 1500
Opening Capital	35000		
	52500		52500

SOA (31 March)

Creditors	19000	Furniture (2000 - 200)	1800
Loan	5000	Stock	30500
		Debtor (34000 - 3400)	30600
Closing Capital (bal.)	53900	Cash	5000
		Investments	10000
	77900		77900