



## NCERT Solutions for Class 11

### Accountancy

#### Chapter 11 - Accounts from Incomplete Records

##### 1. State the meaning of incomplete records?

**Ans:** Incomplete records are kept in the case of the business not following the proper duplicate accounting system. In such cases the business only saves and records money transactions and your accounts. Such a system of Accounting is usually followed by the business that receives it. The most expensive thing is to maintain a proper double entry system accounting. The evil of this system is exactly that profit cannot be obtained by business.

##### 2. What are the possible reasons for keeping incomplete records?

**Ans:** The following are some possible reasons for the imperfection records:

1. Easy to take care of: The storage of such account books does not require any action so they can be stored in a simple and easy way.
2. They can show that they are saving money through the business: The business can save on their cost of hiring special accountants and this proves more savings than the practice of savings.
3. They consume less time and energy: The preservation of a two-pronged investment system may indicate an increase in business concerns and may therefore result in incomplete and easy record keeping.

They can meet a customized business requirement: An entity can store account books according to its needs and business needs and therefore complete record keeping gives it the ability to keep account books as a single entity.

### 3. Distinguish between statement of affairs and balance sheet.

**Ans:** Difference between the statement of affairs and balance sheet are as following:

<b>Basis of difference</b>	<b>Satatement of Affairs</b>	<b>Balance Sheet</b>
<b>Purpose</b>	It is prepared for the purpose knowing the capital of the business on any particular date.	It is prepared to achieve the true and fair view of the business on any particular date.
<b>Method of accounting</b>	It is prepared where the accountants follow the single entry system of accounting.	The preparation of the balance sheet is done under the double entry system of accounting.
<b>Lapses</b>	Lapses if any during the process of accounting cannot be identified and hence the opportunity of making corrections accordingly is	Lapses and mistakes can be easily identified and corrections can be easily made if the asset and the liability sides mismatch with each

<b>Authenticity</b>	It does not depict authentic information as the systematic method of accounting is not followed.	It depicts the authentic information and the position of the business as it is prepared by undergoing the systematic procedure of accounting.
---------------------	--	---

#### **4. What practical difficulties are encountered by a trader due to incompleteness of accounting records?**

**Ans:** The practical difficulties you are experiencing due to incomplete financial records are as follows:

1. It does not show accurate details as the accuracy of accounting is not available.

Specific details of the profit or loss of a business cannot be obtained in cases such as not all expenses and unregistered amounts.

3. Tax authorities do not accept the care of a single accounting system as the correct image of the business cannot be assessed.

4. Failures to exist during the accounting process can be identified and therefore the business is less likely to make the necessary adjustments.

5. Adjustments to the Balance Sheet cannot be done because it does not follow a double-income revenue plan and is therefore prepared a News Statement that does not reflect the correct and accurate results of financial performance of the business.

**5. What is meant by a 'statement of affairs' ? How can the profit or loss of a trader be ascertained with the help of a statement of affairs?**

**Ans:** A Statement of Statement A statement describing the assets and liabilities of any business following a single accounting system. The news release described the capital in a statement as an asset in excess of debt. Profit or loss check required to do business in the capital for the current financial year and the previous financial year. Therefore in cases where the capital of the previous year is less than the capital earned at the current value than the business in the area of profit; on the other hand where the current capital o is less than last year's capital there is a business suffering from losses. The following is the Performa of the News Statement:

Liabilities	Amount	Amount	Assets	Amount	Amount
Capital (Balancing figure)			Building & land		
Outstanding expenses			Furniture		
Bills Payable			Machinery		
Creditors			Stock		
Loan			Debtors		
			Cash in hand		
			Cash at bank		
			Capital		
			Deficiency		

			Balance fig.		
--	--	--	--------------	--	--

Particular	Amount	Amount
Capital at the beginning of the year		
Add: Additional capital introduced		
Less: Drawings		
Profit / (Loss) during the year( Bal.fig)		
Capital at the end of the Year		

**6. Is it possible to prepare the profit and loss account and the balance sheet from the incomplete book of accounts kept by a trader? Do you agree? Explain.**

**Ans:** Yes it is possible for the Profit and Loss account and Balance sheet from incomplete in the background when converting to double entry. This is because some of the features of one entry system are not recorded and are inserted twice the system requires proper accounting for the entire business transactions to convert you to a double-entry system.

The following steps are followed for this modification:

1. Prepare an opening statement and find out Unlocking Money.
2. Prepare the Cash book and get the opening then closing currency estimates.

3. Set up a Total Debtors account and get the missing figure.
4. Similarly set up an All Debtors Account then find the missing figure.
5. The final step requires final accounting for the final account after which large scales are determined. So with statistical assistance obtained, correction of Set up a trading account with profits and losses and Balance a sheet can be made.

**7. Explain how the following may be ascertained from incomplete records:**

**a) Opening capital and closing capital**

**Ans:** Opening Capital and closing fee is determined after opening and closing adjustment news statements. Capital Statement Stories are shown as an asset over assets.

Liabilities	Amt. Unit	Amt. unit	Assets	Amt. unit	Amt. unit
Capital (Balancing figure)			Land & Building Furniture Office machinery		
Outstanding expenses			Stock Debtors		
Bills Payable			Cash in hand		
Sundry Creditors			Cash at bank Capital		

Loan			Deficiency(Bal. fi g)		
------	--	--	-----------------------------	--	--

\* In cases where the debt is higher than the assets, the capital comes from the property side of the Statement of News.

### **b) Credit sales ad credit purchases**

**Ans:** Credit Buying and Credit Buying: Credit Sales and business credit purchases are not recorded on incomplete records.

### **c) Payments to creditors and collection from debtors**

**Ans:** Payment to creditors and debt collectors Debtors' payments are based on the arrangement of the full Loan account. Similarly determination of debt collectors is determined by adjustment of the total number of creditors.

To Compute Credit Sales

Total Debtors A/c

Particular	Amt. unit	Amt. unit	Particular	Amt. Unit	Amit. Unit
To Balance b/d			By Discount allowed		
To Credit sales A/c (Bal.fig)			By Sales returns		
			By Bad debts		
			By Cash/Bank collected (Bal.fig)		
			By Balance c/d		


To compute credit purchases

Total Creditors Account

Particular	Amt. Unit	Amt. Unit	Particular	Amt. Unit	Amt. Unit
To Returns outward			Balance b/d		
To Discount Received			By Credit Purchases (bal.fig)		
To Bank/Cash paid(Bal.fig)					
To Balance c/d					

**d) Closing balance of cash.**

**Ans:** Closing balance of Cash :

Cash Book is prepared to ascertain the closing cash balance.



Particulars		Amount Rs.	Particular		Amount Rs.
Balance b/d			Rent A/c		
Debtors A/c			Purchases A/c		
Sales A/c			Stationery expenses A/c		
			Creditors A/c		
			Salary A/c		
			Rent A/c		
			Balance c/d		

**8. Following information is given below prepare the statement of profit or loss:**

**Rs.**

**Capital at the end of the year                      5,00,000**

**Capital in the beginning of the year        7,50,000**

**Drawings made during the period            3,75,000**

**Additional capital introduced                    50,000**

**Ans: Statement of Profit or Loss**

Particular	Amount	Amount
Capital at the beginning of the year		750000
Add: Additional capital Introduced		50000
Less: Drawings		-
Profit / (Loss) during the year( Bal.fig)		375000
		75000
Capital at the end of the year		500000

**9. Manveer started his business on April 01, 2016 with a capital of Rs. 4,50,000 . On March 31, 2017 his position was as under:**

	Rs.
<b>Cash</b>	<b>99000</b>
<b>Bills Receivable</b>	<b>75000</b>
<b>Plant</b>	<b>48000</b>
<b>Land and Building</b>	<b>1,80,000</b>
<b>Furniture</b>	<b>50000</b>

**He owned Rs. 45000 from his friend Susheel on that date. He withdrew Rs. 8000 per month for his household purposes. Ascertain his profit or loss for this year ended March 31, 2017**

**Ans:** Statement of Affairs as on 31.03.2017

<b>Liabilities</b>	<b>Amt. unit</b>	<b>Amt. Unit</b>	<b>Assets</b>	<b>Amt. Unit</b>	<b>Amt. Unit</b>
Closing Capital (bal.fig)		40700 0	Land & Building		18000 0
Loan		4500	Plant		48000
			Furniture		5000
			Bills receivable		75000
			Cash		99000
		45200 0			45200 0

<b>Particular</b>	<b>Amount</b>	<b>Amount</b>
Capital at the beginning of the year		450000
Add: Additional capital		

introduced		
Less: Drawings		-96000
Profit / (Loss) during the year( Bal.fig)		53000
Capital at the end of theyear		407000

**10. From the information given below ascertain the profit for the year:**

	<b>Rs.</b>
<b>Capital at the beginning of the year</b>	<b>70,000</b>
<b>Additional capital introduced during the year</b>	<b>17,500</b>
<b>Stock</b>	<b>59,500</b>
<b>Sundry debtors</b>	<b>25,900</b>
<b>Business premises</b>	<b>8,600</b>
<b>Machinery</b>	<b>2,100</b>
<b>Sundry creditors</b>	<b>33,400</b>
<b>Drawings made during year</b>	<b>26,400</b>

**Ans:**

Statement of Affairs

Liabilitis	Amt. unit	Amt. Unit	Assets	Amt. unit	Amt. Unit
Closing Capital (bal.fig)		62700	Business premises		8600
Sundry Creditors		33400	Machinery		2100
			Stock		59500
			Sundry		25900
			Debtors		
		96100			96100

#### Statement of Profit or Loss

Particular	Amount	Amount
Capital at the beginning of the year		70000
Add: Additional capital introduced		17500
Less: Drawings		-26400
Profit / (Loss) during the year( Bal.fig)		1600
Capital at the end of the		

year		62700
------	--	-------

**11. From the following information, calculate capital at the beginning:**

	<b>Rs.</b>
<b>Capital at the end of the year</b>	<b>4,00,000</b>
<b>Drawings made during the year</b>	<b>60,000</b>
<b>Fresh capital introduced during the year</b>	<b>1,00,000</b>
<b>Profit of the current year</b>	<b>80,000</b>

**Ans:**

<b>Particular</b>	<b>Amount</b>	<b>Amount</b>
Capital at the beginning of the year (bal.fig)		280000
Add: Additional capital introduced 100000		100000
Less: Drawings		-60000
Profit / (Loss) during the year( Bal.fig)		80000
Capital at the end of the Year		400000

**12. Following information is given below: calculate the closing capital**

	<b>April.01,</b>	<b>March 31</b>
	<b>2016 Rs</b>	<b>2017Rs</b>
<b>Creditors</b>	<b>5,000</b>	<b>30,000</b>
<b>Bills payable</b>	<b>10,000</b>	<b>–</b>
<b>Loan</b>	<b>–</b>	<b>50,000</b>
<b>Bills Receivable</b>	<b>30,000</b>	<b>50,000</b>
<b>Stock</b>	<b>5,000</b>	<b>30,000</b>
<b>Cash</b>	<b>2,000</b>	<b>20,000</b>

**Calculation of profit or loss and ascertainment of statement of affairs at the end of the year (Opening Balance is given)**

**Ans:** Statement of Affairs as on 01.04.16

<b>Liabilities</b>	<b>Amt</b>	<b>Amt.</b>	<b>Assets</b>	<b>Amt.</b>	<b>Amt.</b>
	<b>.Unit</b>	<b>Unit</b>		<b>Unit</b>	<b>Unit</b>
Opening Capital (bal.fig)		2200 0	Stock		5000
Sundry Creditors			Bills		
Bills Payable		5000	Receivable		30000
		1000	Cash		2000
		0			37000

		3700 0			
--	--	-----------	--	--	--

Statement of Affairs as on 31.03.17

<b>Liabilities</b>	<b>Amt. Unit</b>	<b>Amt. Unit</b>	<b>Assets</b>	<b>Amt. Unit</b>	<b>Amt. Unit</b>
Closing Capital (bal.fig)		20000	Stock		30000
Sundry Creditors		30000	Bills Receivable		50000
Bills Payable		50000	Cash		20000
Loan		10000 0			10000 0

Statement of Profit or Loss

<b>Particular</b>	<b>Amount</b>	<b>Amount</b>
Capital at the beginning of the year		22000
Add: Additional capital introduced		
Less: Drawings		-2000
Profit / (Loss) during the		



year( Bal.fig)		
Capital at the end of the year		200000

**13. Mrs. Anu started firm with a capital of Rs. 4,00,000 on 1<sup>st</sup> October, 2016. She borrowed from her friends a sum of Rs. 1,00,000 @10% per annum (interest paid) for business and bought a further amount to capital Rs. 75,000 on March 31,2017, her position was:**

	Rs.
<b>Cash</b>	<b>30,000</b>
<b>Stock</b>	<b>4,70,000</b>
<b>Debtors</b>	<b>3,50,000</b>
<b>Creditors</b>	<b>3,00,000</b>

**Ans:** Statement of Affairs as on 31.03.17

<b>Liabilities</b>	<b>Amt.</b>	<b>Amt.</b>	<b>Assets</b>	<b>Amt.</b>	<b>Amt.</b>
	<b>Unit</b>	<b>Unit</b>		<b>Unit</b>	<b>Unit</b>
Closing Capital (bal.fig)		450000	Stock		470000
Sundry Creditors		30000	Debtors		350000
Loan		10000	Cash		30000

		850000			850000
--	--	--------	--	--	--------

### Statement of Profit or Loss

Particular	Amount	Amount
Capital at the beginning of the year		400000
Add: Additional capital introduced		75000
Less: Drawings (8000*6 months)		-48000
Profit / (Loss) during the year( Bal.fig)		23000
Capital at the end of the year		450000

**14. Mr. Arnav does not keep proper records of his business he provided following information, you are required to prepare a statement showing the profit or loss for the year.**

	<b>Rs</b>
<b>Capital at the beginning of the year</b>	<b>15,00,000</b>
<b>Bills receivable</b>	<b>60,000</b>

<b>Cash in hand</b>	<b>80,000</b>
<b>Furniture</b>	<b>9,00,000</b>
<b>Building</b>	<b>10,00,000</b>
<b>Creditors</b>	<b>6,00,000</b>
<b>Stock in trade</b>	<b>2,00,000</b>
<b>Further capital introduced</b>	<b>3,20,000</b>
<b>Drawings made during the period</b>	<b>80,000</b>

**Ascertainment of statement of affairs at the beginning and at the end of the year and calculation of profit or loss.**

**Ans:** Statement of Affairs as on 31.03.17

<b>Liabilities</b>	<b>Amt.</b>	<b>Amt.</b>	<b>Assets</b>	<b>Amt.</b>	<b>Amt.</b>
Closing Capital (bal.fig)		1640000	Buildings		1000000
Sundry Creditors		600000	Furniture		900000
			Stock		200000
			Bill Receivable		60000
			Cash		80000
		2240000			2240000

#### Statement of Profit or Loss

<b>Particular</b>	<b>Amount</b>	<b>Amount</b>
-------------------	---------------	---------------

Capital at the beginning of the year		1500000
Add: Additional capital introduced		320000
Less: Drawings		-80000
Profit / (Loss) during the year( Bal.fig)		-10000
Capital at the end of the year		1640000

**15. Mr. Akshat keeps his books on incomplete records following information is given below:**

	<b>April 01,</b>	<b>March 31</b>
	<b>2016</b>	<b>2017</b>
<b>Cash in hand</b>	<b>1,000</b>	<b>1,500</b>
<b>Cash at bank</b>	<b>15,000</b>	<b>10,000</b>
<b>Stock</b>	<b>1,00,000</b>	<b>95,000</b>
<b>Debtors</b>	<b>42,500</b>	<b>70,000</b>
<b>Business premises</b>	<b>75,000</b>	<b>1,35,000</b>

<b>Furniture</b>	<b>9,000</b>	<b>7,500</b>
<b>Creditors</b>	<b>66,000</b>	<b>87,000</b>
<b>Bills payable</b>	<b>44,000</b>	<b>58,000</b>

**During the year he withdrew Rs 45,000 and introduced Rs 25,000 as further capital in the business compute the profit or loss of the business.**

**Ans:** Statement of Affairs as on 01.04.16

<b>Liabilities</b>	<b>Amount</b>	<b>Amount</b>	<b>Assets</b>	<b>Amount</b>	<b>Amount</b>
Opening Capital (bal.fig)		132500	Business		75000
Sundry Creditors		66000	Premises		
Bills Payable		44000	Furniture		9000
			Stock		100000
			Debtors		42500
			Cash in hand		1000
			Cash at bank		15000
		242500			242500

Statement of Affairs as on 01.04.16

<b>Liabilities</b>	<b>Amount</b>	<b>Amount</b>	<b>Assets</b>	<b>Amount</b>	<b>Amount</b>
Closing Capital (bal.fig)		174000	Business		135000
			Premises		



**16. Gopal does not keep proper books of account. Following information is given below:**

	<b>April.1</b>	<b>March.</b>
	<b>2016</b>	<b>31, 2017</b>
<b>Cash in hand</b>	<b>18,000</b>	<b>12,000</b>
<b>Cash at bank</b>	<b>1,500</b>	<b>2,000</b>
<b>Stock in trade</b>	<b>80,000</b>	<b>90,000</b>
<b>Sundry debtors</b>	<b>36,000</b>	<b>60,000</b>
<b>Sundry creditors</b>	<b>60,000</b>	<b>40,000</b>
<b>Loan</b>	<b>10,000</b>	<b>8,000</b>
<b>Office equipments</b>	<b>25,000</b>	<b>30,000</b>
<b>Land and Building</b>	<b>30,000</b>	<b>20,000</b>
<b>Furniture</b>	<b>10,000</b>	<b>10,000</b>

**During the year he introduced Rs 20,000 and withdrew Rs 12,000 from the business. Prepare the statement of profit or loss on the basis of given information**

**Ans:** Statement of Affairs as on 01.04.16

<b>Liabilities</b>	<b>Amount</b>	<b>Amount</b>	<b>Asset</b>	<b>Amount</b>	<b>Amount</b>
Opening Capital		130500	Land & Building		30000
(bal.fig)			Furniture		10000
Sundry Creditors		60000	Office		
Loan		10000	equipment		25000





Particular	Amount	Amount
Capital at the beginning of the year		130500
Add: Additional capital introduced		20000
Less: Drawings		-12000
Profit / (Loss) during the year( Bal.fig)		37500
Capital at the end of the year		176000

**17. Mr. Muneesh maintains his books of accounts from incomplete records. His books provide the information:**

	April. 01 2016	March. 31, 2017
<b>Cash</b>	<b>1,200</b>	<b>1,600</b>
<b>Bills receivable</b>	<b>–</b>	<b>2,400</b>
<b>Debtors</b>	<b>16,800</b>	<b>27,200</b>
<b>Stock</b>	<b>22,400</b>	<b>24,400</b>

<b>Investment</b>	<b>–</b>	<b>8,000</b>
<b>Furniture</b>	<b>7,500</b>	<b>8,000</b>
<b>Creditors</b>	<b>14,000</b>	<b>15,200</b>

**He withdrew Rs 300 per month for personal expenses. He sold his investment of Rs 16,000 at 2% premium and introduced that amount into business.**

**Ans:** Statement of Affairs as on 01.04.16

<b>Liabilities</b>	<b>Amount</b>	<b>Amount</b>	<b>Asset</b>	<b>Amount</b>	<b>Amount</b>
Opening Capital (bal.fig)			Furniture		7500
Sundry Creditors			Investment		
			Stock		2240
			Debtors		1680
			Cash in hand		1200
		47900			47900

Statement of Affairs as on 31.03.17

<b>Liabilities</b>	<b>Amount</b>	<b>Amount</b>	<b>Assets</b>	<b>Amount</b>	<b>Amount</b>
Closing Capital (bal.fig)		56400	Furniture		8000
Sundry Creditors		1520	Investment		8000
			Stock		24400
			Debtors		27200

				Cash in hand		1600
						2400
				Bills receivable		
			71600			71600

### Statement of Profit or Loss

Particular	Amount	Amount
Capital at the beginning of the year		33900
Add: Additional capital introduced *		16320
Less: Drawings		-3600
Profit / (Loss) during the year( Bal.fig)		9780
Capital at the end of the year		56400

**18. Mr. Girdhari Lal does not keep full double entry records. His balance as on January 01, 2006 is as.**

Liabilities	Amount	Assets	Amount
	Rs.		Rs.
Sundry	35,000	Cash in hand	5,000
creditors	15,000	Cash at bank	20,000
Bills payable	40,000	Sundry	18,000
Capital		debtors	22,000
		Stock	8,000
		Furniture	17,000
	90,000	Plant	90,000

**His position at the end of the year is :**

	<b>Rs.</b>
<b>Cash in hand</b>	<b>7,000</b>
<b>Stock</b>	<b>8,600</b>
<b>Debtors</b>	<b>23,800</b>
<b>Furniture</b>	<b>15,000</b>
<b>Plant</b>	<b>20,350</b>
<b>Bills payable</b>	<b>20,200</b>
<b>Creditors</b>	<b>15,000</b>

**He withdrew Rs. 500 per month out of which to spent Rs. 1,500 for business purpose. Prepare the statement of profit or loss.**

**Ans:** Statement of Affairs as on 31.03.17

Liabilities	Amount	Amount	Assets	Amount	Amount
Closing Capital (bal.fig)		39550	Furniture		15000
Bills Payable			Plant		20350
Sundry Creditors		20200	Stock		8600
		1500	Debtors		23800
			Cash in hand		7000
		74750			74750

### Statement of Profit or Loss

Particular	Amount	Amount
Capital at the beginning of the year		40000
Add: Additional capital introduced * 0		
Less: Drawings - (500*12)-1500		4500
Profit / (Loss) during the year( Bal.fig)		4050
Capital at the end of the		

year		39550
------	--	-------

**19. Mr. Ashok does not keep his books properly. Following information is available from his books.**

	<b>April. 01,</b>	<b>March.</b>
	<b>2016</b>	<b>31, 2017</b>
<b>Sundry creditors</b>	<b>45,000</b>	<b>93,000</b>
<b>Loan from wife</b>	<b>66,000</b>	<b>57,000</b>
<b>Sundry debtors</b>	<b>22,500</b>	<b>–</b>
<b>Land and Building</b>	<b>89,600</b>	<b>90,000</b>
<b>Cash in hand</b>	<b>7,500</b>	<b>8,700</b>
<b>Bank overdraft</b>	<b>25,000</b>	<b>–</b>
<b>Furniture</b>	<b>1,300</b>	<b>1,300</b>
<b>Stock</b>	<b>34,000</b>	<b>25,000</b>

**During the year Mr. Ashok sold his private car for Rs 50,000 and invested this amount into the business. He withdrew from the business Rs 1,500 per month upto October 31, 2016 and thereafter Rs 4,500 per month as drawings. You are required to prepare the statement of profit or loss and statement of affair as on March 31, 2017.**

**Ans:** Statement of Affairs as on 01.04.16

<b>Liabilities</b>	<b>Amount</b>	<b>Amount</b>	<b>Assets</b>	<b>Amount</b>	<b>Amount</b>
--------------------	---------------	---------------	---------------	---------------	---------------

Opening Capital (bal.fig)		189000	Land and Building		896700
Bank OD		25000	Furniture		1300
Loan		66000	Stock		34000
Sundry Creditors		45000	Debtors		22500
			Cash in Hand		7500
		154900			154900

Statement of Affairs as on 31.03.17

Liabilities	Amount	Amount	Assets	Amount	Amount
Loan		57000	Land and building		90000
Sundry Creditors		93000	Furniture		1300
			Stock		25000
			Debtors		
			Cash in hand		8700
			Closing Capital (bal.fig)		25000

		150000			150000
--	--	--------	--	--	--------

### Statement of Profit or Loss

Particular	Amount	Amount
Capital at the beginning of the year		18900
Add: Additional capital introduced		50000
Less: Drawings *		-33000
Profit / (Loss) during the year( Bal.fig)		-60900
Capital at the end of the year		25000

**20. Krishna Kulkarni has not kept proper books of accounts prepare the statement of profit or loss for the year ending December 31, 2011 from the following information:**

<b>April. 01,</b>  <b>31,</b>	<b>March.</b>  <b>2016 Rs                      2017Rs</b>
-------------------------------------	---



<b>Cash in hand</b>	<b>10,000</b>	<b>36,000</b>
<b>Debtors</b>	<b>20,000</b>	<b>80,000</b>
<b>Creditors</b>	<b>10,000</b>	<b>46,000</b>
<b>Bills receivable</b>	<b>20,000</b>	<b>24,000</b>
<b>Bills payable</b>	<b>4,000</b>	<b>42,000</b>
<b>Car</b>	<b>–</b>	<b>80,000</b>
<b>Stock</b>	<b>40,000</b>	<b>30,000</b>
<b>Furniture</b>	<b>8,000</b>	<b>48,000</b>
<b>Investment</b>	<b>40,000</b>	<b>50,000</b>
<b>Bank balance</b>	<b>1,00,000</b>	<b>90,000</b>

**The following adjustments were made:**

**(a) Krishna withdrew cash Rs 5,000 per month for private use.**

**(b) Depreciation @ 5% on car and furniture @10%.**

**(c) Outstanding Rent Rs 6,000.**

**(d) Fresh Capital introduced during the year Rs 30,000.**

**Ans:**

**Books of Krishna Kulkarni**

**Statement of Affairs as on April 01, 2016**

<b>Liabilities</b>	<b>Amount</b>	<b>Assets</b>	<b>Amount</b>
Creditors	10000	Cash in Hand	10000
Bills Payable	4000	Debtors	20000

Capital (Balancing figure)	224000	Bills Receivable	20000
		Stock	40000
		Furniture	8000
		Investment	40000
		Cast at Bank	100000
	238000		238000

Statement of Affairs as on March 31, 2017

Liabilities	Amount	Assets	Assets
Creditors	46000	Cash in Hand	36000
Bills Payable 42,000	42000	Debtors	80000
Outstanding Expenses	6000	Bills Receivable	24000
		Car	80,000
		Less:	
		Depreciation	
		5%	<u>(4,000)</u>
			76000
Capital (Balancing	335200	Stock	30000
		Furniture	48,000
		Less:	
		Depreciation	

		10%	<u>4,800</u>	43200
		Investment		50000
		Cash at Bank		90000
	429200			<u>429200</u>

### Statement of Profit and Loss

Particular	Amount
Capital on March 31, 2017	335200
Add: Drawings made during the year (Rs 5,000 × 12 months)	60000
Less: Capital on April 01, 2016	224000
Less: Fresh capital introduced during the year	30000
Profit earned during the year 2017	<u>141200</u>

**21. M/s Saniya Sports Equipment does not keep proper records. From the following information find out profit or loss and also prepare balance sheet for the year ended.**

	March 31,	April.
31,		
Rs	2016 Rs	2017
Cash in hand	6,000	24,000

<b>Bank overdraft</b>	<b>30,000</b>	<b>–</b>
<b>Stock</b>	<b>50,000</b>	<b>80,000</b>
<b>Sundry creditors</b>	<b>26,000</b>	<b>40,000</b>
<b>Sundry debtors</b>	<b>60,000</b>	<b>1,40,000</b>
<b>Bills payable</b>	<b>6,000</b>	<b>12,000</b>
<b>Furniture</b>	<b>40,000</b>	<b>60,000</b>
<b>Bills receivable</b>	<b>8,000</b>	<b>28,000</b>
<b>Machinery</b>	<b>50,000</b>	<b>1,00,000</b>
<b>Investment</b>	<b>30,000</b>	<b>80,000</b>

**Drawing Rs 10,000 p.m. for personal use, fresh capital introduce during the year Rs 2,00,000. A bad debts of Rs2,000 and a provision of 5% is to be made on debtors outstanding salary Rs 2,400, prepaid insurance Rs 700, depreciation charged on furniture and machine @ 10% p.a.**

**Ans:** Statement of Affairs as on 01.04.16

<b>Liabilities</b>	<b>Amount</b>	<b>Amount</b>	<b>Assets</b>	<b>Amount</b>	<b>Amount</b>
Opening Capital		182000	Furniture		40000
(bal.fig)			Machinery		50000
Bank OD		30000	Investment		30000
Bills payable		60000	Stock		
Sundry Creditors		26000	Bills receivable		50000
			Debtors		8000
			Cash in hand		60000

			Cash at Bank		6000
		244000			244000

Statement of Affairs as on 31.03.17

Liabilities	Amount	Amount	Assets	Amount	Amount
Closing Capital (Bal.fig)		433400	Furniture	60000	
Bills payable		12000	Less:		
Sundry Creditors		40000	Depreciation @		
Outstanding Salary		2400	10%	6000	54000
			Machinery	100000	
			Less:		
			Depreciation @	10000	90000
			10%		
			Investment		80000
			Stock		80000
			Bills receivable		28000
			Debtors	14000	
			Less: Bad debts	2000	

			Less: Provision for bad debts	6900	131100
			Cash in hand		24000
			Cash at bank		
			Prepaid Insurance		700
		487800			487800

### Statement of Profit or Loss

Particular	Amount	Amount
Capital at the beginning of the year		182000
Add: Additional capital introduced		200000
Less: Drawings (10000*12)		-120000
Profit / (Loss) during the year( Bal.fig		171400

Capital at the end of the year		
		433400

**22. From the following information calculate the amount to be paid to creditors:**

	Rs.
<b>Sundry creditors as on March 31, 2005</b>	<b>1,80,425</b>
<b>Discount received</b>	<b>26,000</b>
<b>Discount allowed</b>	<b>24,000</b>
<b>Return outwards</b>	<b>37,200</b>
<b>Return inward</b>	<b>32,200</b>
<b>Bills accepted</b>	<b>1,99,000</b>
<b>Bills endorsed to creditors</b>	<b>26,000</b>
<b>Creditors as on April 01, 2006</b>	<b>2,09,050</b>
<b>Total purchases</b>	<b>8,97,000</b>
<b>Cash purchases</b>	<b>1,40,000</b>

**Ans:** Amount to be paid to creditors

<b>Liabilities</b>	<b>Amount</b>	<b>Amount</b>	<b>Assets</b>	<b>Amount</b>	<b>Amount</b>
To Returns outward		37200	Balance b/d By Credit		209050

To Discount Received		26000	Purchases (897000-140000)		
To Bills accepted		199000			757000
To B/R (endorsed to creditors)		26000			
To Balance c/d		180425			
To Cash /Bank (bal.fig)		497425			
		<u>966050</u>			<u>966050</u>

**23. Find out the credit purchases from the following:**

	<b>Rs.</b>
<b>Balance of creditors April 01, 2004</b>	<b>45,000</b>
<b>Balance of creditors March 31, 2005</b>	<b>36,000</b>
<b>Cash paid to creditors</b>	<b>1,80,000</b>
<b>Cheque issued to creditors</b>	<b>60,000</b>
<b>Cash purchases</b>	<b>75,000</b>
<b>Discount received from creditors</b>	<b>5,400</b>
<b>Discount allowed</b>	<b>5,000</b>
<b>Bills payable given to creditors</b>	<b>12,750</b>
<b>Return outwards</b>	<b>7,500</b>



<b>Bills payable dishonoured</b>	<b>3,000</b>
<b>Bills receivable endorsed to creditors</b>	<b>4,500</b>
<b>Bills receivable endorsed to creditors dishonoured</b>	<b>1,800</b>
<b>Return inwards</b>	<b>3,700</b>

**Ans:** To compute credit purchases

<b>Liabilities</b>	<b>Amount</b>	<b>Amount</b>	<b>Assets</b>	<b>Amount</b>	<b>Amount</b>
To Returns outward		7500	Balance b/d		45000
To Discount received		5400	By Bills Payable dishonoured		3000
To Bills accepted		12750	By B/R endorsed dishonoured		1800
To B/R (endorsed to creditors)		4500	By Credit Purchases (bal.fig)		256350
To Cash					
To Bank		180000			
To Balance c/d		60000			
		36000			
		<hr/>			<hr/>
		306150			306150

**24. From the following information calculate total purchases.**

	<b>Rs.</b>
<b>Creditors Jan. 01, 2005</b>	<b>30,000</b>
<b>Creditors Dec. 31, 2005</b>	<b>20,000</b>
<b>Opening balance of Bills payable</b>	<b>25,000</b>
<b>Closing balance of Bills payable</b>	<b>35,000</b>
<b>Cash paid to creditors</b>	<b>1,51,000</b>
<b>Bills discharged</b>	<b>44,500</b>
<b>Cash purchases</b>	<b>1,29,000</b>
<b>Return outwards</b>	<b>6,000</b>

**Ans:** Creditors A/c

<b>Liabilities</b>	<b>Amount</b>	<b>Amount</b>	<b>Assets</b>	<b>Amount</b>	<b>Amount</b>
To Returns		6000	Balance b/d		30000
Outward			By Bills Payable		
To Discount		54500	Dishonoured		
Received			By B/R		
To Bills		151000	endorsed		
accepted			dishonoured		
To B/R			By Credit		201500
(endorsed			Purchases		
to creditors)		20000	(bal.fig)		

To Cash		231500			231500
---------	--	--------	--	--	--------

### Bills Payable A/c

Particular	Amount	Amount	Particular	Amount	Amount
To Cash (Bills discharged)		44500	Balance b/d		25000
To Balance c/d		35000	By Creditors (Bills accepted)		54500
			(Balancing figure)		
		79500			79500

<b>25.</b>	<b>Rs.</b>
<b>Opening creditors</b>	<b>60,000</b>
<b>Cash paid to creditors</b>	<b>30,000</b>
<b>Closing creditors</b>	<b>36,000</b>
<b>Returns Inward</b>	<b>13,000</b>
<b>Bill matured</b>	<b>27,000</b>
<b>Bill dishonoured</b>	<b>8,000</b>
<b>Purchases return</b>	<b>12,000</b>
<b>Discount allowed</b>	<b>5,000</b>

**Calculate credit purchases during the year.**

**Ans:**

**Creditors A/c**

Particular	Amount	Amount	Particular	Amount	Amount
To Purchase		12000	Balance b/d		60000
return			By Bills Payable		8000
To Bills accepted		27000	dishonoured		
To Cash		30000	By Credit Purchases		37000
To Balance c/d		36000			
		<u>105000</u>			<u>105000</u>

**26. From the following, calculate the amount of bills accepted during the year.**

**Rs.**

**Bills payable as on April 01, 2005** **1,80,000**

**Bills payable as on March 31, 2006** **2,20,000**

**Bills payable dishonoured during the year** **28,000**

**Bills payable honoured during the year** **50,000**

**Ans:**

**Bills Payable A/c**

Particular	Amount	Amount	Particular	Amount	Amount
To Cash (Bills discharged)		50000	Balance b/d		180000
			By Creditors		

To Creditors(Bills dishonoured)		28000	(Bills accepted)		118000
To Balance c/d		22000	(Balancing figure)		
		298000			<del>298000</del>

**27. Find out the amount of bills matured during the year on the basis of information given below:**

	<b>Rs.</b>
<b>Bills payable dishonoured</b>	<b>37,000</b>
<b>Closing balance of Bills payable</b>	<b>85,000</b>
<b>Opening balance of Bills payable</b>	<b>70,000</b>
<b>Bills payable accepted</b>	<b>90,000</b>
<b>Cheque dishonoured</b>	<b>23,000</b>

**Ans:** Bills Payable A/c

<b>Particular</b>	<b>Amount</b>	<b>Amount</b>	<b>Particular</b>	<b>Amount</b>	<b>Amount</b>
To Creditors (Bills dishonoured)		37000	Balance b/d		70000
To Balance c/d		85000	By Creditors (Bills accepted)		90000
To Cash (Bills)		38000			

discharged) bal.fig					
		160000			160000

**28. Prepare the bills payable account from the following and find out missing figure if any:**

	Rs.
<b>Bills accepted</b>	<b>1,05,000</b>
<b>Discount received</b>	<b>17,000</b>
<b>Purchases returns</b>	<b>9,000</b>
<b>Return inwards</b>	<b>12,000</b>
<b>Cash paid to accounts payable</b>	<b>50,000</b>
<b>Bills receivable endorsed to creditor</b>	<b>45000</b>
<b>Bills dishonoured</b>	<b>17,000</b>
<b>Bad debts</b>	<b>14,000</b>
<b>Balance of accounts payable (closing)</b>	<b>85,000</b>
<b>Credit purchases</b>	<b>2,15,000</b>

**Ans:** Bills Payable A/c

Particular	Amount	Amount	Particular	Amount	Amount
To Creditors (Bills		17000	By Creditors (Bills accepted)		105000

dishonoured)					
To Cash /Bank		88000			
(Bal.fig)					
		105000			105000

**29. Calculate the amount of bills receivable during the year.**

**Rs.**

<b>Opening balance of bills receivable</b>	<b>75,000</b>
<b>Bill dishonoured</b>	<b>25,000</b>
<b>Bills collected (honoured)</b>	<b>1,30,000</b>
<b>Bills receivable endorsed to creditors</b>	<b>15,000</b>
<b>Closing balance of bills receivable</b>	<b>65,000</b>

**Ans:** Bills Receivable A/c

<b>Particular</b>	<b>Amount</b>	<b>Amount</b>	<b>Particular</b>	<b>Amount</b>	<b>Amount</b>
To Balance b/d		75000	By Cash (Bills collected)		130000
To Debtors (Bills receivable received)		160000	By Creditors (Endorsed)		15000
			By Debtors (bills dishonoured)		25000

			By Balance c/d		65000
		235000			235000

**30. From the details given below, find out the credit sales and total sales.**

	<b>Rs.</b>
<b>Opening debtors</b>	<b>45,000</b>
<b>Closing debtors</b>	<b>56,000</b>
<b>Discount allowed</b>	<b>2,500</b>
<b>Sales returns</b>	<b>8,500</b>
<b>Irrecoverable amount</b>	<b>4,000</b>
<b>Bills receivables received</b>	<b>12,000</b>
<b>Bills receivable dishonoured</b>	<b>3,000</b>
<b>Cheque dishonoured</b>	<b>7,700</b>
<b>Cash sales</b>	<b>80,000</b>
<b>Cash received from debtors</b>	<b>2,30,000</b>
<b>Cheque received from debtors</b>	<b>25,000</b>

**Ans:** Bills Receivable A/c

<b>Particular</b>	<b>Amount</b>	<b>Amount</b>	<b>Particular</b>	<b>Amount</b>	<b>Amount</b>
To Balance b/d		120000	By Cash (Bills collected)		185000
To Debtors (Bills		150000	By Creditors		22800



receivable received)			(Endorsed)		
			By Debtors		11500
			(bills dishonoured)		50700
			By Balance c/d		
		270000			270000

<b>31.</b>	<b>Rs.</b>
<b>Opening balance of debtors</b>	<b>1,80,000</b>
<b>Opening balance of bills receivable</b>	<b>55,000</b>
<b>Cash sales made during the year</b>	<b>95,000</b>
<b>Credit sales made during the year</b>	<b>14,50,000</b>
<b>Return inwards</b>	<b>78,000</b>
<b>Cash received from debtors</b>	<b>10,25,000</b>
<b>Discount allowed to debtors</b>	<b>55,000</b>
<b>Bills receivable endorsed to creditors</b>	<b>60,000</b>
<b>Cash received (bills matured)</b>	<b>80,500</b>
<b>Irrecoverable amount</b>	<b>10,000</b>
<b>Closing balance of bills receivable on Dec. 31, 2005</b>	<b>75,500</b>

**Ans:** Debtors A/c

Particular	Amount	Amount	Particular	Amount	Amount
To Balance b/d		45000	By Discount		2500
To Bills receivable		3000	allowed		
(dishonoured)			By Sales returns		8500
To Bank (cheque dishonoured)		7700	By Bad debts		4000
To Credit sales			By Bills receivable (received)		12000
A/c (Bal.fig)		282300	By Cash		230000
			By Bank		25000
			By Balance c/d		56000
		338000			338000

TOTAL SALES = CASH SALES + CREDIT SALES

=80000+282300

=362300

**32. From the following information, prepare the bills receivable account and total debtors account for the year ended December 31, 2005.**

<b>Opening balance of debtors</b>	<b>1,80,000</b>
<b>Opening balance of bills receivable</b>	<b>55,000</b>
<b>Cash sales made during the year</b>	<b>95,000</b>

<b>Credit sales made during the year</b>	<b>14,50,000</b>
<b>Return inwards</b>	<b>78,000</b>
<b>Cash received from debtors</b>	<b>10,25,000</b>
<b>Discount allowed to debtors</b>	<b>55,000</b>
<b>Bills receivable endorsed to creditors</b>	<b>60,000</b>
<b>Cash received (bills matured)</b>	<b>80,500</b>
<b>Irrecoverable amount</b>	<b>10,000</b>
<b>Closing balance of bills receivable on Dec. 31, 2005</b>	<b>75,500</b>

**Ans:**

Debtors A/c

<b>Particular</b>	<b>Amount</b>	<b>Amount</b>	<b>Particular</b>	<b>Amount</b>	<b>Amount</b>
To Balance b/d		180000	By Discount		55000
To Credit sales A/c		1450000	allowed		
			By Sales		78000
			returns		
			By Bad debts		10000
			By Bills		161000
			receivable		
			(received)		
			By Cash /Bank		1025000
			By Balance c/d		301000
			(bal.fig)		

		<del>1630000</del>			<del>1630000</del>
--	--	--------------------	--	--	--------------------

**Bills Receivable A/c**

<b>Particular</b>	<b>Amount</b>	<b>Amount</b>	<b>Particular</b>	<b>Amount</b>	<b>Amount</b>
To Balance b/d		55000	By Cash (Bills collected)		80500
To Debtors (Bills receivable received)		161000	By Creditors (Endorsed)		60000
			By Balance c/d		75500
		216000			216000

**33. Prepare the suitable accounts and find out the missing figure if any.**

	<b>Rs.</b>
<b>Opening balance of debtors</b>	<b>14,00,000</b>
<b>Opening balance of bills receivable</b>	<b>7,00,000</b>
<b>Closing balance of bills receivable</b>	<b>3,50,000</b>
<b>Cheque dishonoured</b>	<b>27,000</b>
<b>Cash received from debtors</b>	<b>10,75,000</b>
<b>Cheque received and deposited in the bank</b>	<b>8,25,000</b>
<b>Discount allowed</b>	<b>37,500</b>

<b>Irrecoverable amount</b>	<b>17,500</b>
<b>Returns inwards</b>	<b>28,000</b>
<b>Bills receivable received from customers</b>	<b>1,05,000</b>
<b>Bills receivable matured</b>	<b>2,80,000</b>
<b>Bills discounted</b>	<b>65,000</b>
<b>Bills endorsed to creditors</b>	<b>70,000</b>

**Ans:** Debtors A/c

<b>Particular</b>	<b>Amount</b>	<b>Amount</b>	<b>Particular</b>	<b>Amount</b>	<b>Amount</b>
To Balance b/d		1400000	By Discount allowed		37500
To Bank (Cheque dishonoured)		27000	By Sales returns		28000
To Bills receivable (bills dishonoured)		40000	By Bad debts		17500
To Credit sales A/c (bal.fig)			By Bills receivable		105000
			By Cash		1075000
			By Bank		825000
		621000			
		2088000			2088000

Bills Receivable A/c

Particular	Amount	Amount	Particular	Amount	Amount
To Balance b/d		700000	By Cash (Bills collected)		280000
To Debtors (Bills receivable received)		105000	By Bank (discounted)		65000
			By creditors (endorsed)		70000
			By debtors (bills dishonoured)		40000
			By Balance c/d		350000
		805000			805000

**34. From the following information ascertain the opening balance of sundry debtors and closing balance of sundry creditors.**

	Rs.
<b>Opening stock</b>	<b>30,000</b>
<b>Closing stock</b>	<b>25,000</b>
<b>Opening creditors</b>	<b>50,000</b>

<b>Closing debtors</b>	<b>75,000</b>
<b>Discount allowed by creditors</b>	<b>1,500</b>
<b>Discount allowed to customers</b>	<b>2,500</b>
<b>Cash paid to creditors</b>	<b>1,35,000</b>
<b>Bills payable accepted during the period</b>	<b>30,000</b>
<b>Bills receivable received during the period</b>	<b>75,000</b>
<b>Cash received from customers</b>	<b>2,20,000</b>
<b>Bills receivable dishonoured</b>	<b>3,500</b>
<b>Purchases</b>	<b>2,95,000</b>
<b>The rate of gross profit is 25% on selling price and out of the total sales</b>	
<b>Rs. 85,000 was for cash sales.</b>	

**Ans:**

Sundry Debtors A/c

<b>Particular</b>	<b>Amount</b>	<b>Amount</b>	<b>Particular</b>	<b>Amount</b>	<b>Amount</b>
To Balance b/d (bal.fig)		54000	By Discount allowed		2500
To Bills receivable (bills dishonoured)		3500	By Bills receivable (received)		75000
To Credit sales A/c (WN 1)		315000	By Cash		220000
			By Balance c/d		75000

		372000			372000
--	--	--------	--	--	--------

Sundry Creditors A/c

Particular	Amount	Amount	Particular	Amount	Amount
To Discount received		1500	Balance b/d		50000
To Bills accepted		30000	By Credit		295000
To Cash			Purchases		
To Balance c/d		135000			
(bal.fig)		178500			
		345000			345000

WN1 : To know credit sale

Total Sales = Cash

Sales + Credit Sales

Total Sales = 85000+ Credit sales If Profit is 25% on SP , then cost of goods sold is 75%

Cost of goods sold = (Opening stock +purchases- closing stock)

= (30000+295000- 25000)

= 300000



If Cost of goods sold is 75 % = 300000 Then , 100 %

=  $300000/75 \times 100$  Sales (100 % )

= 400000

Credit Sales = Total sales - Cash sales

= 400000-85000

= 315000

35. Mrs. Bhavana keeps his books by Single Entry System. You're required to prepare final accounts of her business for the year ended December 31, 2005. Her records relating to cash receipts and cash payments for the above period showed the following particulars :

**Ans:**

Summary of Cash

Receipts	Amount	Payment	Amount
Opening balance of cash	12000	Paid to creditors	53000
	20000	Business expenses	12000
Further capital	120000	Wage paid Bhavana's	30000
Received from debtors		drawing	15000
		Dec. 31,2005 Cash in hand	7000
	152000		152000

Bills Payable A/c

Particular	Amount	Amount	Particular	Amount	Amount
To Cash (Bills discharged)		44500	Balance b/d		25000
To Balance c/d		35000	By Creditors (Bills accepted)		54500
			(Balancing figure)		
		79500			79500

Sundry Debtors A/c

Particular	Amount	Amount	Particular	Amount	Amount
To Balance b/d		55000	By Cash		120000
To Credit sales		15000	By Balance c/d		85000
A/c (bal.fig)		205000			205000

Sundry Creditors A/c

Particular	Amount	Amount	Particular	Amount	Amount
To Cash		53000	Balance b/d		22000
To Balance c/d		29000	By Credit Purchases		60000

			(bal.fig)		
		82000			82000

Statement of Affairs as on 01.04.16

Liabilities	Amount	Amount	Assets	Amount	Amount
Opening Capital		500000	Land& buildings		25000
(bal.fig)			Plant		100000
Sundry Creditors		22000	Machinery		50000
			Investment		20000
			Stock		35000
			Debtors		55000
			Cash in hand		12000
		522000			522000

Trading Account for the year ended 31.03.2017

Particular	Amount	Amount	Particular	Amount	Amount
Opening Stock		35000	Sales		150000
Purchases		60000	Closing stock		70000
Wages paid		30000			
Gross profit		95000			
		220000			220000

Profit & Loss account for the year ended 31.03.2017

Particular	Amount	Amount	Particular	Amount	Amount
Business expenses		12000	Gross Profit		95000
Depreciation on Plant @ 10%	10000				
Building @ 10%	25000				
Machinery @ 5%	2500	37500			
Provision for bad debts		4250			
Net Profit		41250			
		95000			95000

Statement of Affairs as on 31.03.17

Liabilities	Amount	Amount	Assets	Amount	Amount
Capital	500000		Land & Building	250000	
Add: Further capital	20000		Less: Depreciation @ 10%	25000	
Add: Net profit	41250			50000	225000

Less:	15000		Machinery		
Drawings		546250	Less:	2500	
Sundry			Depreciation		47500
Creditors		29000	@ 5%	100000	
			Plant		
			Less:	10000	
			Depreciation		90000
			@ 10%		
			Investment		20000
			Stock		70000
			Debtors	85000	
			Less: Provision	-4250	
			for bad debts		80750
			Cash		7000
			Bank		3500
					575250
		575250			