

SHRI KRISHNA ACADEMY

NEET, JEE & BOARD EXAM(10th, +1, +2) COACHING CENTRE

SBM SCHOOL CAMPUS, TRICHY MAIN ROAD, NAMAKKAL

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XII - ACCOUNTANCY

MATERIAL

2019 - 2020

DEPARTMENT OF PHYSICS

UNIT -1 ACCOUNTS FROM INCOMPLETE RECORDS – SINGLE ENTRY

BOOK - BACK ONE MARK

ONE MARK:

Multiple choice questions :

1. Incomplete records are generally maintained by
 - (a) A company
 - (b) Government
 - (c) Small sized sole trader business
 - (d) Multinational enterprises
2. Statement of affairs is a
 - (a) Statement of income and expenditure
 - (b) Statement of assets and liabilities
 - (c) Summary of cash transactions
 - (d) Summary of credit transactions
3. Opening statement of affairs is usually prepared to find out the
 - (a) Capital in the beginning of the year
 - (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) Capital
 - (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) Bills payable accepted during the year
 - (d) Cash paid for bills payable
6. The amount of credit sales can be computed from
 - (a) Total debtors account
 - (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) It is suitable for all types of organisations
 - (d) Tax authorities do not accept
8. What is the amount of capital of the proprietor, if his assets are Rs. 85,000 and liabilities are Rs. 21,000?
 - (a) Rs. 85,000
 - (b) Rs. 1,06,000
 - (c) Rs. 21,000
 - (d) Rs. 64,000
9. When capital in the beginning is Rs.10,000, drawings during the year is Rs.6,000, profit made during the year is Rs. 2,000 and the additional capital introduced is Rs.3,000, find out the amount of capital at the end.
 - (a) Rs. 9,000
 - (b) Rs. 11,000
 - (c) Rs. 21,000
 - (d) Rs. 3,000
10. Opening balance of debtors: Rs. 30,000, cash received: Rs.1,00,000, credit sales: Rs. 90,000; closing balance of debtors is
 - (a) Rs. 30,000
 - (b) Rs. 1,30,000
 - (c) Rs. 40,000
 - (d) Rs. 20,000

Answers 1. (c) 2. (b) 3. (a) 4. (c) 5. (c) 6. (a) 7.(c) 8. (d) 9. (a) 10.(d)

II. Very short answer questions

1. What is meant by incomplete records?

When accounting records 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 accounting records.

3. What is a statement of affairs?

- ❖ It is prepared to find out capital of the business.
- ❖ It is just like a Balance Sheet.
- ❖ One side is Assets and otherside is Liabilities.
- ❖ The Assets is always greater than the liabilities.
- ❖ The difference between liabilities and Assets is called capital.

III Short answer questions

1. What are the features of incomplete records?

Features of incomplete records:

Following are the features of incomplete records:

(i) Nature:

It is an unscientific and unsystematic way of recording transactions.

Accounting principles and accounting standards are not followed properly.

(ii) Type of accounts maintained:

In general, only cash and personal accounts are maintained fully. Real accounts and nominal accounts are not maintained properly. Some transactions are completely omitted.

(iii) Lack of uniformity:

There is no uniformity in recording the transactions among different organisations. Different organisations record their transactions according to their needs and conveniences.

(iv) Financial statements may not represent true and fair view:

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.

(v) Suitability:

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.

(vi) Mixing up of personal and business transactions:

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?

Limitations of incomplete records

Following are the limitations of incomplete records:

(i) Lack of proper maintenance of records:

It is an unscientific and unsystematic way of maintaining records. Real and nominal accounts are not maintained properly.

(ii) 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.

(iii) 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.

(iv) 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.

(v) 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.

(vi) 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.N	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.

Following are the steps to be followed to find out the profit or loss when a statement of affairs is prepared:

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
1. 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.
2. 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.
3. Basis of preparation	It is not fully based on ledger balances. Where ever possible ledger balances are taken. Some items are taken from some source documents and some items are mere estimates.	It is prepared exclusively on the basis of ledger balances.
4. Reliability	It is not reliable as it is based on incomplete records.	It is reliable as it is prepared under double entry system.
5. Missing items	It is difficult to trace the items omitted as complete records are not maintained	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?

Total sales are calculated by adding cash and credit sales. Cash sales are given in cash book. For ascertaining the amount of credit sales, the total debtors account should be prepared. The specimen of total debtors account is given below.

Total debtors account

Particulars	Rs.	Particulars	Rs.
To Balance b/d (Op.Bal.)	xxxx	By Cash received	xxxx
To Credit sales (Bal.Fi.)	xxxx	By Discount allowed	xxxx
		By Sales returns	xxxx
		By balance c/d (Clos.Bal)	
	xxxx		xxxx

UNIT - 1 ACCOUNTS FROM INCOMPLETE RECORDS - SINGLE ENTRY

BOOK BACK SUM EXERCISE

1. Solution: Statement of profit or loss for the year ended-----

Particulars	Amount
Closing capital	8,50,000
Add: Drawings	70,000
	9,20,000
Less: Additional capital	1,20,000
Adjusted closing capital	8,00,000
Less: Opening capital	5,00,000
Profit made during the year	3,00,000
Ans : Profit Rs.3,00,000	-----

2. Solution Statement of profit or loss for the year ended-----

Particulars	Amount
Closing capital	1,80,000
Add: Drawings	50,000
	2,30,000
Less: Additional capital	1,40,000
Adjusted closing capital	1,90,000
Less: Opening capital	2,20,000
Loss made during the year	30,000
Ans : Loss Rs.30,000	-----

3. Statement of profit or loss for the year ended-----

Particulars	Amount
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 made during the year	25,000
Ans : Loss Rs.25,000	-----

4. Solution Statement of profit or loss for the year ended-----

Particulars	Amount
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 made during the year	60,000
Ans : closing capital Rs.1,45,000	-----

5. Solution Statement of profit or loss for the year ended-----

Particulars	Amount
Closing capital	50,000
Add: Drawings	5,000
	55,000
Less: Additional capital	7,000
Adjusted closing capital	48,000
Less: Opening capital	40,000
Profit made during the year	8,000

Ans : Drawing Rs.5,000	

6. Solution**In the books of Mr.Thomas****Statement of Affairs as on 31.03.2019**

Liabilities	Amount	Assets	Amount
Bills Payable	1,20,000	Cash in hand	20,000
Sundry Creditors	6,00,000	Bills receivable	60,000
Closing Capital(B/f)	2,80,000	Stock	2,20,000
		Furniture	80,000
		Land & Building	3,00,000
		Sundry debtors	3,20,000
	10,00,000		10,00,000

7. Solution**In the Books of M/s. Subha****Statement of Affairs as on 31.03.2019**

Liabilities	Amount	Assets	Amount
Creditors	90,000	Stock in trade	1,60,000
Bills Payable	2,40,000	Cash in hand	60,000
Bank Over Draft	50,000	Debtors	1,80,000
Closing Capital (B/f)	4,20,000	Bills receivable	70,000
		Computer	30,000
		Machinery	3,00,000
	8,00,000		8,00,000

Statement of profit or loss for the year ended-----

Particulars	Amount
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 during the year	2,90,000

Ans : Profit Rs.2,90,000	

8. Calculation of Opening Capital :

In the Books of Mr. Raju
Statement of Affairs as on 01.01.2018

Liabilities	Amount	Assets	Amount
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
Opening Capital (B/f)	2,50,000	Plants & Machinery	1,70,000
	5,20,000		5,20,000

Calculation of Closing Capital :

In the Books of Mr. Raju
Statement of Affairs as on 31.12.2018

Liabilities	Amount	Assets	Amount
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
Closing Capital (B/f)	3,00,000	Plants & Machinery	1,70,000
	6,00,000		6,00,000

Statement of profit or loss for the year ended-----

Particulars	Amount
Closing capital	3,00,000
Add: Drawings (Rs.2,500x12)	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
Ans : Profit Rs.30,000	

9. Calculation of Opening Capital :**In the Books of Mr. Anand****Dr Statement of Affairs as on 31.03.2018 Cr**

Liabilities	Amount	Assets	Amount
Creditors	1,70,000	Cash at Bank	5,000
Opening Capital (b/f)	1,93,000	Cash in hand	3,000
		Stock of goods	35,000
		Sundry debtors	1,00,000
		Plant & Machinery	80,000
		Land & Building	1,40,000
	3,63,000		3,63,000

Calculation of Closing Capital :**Dr****In the Books of Mr. Anand****Cr****Statement of Affairs as on 31.03.2019**

Liabilities	Amount	Amount	Assets	Amount	Amount
Cash at Bank (Cr)		60,000	Cash in hand		4,500
Creditors		1,30,000	Stock of goods		45,000
Closing Capital(b/f)		1,57,000	Sundry debtors	90,000	
			Less : 5% Provision	4,500	85,500
			Plant & Machinery	80,000	
			Less : Depreciation 10%	8,000	72,000
			Land & Building		1,40,000
		3,47,000			3,47,000

Statement of profit or loss for the year ended-----

Particulars	Amount
Closing capital	1,57,000
Add: Drawings (Rs.2,500 x 12)	60,000
	2,17,000
Less: Additional capital	17,000
Adjusted closing capital	2,00,000
Less: Opening capital	1,93,000
	7,000
Profit made during the year	-----
Ans : Profit Rs.7,000	

10. Calculation of Credit Sales :**Dr****Total Debtors Accounts****Cr**

Particulars	Amount	Particulars	Amount
To Balance B/d	1,00,000	By Cash received	2,30,000
To Credit Sales (B/f)	2,80,000	By Discount Allowed	5,000
		By Return inwards	25,000
		By Balance c/d	1,20,000
	3,80,000		3,80,000

11. Calculation of Credit Sales :**Dr****Total Debtors Accounts****Cr**

Particulars	Amount	Particulars	Amount
To Balance B/d	1,30,000	By Cash received	4,20,000
To Credit Sales (b/f)	5,40,000	By Discount Allowed	35,000
		By Return inwards	15,000
		By Balance c/d	2,00,000
	6,70,000		6,70,000

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

$$\text{Total Sales} = \text{Rs.10,00,000}$$

12.Solution : Dr Bills Receivable Accounts Cr

Particulars	Amount	Particulars	Amount
To Balance B/d	1,40,000	By Cash A/c	3,90,000
To Debtors A/c (B/f) (Bills received during the year)	4,80,000	By Debtors A/c (Dishonoured)	30,000
		By Balance C/d	2,00,000
	6,20,000		6,20,000

13.Solution: Dr Bills Receivable Accounts Cr

Particulars	Amount	Particulars	Amount
To Balance B/d	60,000	By Cash A/c	1,60,000
To Debtors A/c (B/f) (Bills received during the year)	2,05,000	By Debtors A/c (Bills receivable Dishonoured)	15,000
		By Balance c/d	90,000
	2,65,000		2,65,000

Dr Total Debtors Accounts Cr

Particulars	Amount	Particulars	Amount
To Balance B/d	2,50,000	By Cash A/c	7,25,000
To Bills receivable	15,000	By Sales return A/c	50,000
A/c (dishonour)		By Bills receivable	2,05,000
To Credit Sales (B/f)	9,85,000	By Bad debts A/c	30,000
		By Balance c/d	2,40,000
	12,50,000		12,50,000

14.Solution: Dr Total Creditors Accounts Cr

Particulars	Amount	Particulars	Amount
To Purchase return	20,000	By Opening Creditors	1,70,000
To Cash paid to creditors	4,50,000	By Credit Purchase	4,90,000
To Closing Creditors	1,90,000		
	6,60,000		6,60,000

15. Solution Dr Bills Payable Accounts Cr

Particulars	Amount	Particulars	Amount
To Cash A/c (bills paid)	30,000	By Balance B/d	25,000
To Balance c/d	20,000	By Sundry Creditors (b/f) (Bills accepted)	25,000
	50,000		50,000

Dr Total Creditors Accounts Cr

Particulars	Amount	Particulars	Amount
To cash a/c (Paid)	1,20,000	By Balance B/d	30,000
To purchase return a/c	15,000	By Credit Purchase(b/f)	1,55,000
To Bills payable A/c (Bills Accepted)	25,000		
To Balance c/d	25,000		
	1,85,000		1,85,000

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

16. Solution

I. Bills Receivable Accounts

Dr.

Cr.

Particulars	Amount	Particulars	Amount
To Balance B/d	30,000	By Cash A/c	60,000
To Debtors A/c (B/f) (Bills received)	42,000	By Debtors A/c (Bills receivable Dishonoured)	4,000
		By Balance c/d	8,000
	72,000		72,000

Dr

II. Total Debtors Accounts

Cr

Particulars	Amount	Particulars	Amount
To Balance B/d	2,40,000	By Cash A/c	6,00,000
To Bills receivable A/c (dishonour)	4,000	By Discount allowed A/c	25,000
To Credit Sales (B/f)	6,59,000	By Bad debts A/c	16,000
		By Bills receivable a/c (Bills received)	42,000
		By Balance c/d	2,20,000
	9,03,000		9,03,000

Dr

II. Bills Payable Accounts

Cr

Particulars	Amount	Particulars	Amount
To Cash A/c (bills paid)	30,000	By Balance B/d	10,000
To Balance c/d	20,000	By Sundry Creditors (b/f) (Bills accepted)	40,000
	50,000		50,000

Dr

IV. Total Creditors Accounts

Cr

Particulars	Amount	Particulars	Amount
To cash a/c (Paid)	3,20,000	By Balance B/d	1,20,000
To Discount received a/c	10,000	By Purchase A/c (Credit b/f)	4,00,000
To Bills payable A/c (Bills Accepted)	40,000		
To Balance c/d	1,50,000		
	5,20,000		5,20,000

17. Solution

Dr

I. Total Debtors Accounts

Cr

Particulars	Amount	Particulars	Amount
To Balance B/d	5,30,000	By Cash received	12,50,000
To Credit Sales (B/f)	13,85,000	By Discount Allowed	25,000
		By Sales return	-----
		By Balance c/d	6,40,000
	19,15,000		19,15,000

II. Total Creditors Accounts**Dr****Cr**

Particulars	Amount	Particulars	Amount
To cash a/c (Paid)	11,00,000	By Balance B/d	3,70,000
To Discount received a/c	35,000	By Credit purchase B/f	11,85,000
To purchase return	-----		
To Balance c/d	4,20,000		
	55,55,000		55,55,000

Dr Trading Profit & Loss Accounts of Mr. Rakesh for the year ended 31.03.2019 Cr

Particulars	Amount	Particulars	Amount	Amount
To Opening Stock	2,20,000	By Sales :		
To Purchase	11,85,000	Cash sales	20,000	
To Gross Profit c/d	1,60,000	Add:Credit sales	13,85,000	
			-----	14,05,000
		By Closing Stock		1,60,000
	15,65,000			15,65,000
To Discount Allowed	25,000	By Gross Profit B/d		1,60,000
To Rent paid	1,20,000	By Discount received		35,000
To Net Profit C/d (Transferred to capital Accounts)	50,000			
	1,95,000			1,95,000

Balance Sheet of Mr. Rakesh for the year ended 31.03.2019

Liabilities	Amount	Amount	Assets	Amount
Capital	5,20,000		Stock	1,60,000
Add : Net Profit	50,000		Debtors	6,40,000
	5,70,000		Cash @ Bank	10,000
Less : Drawings	1,00,000		Machinery	80,000
		4,70,000		
Creditors		4,20,000		
		8,90,000		8,90,000

18.Solution:**In the Books of Mary****Dr****Total Debtors Accounts****cr**

Particulars	Amount	Particulars	Amount
To Balance B/d	1,30,000	By Cash received	3,40,000
To Credit Sales (B/f)	2,90,000	By Balance c/d	80,000
	4,20,000		4,20,000

Dr Trading Profit & Loss Accounts of Ms. Mary for the year ended 31.03.2019 Cr

Particulars	Amount	Amount	Particulars	Amount	Amount
To Opening Stock		1,10,000	By Sales :		
To Purchase:			Cash sales	3,60,000	
To cash purchase	1,50,000		Add: Credit sales	2,90,000	
Add: Credit Purchase	1,80,000	3,30,000			6,50,000
To Wages		70,000	By Closing stock		1,80,000
To Gross Profit c/d		3,20,000			8,30,000
					3,20,000
To Sundry Expenses		8,30,000	By Gross Profit B/d		
To Depreciation on Furniture & fitting		1,27,000			
80,000 x 10/100		8,000			
To Net Profit c/d		1,85,000			
		3,20,000			3,20,000

Balance Sheet of Mrs. Mary for the year ended 31.03.2019

Liabilities	Amount	Amount	Assets	Amount	Amount
Capital	2,80,000		Stock		1,80,000
Add : Net Profit	1,85,000		Sundry Debtors		80,000
		4,65,000	Furniture & Fitting	80,000	
Creditors		90,000	Less : depreciation 10%	8,000	72,000
			Cash balance		2,23,000
		5,55,000			5,55,000

19. Calculation of Opening capital**Statement of Affairs Mr.Arun as on 31.12.2017**

Liabilities	Amount	Assets	Amount
Creditors	50,000	Land & Building	2,40,000
Opening capital (B/f)	3,80,000	Stock-in-Trade	1,20,000
		Debtors	40,000
		Cash @ Bank	30,000
	4,30,000		4,30,000

Dr Total Creditors Accounts**Cr**

Particulars	Amount	Particulars	Amount
To cash a/c (Paid)	6,00,000	By Balance B/d	50,000
To purchase return	30,000	By Credit purchase B/f	6,25,000
To Balance c/d	45,000		
	6,75,000		6,75,000

Dr Trading Profit & Loss Accounts of Ms. Mary for the year ended 31.03.2019**Cr**

Particulars	Amount	Amount	Particulars	Amount	Amount
To Opening Stock		1,20,000	By Sales	7,70,000	
To Purchase	6,25,000		Less: sales return	25,000	
(-) purchase return	30,000				7,45,000
Add: Credit Purchase		5,95,000			
			By Closing stock		1,70,000
To Wages		65,000			
To Gross Profit c/d		1,35,000			9,15,000
		9,15,000			
To Carriage Outwards		7,500	By Gross Profit B/d		1,35,000
To Sundry Expenses		28,000			
To Depreciation on Land & Building @ 5% $2,40,000 \times 5/100$		12,000			
		1,500			
To Bad & doubtful debts		86,000			
To Net Profit c/d		1,35,000			1,35,000

Balance Sheet of Mr. Arun for the year ended

Liabilities	Amount	Amount	Assets	Amount	Amount
Capital	3,80,000		Land & Building	2,40,000	
(+) Net Profit	86,000		(-) Depreciation	12,000	
	4,66,000				2,28,000
(-) Drawing	10,000		Stock-in-Trade		
		4,56,000	Debtors	51,500	1,70,000
Creditors		45,000	(-) Bad & doubtful	1,500	50,000
			Cash at Bank		53,000
		5,01,000			5,01,000

20. Calculation of Opening capital**Statement of Affairs Mr. Selvam as on 01.01.2018**

Liabilities	Amount	Assets	Amount
Bank Loan	45,000	Machinery	60,000
Sundry Creditors	25,000	Cash at Bank	25,000
		Sundry debtors	70,000
Opening capital (b/f)	1,50,000	Stock	45,000
		Bills receivable	20,000
	2,20,000		2,20,000

Dr Trading Profit & Loss Accounts of Ms. Selvam for the year ended 31.12.2018 Cr

Particulars	Amount	Amount	Particulars	Amount	Amount
To Opening Stock		45,000	By Sales :		
To Purchase			Cash Sales	20,000	
Cash purchase	8,000		Add: Credit Sales	1,80,000	
Add: Credit Purchase	52,000				2,00,000
		60,000			
To Wages		6,000	By Closing stock		22,000
To Gross Profit c/d		1,11,000			
					2,22,000
		2,22,000			
To Advertisement					1,11,000
To Salaries		7,000	By Gross Profit B/d		
To Interest on Bank loan		23,500			
To depreciation 10%		4,500			
To Bad & doubtful debts		6,000			
		1,000			
To Net Profit c/d		69,000			
		1,11,000			1,11,000

Balance Sheet of Mr. Selvam for the year ended 31.12.2018

Liabilities	Amount	Amount	Assets	Amount	Amount
Capital	1,50,000		Machinery	60,000	
Add: Net Profit	69,000		Less: dep 10%	6000	
	2,19,000				54,000
Add: Additional capital	21,000		Cash at bank		33,000
	2,40,000		Sundry debtors	1,00,000	
(-) Drawing	60,000	1,80,000	Less: doubtful debts	1000	99,000
Creditors		21,000	Stock		22,000
Bank loan		45,000	Bills receivable		38,000
		2,46,000			2,46,000

UNIT -1 ACCOUNTS FROM INCOMPLETE RECORDS – SINGLE ENTRY**Interior one mark****Choose the Correct answer:**

1. Accounting record is maintained under _____ of the Indian Companies Act
a) **Sec 128(1)** b) Sec 129 (1) c) Sec 128 (1) d) Sec 220
2. _____ and _____ are not maintained properly .
a) Cash ,Personal b) **Real ,Nominal** c) Stock, capital d) None of the above
3. _____ records are an unscientific and unsystematic way of recoding transactions.
a) **Incomplete** b) complete c) Partial d) None of the above
4. _____ is the Indian companies Act.
a) 2015 b) 2014 c) **2013** d) 2016
5. _____ is prepared to check the arithmetical accuracy of the entries made.
a) **Trial balance** b) balance sheet c) Trading accounts d) Ledger
6. _____ is suitable for all Types of organization.
a) **Double entry system** b) Balance sheet c) Incomplete records d) Reliability
7. Any increase on capital is taken as _____
a) **Profit** b) Profit & loss c) Loss d) None of the above
8. Any increase on capital is taken as _____
a) Profit b) Profit & loss c) **Loss** d) None of the above
9. Statement of Affairs method is also known as _____
a) **Net worth method** b) Co-net worth method
c) Profit or loss Method d) Conversion method
10. The difference between the total of Assets and liabilities is _____
a) Creditors b) Stock c) Capital d) Drawings