

+2 Accountancy Solution

IV. Exercises:

1. From the following particulars ascertain profit or loss:

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

Ans.

Statement of Profit or Loss

Particulars	₹
Closing capital	8,50,000
(+) Drawings	70,000
	9,20,000
(-) Additional capital	1,20,000
Adjusted capital	8,00,000
(-) Opening capital	5,00,000
Profit	3,00,000

2. From the following particulars ascertain profit or loss:

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

Ans.

Statement of Profit or Loss

Particulars	₹
Closing capital	1,80,000
(+) Drawings	50,000
	2,30,000
(-) Additional capital	40,000
Adjusted capital	1,90,000
(-) Opening capital	2,20,000
Loss	30,000

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

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

Ans.

Statement of Profit or Loss

Particulars	₹
Closing capital	80,000
(+) Drawings	15,000
	95,000
(-) Additional capital	30,000
Adjusted capital	65,000
(-) Opening capital	90,000
Loss	25,000

4. From the following details, calculate the capital as on 31st December 2018.

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Goods withdrawn for personal use by the owner	30,000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

Ans.

Statement of Profit or Loss

Particulars	₹
Closing capital	1,45,000
(+) Drawings	30,000
	1,75,000

(-) Additional capital	15,000
Adjusted capital	1,60,000
(-) Opening capital	1,00,000
Profit	60,000

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

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

Ans.

Statement of Profit or Loss

Particulars	₹
Closing capital	50,000
(+) Drawings	5,000
	55,000
(-) Additional capital	7,000
Adjusted capital	48,000
(-) Opening capital	40,000
Profit	8,000

6. Following are the balances in the books of Thomas as on 31st March 2019.

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

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

Statement of affairs

Liabilities	₹	Assets	₹
Creditors	6,00,000	Cash	20,000
Bills payable	1,20,000	Bills Receivable	60,000
Capital	2,80,000	Stock	2,20,000
		Furniture	80,000
		Land and Building	3,00,000
		Debtors	3,80,000
	10,00,000		10,00,000

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

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

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

Ans.

Statement of affairs

Liabilities	₹	Assets	₹
Bank overdraft	50,000	Debtors	1,80,000
Creditors	90,000	Bills receivable	70,000
Bills Payable	2,40,000	Computer	30,000
Capital	4,20,000	Machinery	3,00,000
		Stock-in-trade	1,60,000
		Cash	60,000
	8,00,000		8,00,000

Statement of Profit or Loss

Particulars	₹
Closing capital	4,20,000
(+) Drawings	30,000
	4,50,000
(-) Additional capital	40,000
Adjusted capital	4,10,000
(-) Opening capital	1,20,000
Profit	2,90,000

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

Particulars	1.1.2018 ₹	31.12.2018 ₹
Cash at bank	80,000	90,000
Stock of goods	1,80,000	1,40,000
Debtors	90,000	2,00,000
Sundry creditors	1,30,000	1,95,000

Bank Loan	60,000	60,000
Bills payable	80,000	45,000
Plant and machinery	1,70,000	1,70,000

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

Ans.

Statement of Affairs

Liabilities	1.1.2018	31.12.2018	Assets	1.1.2018	31.12.2018
Creditors	1,30,000	1,95,000	Cash at bank	80,000	90,000
Loan	60,000	60,000	Stock	1,80,000	1,40,000
Bills payable	80,000	45,000	Debtors	90,000	2,00,000
Capital	2,50,000	3,00,000	Plant and Machinery	1,70,000	1,70,000
	5,20,000	6,00,000		5,20,000	6,00,000

Statement of Profit or Loss

Particulars	₹
Closing capital	3,00,000
(+) Drawings	30,000
	3,30,000
(-) Additional capital	50,000
Adjusted capital	2,80,000
(-) Opening capital	2,50,000
Profit	30,000

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

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

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

Ans.

Statement of Affairs

Liabilities	31.3.2018	31.3.2019	Assets	31.3.2018	31.3.2019
Bank		60,000	Bank	5,000	
Creditors	1,70,000	1,30,000	Cash	3,000	4,500
			Stock	35,000	45,000
			Debtors	1,00,000	85,500
Capital	1,93,000	1,57,000	Plant and Machinery	80,000	72,000
			Land and Buildings	1,40,000	1,40,000
	3,63,000	3,47,000		3,63,000	3,47,000

Statement of Profit or Loss

Particulars	₹
Closing capital	1,57,000
(+) Drawings	60,000
	2,17,000
(-) Additional capital	17,000
Adjusted capital	2,00,000
(-) Opening capital	1,93,000
Profit	7,000

10. Find out credit sales from the following information:

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

Ans.

Dr.	Total / Sundry debtors Account		Cr.
Particulars	₹	Particulars	₹
To Balance b/d	1,00,000	By Cash received	2,30,000
To cr. sales (B/F)	2,80,000	By Disc. allow	5,000
		By Return inward	25,000
		By Balance c/d	1,20,000
	3,80,000		3,80,000

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

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

Ans.

Total / Sundry debtors Account			
Dr.			Cr.
Particulars	₹	Particulars	₹
To Balance b/d	1,30,000	By Cash received	4,20,000
To cr. sales (B/F)	5,40,000	By Sales return	35,000
		By Bad debts	15,000
		By Balance c/d	2,00,000
	6,70,000		6,70,000

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

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

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

Ans.

Total / Bills Receivable Account			
Dr.			Cr.
Particulars	₹	Particulars	₹
To Balance b/d	1,40,000	By Cash receivable	3,90,000
To B/R	4,80,000	By Debtors A/c (dishonoured)	30,000
(Bal Fig)		By Balance c/d	2,00,000
	6,20,000		6,20,000

13. From the following particulars, calculate total sales.

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

Ans.

Dr.		Bills Receivable Account		Cr.	
Particulars	₹	Particulars	₹		
To Balance b/d	60,000	By Cash receivable	1,60,000		
To B/R recd	2,05,000	By Debtors A/c	15,000		
		By Balance c/d	90,000		
	2,65,000		2,65,000		

Dr.		Debtors A/c		Cr.	
Particulars	₹	Particulars	₹		
To Balance b/d	2,50,000	By Cash received	7,25,000		
To Bills dishonoured	15,000	By Bad debts	30,000		
To Cr. Sales	9,85,000	By Return inward	50,000		
		By Balance c/d	2,40,000		
		By Bill Receivable	2,05,000		
	12,50,000		12,50,000		

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

14. From the following details, calculate credit purchases.

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

Ans.	Dr.	Total/Sundry Creditors Account		Cr.
	Particulars	₹	Particulars	₹
	To Purchase returns	20,000	By Balance b/d	1,70,000
	To Cash paid	4,50,000	By Cr. purchase	4,90,000
	To Balance c/d	1,90,000		
		6,60,000		6,60,000

15. From the following particulars calculate total purchases.

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

Ans.

Dr.	Bills Payable Account		Cr.
Particulars	₹	Particulars	₹
To Cash	30,000	To Balance b/d	25,000
To Balance c/d	20,000	By Bills payable (B/F)	25,000
	50,000		50,000

Dr.	Total Creditors Account		Cr.
Particulars	₹	Particulars	₹
To Cash paid	1,20,000	By Balance b/d	30,000
To purchase return	15,000	By cr. purchase	1,55,000
To Balance c/d	25,000		
To Bills payable	25,000		
	1,85,000		1,85,000

Total Purchases = Credit Purchase + Cash Purchase

Total Purchases = 1,55,000 + 2,25,000

= Rs. 3,80,000

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

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

Ans. Dr. **Bills Receivable A/c** Cr.

Particulars	₹	Particulars	₹
To Balance b/d	30,000	By cash received	60,000
To Bills Received	42,000	By Balance c/d	8,000
		By Debtors	4,000
	72,000		72,000

Dr. **Total debtors A/c** Cr.

Particulars	₹	Particulars	₹
To Balance b/d	2,40,000	By Cash	6,00,000
To Debtors	4,000	By Discount allowed	25,000
To Cr. Sales	6,59,000	By Bad debts	16,000
		By Balance c/d	2,20,000
		By B/R	42,000
	9,03,000		9,03,000

Dr. **Bills Payable A/c** Cr.

Particulars	₹	Particulars	₹
To Cash paid	30,000	To Balance b/d	10,000
To Balance c/d	20,000	To Creditors A/c	40,000
	50,000		50,000

Dr.		Total Creditors A/c		Cr.	
Particulars	₹	Particulars	₹		
To Cash paid	3,20,000	By Balance b/d	1,20,000		
To Discount	10,000	By Cr. purchase	4,00,000		
To B/P	40,000				
To Balance c/d	1,50,000				
	5,20,000				5,20,000

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

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

Other details:

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

Ans. Dr. Total Debtors Account Cr.

Particulars	₹	Particulars	₹
To balance c/d	5,30,000	By discount allowed	25,000
To credit sales (B/F)	13,85,000	By cash received	12,50,000
		By balance c/d	6,40,000
	19,15,000		19,15,000

Dr. Total Creditors Account Cr.

Particulars	₹	Particulars	₹
To Discount received	35,000	By balance b/d	3,70,000
To Cash paid	11,00,000	By credit purchase (B/F)	11,85,000
To balance c/d	4,20,000		
	15,55,000		15,55,000

Dr. Trading Account for year ended 31st March 2019 Cr.

Particulars	₹	Particulars	₹
To Opening Stock	2,20,000	By Sales	
To Credit purchases	11,85,000	Cash: 20,000	
		Credit: 13,85,000	14,05,000
To Gross profit	1,60,000	By Closing Stock	1,60,000
	15,65,000		15,65,000

Dr. Profit/Loss Account for year ended 31st March 2019 Cr.

Particulars	₹	Particulars	₹
To Rent	1,20,000	By discount received	35,000
To discount allowed	25,000	By Gross profit	1,60,000
To Net profit	50,000		
	1,95,000		1,95,000

Balance Sheet as on 31st March 2019

Liabilities	₹	Assets	₹
Creditors	4,20,000	Closing Stock	1,60,000
Capital 5,20,000		Debtors	6,40,000
(+) Net Profit 50,000		Cash at bank	10,000
	5,70,000	Machinery	80,000
(-) Drawings 1,00,000	4,70,000		
	8,90,000		8,90,000

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

Dr. Cash Book Cr.

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

Other information:

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

Additional information:

	₹
Credit purchases	1,80,000
Credit sales	2,90,000
Opening capital	2,80,000
Depreciate furniture and fittings by 10% p.a.	

Ans.

Dr.		Total Debtors Account		Cr.
Particulars	₹	Particulars	₹	
To balance b/d	1,30,000	By cash received	3,40,000	
To credit sales	2,90,000	By balance c/d [B/F]	80,000	
	4,20,000		4,20,000	

Dr.		Trading Account for the year ended 31 st March 2019		Cr.
Particulars	₹	Particulars	₹	
To Opening Stock	1,10,000	By Sales:		
To purchases:		Cash — 3,60,000	6,50,000	
cash — 1,50,000	3,30,000	Credit sales — 2,90,000		
credit — 1,80,000		By closing stock	1,80,000	
To wages	70,000			
To Gross profit	3,20,000			
	8,30,000		8,30,000	

Dr.		Profit/Loss Account for the year ended 31 st March 2019		Cr.
Particulars	₹	Particulars	₹	
To Sundry expenses	1,27,000	By Gross profit	3,20,000	
To Depreciation	8,000			
To Net profit	1,85,000			
	3,20,000		3,20,000	

Balance Sheet as on 31st March 2019

Liabilities	₹	Assets	₹
Creditors	90,000	Cash	2,23,000
Capital — 2,80,000		Closing Stock	1,80,000
(+) Net profit — 1,85,000	4,65,000	Furniture and	
		Fitting — 80,000	72,000
		(-) Depreciation — 8,000	
		Debtors	80,000
	5,55,000		5,55,000

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

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

Other information for the year ending 31.12.2018 showed the following:

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

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

Statement of Affairs

Liabilities	₹	Assets	₹
Creditors	50,000	Land and building	2,40,000
Capital (B/F)	3,80,000	Stock	1,20,000
		Debtors	40,000
		Cash at Bank	30,000
	4,30,000		4,30,000

Dr.	Total Creditors Account		Cr.
Particulars	₹	Particulars	₹
To cash paid	6,00,000	By balance c/d	50,000
To balance b/d	45,000	By credit purchases (B/F)	6,25,000
To purchase return	30,000		
	6,75,000		6,75,000

Dr. Trading Account for the year ended 31 st December 2018		Cr.	
To Opening Stock	1,20,000	By closing stock	1,70,000
To wages	65,000	By sales - 7,70,000	7,45,000
		(-) Sales return - 25,000	
To credit purchases - 6,25,000			
(-) To purchases return - 30,000	5,95,000		
To Gross profit	1,35,000		
	9,15,000		9,15,000

Dr. Profit/Loss Account for the year ended 31 st December 2018		Cr.	
To carriage returns	7,500	By Gross profit	1,35,000
To Depreciation	12,000		
To Sundry expenses	28,000		
To Provision for Bad and doubtful debts	1,500		
To Net profit	86,000		
	1,35,000		1,35,000

Balance Sheet as on 31st December 2018

Liabilities	₹	Assets	₹
Creditors	45,000	Land & building 2,40,000	
		(-) Depreciation 12,000	2,28,000
Capital 3,80,000		Closing stock	1,70,000
(+) Net profit 86,000		Debtors (51,000 - 1,500)	50,000
4,66,000		Cash at Bank	53,000
(-) Drawing 10,000	4,56,000		
	5,01,000		5,01,000

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

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

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

Adjustments:

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

Ans.

Statement of Affairs as on 1st January 2018

Liabilities	₹	Assets	₹
Bank loan	45,000	Machinery	60,000
Creditors	25,000	Cash	25,000
Capital (B/F)	1,50,000	Debtors	70,000
		Stock	45,000
		Bills receivable	20,000
	2,20,000		2,20,000

Dr. Trading Account for the year ended 31st December 2018 Cr.

To Opening Stock	45,000	By sales:	
To purchases		Cash — 20,000	
Cash — 8,000		Credit — <u>1,80,000</u>	2,00,000
Credit — <u>52,000</u>	60,000	By closing stock	22,000
To wages	6,000		
To Gross profit	1,11,000		
	2,22,000		2,22,000

Dr. Profit/Loss Account for the year ended 31st December 2018 Cr.

To Depreciation	6,000	By Gross profit	1,11,000
To Provision for doubtful debt	1,000		
To Salaries	23,500		
To Advertisement	7,000		
To Interest on loan	4,500		
To Net profit	69,000		
	1,11,000		1,11,000

Balance Sheet as on 31st December 2018

Liabilities	₹	Assets	₹
Bank loan	45,000	Machinery	60,000
Credits	21,000	(-) Depreciation	<u>6,000</u>
		Cash	33,000
Capital	1,50,000	Debtors	1,00,000
(+) Net profit	<u>6,900</u>	(-) doubtful debt	<u>1,000</u>
	2,19,000	Closing Stock	22,000
(+) Additional capital	<u>21,000</u>	Bills receivable	38,000
	2,40,000		
(-) Drawing	<u>60,000</u>		
	1,80,000		
	<u>2,46,000</u>		<u>2,46,000</u>

ADDITIONAL QUESTIONS

I. Choose the correct answer.

1. Single entry system is

- (a) a scientific method
(c) None of these

(b) an incomplete double entry system

Ans. (b) an incomplete double entry system

2. Single entry system will not be accepted by

(a) Proprietor

(b) Partners

(c) Tax authorities

Ans. (c) Tax authorities

3. Single entry system capital is calculated.

(a) Capital = Assets – Liabilities

(b) Assets = Capital – Liabilities

(c) Capital = Assets + Liabilities

(d) Assets = Liabilities – Capital

Ans. (a) Capital = Assets – Liabilities

4. Credit Purchase is obtained from

(a) Total Debtors Accounts

(b) Total Creditors Account

(c) Statement of Affairs

Ans. (b) Total Creditors Account

5. Statement of Affairs is like a

(a) Trading Account

(b) Profit and Loss Account

(c) Balance Sheet

Ans. (c) Balance Sheet