



# WAY TO SUCCESS

*Leads to Success* 

# 12

# ACCOUNTANCY

## Study material

### Unit - 1

### ACCOUNTS FROM INCOMPLETE RECORDS

**Dear Teachers! & Students!**

We publish this study material on the request of many teachers and students. This study material contains only Book back exercise questions. Way to success – 12th Accountancy guide will be published very shortly. Way to success is preparing 12th Accountancy guide based on Govt.New Pattern with the help of expert cum experienced teachers to give an assurance for you to score high marks in your public examination.

**Best Wishes to All.....**

*Way to Success team*

**UNIT - 1****ACCOUNTS FROM  
INCOMPLETE RECORDS****I. Multiple choice questions:**

**Choose the Correct answer**

1. Incomplete records are generally maintained by
 

|   |                               |
|---|-------------------------------|
| (a) A company                               | (b) Government                |
| (c) <i>Small sized sole trader business</i> | (d) Multinational enterprises |
2. Statement of affairs is a
 

|   |  |
|---|--|
| (a) Statement of income and expenditure | (b) <i>Statement of assets and liabilities</i> |
| (c) Summary of cash transactions        | (d) Summary of credit transactions             |
3. Opening statement of affairs is usually prepared to find out the
 

|   |                                    |
|---|------------------------------------|
| (a) <i>Capital in the beginning of the year</i> | (b) Capital at the end of the year |
| (c) Profit made during the year                 | (d) Loss occurred during the year  |
4. The excess of assets over liabilities is
 

|          |          |                    |            |
|----------|----------|--------------------|------------|
| (a) Loss | (b) Cash | (c) <i>Capital</i> | (d) Profit |
|----------|----------|--------------------|------------|
5. Which of the following items relating to bills payable is transferred to total creditors account?
 

|   |                                      |
|---|--------------------------------------|
| (a) Opening balance of bills payable              | (b) Closing balance of bills payable |
| (c) <i>Bills payable accepted during the year</i> | (d) Cash paid for bills payable      |
6. The amount of credit sales can be computed from
 

|                                  |                             |
|----------------------------------|-----------------------------|
| (a) <i>Total debtors account</i> | (b) Total creditors account |
| (c) Bills receivable account     | (d) Bills payable account   |
7. Which one of the following statements is not true in relation to incomplete records?
 

|  |  |
|--|--|
| (a) It is an unscientific method of recording transactions | (b) Records are maintained only for cash and personal accounts |
| (c) <i>It is suitable for all types of organisations</i>   | (d) Tax authorities do not accept                              |
8. What is the amount of capital of the proprietor, if his assets are ₹ 85,000 and liabilities are ₹ 21,000?
 

|              |                |              |                     |
|--------------|----------------|--------------|---------------------|
| (a) ₹ 85,000 | (b) ₹ 1,06,000 | (c) ₹ 21,000 | (d) <i>₹ 64,000</i> |
|--------------|----------------|--------------|---------------------|
9. When capital in the beginning is ₹ 10,000, drawings during the year is ₹ 6,000, profit made during the year is ₹ 2,000 and the additional capital introduced is ₹ 3,000, find out the amount of capital at the end.
 

|                    |              |              |             |
|--------------------|--------------|--------------|-------------|
| (a) <i>₹ 9,000</i> | (b) ₹ 11,000 | (c) ₹ 21,000 | (d) ₹ 3,000 |
|--------------------|--------------|--------------|-------------|
10. Opening balance of debtors: ₹ 30,000, cash received: ₹ 1,00,000, credit sales: ₹ 90,000; closing balance of debtors is
 

|              |                |              |                     |
|--------------|----------------|--------------|---------------------|
| (a) ₹ 30,000 | (b) ₹ 1,30,000 | (c) ₹ 40,000 | (d) <i>₹ 20,000</i> |
|--------------|----------------|--------------|---------------------|

### Very Short answer questions

#### 1. What is meant by incomplete records?

- (i) Generally, cash accounts and the personal accounts of customer and creditors are maintained fully and other accounts are maintained based on necessity.
- (ii) When accounting are not strictly maintained according to double entry system, these records are called incomplete accounting records.

#### 2. State the accounts generally maintained by small sized sole trader when double entry accounting system is not followed.

Incomplete records or single entry system.

#### 3. What is a statement of affairs?

- (i) Statement of affairs is a statement. Showing the balance of assets and liabilities on a particular date.
- (ii) The balance of assets are shown on the right side and balance of liabilities on the left side.
- (iii) It is prepared from incomplete record to find out capital of a business unit on a particular date.

### Short answer questions

#### 1. What are the features of incomplete records?

| <b>Features of in complete records.</b>                               |   |
|---|---|
| <b>(i) Nature</b>   | It is an unscientific and unsystematic way of recording transaction. Accounting principles and accounting standards are not followed properly.  |
| <b>(ii) Type of accounts maintained</b>                               | In general, only cash and personal accounts are maintained fully real accounts and nominal accounts are not maintained properly. Some transactions are completely omitted.  |
| <b>(iii) Lack of uniformity</b>                                       | There is no uniformity in recording the transaction among different organisations. Different organisations record their transaction to their needs and conveniences.  |
| <b>(iv) Financial statements may not represent true and fair view</b> | Due to the incomplete information and inaccurate records of accounts, the profit or loss calculated from these records cannot be relied upon. It may not represent true profitability. Assets and liabilities may not represent a true and fair view of financial position. |
| <b>(v) Suitability</b>  | Only the business concerns which have no legal obligation to maintain books of accounts under double entry system may maintain incomplete records. Hence, it may be maintained by small sized sole traders and partnership firms.   |
| <b>(vi) Mixing up of personal and business transactions</b>           | Generally, personal transactions of the owners are mixed up with the business transactions. For example, purchase of goods for own use may be mixed up along with business purchases.   |

#### 2. What are the limitations of incomplete records?

- ❖ **Lack of proper maintenance of records:** It is an unscientific and unsystematic way of maintaining records. Real and nominal accounts are not maintained properly.
- ❖ **Difficulty in preparing trial balance:** As accounts are not maintained for all items, the accounting records are incomplete. Hence, it is difficult to prepare trial balance to check the arithmetical accuracy of the accounts.

- ❖ **Difficulty in ascertaining true profitability of the business:** Profit is found out based on available information and estimates. Hence, it is difficult to ascertain true profit as the trading and profit and loss account cannot be prepared with accuracy.
- ❖ **Difficulty in ascertaining financial position:** In general, only the estimated values of assets and liabilities are available from incomplete records. Hence, it is difficult to ascertain true and fair view of state of affairs or financial position as on a particular date.
- ❖ **Errors and frauds cannot be detected easily:** As only partial records are available, it may not be possible to have internal checks in maintaining accounts to detect errors and frauds.
- ❖ **Unacceptable to government and other authorities:** As accounts maintained are incomplete, these may not comply with the legal requirements. Hence, government, tax authorities and other legal authorities do not accept accounts prepared from incomplete Records.

### 3. State the differences between double entry system and incomplete records.

| S.No | Basis of distinction  | Double entry system  | Incomplete records  |
|------|---|--|---|
| 1.   | Recording of transactions   | Both debit and credit aspects of all the transactions are recorded.  | Debit and credit aspects of all the transactions are not recorded completely. For some transactions both aspects are entered, some transactions are partially recorded and some transactions are omitted to be entered. |
| 2.   | Type of accounts maintained Personal, real and nominal accounts are maintained fully. | In general, only personal and cash accounts are maintained fully.  | Real and nominal accounts are not maintained fully.   |
| 3.   | Preparation of trial balance  | Trial balance can be prepared to check the arithmetical accuracy of the entries made in the books of accounts. | It is difficult to prepare the trial balance to check arithmetic accuracy of entries made in the books of accounts as the accounts are incomplete.  |
| 4.   | Determination of true profit or loss  | Trading and profit and loss account can be prepared to find out the true profit or loss.                       | Trading and profit and loss account cannot be prepared with accuracy as complete information is not available and hence profit or loss found out may not be accurate.   |
| 5.   | Determination of financial position   | Balance sheet can be prepared to know the true financial position.   | Balance sheet cannot be prepared with accuracy and true financial position cannot be ascertained, as the assets and liabilities are just estimates and incomplete.  |
| 6.   | Suitability   | It is suitable for all types of organisations.   | It may be suitable for small sized sole traders and partnership firms.  |
| 7.   | Reliability   | It is reliable since it is a scientific system of accounting and is based on certain accounting principles.    | It is not reliable since it is unscientific.  |

|    |               |  |  |
|----|---------------|--|--|
| 8. | Acceptability | Accounting records are acceptable to all users including tax authorities and financial institutions. | Accounting records may not be acceptable to all users. |
|----|---------------|--|--|

**4. State the procedure for calculating profit or loss through statement of affairs.**

1. Ascertain the opening capital by preparing a statement of affairs at the beginning of the year by taking the opening balances of assets and liabilities.
2. Ascertain the closing capital by preparing a statement of affairs at the end of the accounting period after making all adjustments such as depreciation, bad debts, outstanding and prepaid expenses, outstanding income, interest on capital, interest on drawings, etc.
3. Add the amount of drawings (both in cash and/in kind) to the closing capital.
4. Deduct the amount of additional capital introduced, to get adjusted closing capital.
5. Ascertain profit or loss by subtracting opening capital from the adjusted closing capital.
  - (a) If adjusted closing capital is more than the opening capital, it denotes profit
  - (b) If adjusted closing capital is lesser than the opening capital, it denotes loss

**5. Differentiate between statement of affairs and balance sheet.**

| Basis of distinction         | Statement of affairs  | Balance sheet   |
|------------------------------|---|---|
| Objective                    | Statement of affairs is generally prepared to find out the capital of the business.   | Balance sheet is prepared to ascertain the financial position of the business   |
| Accounting system            | Statement of affairs is prepared when double entry system is not strictly followed.   | Balance sheet is prepared when accounts are maintained under double entry system  |
| Basis of preparation         | It is not fully based on ledger balances. Wherever possible ledger balances are taken. Some items are taken from some source documents and some items are more estimates. | It is prepared exclusively on the basis of ledger balances.   |
| Reliability<br>Missing items | It is not reliable as it is based on incomplete records. It is difficult to trace the items omitted as complete records are not maintained.                               | It is reliable as it is prepared under double entry system. Since both the aspects of all transactions are duly recorded, items omitted can be traced easily. |

**6. How is the amount of credit sale ascertained from incomplete records?**

The credit sale can be ascertained from incomplete records by preparing total debtors A/c

**Exercises**

**1. From the following particulars ascertain profit or loss:**

| Particulars  | ₹        |
|--|----------|
| Capital at the beginning of the year (1 <sup>st</sup> April, 2018) | 5,00,000 |
| Capital at the end of the year (31 <sup>st</sup> March, 2019)      | 8,50,000 |
| Additional capital introduced during the year                      | 1,20,000 |
| Drawings during the year   | 70,000   |

**Solution :****Statement of profit or loss.**

| Particulars                    | ₹        |
|--------------------------------|----------|
| Capital of the end of the year | 8,50,000 |
| Add: Drawings during the year  | 70,000   |
|                                | 9,20,000 |
| Less : Additional Capital      | 1,20,000 |
| Adjusted closing capital       | 8,00,000 |
| Less : Capital at beginning    | 5,00,000 |
| Profit made for the year       | 3,00,000 |

**2. From the following particulars ascertain profit or loss :**

| Particulars                                   | ₹        |
|---|----------|
| Capital as on 1 <sup>st</sup> January 2018    | 2,20,000 |
| Capital as on 31 <sup>st</sup> December 2018  | 1,80,000 |
| Additional capital introduced during the year | 40,000   |
| Drawings made during the year                 | 50,000   |

**Solution :****Statement of Profit or loss**

| Particulars                    | ₹        |
|--------------------------------|----------|
| Capital at the end             | 1,80,000 |
| Add: Drawings                  | 50,000   |
|                                | 2,30,000 |
| Less : Additional Capital      | 40,000   |
| Adjusted closing Capital       | 1,90,000 |
| Less: Capital in the beginning | 2,20,000 |
| Loss incurred during the year  | 30,000   |

**3. From the following details, calculate the missing figure.**

| Particulars                                   | ₹      |
|---|--------|
| Closing capital as on 31.3.2018               | 80,000 |
| Additional capital introduced during the year | 30,000 |
| Drawings during the year                      | 15,000 |
| Opening capital on 01.4.2017                  | ?      |
| Loss for the year ending 31.3.2018            | 25,000 |

**Solution :****Statement of Profit Or loss**

| Particulars                   | ₹      |
|-------------------------------|--------|
| Closing Capital               | 80,000 |
| Add : Drawings                | 15,000 |
|                               | 95,000 |
| Less: Additional Capital      | 30,000 |
| Adjusted Closing Capital      | 65,000 |
| Less: Opening Capital         | 90,000 |
| Loss Incurred During the Year | 25,000 |

**Note: Closing Capital + Drawings – Additional Capital – loss = Opening Capital.**

**4. From the following details, calculate the capital as on 31<sup>st</sup> December 2018**

| Particulars                                   | ₹        |
|---|----------|
| Capital as on 1 <sup>st</sup> January, 2018   | 1,00,000 |
| Goods withdrawn for personal use by the owner | 30,000   |
| Additional capital introduced during the year | 15,000   |
| Profit for the year                           | 60,000   |

**Solution :****Statement Of Profit Or Loss**

| Particulars              | ₹        |
|--------------------------|----------|
| Closing Capital          | 1,45,000 |
| Add: Drawings            | 30,000   |
|                          | 1,75,000 |
| Less: Additional Capital | 15,000   |
| Adjusted Closing Capital | 1,60,000 |
| Less: Opening Capital    | 1,00,000 |
| Profit For the Year      | 60,000   |

**Note : Opening Capital + Additional Capital + Profit - Drawings = Closing Capital**  
**(1,00,000 + 15,000 + 60,000) – 30,000 ( 1,75,000 – 30,000 = 1,45,000)**

**If less then Subtract**

**5. From the following details , calculate the missing figure:**

| Particulars                                   | ₹      |
|---|--------|
| Capital as on 1 <sup>st</sup> April, 2018     | 40,000 |
| Capital as on 31 <sup>st</sup> March ,2019    | 50,000 |
| Additional capital introduced during the year | 7,000  |
| Profit for the year                           | 8,000  |
| Drawings during the year                      | ?      |

**Solution :****Statement of Profit or loss**

| Particulars              | ₹      |
|--------------------------|--------|
| Capital at the end       | 50,000 |
| Add: Drawings            | 5,000  |
|                          | 55,000 |
| Less :Additional Capital | 7,000  |
| Adjusted Closing Capital | 48,000 |
| Less: Opening Capital    | 40,000 |
| Profit For the Year      | 8,000  |

**Note: Additional Capital + Opening Capital + Profit / - Loss – Closing Capital =Drawings**  
**( 7,000 + 40,000 + 8,000) – 50,000 (55,000 -50,000 = 5,000)**

**6. Following are the balances in the books of Thomas as on 31<sup>st</sup> March 2019**

| Particulars       | ₹        | particulars      | ₹        |
|-------------------|----------|------------------|----------|
| Sundry creditors  | 6,00,000 | Bills payable    | 1,20,000 |
| Furniture         | 80,000   | Cash in hand     | 20,000   |
| Land and building | 3,00,000 | Bills receivable | 60,000   |
| Sundry Debtors    | 3,20,000 | Stock            | 2,20,000 |

Prepare a statement of affairs as on 31<sup>st</sup> March 2019 and calculate capital as at that date.

**Solution :**

**Statement of Affairs as on 31<sup>st</sup> March 2019**

| Liabilities                 | ₹         | Assets            | ₹         |
|-----------------------------|-----------|-------------------|-----------|
| Sundry Creditors            | 6,00,000  | Furniture         | 80,000    |
| Bills Payable               | 1,20,000  | Land and Building | 3,00,000  |
| Capital (Balancingn Figure) | 2,80,000  | Sundry Debtors    | 3,20,000  |
|                             |           | Cash In Hand      | 20,000    |
|                             |           | Bills Receivable  | 60,000    |
|                             |           | Stock             | 2,20,000  |
|                             | 10,00,000 |                   | 10,00,000 |

7. On 1<sup>st</sup> April 2018 Subha started her business with a capital of ` 1,20,000. She did not maintain proper book of accounts. Following particulars are available from her books as on 31.3.2019

| Particulars      | ₹        | Particulars    | ₹        |
|------------------|----------|----------------|----------|
| Bank over draft  | 50,000   | Stock-in-trade | 1,60,000 |
| Debtors          | 1,80,000 | Creditors      | 90,000   |
| Bills receivable | 70,000   | Bills payable  | 2,40,000 |
| Computer         | 30,000   | Cash in hand   | 60,000   |
| Machinery        | 3,00,000 |                |          |

During the year she withdrew ₹ 30,000 for her personal use. She introduced further capital of ₹ 40,000 during the year. Calculate her profit or loss.

**Solution :**

**Statement of Affairs as on 31.03.2019**

| Liabilities               | ₹        | Assets           | ₹        |
|---------------------------|----------|------------------|----------|
| BankOverdraft             | 50,000   | Debtors          | 1,80,000 |
| Creditors                 | 90,000   | Bills Receivable | 70,000   |
| Bills Payable             | 2,40,000 | Computer         | 30,000   |
| Capital (BalancingFigure) | 4,20,000 | Machinery        | 3,00,000 |
|                           |          | Stock in Trade   | 1,60,000 |
|                           |          | Cash in Hand     | 60,000   |
|                           | 8,00,000 |                  | 8,00,000 |

**Statement of Profit or Loss**

| Particulars              | ₹        |
|--------------------------|----------|
| Closing Capital          | 4,20,000 |
| Add: Drawings            | 30,000   |
|                          | 4,50,000 |
| Less: Additional Capital | 40,000   |
| Adjusted Closing Capital | 4,10,000 |
| Less: Opening Capital    | 1,20,000 |
| Profit made for the Year | 2,90,000 |



**8. Raju does not keep proper books of accounts. Following details are taken from his records.**

| Particulars         | 1.1.2018 | 31.12.2018 |
|---------------------|----------|------------|
|                     | ₹        | ₹          |
| Cash at bank        | 80,000   | 90,000     |
| Stock of goods      | 1,80,000 | 1,40,000   |
| Debtors             | 90,000   | 2,00,000   |
| Sundry Creditors    | 1,30,000 | 1,95,000   |
| Bank Loan           | 60,000   | 60,000     |
| Bills payable       | 80,000   | 45,000     |
| Plant and machinery | 1,70,000 | 1,70,000   |

During the year he introduced further capital of ₹ 50,000 and withdrew ₹ 2,500 per month from the business for his personal use. Prepare statement of profit or loss with the above information.

**Solution :****(i) Calculation of Opening Capital****Statement of Affairs as on 1.1.2018**

| Liabilities                | ₹        | Assets              | ₹        |
|----------------------------|----------|---------------------|----------|
| Sundry Creditors           | 1,30,000 | Cash at Bank        | 80,000   |
| Bank Loan                  | 60,000   | Stock of Goods      | 1,80,000 |
| Bills Payable              | 80,000   | Debtors             | 90,000   |
| Capital (Balancing Figure) | 2,50,000 | Plant and Machinery | 1,70,000 |
|                            | 5,20,000 |                     | 5,20,000 |

**(ii) Calculation of Closing Capital****Statement of Affairs as on 31.12.1018**

| Liabilities                | ₹        | Assets              | ₹        |
|----------------------------|----------|---------------------|----------|
| Sundry Creditors           | 1,95,000 | Cash at Bank        | 90,000   |
| Bank Loan                  | 60,000   | Stock of Goods      | 1,40,000 |
| Bills Payable              | 45,000   | Debtors             | 2,00,000 |
| Capital (Balancing Figure) | 3,00,000 | Plant and Machinery | 1,70,000 |
|                            | 6,00,000 |                     | 6,00,000 |

**Statement of Profit or Loss**

| Particulars                 | ₹        |
|-----------------------------|----------|
| Closing Capital             | 3,00,000 |
| Add: Drawings               | 30,000   |
|                             | 3,30,000 |
| Less: Additional Capital    | 50,000   |
| Adjusted Closing Capital    | 2,80,000 |
| Less: Opening Capital       | 2,50,000 |
| Profit made during the Year | 30,000   |

9. Ananth does not keep his books under double entry system. Find the profit or loss made by him for the year ending 31st March, 2019.

| Particulars         | 31.3.2018  | 31.3.2019   |
|---------------------|------------|-------------|
|                     | ₹          | ₹           |
| Cash at Bank        | 5,000 (Dr) | 60,000 (Cr) |
| Cash in hand        | 3,000      | 4,500       |
| Stock of goods      | 35,000     | 45,000      |
| Sundry Debtors      | 1,00,000   | 90,000      |
| Plant and Machinery | 80,000     | 80,000      |
| Land and Building   | 1,40,000   | 1,40,000    |
| Sundry Creditors    | 1,70,000   | 1,30,000    |

Ananth had withdrawn ₹ 60,000 for his personal use. He had introduced ₹ 17,000 as capital for expansion of his business. Create a provision of 5% on debtors. Plant and machinery is to be depreciated at 10%.

**Solution :**

**(i) Calculation of Opening Capital**

**Statement of Affairs as on 31.3.2018**

| Liabilities                | ₹        | Assets              | ₹        |
|----------------------------|----------|---------------------|----------|
| Sundry Creditors           | 1,70,000 | Cash at Bank        | 5,000    |
| Capital (Balancing Figure) | 1,93,000 | Cash in Hand        | 3,000    |
|                            |          | Stock of Goods      | 35,000   |
|                            |          | Sundry Debtors      | 1,00,000 |
|                            |          | Plant and Machinery | 80,000   |
|                            |          | Land and Building   | 1,40,000 |
|                            | 3,63,000 |                     | 3,63,000 |

**(ii) Calculation of Closing Capital**

**Statement of Affairs as on 31.3.2019**

| Liabilities        | ₹        | Assets                 | ₹      | ₹        |
|--------------------|----------|------------------------|--------|----------|
| Sundry Creditors   | 1,30,000 | Cash in Hand           |        | 4,500    |
| Cash at Bank       | 60,000   | Stock of Goods         |        | 45,000   |
| Capital            | 1,57,000 | Sundry Debtors         | 90,000 |          |
| (Balancing Figure) |          | Less: Provision 5%     | 4,500  | 85,000   |
|                    |          | Plant and Machinery    | 80,000 |          |
|                    |          | Less: Depreciation 10% | 8,000  | 72,000   |
|                    |          | Land and Buildings     |        | 1,40,000 |
|                    | 3,47,000 |                        |        | 3,47,000 |

**Note : Cash at Bank (Cr) means OverDraft**

**Statement of Profit or Loss**

| Particulars               | ₹        |
|---------------------------|----------|
| Closing Capital           | 1,57,000 |
| Add : Drawings            | 60,000   |
|                           | 2,17,000 |
| Less : Additional Capital | 17,000   |

|                             |          |
|-----------------------------|----------|
| Adjusted Closing Capital    | 2,00,000 |
| Less : Opening Capital      | 1,93,000 |
| Profit made during the Year | 7,000    |

10. Find out credit sales from the following information:

| Particulars                            | ₹        |
|--|----------|
| Debtors on 1 <sup>st</sup> April, 2018 | 1,00,000 |
| Cash received from debtors             | 2,30,000 |
| Discount allowed                       | 5,000    |
| Returns inward                         | 25,000   |
| Debtors on 31 <sup>st</sup> March 2019 | 1,20,000 |

**Solution :**

| Dr.                         |          | Total Debtors A/c       |          | Cr. |  |
|-----------------------------|----------|-------------------------|----------|-----|--|
| Particulars                 | ₹        | Particulars             | ₹        |     |  |
| To Balance b/d              | 1,00,000 | By Cash A/c             | 2,30,000 |     |  |
| To Sales A/c (Credit Sales) | 2,80,000 | (Received)              |          |     |  |
| (Balancing Figure)          |          | By Discount Allowed A/c | 5,000    |     |  |
|                             |          | By Returns Inward       | 25,000   |     |  |
|                             |          | By Balance C/d          | 1,20,000 |     |  |
|                             | 3,80,000 |                         | 3,80,000 |     |  |

11. From the following details find out total sales made during the year.

| Particulars                                | ₹        |
|--|----------|
| Debtors on 1 <sup>st</sup> January 2018    | 1,30,000 |
| Cash received from debtors during the year | 4,20,000 |
| Sales returns                              | 35,000   |
| Bad debts                                  | 15,000   |
| Debtors on 31 <sup>st</sup> December 2018  | 2,00,000 |
| Cash Sales                                 | 4,60,000 |

**Solution :**

| Dr.                         |          | Total Debtors A/c    |          | Cr. |  |
|-----------------------------|----------|----------------------|----------|-----|--|
| Particulars                 | ₹        | Particulars          | ₹        |     |  |
| To Balance B/d              | 1,30,000 | By Cash A/c          | 4,20,000 |     |  |
| To Sales A/c (Credit Sales) | 5,40,000 | (Received)           |          |     |  |
|                             |          | By Sales Returns A/c | 35,000   |     |  |
|                             |          | By Bad debts         | 15,000   |     |  |
|                             |          | By Balance b/d       | 2,00,000 |     |  |
|                             | 6,70,000 |                      | 6,70,000 |     |  |

$$\begin{aligned}
 \text{Total Sales} &= \text{Credit Sales} + \text{Cash Sales} \\
 &= 5,40,000 + 4,60,000 \\
 &= 10,00,000
 \end{aligned}$$

12. From the following particulars, prepare bills receivable amount and compute the Bills received from the debtors.

| Particulars                                   | ₹        |
|---|----------|
| Bills receivable at the beginning of the year | 1,40,000 |
| Bills receivable at the end of the year       | 2,00,000 |
| Cash received for bills receivable            | 3,90,000 |
| Bills receivable dishonoured                  | 30,000   |

**Solution :**

**Bills Receivable Account**

| Dr.  |          | Cr.  |          |
|--|----------|--|----------|
| Particulars  | ₹        | Particulars                                      | ₹        |
| To Balance b/d   | 1,40,000 | By Cash A/c                                      | 3,90,000 |
| To Debtors A/c<br>(Bills Received during the Year)<br>(Balancing Figure) | 4,80,000 | By Debtors A/c<br>(Bills Receivable Dishonoured) | 30,000   |
|  |          | By Balance c/d                                   | 2,00,000 |
|  | 6,20,000 |  | 6,20,000 |

13. From the following particulars, calculate total sales.

| Particulars                                    | ₹        | Particulars                                      | ₹        |
|--|----------|--|----------|
| Debtors on 1 <sup>st</sup> April 2018          | 2,50,000 | Bills receivable dishonoured                     | 15,000   |
| Bills receivable on 1 <sup>st</sup> April 2018 | 60,000   | Returns inward                                   | 50,000   |
| Cash received from debtors                     | 7,25,000 | Bills receivable on 31 <sup>st</sup> March, 2019 | 90,000   |
| Cash received for bills receivable             | 1,60,000 | Sundry debtors on 31 <sup>st</sup> March, 2019   | 2,40,000 |
| Bad debts                                      | 30,000   | Cash sales                                       | 3,15,000 |

**Solution :**

| Dr.  |          | Bills Receivable A/c     |          | Cr. |   |
|--|----------|--------------------------|----------|-----|---|
| Particulars  | ₹        | Particulars              | ₹        |     | ₹ |
| To Balance b/d   | 60,000   | By Cash A/c              | 1,60,000 |     |   |
| To Debtors (Bills Received during the Year) (Balancing Figure) | 2,05,000 | By Debtors (Dishonoured) | 15,000   |     |   |
|  |          | By Balance c/d           | 90,000   |     |   |
|  | 2,65,000 |                          | 2,65,000 |     |   |

| Dr.             |           | Total Debtors A/c       |           | Cr. |   |
|-----------------|-----------|-------------------------|-----------|-----|---|
| Particulars     | ₹         | Particulars             | ₹         |     | ₹ |
| To Balance b/d  | 2,50,000  | By Cash A/c (Received)  | 7,25,000  |     |   |
| To Credit Sales | 9,85,000  | By Bad Debts A/c        | 30,000    |     |   |
|                 |           | By Returns inward       | 50,000    |     |   |
|                 |           | By Balance c/d          | 2,40,000  |     |   |
|                 |           | By Bills Receivable A/c | 2,05,000  |     |   |
|                 |           | By Discount Allowed A/c | 15,000    |     |   |
|                 | 12,50,000 |                         | 12,50,000 |     |   |

$$\begin{aligned} \text{Total Sales} &= \text{Cash Sales} + \text{Credit Sales} \\ &= 3,15,000 + 9,85,000 = 13,00,000 \end{aligned}$$

**14. From the following details, calculate credit purchases.**

| Particulars            | ₹        |
|------------------------|----------|
| Opening creditors      | 1,70,000 |
| Purchase returns       | 20,000   |
| Cash paid to creditors | 4,50,000 |
| Closing creditors      | 1,90,000 |

**Solution :****Calculate the Credit Purchase**

| Dr.                     |          | Cr.                    |          |
|-------------------------|----------|------------------------|----------|
| Total Creditors A/c     |          |                        |          |
| Particulars             | ₹        | Particulars            | ₹        |
| To Purchase Returns A/c | 20,000   | By Balance b/d         | 1,70,000 |
| To Cash A/c (Paid)      | 4,50,000 | By Credit Purchase A/c | 4,90,000 |
| To Balance c/d          | 1,90,000 |                        |          |
|                         | 6,60,000 |                        | 6,60,000 |

**15. From the following Particulars calculate total purchases.**

| Particulars                                       | ₹        | Particulars                                      | ₹        |
|---|----------|--|----------|
| Sundry creditors on 1 <sup>st</sup> January, 2018 | 30,000   | Purchases returns                                | 15,000   |
| Bills payable on 1 <sup>st</sup> January, 2018    | 25,000   | Cash purchases                                   | 2,25,000 |
| Paid cash to creditors                            | 1,20,000 | Creditors on 31 <sup>st</sup> December, 2018     | 25,000   |
| Paid for bills payable                            | 30,000   | Bills payable on 31 <sup>st</sup> December, 2018 | 20,000   |

**Solution :**

| Dr.                |        | Cr.  |        |
|--------------------|--------|--|--------|
| Bills Payable A/ c |        |  |        |
| Particulars        | ₹      | Particulars  | ₹      |
| To Cash (Paid)     | 30,000 | By Balance b/d   | 25,000 |
| To Balance c/d     | 20,000 | By Creditors A/c<br>(Bills Accepted)<br>(Balancing Figure) | 25,000 |
|                    | 50,000 |  | 50,000 |

| Dr.                                     |          | Cr.                    |          |
|---|----------|------------------------|----------|
| Total Creditors A/c                     |          |                        |          |
| Particulars                             | ₹        | Particulars            | ₹        |
| To Cash A/c (Paid)                      | 1,20,000 | By Balance b/d         | 30,000   |
| To Purchases Returns A/c                | 15,000   | By Purchases ( Credit) | 1,55,000 |
| To Balance c/d                          | 25,000   |                        |          |
| To Bills Payable A/c<br>(Bills Payable) | 25,000   |                        |          |
|   | 1,85,000 |                        | 1,85,000 |

$$\begin{aligned}
 \text{Total Purchases} &= \text{Cash Purchases} + \text{Credit Purchases} \\
 &= 2,25,000 + 1,55,000 \\
 &= 3,80,000
 \end{aligned}$$

16. From the following details you are required to calculate credit sales and credit purchases by preparing total debtors account, total creditors account, bills receivable account and bills payable account.

| Particulars                          | ₹        | Particulars                                      | ₹        |
|--------------------------------------|----------|--|----------|
| <b>Balances as on 1st April 2018</b> |          | <b>Balances as on 31<sup>st</sup> March 2019</b> |          |
| Sundry debtors                       | 2,40,000 | Sundry debtors                                   | 2,20,000 |
| Bills receivable                     | 30,000   | Sundry creditors                                 | 1,50,000 |
| Sundry creditors                     | 1,20,000 | Bills receivable                                 | 8,000    |
| Bills payable                        | 10,000   | Bills payable                                    | 20,000   |
| <b>Other information:</b>            | <b>₹</b> |  | <b>₹</b> |
| Cash received from debtors           | 6,00,000 | Payments against bill payable                    | 30,000   |
| Discount allowed to customers        | 25,000   | Cash received for bills receivable               | 60,000   |
| Cash paid to creditors               | 3,20,000 | Bills receivable dishonoured                     | 4,000    |
| Discount allowed by suppliers        | 10,000   | Bad debts  | 16,000   |

**Solution :**

| Dr.   |        | Bills Receivable A/c     |        | Cr. |        |
|---|--------|--------------------------|--------|-----|--------|
| Particulars   | ₹      | Particulars              | ₹      |     |        |
| To Balance b/d  | 30,000 | By Cash A/c (Received)   | 60,000 |     |        |
| To Debtors<br>(Bill Received during the Year)<br>(Balancing Figure) | 42,000 | By Debtors (Dishonoured) | 4,000  |     |        |
|   |        | By Balance c/d           | 8,000  |     |        |
|   | 72,000 |                          |        |     | 72,000 |

| Dr.                                      |          | Total Debtors A/c                       |          | Cr. |          |
|--|----------|---|----------|-----|----------|
| Particulars                              | ₹        | Particulars                             | ₹        |     |          |
| To Balance b/d                           | 2,40,000 | By Cash A/c (Received)                  | 6,00,000 |     |          |
| To Bills Receivable A/c<br>(Dishonoured) | 4,000    | By Discount Allowed A/c                 | 25,000   |     |          |
| To Sales (Credit)<br>(Balancing Figure)  | 6,59,000 | By Bad Debts                            | 16,000   |     |          |
|  |          | By Bills Receivable<br>(Bills Received) | 42,000   |     |          |
|  |          | By Balance c/d                          | 2,20,000 |     |          |
|  | 8,33,000 |   |          |     | 8,33,000 |

| Dr.            |        | Bills Payable A/c            |        | Cr. |        |
|----------------|--------|------------------------------|--------|-----|--------|
| Particulars    | ₹      | Particulars                  | ₹      |     |        |
| To Cash (Paid) | 30,000 | By Balance b/d               | 10,000 |     |        |
| To Balance c/d | 20,000 | By Creditors (Bills Payable) | 40,000 |     |        |
|                | 50,000 |                              |        |     | 50,000 |

| Dr.                      |          | Total Creditors A/c                         |          | Cr. |          |
|--------------------------|----------|---|----------|-----|----------|
| Particulars              | ₹        | Particulars                                 | ₹        |     |          |
| To Discount Received A/c | 10,000   | By Balance b/d                              | 1,20,000 |     |          |
| To Cash ( Paid )         | 3,20,000 | By Purchase ( Credit)<br>(Balancing Figure) | 4,00,000 |     |          |
| To Bills Payable         | 40,000   |   |          |     |          |
| To Balance c/d           | 1,50,000 |   |          |     |          |
|                          | 5,20,000 |   |          |     | 5,20,000 |

17. From the following details of Rakesh, prepare Trading and Profit and Loss account for the year ended 31st March, 2019 and a Balance Sheet as on that date.

| Particulars      | 31.3.2018 | ₹        | 31.3.2019 | ₹        |
|------------------|-----------|----------|-----------|----------|
| Stock of goods   |           | 2,20,000 |           | 1,60,000 |
| Debtors          |           | 5,30,000 |           | 6,40,000 |
| Cash at bank     |           | 60,000   |           | 10,000   |
| Machinery        |           | 80,000   |           | 80,000   |
| Sundry creditors |           | 3,70,000 |           | 4,20,000 |

Other details:

| Particulars            | ₹         | Particulars                | ₹         |
|------------------------|-----------|----------------------------|-----------|
| Rent paid              | 1,20,000  | Cash received from debtors | 12,50,000 |
| Discount received      | 35,000    | Drawings                   | 1,00,000  |
| Discount allowed       | 25,000    | Cash salcs                 | 20,000    |
| Cash paid to creditors | 11,00,000 | Capital as on 1.4.2018     | 5,20,000  |

**Solution :**

| Dr.                |           | Total Debtors A/c       |           | Cr. |  |
|--------------------|-----------|-------------------------|-----------|-----|--|
| Particulars        | ₹         | Particulars             | ₹         |     |  |
| To Balance b/d     | 5,30,000  | By Discount Allowed A/c | 25,000    |     |  |
| To Sales (Credit)  | 13,85,000 | By Cash (Received)      | 12,50,000 |     |  |
| (Balancing Figure) |           | By Balance c/d          | 6,40,000  |     |  |
|                    | 19,15,000 |                         | 19,15,000 |     |  |

| Dr.                      |           | Total Creditors A/c   |           | Cr. |  |
|--------------------------|-----------|-----------------------|-----------|-----|--|
| Particulars              | ₹         | Particulars           | ₹         |     |  |
| To Discount Received A/c | 35,000    | By Balance b/d        | 3,70,000  |     |  |
| To Cash A/c (Paid)       | 11,00,000 | By Purchases (Credit) | 11,85,000 |     |  |
| To Balance c/d           | 4,20,000  | (Balancing Figure)    |           |     |  |
|                          | 15,55,000 |                       | 15,55,000 |     |  |

**Dr. In the Books of Trading & Profit & Loss A/c for the Year ended 31<sup>st</sup> March 2019 Cr.**

| Particulars             | ₹         | Particulars              | ₹         |
|-------------------------|-----------|--------------------------|-----------|
| To Opening Stock        | 2,20,000  | By Sales (Credit)        | 13,85,000 |
| To Purchases (Credit)   | 1,85,000  | (Cash)                   | 20,000    |
| To Gross Profit c/d     | 1,60,000  | By Closing Stock         | 1,60,000  |
|                         | 15,65,000 |                          | 15,65,000 |
| To Rent A/c             | 1,20,000  | By Gross Profit b/d      | 1,60,000  |
| To Discount Allowed A/c | 25,000    | By Discount Received A/c | 35,000    |
| To Net Profit c/d       | 50,000    |                          |           |
|                         | 1,95,000  |                          | 1,95,000  |

**Balance Sheet for the Year ended 31<sup>st</sup> March 2019**

| Liabilities      | ₹        | ₹        | Assets       | ₹        |
|------------------|----------|----------|--------------|----------|
| Opening Capital  | 5,20,000 |          | Stock        | 1,60,000 |
| Add: Net Profit  | 50,000   |          | Debtors      | 6,40,000 |
|                  | 5,70,000 |          | Cash At Bank | 10,000   |
| Less: Drawings   | 1,00,000 | 4,70,000 | Machinery    | 80,000   |
| Sundry Creditors |          | 4,20,000 |              |          |
|                  |          | 8,90,000 |              | 8,90,000 |

18. Mary does not keep her books under double entry system. From the following details prepare trading and profit and loss account for the year ending 31st March, 2019 and a balance sheet as on that date.

| Dr.            |          | CashBook           |          | Cr. |          |
|----------------|----------|--------------------|----------|-----|----------|
| Particulars    | ₹        | Particulars        | ₹        |     |          |
| To Balance b/d | 1,20,000 | By Purchases       | 1,50,000 |     |          |
| To Sales       | 3,60,000 | By Creditors       | 2,50,000 |     |          |
| To Debtors     | 3,40,000 | By Wages           | 70,000   |     |          |
|                |          | By Sundry expenses | 1,27,000 |     |          |
|                |          | By Balance c/d     | 2,23,000 |     |          |
|                | 8,20,000 |                    |          |     | 8,20,000 |

Other information:

| Particulars            | 1.4.2018 | 31.3.2019 |
|------------------------|----------|-----------|
| Stock of goods         | 1,10,000 | 1,80,000  |
| Sundry Debtors         | 1,30,000 | ?         |
| Sundry Creditors       | 1,60,000 | 90,000    |
| Furniture and fittings | 80,000   | 80,000    |

**Additional information :** ₹

|                  |          |
|------------------|----------|
| Credit purchases | 1,80,000 |
| Credit sales     | 2,90,000 |
| Opening capital  | 2,80,000 |

Depreciate furniture and fittings by 10% p.a.

**Solution :**

| Dr.             |          | Total Debtors A/c                    |          | Cr. |  |
|-----------------|----------|--------------------------------------|----------|-----|--|
| Particulars     | ₹        | Particulars                          | ₹        |     |  |
| To Balance b/d  | 1,30,000 | By Cash (Received)                   | 3,40,000 |     |  |
| To Credit Sales | 2,90,000 | By Balance c/d<br>(Balancing Figure) | 80,000   |     |  |
|                 | 4,20,000 |                                      | 4,20,000 |     |  |

**Trading & Profit & Loss A/c for the Year ended 31<sup>st</sup> March 2019**

| Particulars                                  | ₹        | ₹        | Particulars  | ₹        | ₹        |
|--|----------|----------|--|----------|----------|
| To Opening Stock                             |          | 1,10,000 | By Sales Credit  | 2,90,000 |          |
| To Purchases Cash                            | 1,50,000 |          | Cash   | 3,60,000 | 6,50,000 |
| Credit                                       | 1,80,000 | 3,30,000 |  |          |          |
| To Wages A/c                                 |          | 70,000   | By Closing Stock   |          | 1,80,000 |
| To Gross Profit c/d<br>(Transfer to P&L A/c) |          | 3,20,000 |  |          |          |
|  |          | 8,30,000 |  |          | 8,30,000 |
| To Sundry Expenses                           |          | 1,27,000 | By Gross Profit b/d<br>(Transferred from<br>Trading A/c) |          | 3,20,000 |
| To Depreciation                              |          | 8,000    |  |          |          |
| Furniture & Fitting 10%                      |          |          |  |          |          |
| To Net Profit A/c                            |          | 1,85,000 |  |          |          |
|  |          | 3,20,000 |  |          | 3,20,000 |



**Balance Sheet as on 31<sup>st</sup> March 2019**

| Liabilities      | ₹        | ₹        | Assets                 | ₹      | ₹        |
|------------------|----------|----------|------------------------|--------|----------|
| Capital          | 2,80,000 | 4,65,000 | Cash                   | 80,000 | 2,23,000 |
| Add: Net Profit  | 1,85,000 |          | Stock                  |        | 1,80,000 |
| Sundry Creditors |          | 90,000   | Sundry Debtors         |        | 80,000   |
|                  |          |          | Furniture & Fittings   | 8,000  |          |
|                  |          |          | Less: Depreciation 10% |        | 72,000   |
|                  |          | 5,55,000 |                        |        | 5,55,000 |

19. Arun carries on hardware business and does not keep his books on double entry basis. The following particulars have been extracted from his books:

| Particulars       | 31.12.2017 | 31.12.2018 |
|-------------------|------------|------------|
|                   | ₹          | ₹          |
| Land and building | 2,40,000   | 2,40,000   |
| Stock-in-trade    | 1,20,000   | 1,70,000   |
| Debtors           | 40,000     | 51,500     |
| Creditors         | 50,000     | 45,000     |
| Cash at bank      | 30,000     | 53,000     |

Other information for the year ending 31.12.2018 showed the following:

|                        | ₹        |
|------------------------|----------|
| Wages                  | 65,000   |
| Carriage outwards      | 7,500    |
| Sundry expense         | 28,000   |
| Cash paid to creditors | 6,00,000 |
| Drawings               | 10,000   |

Total sales during the year were ₹ 7,70,000. Purchases returns during the year were ₹ 30,000 and sales returns were ₹ 25,000. Depreciate land and buildings by 5%. Provide ₹ 1,500 for ₹ doubtful debts. Prepare trading and profit and loss account for the year ending 31st December, 2018 and a balance sheet as on that date.

**Solution :****(i) Calculation of Opening Capital****Statement of Affairs as on 31.12.2017**

| Liabilities        | ₹        | Assets             | ₹        |
|--------------------|----------|--------------------|----------|
| Creditors          | 50,000   | Land and Buildings | 2,40,000 |
| Capital            | 3,83,000 | Stock in Trade     | 1,20,000 |
| (Balancing Figure) |          | Debtors            | 40,000   |
|                    |          | Cash at Bank       | 30,000   |
|                    | 4,30,000 |                    | 4,30,000 |

| Dr.                      | Total Creditors A/c |                       | Cr.      |
|--------------------------|---------------------|-----------------------|----------|
| Particulars              | ₹                   | Particulars           | ₹        |
| To Cash A/c (Paid)       | 6,00,000            | By Balance b/d        | 50,000   |
| To Purchases Returns A/c | 30,000              | By Purchases (Credit) | 6,25,000 |
| To Balance c/d           | 45,000              | (Balancing Figure)    |          |
|                          | 6,75,000            |                       | 6,75,000 |

**Tradings & Profit & Loss A/c for the Year ended 31.12.2018**

| Particulars                                       | ₹        | ₹        | Particulars   | ₹        | ₹        |
|---|----------|----------|---|----------|----------|
| To Opening Stock                                  |          | 1,20,000 | By Sales A/c  | 7,70,000 |          |
| To Purchases(Credit)                              | 6,25,000 |          | Less: Sales Returns A/c                                 | 25,000   | 7,45,000 |
| Less:Purchase Returns                             | 30,000   | 5,95,000 |   |          |          |
| To Wages A/c                                      |          | 65,000   | By Closing Stock  |          | 1,70,000 |
| To Gross Profit c/d                               |          | 1,35,000 |   |          |          |
|   |          | 9,15,000 |   |          | 9,15,000 |
| ToCarriageOutwardsA/c                             |          | 7,500    | By Gross Profitb/d<br>(Transferred from Trading<br>A/c) |          | 1,35,000 |
| To Sundry expensesA/c                             |          | 28,000   |   |          |          |
| To Provision for Bad &<br>Doubtful Debts          |          | 11,500   |   |          |          |
| To Depreciation on Land &<br>Buildings @5%        |          | 12,000   |   |          |          |
| To Net Profit c/d<br>(transferred to Capital a/c) |          | 86,000   |   |          |          |
|   |          | 1,35,000 |   |          | 1,35,000 |

**Balance Sheet as on 31,12,2017**

| Liabilities      | ₹        | ₹        | Assets                                    | ₹        | ₹        |
|------------------|----------|----------|---|----------|----------|
| Capital          | 3,80,000 |          | Land & Buildings                          | 2,40,000 |          |
| Add: Net Profit  | 86,000   |          | Less: Depreciation5%                      | 12,000   | 2,25,000 |
| Less: Drawings   | 4,66,000 |          | Stock                                     |          | 1,70,000 |
|                  | 10,000   | 4,56,000 | Debtors                                   | 51,500   |          |
| Sundry Creditors |          | 45,000   | Less:Provision for Bad<br>&Doubtful Debts | 1,500    | 50,000   |
|                  |          |          | Cash At Bank                              |          | 53,000   |
|                  |          | 5,01,000 |   |          | 5,01,000 |

20. Selvam does not keep his books under double entry system. From the following information prepare trading and Profit and loss A/c and Balance Sheet as on 31-12-2018

| Particulars      | 1-1-2018<br>₹ | 31-12-2018<br>₹ |
|------------------|---------------|-----------------|
| Machinery        | 60,000        | 60,000          |
| Cash at bank     | 25,000        | 33,000          |
| Sundry debtors   | 70,000        | 1,00,000        |
| Stock            | 45,000        | 22,000          |
| Bills receivable | 20,000        | 38,000          |
| Bank loan        | 45,000        | 45,000          |
| Sundry creditors | 25,000        | 21,000          |

|                | ₹      |                       | ₹        |
|----------------|--------|-----------------------|----------|
| Cash sales     | 20,000 | Credit sales          | 1,80,000 |
| Cash purchases | 8,000  | Credit purchases      | 52,000   |
| Wages          | 6,000  | Salaries              | 23,500   |
| Advertisement  | 7,000  | Interest on bank loan | 4,500    |
| Drawings       | 60,000 | Additional capital    | 21,000   |

**Adjustments:**

Write off depreciation of 10% on machinery. Create a reserve of 1% on debtors for doubtful debts.

**Solution :****(i) Calculation of Opening Capital****Statement of Affairs as on 1.1.2018**

| Liabilities                   | ₹        | Assets           | ₹        |
|-------------------------------|----------|------------------|----------|
| Bank Loan                     | 45,000   | Machinery        | 60,000   |
| Sundry Creditors              | 25,000   | Cash at Bank     | 25,000   |
| Capital<br>(Balancing Figure) | 1,70,000 | Sundry Debtors   | 70,000   |
|                               |          | Stock            | 45,000   |
|                               |          | Bills Receivable | 20,000   |
|                               | 2,20,000 |                  | 2,20,000 |

**Dr. Trading & Profit & Loss A/c for the Year ended 31.12.2018 Cr.**

| Particulars  | ₹      | ₹        | Particulars  | ₹        | ₹        |
|--|--------|----------|--|----------|----------|
| To Opening Stock   |        | 45,000   | By Sales Cash  | 20,000   |          |
| To Purchases Cash  | 8,000  |          | Credit   | 1,80,000 | 2,00,000 |
| Credit   | 52,000 | 60,000   |  |          |          |
| To Wages A/c   |        | 6,000    | By Closing Stock   |          | 22,000   |
| To Gross Profit c/d<br>(Transferred to<br>Profit&Loss A/c) |        | 1,11,000 |  |          |          |
|  |        | 2,22,000 |  |          | 2,22,000 |
| To Advertisement A/c                                       |        | 7,000    | By Gross profit b/d<br>(Transferred from<br>Trading a/c) |          | 1,11,000 |
| To Salaries A/c  |        | 23,500   |  |          |          |
| To Interest on Bank<br>Loan                                |        | 4,500    |  |          |          |
| To Depreciation on<br>Machinery A/c 10%                    |        | 6,000    |  |          |          |
| To Provision for<br>Doubtful Debts 1%                      |        | 1,000    |  |          |          |
| To Net Profit c/d<br>(Transfer to Capital A/c)             |        | 69,000   |  |          |          |
|  |        | 1,11,000 |  |          | 1,11,000 |

**Balance Sheet as on 31.3.2018**

| Liabilities             | ₹        | ₹        | Assets                 | ₹        | ₹        |
|-------------------------|----------|----------|------------------------|----------|----------|
| Capital                 | 1,50,000 |          | Machinery              | 60,000   |          |
| Add: Net Profit         | 69,000   |          | Less: 10% Depreciation | 6,000    | 54,000   |
|                         | 2,19,000 |          | Cash at Bank           |          | 33,000   |
| Add: Additional Capital | 21,000   |          | Sundry Debtors         | 1,00,000 |          |
|                         | 2,40,000 |          | Less: Provision for    |          |          |
| Less: Drawings          | 60,000   | 1,80,000 | Doubtful Debts 1%      | 1,000    | 99,000   |
| Bank Loan               |          | 45,000   | Stock                  |          | 22,000   |
| Sundry Creditors        |          | 21,000   | Bills Receivable       |          | 38,000   |
|                         |          | 2,46,000 |                        |          | 2,46,000 |

**Students Activity**

Fill in the missing information :

| Closing capital<br>₹ | Drawings<br>₹ | Additional capital<br>₹ | Opening capital<br>₹ | Profit/ Loss<br>₹ |
|----------------------|---------------|-------------------------|----------------------|-------------------|
| 1,00,000             | 40,000        | 20,000                  | 90,000               | ?                 |
| ?                    | 30,000        | 40,000                  | 80,000               | 20,000            |
| 70,000               | ?             | 30,000                  | 40,000               | 10,000            |
| 60,000               | 20,000        | ?                       | 50,000               | -10,000           |
| 2,00,000             | 30,000        | 10,000                  | ?                    | 1,20,000          |

Deepa is a sole trader. She does not maintain full set of accounting records. She maintains cash book and personal accounts. She has an assistant who maintains the books of accounts. On the last day of the accounting period, her assistant left the job. On checking the physical cash balance with the cash book, Deepa realised that some cash was missing. She provides you with the following information.

**Calculate the missing cash.**

- All sales were made on cash basis. There was no income other than sales.
- She had ₹ 25,000 cash in hand at the beginning of the year and ₹ 12,000 at the end of the year.
- Sales made during the year were ₹ 80,000.
- She had taken some of the money for her personal use but does not have record of the same.
- Capital at the beginning of the year was ₹ 25,000 and at the end of the year was ₹ 32,000
- Profit for the year was ₹ 35,000
- Purchases and other expenses were ₹ 55,000

| Closing capital<br>₹ | Drawings<br>₹ | Additional capital<br>₹ | Opening capital<br>₹ | Profit/ Loss<br>₹ |
|----------------------|---------------|-------------------------|----------------------|-------------------|
| 1,00,000             | 40,000        | 20,000                  | 90,000               | <b>30,000</b>     |
| <b>1,00,000</b>      | 30,000        | 40,000                  | 80,000               | 20,000            |
| 70,000               | <b>10,000</b> | 30,000                  | 40,000               | 10,000            |
| 60,000               | 20,000        | <b>40,000</b>           | 50,000               | -10,000           |
| 2,00,000             | 30,000        | 10,000                  | <b>1,00,000</b>      | 1,20,000          |