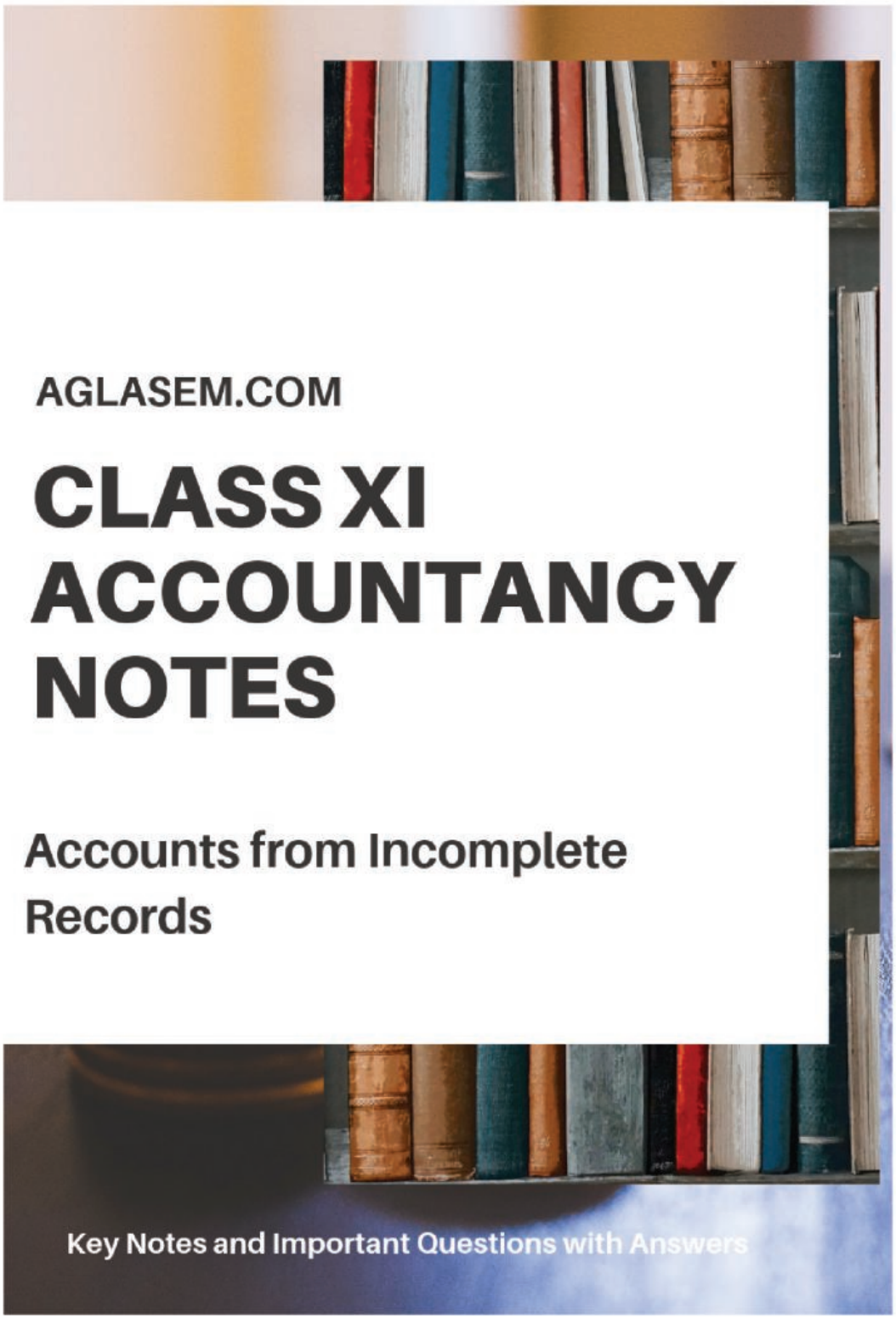


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CLASS XI ACCOUNTANCY NOTES

Accounts from Incomplete Records

Key Notes and Important Questions with Answers

Chapter-10

ACCOUNTS FROM INCOMPLETE RECORDS

LEARNING OBJECTIVES

After studying this lessons you will be able to :

- *Define the concept of incomplete records :*
- *Distinguish between Double entry system and Accounts from incomplete records.*
- *Ascertain the amount of profit or loss using " Statement of Affairs" method.*
- *Differentiate between Balance Sheet and Statement of Affairs.*
- *Prepare Statement of Affairs using given data.*

Suggested Methodology

- *Illustration Method*
- *Discussion Method*

Introduction :

Some small size business entities do not follow the double entry system of maintaining the accounting records instead they maintains books of accounts under the system Accounting from incomplete records. The system in which no set rules of double entry system are followed is called Accounts from incomplete records. Sometimes, it is also termed as 'Single Entry System'

Under this system only the following accounts are maintained:

- *Cash book*
- *The personal A/C*
- *Some Real A/C according to need*

Note: *Nominal accounts are not maintained under this system.*

Under this system of maintaining accounts :

- *Both the aspects of only certain transactions are recorded e.g. cash received from debtors or cash paid to creditors.*
- *One aspect of some transactions are recorded e.g. cash paid for the purchase of goods.*

- *Some financial events are not recorded at all e.g. depreciation charged on fixed assets.*

Points to remember

- *Accounting Principles and Accounting Standards are not followed property under this system.*
- *Original vouchers provide base for preparing the accounts.*
- *This method is highly flexible because it can be adjusted according to the needs of the organisation.*
- *Profit or loss is ascertained by either Statement of Affairs method or ' Conversion into Double entry Method :*

Uses of Incomplete Records

Books according to this system can be maintained only by those small entities in the form of sole Proprietorship or Partnership firms that are not bound to keep records of business transactions as per double entry system. Companies cannot maintain books under this system because of legal provisions.

Uses of Reasons for keeping incomplete Records

1. **Simple Method :** *It is easy and simple as under this method one does not require any special knowledge of the principles for recording of transactions.*
2. **Less Expensive :** *As under this method only few accounts are prepared therefore business firm does not requires more start for recording the transactions.*
3. **Flexible Method :** *This method is highly flexible because it can be adjusted according to the needs of the organisation.*
4. **Suitable for small Concerns :** *This method is most suitable to small business concerns which have mostly cash transactions and very few Assets & Liabilities.*
5. **Easy to calculate profit or / loss :** *It is easier to calculate profit or loss under this method.*

Limitations of Incomplete Records

1. **Incomplete method :** *This method is incomplete method of maintaining the accounting records as the aspects, debits and credits, of every transaction are recorded.*
2. **Arithmatical Accuracy cannot be checked :** *Under this system no real and nominal accounts are maintained. As such a trial balance cannot be prepared to check the arithmetical accuracy of the books of accounts.*

3. **True profit or loss cannot be ascertained :** *As under this system all the accounts are not prepared like Nominal A/C which is the base for calculating actual profit. So the profit ascertained under this method is not reliable.*
4. **True financial position of the business cannot be judged :** *Since real accounts are not maintained. It is not possible to prepare a balance sheet showing the true financial position of the business.*
5. **No recognition in the assessment of income Tax & Sales Tax :** *The system fails to reveal the true profit and sales of a business. As such, the accounts maintained under the system are not accepted by Tax authorities.*
6. **Preparation of Trial Balance not possible :** *This method does not record both the aspect of a transaction. So trial balance is not possible as all debit and credit items was not there.*

Distinction between Single Entry System and Double Entry System

Points of Distinction	Double entry system	Incomplete Records system
(i) Aspects	Both aspects of transactions are recorded.	One aspect of transactions is recorded.
(ii) Types of Accounts	All the three types of accounts personal real and nominal are prepared.	Only personal and cash accounts are prepred.
(iii) Trial Balance	Trail balance is prepared.	Trial balance cannot be prepared.
(iv) Profit & loss	Profit is ascertained by preparing profit and Loss Account.	It is not possible to prepare Profit and Loss Account. Profit is calculated by preparing Statement of profit.
(v) Financial Position	Balance Sheet is prepared to ascertain financial position.	Balance Sheet is not prepared. Statement of affairs gives a rough idea of financial position.
(vi) Proof	Accounting records are treated as proof in the Court of Law.	Accounting record are not treated as proof in the court of Law.
(vii) Tax Authorities	Tax authorities recognise this system.	Tax authorities do not recognise this system.
(viii) Suitability	It is suitable in all the cases.	It is suitable only in case of small business houses.

Ascertainment of Profit or Loss

The main objective of any business enterprise is to earn profits. In case of organization maintaining accounts under incomplete records the

amount of profit or loss can be ascertained by following two method

1) *Statement of affaire method or net worth method*
2) *Conversion in Double entry method (not in syllabus)*

Statement of Affairs Method

Under this method, Profits or losses of the business are ascertained by comparing the Capital at the end and Capital at the beginning of the accounting period.

1) *When Capital at the end is more than the capital in the beginning during an Accounting period (with the necessary adjustment) there will be profit.*

Profits = *Closing Capital - Opening Capital*

2) *When Capital at the beginning is more than capital at the end during an Accounting Period. (with the necessary adjustment) there will be loss.*

Losses = *Opening Capital – Closing Capital*

Capital at the beginning is calculated by preparing an 'Opening statement of Affairs' and similarly, capital at the end is calculated by preparing a 'Closing Statement of Affairs.

Notes

Under this method two statements are prepared :

1. *Statement of affairs, for calculating opening and closing capital.*
2. *Statement of profit or loss, for calculating profit or loss.*

STATEMENT OF AFFAIRS

A Statement of affairs is a statement showing the balances of assets (including cash and bank balance) on the right hand side and the balance of liabilities on the left hand side, on a particulars date. The difference in the total of two sides is known as capital.

Capital = Total Assets - Total liabilities

A statement of affairs is very similar to Balances Sheet as prepared for the business entities maintaining accounts under double entry system, through it should not be described as a Balance Sheet

A Statement of Affairs is prepared as follows :

Statement of Affairs

Liabilities	Amount	Assets	Amount
Bank Overdraft	XXXX	Cash in Hand	XXXX
Sundry Creditors	XXXX	Cash at Bank	XXXX
Bills Payable	XXXX	Bills Receviables	XXXX
Outstanding Expenses	XXXX	Sundry Debtors	XXXX
Income Received in Advance	XXXX	Stock	XXXX
		Prepaid Expenses	
Capital (Balancing Figure)	XXXX	Accured Income furniture	XXXX
		Plant & machinery etc.	XXXX

For ascertainment of profit or loss, the following steps shall be taken :

Step 1: *Calculate the amount of 'Opening capital' (If not given in the Question) by preparing Statement of Affairs at the beginning of the accounting period.*

Step 2: *Calculate the amount of 'Closing Capital' by preparing 'Statement of Affair' at the end of the accounting period.*

Step 3: *Calculation of Profit or Loss by preparing Statement of profit or Loss in the following manner*

Statement of Profit or Loss for the year ended.

Particular Particulars	Details	Amount
Closing Capital	XXX	
Add: Drawing made during the year	XXX	
Less: Additional capital introduced during the year	XXX	
Adjusted capital at the end.		XXX
Less: Opening capital		XXX
Profit or loss during the year (Profit if amount is positive, loss if amount is Negative)		XXX

Illustration 1: *Nishant Raj Keeps incomplete records of the business. He gives the following information.*

	₹
Capital on 1st April 2015	*20,000*
Capital on 31st march 2015	*25,000*
Drawings made during the year	*4,800*

He sold his investment of 1500 at 3% premium and brought that

money into the business. You are required to prepare a statement of profit or loss.

Solution :

Statement of Profit

for two year ended 2015-16

Particular Particulars	Details	Amount
Closing Capital	25,000	
Add: Drawing made during the year	4,800	
	29,800	
Less: Additional capital introduce (1500+45)	1,545	
Adjusted capital at the end		28,255
Less: Opening capital		20,000
Profit or loss during the year		8,255

Illustration 2

2 *Mr. Hemant started his business on 1 st April 2015 with a capital of ₹ 1,00,000. He follow a single entry system. At the end of the year i.e. on 31st March, 2016 the position of Assets & Liabilities was :*

Cash in hand	20,000
Furniture	30,000
Machinery	45,000
Debtors	15,000
Stock	20,000
Creditors	35,000

During the year, he introduced ₹ 15,000 as additional capital. Calculate profit & loss and prepare statement of affairs as on 31.3.16 .

Statement of affairs

(as at 31st March, 2016)

Liabilities	Amt. (₹)	Assets	Amt. (m)
Creditors	35,000	Cash	20,000
Capital	95,000	Furniture	30,000
(Balancing Figure)		Machinery	45,000
		Debtors	15,000
		Stock	20,000
	1,30,000		1,30,000

Statement of Profit and Loss
(for the year ended 31st March 2016)

Particular	Amt.
Closing Capital	95,000
Less: Additional capital	(15,000)
Adjust capital at the end	80,000
Less: Opening capital	(100,000)
Loss during the year	(20,000)

Aarushi started a business with a capital of ₹ 5,00,000, At the end of the year her position was.

Particular	Amount (₹)
Cash in Hand	15,000
Cash at Bank	70,000
Sundry Debators	1,20,000
Stock	2,40,000
Furniture	75,000
Machinery	2,00,000

Sundry creditors on this date totalled ₹ 80,000. During the year she introduced a further capital m 1,50,000 and withdrew for household expenses ₹ 90,000. A certain her profit and prepare statement of affairs at the end of year.

Liabilities	(₹)	Assets	(₹)
Sundry Creditors	80,000	Cash in Hand	15,000
Capital (Balancing figure)	6,40,000	Cash at Bank	70,000
		Sundry Debators	1,20,000
		Stock	2,40,000
		Furniture	75,000
		Machinery	2,00,000
	7,20,000		7,20,000

Statement of Profit or Loss

Particular	m
Capital at the end	6,40,000
Add : Drawings (Household Expenses)	90,000
	7,30,000
Less: Additional capital Introduced	1,50,000
Adjust capital at the end	5,80,000
Less: Capital in the beginning profit for the year	5,00,000
	80,000

Illustration 4

Miss Pooja runs a business. She was not maintaining her accounts on the double entry system. On April, 2015 She started the business with a capital of ₹ 80,000. One March 31, 2016 her incomplete records could provide the following data.

(i) Amount due to suppliers of raw materials ₹ 17,500

(ii) Stock of raw material ₹ 2,000 and finished product ₹ 2,500

(iii) Fixed assets ₹ 34,000

(iv) Amount due from customers ₹ 42,000

(v) She had withdrawn ₹ 2,500 per month for meeting her personal expenses.

(vi) She had introduced ₹ 7,000 as capital during the year.

(vii) She has cash at bank ₹ 21,000 and cash in hand ₹ 1,800

(viii) Outstanding electricity bill ₹ 2,250

Calculate the profit / loss of her business during the year using statement of affairs method.

SOLUTIONS

STATEMENTS OF AFFAIRS

as at 31st March 2016

Liabilities	(₹)	Assets	(Amount)
Creditors (Supplier)	17,500	Stock :	
Outstanding Electricity Bill	2,250	Raw Material	2,000
Capital (Balancing figure)	83,550	Finished Products	2,500
		Fixed Assets	34,000
		Debtors	42,000
		Cash at Bank	21,000
		Cash in Hand	1,800
	1,03,300		1,03,300

STATEMENTS OF PROFIT AND LOSS

for the year ended 31st march 2016

Particular	₹
Capital at the end of the year	83,550
Add : Drawings (m 2,500x12)	30,000
	1,13,550
Less: Fresh capital introduced	7,000
Adjust capital at the end	1,06,550
Less: Capital in the beginning	80,000
profit for the period	26,550

Illustration 5: *Mr. Shiva keeps his book by single entry. His position on 1st April, 2015 was as follows: cash in hand ₹1250; Cash at bank ₹1,000 Debtors ₹ 2,000; Stock2,500. Furniture ₹750; Creditors ₹1,500; Plant and Machinery ₹3,000 His Position on 31st March, 2016 was follows:*

Cash ₹300, Debtors ₹3,000, Stock ₹3,500, Furniture ₹1,000, Plant and Machines, ₹4,500 Creditors ₹2,000 Bank Overdraft ₹500

During the year he withdrew ₹450 for his domestic expenses and introduced ₹750 as fresh Capital.

Prepare the Statement of Affairs and ascertain his profit or loss for the year.

STATEMENT OF AFFAIRS

As on 1st April, 2015

Liabilities	(₹)	Assets	₹
Creditors	1,500	Cash in Hand	1,250
Capital (Balancing figure)	9,000	Cash at Bank	1,000
		Sundry Debators	2,000
		Stock	2,500
		Furniture	750
		Plant & Machinery	3,000
	1,0,500		10,500

STATEMENT OF AFFAIRS

As on 1st April, 2016

Liabilities	(₹)	Assets	₹
Creditors	2,000	Cash in Hand	300
Bank overdraft	500	Debators	3,000
Capital (Balancing figure)	9,800	Stock	3,500
		Furniture	1,000
		Plant & Machinery	4,500
	12,300		12,300

STATEMENT OF PROFIT OR LOSS

for the year ended 31 st march, 2016

Particular	₹
Capital on 31st march 2016	9,800
Add : Drawings	450
	10,250
Less: capital introduced the year	750
Adjust capital at the end	9,500
Less: Capital on 1st April 2015	9,000
Net profit during 2015-16	500

Illustration 6 : *Mr. Naman Jain started business on january 1, 2015 with a capital of₹ 1,00,000*

He immediately bought furniture and fixtures for₹ 20,000. On 30th June, he borrowed₹ 50,000 from his wife @ 9% p.a. (interest not yet paid) and introduced a further capital of his own amounting to 11,500. He drew at the rate of 3,000 per month at the end of each month for his household expenses. On 31st December, 2015 his position was as follows:

Liabilities	(₹)	Assets	₹
Cash in hand	30,000	Sundry Debators	48,000
Stock Creditors	68,000	Bills Receivables	16,000
		Owing for Rent	1,500

Furniture and Fixtures to be depreciated by 10%

Ascertain the profit or loss made by Naman Jain during 2015

Books of Naman Jain

STATEMENT OF AFFAIRS

as on Dec, 31, 2015

Liabilities	(₹)	Assets		₹
Wife is loan	50,000	Furniture and Fixtures	20,000	18,000
		Less : Depreciation	2,000	
Interest on loan outstanding	2,250	Cash in hand		30,000
(for 6 month)		Debtors		48,000
Rent Outstanding	1,500	Stock		68,000
Creditors	5,000	B/R		16,000
Capital(Bal. fig)	121,250			
	1,80,000			1,80,000

STATEMENT OF PROFIT OR LOSS
during 2015

Particular	₹
Capital on 31st Dec. 2015	1,21,250
Add : Drawings	36,000
	1,57,250
Less: capital introduced the year	
Adjust capital at the end	11,500
Less: Capital as on 1st Jan. 2015	1,45,750
Profit during 2015-16	1,00,000

Illustration 7 : Mr. A a trader does not keep proper books of accounts. However, A provides the following particular.

	31,30,2015	31,3,2016
	₹	₹
Cash in Hand	300	4,000
Cash in Bank	4500	3,000
Stock	40,000	45,000
Debators	12,200	20,000
Equipment	5,000	5,000
Creditor	30,000	20,000
Furniture	4000	4,000

During the year 2009-10, Mr A introduced ₹ 6,000 as additional capital and withdraw ₹ 4,000 as drawings. He writes off 10% on furniture and 5% on equipment as depreciation. Prepare a statement showing the profit or loss made by him for the year ended 31 st March 2016.

Liabilities	(₹)	Assets	(₹)
Cash in hand	36,000	Furniture	4,000
Creditors	30,000	Equipment	5,000
		Debtors	12,200
		Stock	40,000
		Cash at Bank	4,500
		Cash in hand	300
	66,000		66,000

STATEMENT OF AFFAIRS
as on 31,03,2016

Liabilities	(₹)	Assets		(₹)
Cash in hand	60,350	Furniture	4,000	
Creditors	20,000	Less : Depreciation	400	3,600
		Equipment	5,000	
		Less : Depreciation	250	4,750
		Debtors		20,000
		Stock		45,000
		Cash at Bank		4,000
		Cash in hand		3,000
	80,350			80,350

STATEMENT OF PROFIT OR LOSS
for the year ended 31-3-16

Particular	₹
Closing Capital	60,350
Add : Drawings - ₹3,000	4,000
	64,350
Less: Additional Capital	6,000
Adjust capital at the end	58,350
Less: Opening Capital	35,000
profit during 2015	22,350

EXERCISE

1. What is meant by incomplete records systems of accounting ?
2. Give any four advantages of single entry system of accounting ?
3. State four points of differences between incomplete Records and Double entry system.
4. Name the main accounts maintained in 'Accounts from incomplete Records'.
5. Write four limitations of Incomplete Records.

PRACTICAL PROBLEMS

1) Himanshu Gupta who keeps his books on single entry, tells you that his capital on 31-03-2016 was Rs. 28,700 and his capital on 1-4-2015 was Rs. 19,200. He further informs you that during the

year he withdraw for his household purposes Rs. 8,420. He sold his investments of Rs. 10,000 at 2% premium and brought that money into the business. You are required to calculate profit or loss for the year 2016.

Ans. (Profit ₹ 7,720)

2) *Mr. Anand started a business with a capital of Rs 4,50,000. At the end of the year his position was:*

	Amount (Rs)
Cash in Hand	15,000
Cash in Bank	75,000
Sundry Debtors	1,10,000
Stock	2,30,000
Furniture	55,000
Building	1,75,000

Sundry creditors at this date totalled Rs 80,000 During the year he introduced a fresh Capital of Rs. 1,80,000 and withdraw for household expenses Rs. 90,000 You are required to calculate profit or loss during the year.

Ans. (Capital ₹ 580,000, Profit during the year 40,000)

3) *Ravi started business on Jan 01,2015 with a capital of Rs. 4,50,000 On Dec, 31,2015 his position was as under :*

	₹
Cash	100,000
Bills Receivable	75,000
Stock	48,000
Land and Building	1,80,000
Furniture	50,000

He owned Rs. 45,000 to her friend Parul on that date. He withdrew Rs. 8,000 per month for household purposes. Ascertain his Profit or loss for the year ended Dec, 31,2005.

Ans. (Closing capital ₹ 4,07,000 Profit ₹ 54000)

4) *Ms. Anjam does not keep proper records of business. She provided loss for the year.*

	Rs.
Owner's Equiry at the beginning of the year	1600,000

Bills Receivable	*60,000*
Cash in hand	*80,000*
Furniture	*9,00,000*
Building	*10,00,000*
Creditors	*6,00,000*
Stock in trade	*2,00,000*
Further capital introduced	*3,20,000*
Drawing made during the period	*80,000*

Ans. (Closing Capital ₹16,40,000; Loss ₹2,00,000

5) Mr. Mehta keeps incomplete records his Assets and liabilities were as under.

	31st March, 2015	*31st March, 2016*
	₹	₹
Cash	*2,000*	*9,00*
Sundry Debators	*39,000*	*45,000*
Stock	*34,000*	*32,000*
Plant and Machinery	*60200*	*80,000*
Sundry Creditor	*15,000*	*14,000*
Bills Payable	-	*5,000*

During 20-15-16 he introduced 10,000 as new capital. He withdraw 3,000 every month for his household expenses. Ascertain his Profit for the year ended 31st March 2016

Ans. Opening Capital ₹1,20,000 Closing Capital ₹1,38,000 Profit ₹44000

6) Mrs. Pooja started with a capital of ₹40,000 on 1st july, 2015 . She borrowed from her friend a sum of ₹100,000 @ 10% per annum (Interest paid) for business and brought further amount for capital ₹7500. On December 31,2015 her position was :

	₹
Cash	*30,000*
Stock	*47,000*
Deptor	*35,000*
Crechtors	*30,000*

She withdraw ₹ 800 per month for the year calculate profit or loss for the year.

Ans. (Closing Capital 45,000, Profit 2300)

7) Problems based on missing information Fill in the missing figures in the following :

STATEMENT OF AFFAIRS

as on 31st December, 2015

Liabilities	(₹)	Assets	₹
Creditors	80,000	Cash	.....
loan	.....	Stock	18,0000
Capital at the end	15,0000	Debtors	140,000
	.....		350,000

STATEMENT OF PROFIT

for the year ending

31st December 2015

Particular	₹
Capital at the end	150,000
Add : Drawings	.....
	1,74,000
Less: Additional Capital	40,000
Less: Opening Capital	.....
	1,00,000
profit made during the year	.....

Ans. (Profile during the year ₹ 34,000)

Accounts from incomplete records - Preparation of Trading and profit & Loss A/c and Balance Sheet of conversion Method.

Sanjay keeps incomplete records. During the year 2012-13 he kept a Cash Book of which the following is an analysis :

Receipts from	Rs.	Payments to	Rs.
Received from Debtors	28800	Paid to Creditors	15,000
Cash sales	21600	Salaries	5,280
Additional Capital Introduced	6,000	Rent	3600
Interest on Investments	1080	General Expenses	2040
		Wages	10500
		Drawings	3180
		Cash Purchases	10800

Adjustments :

1. Provide 5% on debtors for doubtful debts.
2. Outstanding salary @ 480.

From the above information, prepare the Trading & Profit & Loss A/c for the year ended 31st March, 2013 and a Balance Sheet as at that time.

Solution :

Dr. Cash Book Cr.

Receipts from	Rs.	Payments to	Rs.
To balance B/d (01.04.2012)	2520	By Payment to Creditors	15000
To Receipt from Debtors	28800	By Salaries	5280
To Cash Sales	21600	By Rent	3600
To Additional Capital	6000	By General Expenses	2040
To Interest on Investments	1080	By Wages	10500
		By Drawings	3180
		By Cash Purchases	10800
		By Balance c/d (Balancing figure on 31.03.2013)	
	60000		**60000**

Dr. **Total Debtors Account** **Cr.**

Particulars	Rs.	Particulars	Rs.
To balance b/d (01.04.2012)	4320	By Cash received from Debtors	28800
To Credit sales (balancing Fig.)	31680	By Balance c/d (31.03.2013)	7200
	36000		**36000**

Dr. ***Total Creditors Account*** ***Cr.***

Particulars	Rs.	Particulars	Rs.
To Cash paid to Creditors	15000	By Balance b/d (01.04.2012)	3600
To Balance c/d (31.03.2013)	5100	By Credit Purchases	16500
	20100		**20100**

Opening Balance Sheet

as at 1st April 2012

Liabilities	Rs.	Assets	Rs.
Creditors	3600	Cash in hand	2520
Capital (Balancing Figure)	56040	Debtors	4320
		Stock	9000
		Investments	9000
		Furniture	4800
		Machinery	30000
		59640	**59640**

Trading And Profit And Loss Account
For the year ending 31st March, 2013

Liabilities		Rs.	Assets		Rs.
To Opening Stock		9000	By Sales		
To Purchases			Cash Sales	21600	
Cash Purchases	10800		Credit sales	31680	53280
Credit Purchases	16500	27300	By Closing Stock		14400
To Wages		10500			
To Gross profit c/d		20880			
		67680			**67680**
To Salaries	5280		By Gross Profit b/d		20880
Add: Outstanding	480	5760	By Interest on Investments		1080
To Rent		3600			
To General Expenses		2040			
To Provision for doubtful Debts		360			
To Net Profit		10200			
		21960			**21960**

Balance Sheet
as at 31st March, 2013

Liabilities		Rs.	Assets		Rs.
Creditors		5100	Cash in hand		9600
Outstanding Salary		480	Debtos	7200	
Capital	56040		Less: provision for Doubtful Debts	360	6840
Add: Additional Capital	6000		Stock		14400
	62040		Investments		9000
Add: Net Profit	10200		Furniture		4800
	72240		Machinery		30000
Less: Drawings	3180	69060			
		74640			**74640**

Illustration

Yashpal does not maintain proper books of account. From the following particulars, prepare the trading and profit and loss account for the year ended 31st March 2018 and Balance Sheet as on that date :

Particulars	**31.03.2017** **Rs.**	**31.03.2018** **Rs.**
Furniture	10000	15000
Stock	98000	132000
Debtors	180000	250000
Creditors	60000	45000

Analysis of other transactions is as follows :

Particulars	**Rs.**
Cash collected from Debtors	608000
Cash paid to creditors	440000
Salaries	120000
Rent	15000
Office Expenses	18000
Additional Capital Introduced	20000
Drawings	30000
Cash Sales	15000
Cash Purchases	50000
Discount Received	7000
Discount Allowed	3000
Return Inward	10000
Return outward	8000
Bad debts	2000

He had Rs. 50000 as cash Balance in the beginning of the year.

Trading and Profit and Loss Account
for the year ended 31st March, 2018

Particulars		Rs.	Particulars		Rs.
To opening stock		98000	By Sales		
To Purchases			Cash	15000	
Cash	50000		Credit	693000	
Credit (WN.4)	440000		(WN-3)		
	490000		709000		
Less: Return Outward	8000		Less: Return	10000	
		482000	Inward		698000
To Gross profit c/d		25000	By closing stock		132000
		830000			**830000**
To Salaries		120000	By Gross profit B/d		250000
To Rent		15000	By Discount Received		7000
To office expenses		18000			
To Discount Allowed		3000			
To bad Debt		2000			
To Net profit					
transfers to Capital A/c		99000			
		257000			**257000**

VIJAYA PUBLICATIONS

Balance Sheet
as at 31st March, 2018

Liabilities		Amount Rs.	Assets	Amount Rs.
Creditors		45000	Cash (WN-2)	20000
			Debtors	250000
Creditors for Furniture		5000	Stock	132000
Rs. 15000 - Rs. 1000)			Furniture	15000
Capital 1.4.2017 (WN-1)				
	278000			
Add: Capital	20000			
Introduced				
Net Profit	99000			
	397000			
Less:				
Drawings	30000	367000		
		417000		**417000**

Working Notes:

WN-1. Calculation of Opening Capital.

Balance Sheet as at 31st March, 2017

Liabilities	Amount Rs.	Assets	Amount Rs.
Creditors	60,000	Cash and Bank	60,000
Capital	2,78,000	Balance	50,000
(Balancing Figures)		Debtors	12,0000
		Stock	98,000
		Furniture	1,0000
	3,38,000		**3,38,000**

WN-2

Cash Book

Dr. Receipts		Payments	Cr.
Particulars	**Amount (Rs.)**	**Particulars**	**Amount (Rs.)**
To Balance B/d	50,000	By Creditors	4,40,000
To Debtors	6,08,000	By Rent	15,l000
To Capital	20,l000	By Salaries	1,20,000
To Sales	15,000	By Drawings	30,000
		By office Expenses	18,000
		By Purchases	50,000
		By balance C/d	20,000
	6,93,000		**6,93,000**

WN-3

Total Debtors Account

Dr. **Cr.**

	Amount		
Particulars	**Rs.**	**Particulars**	**Rs.**
To Balance B/d	180000	By Cash	608000
To Sales	693000	By Discount Allowed	3000
(Credit Sales)		By Return Inwards	10000
Balancing Figure		By Bad Debts	2000
		By Balance old	250000
	873000		**873000**

WN-4

Total Creditors Accounts

Dr. **Cr.**

Particulars	**Amount Rs.**	**Particulars**	**Amount Rs.**
To cash	440000	By Balance B/d	60000
To discount Received	7000	By Purchases	
To Return outward	8000	(Credit purchases)	440000
To Balance c/d	45000	Balancing Figure	
	500000		**500000**