

# Chapter 16 Accounts from Incomplete Records

## Single Entry System

Question 1.

Following information of an accounting year is given:

Opening Capital ₹ 60,000; Drawings ₹ 5,000; Capital added during the year ₹ 10,000 and Closing Capital ₹ 90,000. Calculate the Profit and Loss for the year.

Solution:

### Statement of Profit or Loss

Particulars	Rs.
Closing Capital	90,000
Add : Drawings	5,000
	95,000
Less : Additional Capital during the year	(10,000)
Adjusted Closing Capital	85,000
Less : Opening Capital	(60,000)
<b>Net Profit for the year</b>	<b>25,000</b>

Question 2.

Mayank does not keep proper records of his business, he gives you the following information:

Opening Capital – ₹ 1,00,000

Closing Capital – ₹ 1,25,000

Drawings during the year – ₹ 30,000

Capital added during the year – ₹ 37,500

Calculate the profit or loss for the year.

Solution:

### Statement of Profit or Loss

Particulars	Rs.
Closing Capital	1,25,000
Add : Drawings	30,000
	1,55,000
Less : Additional Capital during the year	(37,500)
Adjusted Closing Capital	1,17,500
Less : Opening Capital	(1,00,000)
<b>Net Profit for the year</b>	<b>17,500</b>

Question 3.

Capital of Ganesh Gupta in the beginning of the year was ₹ 70,000. During the year his business earned a profit of ₹ 20,000, he withdrew ₹ 7,000 for his persona use. He sold ornaments of his wife for ₹ 20,000, and invested that amount into the business. Find out his Capital at the end of the year.

Solution:

Capital at the end of the year = Capital in the beginning + Additional Capital + Profit – Drawings

$$= 70,000 + 20,000 + 20,000 - 7,000$$

$$= \text{Rs. } 1,03,000$$

Question 4.

Vikas maintains his books of account on Single Entry System. He provides following information from his books. Find out additional capital

introduced in the business during the year 2017-18.

Opening Capital – ₹ 1,30,000 ; Drawing during the year ₹ 50,000

Closing Capital – ₹ 2,00,000 ; Profit made during the year ₹ 1,00,000

Solution:

$$\text{Additional Capital} = \text{Closing Capital} + \text{Drawings} - (\text{Opening Capital} + \text{Profit}) = 2,00,000 + 50,000 - (1,30,000 + 1,00,000)$$

$$= 2,50,000 - 2,30,000 = \text{Rs. } 20,000$$

Question 5.

Mohan maintains books on Single Entry System. He gives you the following information:

Capital on 1st April, 2017 – ₹ 15,200

Capital on 31st March, 2018 – ₹ 16,900

Drawings made during the year – 4,800

Capital introduced on 1st August, 2017 – 2,000

You are required to calculate the Profit or Loss made by Mohan.

Solution:

**Statement of Profit or Loss**

Particulars	Rs.
Capital as on March 31, 2018	16,900
Add : Drawings	4,800
	21,700
Less : Additional Capital Introduced	(2,000)
Adjusted Capital as on March 31, 2018	19,700
Less : Capital as on April 01, 2017	(15,200)
<b>Profit made during the year 2017-18</b>	<b>4,500</b>

Question 6.

Mahesh who keeps his books on Single Entry System sells goods at Cost plus 50%. On 1st April, 2017 his Capital was ₹ 4,00,000 and on 31st March, 2018 it was ₹ 3,50,000. He had withdrawn ₹ 20,000 per month besides goods of the sale value of ₹ 60,000. How much did he earn in 2017-18?

Solution:

**Statement of Profit or Loss**

Particulars	Rs.
Capital as on March 31, 2018	3,50,000
Add : Drawings	2,80,000
	6,30,000
Less : Capital as on April 01, 2017	(4,00,000)
<b>Profit made during the year 2017-18</b>	<b>2,30,000</b>

Calculation For Cost of Goods Sold:

Sales = COGS + Profit

Cost of Goods Sold = 100

Gross Profit = 50

Sales = 150

Gross Profit =  $\frac{50}{150}$  or  $\frac{1}{3}$

Sales =  $60,000 \times \frac{1}{3} = 20,000$

COGS = Sales – Gross Profit =  $60,000 - 20,000 = 40,000$

Drawings = Cash + Cost of Goods Sold

Drawings =  $2,40,000 + 40,000 = 2,80,000$

Question 7.

Krishan started his business on 1st April, 2017 with a Capital of ₹ 1,00,000. On 31st March, 2018, his assets were :

Cash – ₹ 3,200

Stock – ₹ 34,800

Debtors – ₹ 31,000

Plant – ₹ 85,000

He owed ₹ 12,000 to sundry creditors and ₹ 10,000 to his brother on that date. He withdrew ₹ 2,000 per month for the private expenses. Ascertain his profit.

Solution:

**Statement of Affairs  
as on March 31, 2018**

Liabilities	Rs.	Assets	Rs.
Sundry Creditors	12,000	Cash	3,200
Brother's Loan	10,000	Stock	34,800
Capital (Balancing Fig.)	1,32,000	Debtors	31,000
		Plant	85,000
	<b>1,54,000</b>		<b>1,54,000</b>

**Statement of Profit or Loss  
For the year end March 31, 2018**

Particulars	Rs.
Capital as on March 31, 2018	1,32,000
Add : Drawings (Rs.2,000 × 12)	24,000
	1,56,000
Less : Capital as on April 01, 2017	(1,00,000)
<b>Profit made during the year 2017-2018</b>	<b>56,000</b>

Question 8.

Ram Prashad keeps his books on Single Entry System and from them and the particulars supplied, the following figures were gathered together on 31st March, 2018:

Book Debts ₹ 10,000; Cash in Hand ₹ 510; Stock-in-Trade (estimated) ₹ 6,000; Furniture and Fittings ₹ 1,200; Trade Creditors ₹ 4,000; Bank Overdraft ₹ 1,000; Ram Prashad stated that he started business on 1st April with cash ₹ 6000 paid into bank but stocks valued at ₹ 4,000. During the year he estimated his drawings to be ₹ 2,400. You are required to prepare the statement, showing the

profit for the year, after writing off 10% for Depreciation on Furniture and Fittings.

Solution:

**In the books of Ram Prashad**  
**Statement of Affairs**  
**As on March 31, 2018**

Liabilities	Rs.	Assets	Rs.
Trade Creditors	4,000	Book Debts	10,000
Bank Overdraft	1,000	Cash in Hand	510
Capital (Balancing Fig.)	12,590	Stock	6,000
		Furniture and Fittings	1,200
		Less : 10% Depreciation	(120)
	<b>17,590</b>		<b>1,080</b>
			<b>17,590</b>

**Statement of Affairs**  
**As on April 01, 2017**

Liabilities	Rs.	Assets	Rs.
Capital (Balancing Fig.)	10,000	Bank	6,000
		Stock	4,000
	<b>10,000</b>		<b>10,000</b>

**Statement of Profit or Loss**  
**For the year end March 31, 2018**

Particulars	Rs.
Capital as on March 31, 2017	12,590
Add : Drawings	2,400
	14,990
Less : Capital as on April 01, 2016	(10,000)
<b>Profit made during the year 2016-2017</b>	<b>4,990</b>

Question 9.

Shruti maintains her books of account from Incomplete Records. Her books provide the following information:

Particulars	1st April, 2015 (₹)	31st March, 2016 (₹)
Cash	1,200	1,600
Bills Receivable	...	2,400
Debtors	16,800	27,200
Stock	22,400	24,400
Investments	...	8,000
Furniture	7,500	8,000
Creditors	14,900	11,600

She with drew ₹ 500 per month for personal expenses. She sold her Investments of ₹ 16,000 at 5% premium and introduced the amount into business.

You are required to prepare a Statement of Profit or Loss for the year ending 31st March, 2016.

Solution:

**Books of Shruti**  
**Statement of Affairs**  
As on April 01, 2015

Liabilities	Rs.	Assets	Rs.
Creditors	14,900	Furniture	7,500
Capital (Balancing Fig.)	33,000	Stock	22,400
		Debtors	16,800
		Cash	1,200
	<b>47,900</b>		<b>47,900</b>

**Statement of Affairs**  
As on March 31, 2016

Liabilities	Rs.	Assets	Rs.
Sundry Creditors	11,600	Furniture	8,000
Capital (Balancing Fig.)	60,000	Stock	24,400
		Sundry Debtors	27,200
		Investment	8,000
		Cash	1,600
		Bills Receivables	2,400
		Investments	
	<b>71,600</b>		<b>71,600</b>

**Statement of Profit or Loss**  
*For the year end March 31, 2016*

Particulars	Rs.
Capital as on March 31, 2016	60,000
Add : Drawings	6,000
Less: Sold on Investment 5% premium	(16,800)
	49,200
Less : Capital as on April 01, 2015	(33,000)
<b>Profit made during the year 2015-2016</b>	<b>16,200</b>

Question 10.

Hari maintains her books of account on Single Entry System. His books provide the following information:

Particulars	1st April, 2017 (₹)	31st March, 2018 (₹)
Furniture	2,000	2,000
Stock	28,000	30,500
Sundry Debtors	21,000	34,000
Cash	1,500	2,000
Sundry Creditors	17,500	19,000
Bills Receivable	...	3,000
Loan	...	5,000
Investments	...	10,000

His drawings during the year were ₹ 5,000 Depreciate furniture by 10% and provide a reserve for Bad and Doubtful Debts at 10% on Sundry Debtors.

Prepare the statement showing the profits for the year.

Solution:

**Books of Hari**  
**Statement of Affairs**  
As on April 01, 2017

Liabilities	Rs.	Assets	Rs.
Sundry Creditors	17,500	Furniture	2,000
Capital (Balancing Fig.)	35,000	Stock	28,000
		Sundry Debtors	21,000
		Cash	1,500
	<b>52,500</b>		<b>52,500</b>

**Statement of Affairs**  
As on March 31, 2018

Liabilities	Rs.	Assets	Rs.
Sundry Creditors	19,000	Furniture	2,000
Loan	5,000	Less : 10% Depreciation	(200)
Capital (Balancing Fig.)	53,900	Stock	30,500
		Sundry Debtors	34,000
		Less : 10% Reserve for Doubtful Debts	(3,400)
		Cash	2,000
		Bills Receivables	3,000
		Investments	10,000
	<b>77,900</b>		<b>77,900</b>

**Statement of Profit or Loss**  
For the year end March 31, 2018

Particulars	Rs.
Capital as on March 31, 2018	53,900
Add : Drawings	5,000
	58,900
Less : Capital as on April 01, 2017	(35,000)
<b>Profit made during the year 2017-2018</b>	<b>23,900</b>

Question 11.

A commenced business on 1st April, 2017 with a capital of ₹ 10,000. He immediately bought Furniture and Fixtures for ₹ 2,000. On 1st October, 2017, he borrowed ₹ 5,000 from his wife @ 9% p.a. (interest not yet paid) and introduced a further capital of his own amounting to ₹ 1,500. A drew @ ₹ 300 per month at the end of each month for household expenses. On 31st March, 2018 his position was as follows:

Cash in Hand ₹ 2,800; Sundry Debtors ₹ 4,800; Stock ₹ 6,800; Bills Receivable ₹ 1,600; Sundry Creditors ₹ 500 and owing for Rent ₹ 150. Furniture and Fixtures to be depreciated by 10%.

Ascertain the profit or loss made by A during 2017-18.

Solution:

**Statement of Affairs**  
As on March 31, 2018

Liabilities	Rs.	Assets	Rs.
Wife's Loan	5,000	Furniture and Fixture	2,000
Add : Outstanding Interest (5,000×9%×6/12)	225	Less : 10% Depreciation	(200)
Sundry Creditors	500	Cash in Hand	2,800
Rent Outstanding	150	Sundry Debtors	4,800
Capital (Balancing Fig.)	11,925	Stock	6,800
	17,800	Bills Receivable	1,600
			17,800

**Statement of Profit or Loss**  
For the year end March 31, 2018

Particulars	Rs.
Capital as on March 31, 2018	11,925
Add : Drawings (Rs.300 ×12)	3,600
	15,525
Less : Additional Capital Introduced	(1,500)
Adjusted Capital as on March 31, 2018	14,025
Less : Capital as on April 01, 2017	(10,000)
<b>Profit made during the year 2017-2018</b>	<b>4,025</b>

Question 12.

Kuldeep, a general merchant, keeps his accounts on Single Entry System. He wants to know the results, of his business on 31st March, 2018 and for that following information is available:

Particulars	1st April, 2017 (₹)	31st March, 2018 (₹)
Cash in Hand	1,50,000	1,75,000
Bank Balance	7,50,000	8,00,000
Furniture	1,00,000	1,00,000
Stock	5,00,000	6,50,000
Creditors	3,50,000	4,00,000
Debtors	2,50,000	3,00,000

During the year, he had withdrawn ₹ 5,00,000 for his personal use and invested ₹ 2,50,000 as additional capital. Calculate his profits on 31st March, 2018 and prepare the Statement of Affairs as on that date.



Solution:

**Statement of Affairs**

As on April 01, 2017

Liabilities	Rs.	Assets	Rs.
Creditors	3,50,000	Cash in Hand	1,50,000
Capital (Balancing Fig.)	14,00,000	Bank Balance	7,50,000
		Furniture	1,00,000
		Stock	5,00,000
		Debtors	2,50,000
	<b>17,50,000</b>		<b>17,50,000</b>

**Statement of Affairs**

As on March 31, 2018

Liabilities	Rs.	Assets	Rs.
Creditors	4,00,000	Cash in Hand	1,75,000
Capital (Balancing Fig.)	16,25,000	Bank Balance	8,00,000
		Furniture	1,00,000
		Stock	6,50,000
		Debtors	3,00,000
	<b>20,25,000</b>		<b>20,25,000</b>

**Statement of Profit or Loss**  
For the year end March 31, 2018

Particulars	Rs.
Capital as on March 31, 2018	16,25,000
Add : Drawings	5,00,000
	21,25,000
Less : Additional Capital Introduced	(2,50,000)
Adjusted Capital as on March 31, 2018	18,75,000
Less : Capital as on April 01, 2017	(14,00,000)
<b>Profit made during the year 2017-2018</b>	<b>4,75,000</b>

Question 13.

Following information is supplied to you by a shopkeeper:

Particulars	1st April, 2017 (₹)	31st March, 2018 (₹)
Cash	6,000	7,000
Sundry Debtors	68,000	64,000
Stock	59,000	87,000
Furniture	15,000	13,500
Sundry Creditors	20,000	18,000
Bills Payable	15,000	11,000

During the year, he withdrew ₹ 2,500 per month for domestic purposes. He also borrowed from a friend at 9% a sum of ₹ 20,000 on 1st October, 2017. He has not yet paid the interest. A provision of 5% on debtors for doubtful debts is to be made.

Ascertain the profit or loss made by him during the period.



Solution:

**Statement of Affairs  
As on April 01, 2017**

Liabilities	Rs.	Assets	Rs.
Sundry Creditors	20,000	Cash	6,000
Bills Payable	15,000	Sundry Debtors	68,000
Capital (Balancing Fig.)	1,13,000	Stock	59,000
		Furniture	15,000
	<b>1,48,000</b>		<b>1,48,000</b>

**Statement of Affairs  
As on March 31, 2018**

Liabilities	Rs.	Assets	Rs.
Sundry Creditors	18,000	Cash	7,000
Bill Payable	11,000	Stock	87,000
9% Loan from Friend	20,000	Furniture	13,500
Add : Interest Outstanding (20,000 × 9% × 6/12)	900		
	20,900	Sundry Debtors	64,000
Capital (Balancing Fig.)	1,18,400	Less : 5% Provision for Doubtful Debts	(3,200)
	<b>1,68,300</b>		<b>60,800</b>
			<b>1,68,300</b>

**Statement of Profit or Loss  
For the year end March 31, 2018**

Particulars	Rs.
Capital as on March 31, 2018	1,18,400
Add : Drawings (Rs.2,500 × 12)	30,000
	1,48,400
Less : Capital as on April 01, 2017	(1,13,000)
<b>Profit made during the year 2017-2018</b>	<b>35,400</b>

Question 14.

Vikas is keeping his accounts according to Single Entry System. His capital on 31st December, 2015 was ₹ 2,50,000 and his capital on 31st December, 2016 was ₹ 4,25,000. He further informs you that during the year he gave a loan of ₹ 30,000 to his brother on private account and withdrew ₹ 1,000 per month for personal purposes. He used a flat for his personal purpose, the rent of which @ ₹ 1,800 per month and electricity charges at an average of 10% of rent per month were paid from the business account. During the year he sold his 7% Government Bonds of ₹ 50,000 at 1% premium and brought that money into the business.

Prepare a Statement of Profit or Loss for the year ended 31st December, 2016.

Solution:

**Statement of Profit or Loss**  
**For the year end December 31, 2016**

Particulars	Rs.
Capital as on December 31, 2016	4,25,000
Add : Drawings (Rs.1,000 × 12)	12,000
Add: Bank Loan	30,000
	4,67,000
Add: Paid Rent (Rs.1,800 × 12)	21,600
Add: Paid Electricity Charges (21,600 × 10%)	2,160
Less: Sold 7% Government Bonds (50,000 + 1% Premium)	(50,500)
	4,40,260
Less : Capital as on December 31, 2015	(2,50,000)
<b>Profit made during the year 2015-2016</b>	<b>1,90,260</b>

Question 15.

Manu started business with a capital of ₹ 4,00,000 on 1st October, 2005. He borrowed from his friend a sum of ₹ 1,00,000. He brought further ₹ 75,000 as capital on 31st March, 2006, his position was:

Cash : ₹ 30,000; Stock : ₹ 4,70,000; Debtors : ₹ 3,50,000 and Creditors : ₹ 3,00,000.

He withdrew ₹ 8,000 per month during this period. Calculate profit on loss, for the period.

Solution:

**Statement of Affairs**  
**For the year ending March 31, 2006**

Liabilities	Rs.	Assets	Rs.
Creditors	3,00,000	Cash	30,000
Loan from Friend	1,00,000	Stock	4,70,000
Capital (Balancing Fig.)	4,50,000	Debtors	3,50,000
	<b>8,50,000</b>		<b>8,50,000</b>

**Statement of Profit or Loss**  
**For the year end March 31, 2006**

Particulars	Rs.
Capital as on March 31, 2006	4,50,000
Add: Drawings (8,000 × 6)	48,000
	4,98,000
Less: Additional Capital Introduced	(75,000)
Adjusted Capital as on March 31, 2006	4,23,000
Less: Capital as on October 01, 2005	(4,00,000)
<b>Profit made during the year 2005-06</b>	<b>23,000</b>

Question 16.

From the following information relating to the business of Mr. X who keeps books on Single Entry System, ascertain the profit or loss for the year 2017-18:

Particulars	1st April, 2017 (₹)	31st March, 2018 (₹)
Machinery	8,000	8,000
Furniture	2,000	2,000
Stock	7,000	5,000
Sundry Debtors	4,000	4,500
Bank Balance	200 (Cr.)	1,800 (Dr.)
Sundry Creditors	5,000	3,500

Mr. X withdrew ₹ 4,100 during the year to meet his household expenses. He introduced ₹ 300 as fresh capital on 15th January, 2018. Machinery and Furniture are to be depreciated at 10% and 5% p.a. respectively.

Solution:

**Statement of Affairs  
As on April 01, 2017**

Liabilities	Rs.	Assets	Rs.
Bank Overdraft	200	Machinery	8,000
Sundry Creditors	5,000	Furniture	2,000
Capital (Balancing Fig.)	15,800	Stock	7,000
		Sundry Debtors	4,000
	21,000		21,000

**Statement of Affairs  
As on March 31, 2018**

Liabilities	Rs.	Assets	Rs.
Sundry Creditors	3,500	Machinery	8,000
Capital (Balancing Fig.)	16,900	Less : 10% Depreciation	(800)
		Furniture	2,000
		Less : 5% Depreciation	(100)
		Stock	5,000
		Sundry Debtors	4,500
		Bank Balance	1,800
	20,400		20,400

**Statement of Profit or Loss  
For the year end March 31, 2018**

Particulars	Rs.
Capital as on March 31, 2017	16,900
Add : Drawings	4,100
	21,000
Less : Additional Capital Introduced	(300)
Adjusted Capital as on March 31, 2017	20,700
Less : Capital as on April 01, 2016	(15,800)
<b>Profit made during the year 2016-17</b>	<b>4,900</b>

Question 17.

X, a retailer, has not maintained proper books of account but it has been possible to obtain the following details:

Particulars	Last Year (₹)	This Year (₹)
Trade Creditors .....	6,270	5,890
Loan from Naresh .....	5,000	5,000
Stock .....	12,350	11,980
Cash in Hand .....	570	650
Shop Fittings .....	7,250	7,800
Trade Debtors .....	5,280	4,560
Bank Balance .....	3,990	4,130

Calculate the net profit for this year and draft the Statement of Affairs at the end of the year after noting that:

- Shop Fittings are to be depreciated by ₹ 780.
- X has drawn ₹ 100 per week for his own use.
- Included in the Trade Debtors is an irrecoverable balance of ₹ 270.
- Interest at 5% p.a. is due on the loan from Naresh but has not been paid for the year.

Solution:

**Statement of Affairs  
(Previous Year)**

Liabilities	Rs.	Assets	Rs.
Trade Creditors	6,270	Stock	12,350
Loan from Naresh	5,000	Cash in Hand	570
Capital (Balancing Figure)	18,170	Shop Fittings	7,250
		Trade Debtors	5,280
		Bank Balance	3,990
	<b>29,440</b>		<b>29,440</b>

**Statement of Affairs  
(Current Year)**

Liabilities	Rs.	Assets	Rs.
Trade Creditors	5,890	Stock	11,980
Loan from Naresh 5,000		Cash in Hand	650
Add: Outstanding Interest ( $5,000 \times 5\%$ )	250	Shop Fittings	7,800
Capital (Balancing Fig.)	16,930	Less : Depreciation (780)	7,020
		Trade Debtors	4,560
		Less: Bad Debts (270)	4,290
		Bank Balance	4,130
	<b>28,070</b>		<b>28,070</b>

**Statement of Profit or Loss  
(Current Year)**

Particulars	Rs.
Capital (Current Year)	16,930
Add : Drawings ( $\text{Rs. } 100 \times 52$ )	5,200
	22,130
Less : Capital (Previous Year)	(18,170)
<b>Profit made during the Current Year</b>	<b>3,960</b>

Question 18.

On 1st April, 2017, X started a business with ₹ 40,000 as his capital. On 31st March, 2018, his position was as follows:

Particulars	(₹)
Creditors .....	30,000
Bills Payable .....	10,000
Bank .....	10,000
Debtors .....	50,000
Stock .....	40,000
Plant .....	68,000
Furniture .....	12,000

During the year 2017-18, X drew ₹ 24,000. On 1st October, 2017, he introduced further capital amounting to ₹ 30,000. You are required to ascertain profit on loss made by him during the year 2017-18.

Adjustments:

(a) Plant is to be depreciated at 10%.

(b) A provision of 5% is to be made against debtors, Also prepare the Statement of Affairs as on 31st March, 2018.

Solution:

**Statement of Affairs  
as on March 31, 2018**

Liabilities	Rs.	Assets	Rs.
Creditors	30,000	Bank	10,000
Bills Payable	10,000	Debtors	50,000
Capital (Balancing Fig.)	1,30,700	Less : 5% Provision for Doubtful Debts	(2,500)
		Stock	40,000
		Plant	68,000
		Less : 10% Depreciation	(6,800)
		Furniture	12,000
	<b>1,70,700</b>		<b>1,70,700</b>

**Statement of Profit or Loss  
For the year end March 31, 2018**

Particulars	Rs.
Capital as on March 31, 2018	1,30,700
Add : Drawings	24,000
	1,54,700
Less : Additional Capital Introduced	(30,000)
Adjusted Capital as on March 31, 2018	1,24,700
Less : Capital as on April 01, 2017	(40,000)
<b>Profit made during the year 2017-18</b>	<b>84,700</b>

Question 19.

C maintains his books according to Single Entry System. Following figures were available from the books for the six months ended 31st December 2017:

Particulars	1st July, 2017 (₹)	31st Dec. 2017 (₹)
Plant and Machinery	1,50,000	1,40,000
Debtors	65,000	60,000
Cash and Bank Balances	25,000	31,000
Stock	40,000	45,000
Creditors	9,000	10,000

Adjustments:

- He had withdrawn ₹ 200 in the beginning of every month for household purposes.
- Depreciation on Plant and Machinery @ 10% p.a.
- Further Bad Debts ₹ 5,000 and Provision for Doubtful Debts to be created @ 2%.
- During the period, salaries have been prepaid by ₹ 500 while wages outstanding were ₹ 1,000.
- Interest on drawings to be reckoned @ 6% p.a.

You are required to prepare the Statement of Profit or Loss for the half year ended 31st December, 2017, followed by Revised Statement of Affairs as on that date.

Solution:

**Statement of Affairs  
as on July 01, 2017**

Liabilities	Rs.	Assets	Rs.
Creditors	9,000	Cash and Bank balance	25,000
Capital (Balancing Fig.)	2,71,000	Debtors	65,000
		Stock	40,000
		Plant and machinery	1,50,000
	<b>2,80,000</b>		<b>2,80,000</b>

**Statement of Affairs  
as on December 31, 2017**

Liabilities	Rs.	Assets	Rs.
Creditors	10,000	Cash and Bank balance	31,000
Outstanding Wages	1,000	Plant and machinery	1,40,000
Capital (Balancing Fig.)	2,65,500	Debtors	60,000
		Stock	45,000
		Prepaid Salary	500
	<b>2,76,500</b>		<b>2,76,500</b>

**Statement of Profit or Loss  
For the year end December 31, 2017**

Particulars	Rs.
Capital as on December 31, 2017	2,65,500
Add : Drawings	1,200
Adjusted Capital	2,66,700
Less: Capital in the July 01, 2017	(2,71,000)
<b>Gross Loss (Profit before Adjustment )</b>	<b>4,300</b>
Less : Interest on drawing s	(21)
Add: Depreciation on plant and Machinery	7,000
Add: Bad Debts	5,000
Add: Provision for Doubtful Debts	1,100
<b>Net Loss (Profit After Adjustment )</b>	<b>17,379</b>

**Statement of Affairs  
as on December 31, 2017  
(After Adjustments)**

Liabilities	Rs.	Assets	Rs.
Creditors	10,000	Cash and Bank balance	31,000
Outstanding Wages	1,000	Plant and machinery	1,40,000
Capital	2,71,000	Less: Depreciation	(7,000)
Less: Net Loss	(17,379)	Debtors	60,000
Less: Drawings	(1,200)	Less: Bad debts	(5,000)
Less: Interest on Drawings	(21)		55,000
	2,52,400	Less: Provision for Doubtful Debts	(1,100)
		Stock	45,000
		Prepaid Salary	500
	<b>2,63,400</b>		<b>2,63,400</b>

**Working Notes:**

**1. Calculation of Depreciation for Plant and Machinery**

Amount of Depreciation on plant and machinery would be changed (for 6 months)

$$1,40,000 \times \frac{10}{100} \times \frac{6}{12} = 7,000$$

**2. Calculation of Provision for Doubtful Debts**

Amount of Provision for Doubtful Debts

$$55,000 \times \frac{2}{100} = 1,100$$

**3. Calculation of Interest on Drawings (Amount):**

Date	Amount	Months	Product
July 01	200	6	1,200
Aug. 01	200	5	1,000
Sep. 01	200	4	800
Oct. 01	200	3	600
Nov. 01	200	2	400
Dec. 01	200	1	200
<b>Total</b>			<b>4,200</b>

Interest on Drawings (Amount):  $4,200 \times \frac{6}{100} \times \frac{1}{12} = 21$

Question 20.

A firm sells goods at a Gross profit of 25% of sales. On 1st April, 2017 the Stock was ₹ 40,000; Purchases were ₹ 1,10,000 and the Stock on 31st March, 2018 was ₹ 30,000. What was the value of Sales?



Solution:

**Statement of Affairs  
Trading A/c  
as on March 31, 2018**

Particulars	Rs.	Particulars	Rs.
To Opening Stock	40,000	By sales	1,60,000
To Purchases	1,10,000	By Closing Stock	30,000
To Gross Profit c/d	40,000		
	<b>1,90,000</b>		<b>1,90,000</b>

Calculation of Gross Profit

$$\frac{1,20,000 \times 25}{75} = 40,000$$

Question 21.

A firm sells goods at Cost plus 25%. Sales to credit customers ( $\frac{3}{4}$  of total) was ₹1,80,000. His Opening and Closing Stocks were ₹ 20,000 and ₹ 15,000 respectively. Find out the value of Purchases.

Solution:

**Statement of Affairs  
Trading A/c**

Particulars	Rs.	Particulars	Rs.
To Opening Stock	20,000	By Credit Sales	1,80,000
To Purchases	1,87,000	By Cash Sales	60,000
To Gross Profit c/d	48,000	By Closing Stock	15,000
	<b>2,55,000</b>		<b>2,55,000</b>

Calculation For Gross Profit =  $2,40,000 \times 20\% = 48,000$

Question 22.

Calculate Stock in the beginning:

Sales – ₹ 80,000

Purchases – ₹ 60,000

Stock at the end – ₹ 8,000

Loss on Cost –  $\frac{1}{6}$

Solution:

**Statement of Affairs  
Trading A/c**

Particulars	Rs.	Particulars	Rs.
To Opening Stock	44,000	By Sales	80,000
To Purchases	60,000	By Closing Stock	8,000
		To Gross Loss c/d	16,000
	<b>1,04,000</b>		<b>1,04,000</b>

Calculation For Gross Loss =  $80,000 \times 20\% = 16,000$

Question 23.

Calculate the Stock at the end:

Stock in the beginning – ₹ 20,000

Cash Sales – ₹ 60,000

Credit Sales – ₹ 40,000

Purchases – ₹ 70,000

Rate of Gross Profit on cost –  $\frac{1}{3}$

Solution:

**Statement of Affairs  
Trading A/c**

Particulars	Rs.	Particulars	Rs.
To Opening Stock	20,000	By Credit Sales	40,000
To Purchases	70,000	By Cash Sales	60,000
To Gross Profit c/d	25,000	By Closing Stock	15,000
	<b>1,15,000</b>		<b>1,15,000</b>

Calculation For Gross Profit =  $1,00,000 \times 25\% = 25,000$

Question 24.

Calculate the value of Closing Stock from the following information:

Purchases – ₹ 93,000

Wages – ₹ 20,000

Sales – ₹ 1,20,000

Carriage Outwards – ₹ 3,200

Opening Stock – ₹ 16,000

Rate of Gross Profit 25% on Cost

Solution:

**Statement of Affairs  
Trading A/c**

Particulars	Rs.	Particulars	Rs.
To Opening Stock	16,000	By Sales	1,20,000
To Purchases	93,000	By Closing Stock	33,000
To Wages	20,000		
To Gross Profit c/d	24,000		
	<b>1,53,000</b>		<b>1,53,000</b>

Calculation For Gross Profit =  $1,20,000 \times 20\% = 24,000$

Note: Carriage Outward pass the entry on Profit and Loss A/c

Question 25.

Calculate Purchases:

Cost of Goods Sold – ₹ 65,000

Stock in the beginning – ₹ 4,000

Closing Stock – ₹ 5,000

Solution:

Purchases = Cost of Goods sold – Opening Stock + Closing Stock

Purchases =  $65,000 - 4,000 + 5,000 = 66,000$

Question 26.

Calculate Sales:

Cost of goods sold – ₹ 2,00,000

Rate of Gross Profit 20% on Sales

Solution:

Gross Profit = 2,00,000 × 25% = 50,000

COGS + Gross Profit = Sales

2,00,000 + 50,000 = 2,50,000

Question 27.

Debtors in the beginning of the year were ₹ 30,000, Sales on credit during the year were ₹ 75,000, Cash received from the Debtors during the year was ₹ 35,000, Returns Inward (regarding credit sales) were ₹ 5,000 and Bills Receivable drawn during the year were ₹ 25,000. Find the balance of Debtors at the end of the year, assuming that there were Bad Debts during the year of ₹ 2,000.

Solution:

**Debtors Account**

Dr.		Cr.	
Particulars	Rs.	Particulars	Rs.
Balance b/d	30,000	Cash A/c	35,000
Sales A/c	75,000	Sales Return A/c	5,000
		Bill Receivable A/c	25,000
		Bad-Debts A/c	2,000
		Balance c/d	38,000
	<b>1,05,000</b>		<b>1,05,000</b>

Question 28.

Creditors on 1st April, 2017 were ₹ 15,000, Purchases on credit were ₹ 30,000, Cash paid to Creditors during 2017-18 was ₹ 20,000, Returns Outward (regarding credit purchases) were ₹ 1,000 and Bills Payable accepted during the year ₹ 10,000. Find the balance of Creditors on 31st March, 2018.

Solution:

**Creditors Account**

Dr.		Cr.	
Particulars	Rs.	Particulars	Rs.
Cash A/c	20,000	Balance b/d	15,000
Purchases Return A/c	1,000	Purchases A/c	30,000
Bills Payable A/c	10,000		
Balance c/d	14,000		
	<b>45,000</b>		<b>45,000</b>

Question 29.

Following information is given of an accounting year:

Opening Creditors ₹ 15,000; Cash paid to creditors ₹ 15,000; Returns Outward ₹ 1,000 and Closing creditors ₹ 12,000.

Calculate Credit Purchases during the year.

Solution:

Creditors Account			
Dr.			Cr.
Particulars	Rs.	Particulars	Rs.
Cash A/c	15,000	Balance b/d	15,000
Purchases Return A/c	1,000	Purchases A/c	13,000
Balance c/d	12,000		
	<b>28,000</b>		<b>28,000</b>

Question 30.

From the following information supplied by X, who keeps his books on Single Entry System, you are required to calculate Total Purchases:

Opening balance of Bills Payable – ₹ 5,000

Opening balance of Creditors – ₹ 6,000

Closing balance of Bills Payable – ₹ 7,000

Closing balance of Creditors – ₹ 4,000

Cash paid to Creditors during the year – ₹ 30,200

Bills Payable discharged during the year – ₹ 8,900

Returns Outward – ₹ 1,200

Cash Purchases – ₹ 25,800

Solution:

Creditors Account			
Dr.			Cr.
Particulars	Rs.	Particulars	Rs.
Cash A/c	30,200	Balance b/d	6,000
Purchases Return A/c	1,200	Purchases A/c	40,300
Bills Payable A/c	10,900		
Balance c/d	4,000		
	<b>46,300</b>		<b>46,300</b>

Total Purchases = Cash Purchases + Credit Purchases

Total Purchases = 25,800 + 40,300 = Rs 66,100

Question 31.

Cash sales of a business in a year were ₹ 85,000, the Cost of Goods Sold (including direct expenses) was ₹ 97,000 and Gross Profit as shown by the Trading Account for the year was ₹ 1,29,000.

Calculate Credit Sales during the year.

Solution:

Gross Profit = Net Sales – Cost of Goods Sold

1,29,000 = Net Sales – 97,000

Net Sales = Rs 2,26,000

Credit Sales = Total Net Sales – Cash Sales

Credit Sales = 2,26,000 – 85,000 = Rs 1,41,000

Question 32.

From the following information, calculate Total Sales made during the period:

Debtors as on 1st April, 2017 – ₹ 20,400

Cash received from debtors during the year (as per Cash Book) – ₹ 60,800

Returns Inward – ₹ 5,400

Bad Debts – ₹ 2,400

Debtors as on 31st March, 2018 – ₹ 27,600

Cash Sales (as per Cash Book) – ₹ 56,800

Solution:

**Debtors Account**

Dr.		Cr.	
Particulars	Rs.	Particulars	Rs.
Balance b/d	20,400	Cash A/c	60,800
Sales A/c	75,800	Sales Return A/c	5,400
		Bad-Debts A/c	2,400
		Balance c/d	27,600
	<b>96,200</b>		<b>96,200</b>

Total Sales = Cash Sales + Credit Sales

Total Sales = 56,800 + 75,800 = Rs 1,32,600

Question 33.

Calculate Total Sales from the following information:

Bills Receivables as on 1st April, 2017 – ₹ 7,800

Debtors as on 1st April, 2017 – ₹ 30,800

Cash received on maturity of Bills Receivable during the year – ₹ 20,900

Cash received from Debtors – ₹ 70,000

Bad Debts written off – ₹ 4,800

Returns Inward – ₹ 8,700

Bills Receivable dishonoured – ₹ 1,800

Bills Receivable on 31st March, 2018 – ₹ 6,000

Debtors as on 31st March, 2018 – ₹ 25,500

Cash Sales during the year – ₹ 15,900

Solution:

**Debtors Account**

Dr.		Cr.	
Particulars	Rs.	Particulars	Rs.
Balance b/d	30,800	Cash A/c	70,000
Bill Receivable A/c	1,800	Sales Return A/c	8,700
Sales A/c	97,300	Bad-Debts A/c	4,800
		Bill Receivable A/c	20,900
		Balance c/d	25,500
	<b>1,09,000</b>		<b>1,09,000</b>

Total Sales = Cash Sales + Credit Sales

Total Sales = 15,900 + 97,300 = Rs 1,13,200

Question 34.

From the following information, ascertain the opening balance of Sundry Debtors and the closing balance of Sundry Creditors:

Sundry Creditors as on 31st March, 2017 – ₹ 20,600

Sundry Debtors as on 31st March, 2018 – ₹ 37,400

Stock as on 31st March, 2017 – ₹ 26,000  
 Stock as on 31st March, 2018 – ₹ 24,000  
 During the year ended 31st March, 2018:  
 Purchases – ₹ 1,10,000  
 Discount allowed by creditors – ₹ 800  
 Discount allowed to customers – ₹ 1,100  
 Cash paid to sundry creditors – ₹ 95,000  
 Bills Payable issued by them – ₹ 14,000  
 Bills Receivable received from customers – ₹ 16,500  
 Cash received from customers – ₹ 1,30,000  
 Bills receivable dishonoured – ₹ 1,900  
 Solution:

#### Debtors Account

Dr.		Cr.	
Particulars	Rs.	Particulars	Rs.
Balance b/d	43,100	Cash A/c	1,30,000
Bill Receivable A/c	1,900	Discount Allowed A/c	1,100
Sales A/c	1,40,000	Bill Receivable A/c	16,500
		Balance c/d	37,400
	1,85,000		1,85,000

Cost of Goods Sold = Opening Stock + Purchases – Closing Stock

Cost of Goods Sold = 26,000 + 1,10,000 – 24,000 = 1,12,000

Gross Profit =  $\frac{30}{70} \times 1,12,000$  = Rs. 48,000

Sales = Cost of Goods Sold + Gross Profit

Sales = 1,12,000 + 48,000 = Rs 1,60,000

Credit Sales = 1,60,000 – 20,000 = Rs 1,40,000

#### Creditors Account

Dr.		Cr.	
Particulars	Rs.	Particulars	Rs.
Cash A/c	95,000	Balance b/d	20,600
Discount Received A/c	800	Purchases A/c	1,10,000
Bills Payable A/c	14,000		
Balance c/d	20,800		
	1,30,600		1,30,600

Question 35.

Roshan, whose accounts are maintained by Single Entry System, acquired a retail business on 1st April, 2017. He had ₹ 40,000 of his own and he borrowed ₹ 20,000 from his wife. He paid ₹ 15,000 for Goodwill ₹ 5,000 for Furniture and ₹ 35,000 for Stock.

Total cash received by him during the financial year from the Debtors was ₹ 2,30,000. His payments were:

Purchases – ₹ 1,56,000

Salary and Wages – ₹ 21,400

Trade Expenses – ₹ 7,200

Rent:

For business premises – ₹ 5,920

For private house – ₹ 2,960

Payments made for domestic purposes and drawings – ₹ 26,400

At the end of the year, the Stock was ₹ 37,500. He owed ₹ 13,500 to Creditors for goods and his customers owed to him ₹ 15,000. Provide 5% for Depreciation on Furniture, Interest at 5% on wife's Loan and ₹ 1,000 for Doubtful Debts.

Prepare the Cash Account, the Profit and Loss Account for the year ended 31st March, 2018 and the Balance Sheet at the close of the year.

Solution:

**Cash Accounts**

<b>Dr.</b>			<b>Cr.</b>		
<b>Particulars</b>		<b>Rs.</b>	<b>Particulars</b>		<b>Rs.</b>
To Balance b/d		5,000	By Purchase A/c		1,56,000
To Debtors A/c		2,30,000	By Trade Expenses A/c		7,200
			By Salary and Wages A/c		21,400
			By Rent a/c - business premise		5,920
			By Drawings A/c		29,360
			By Balance C/d		15,120
		<b>2,35,000</b>			<b>2,35,000</b>



**Trading and Profit and Loss Account  
for the year ended 31<sup>st</sup> March,2018**

<b>Dr.</b>			<b>Cr.</b>		
<b>Particulars</b>		<b>Rs.</b>	<b>Particulars</b>		<b>Rs.</b>
To Opening Stock A/c		35,000	By Sales A/c		
To Purchase A/c			Cash	2,30,000	
Cash	1,56,000		Credit	15,000	2,45,000
Credit	13,500	1,69,500	By Closing Stock A/c		37,500
To Gross Profit c/d		78,000			
		<b>2,82,500</b>			<b>2,82,500</b>
To Trade Expenses A/c		7,200	By Gross Profit b/d		78,000
To Salary and Wages A/c		21,400			
To Rent A/c - Business Premise		5,920			
To Depreciation A/c - Furniture		250			
To Interest on Loan A/c		1,000			
To Doubtful Debts A/c		1,000			
To Net Profit transferred to Capital A/c		41,230			
		<b>78,000</b>			<b>78,000</b>

**Balance Sheet**  
**as at 31<sup>st</sup> March, 2018**

Liabilities		Rs.	Assets		Rs.
Capital(WN 1)	40,000		Goodwill		15,000
Add: Net profit	41,230		Furniture	5,000	
	81,230		Less: Depreciation	250	4,750
Less: Drawings	29,360	51,870	Stock		37,500
Loan from Wife	20,000		Debtors	15,000	
Add: Interest @ 5%	1,000	21,000	Less: doubtful Debt	1,000	14,000
Creditors		13,500	Cash		15,120
		<b>86,370</b>			<b>86,370</b>

**Working Note:**

**Opening Statement of Affairs**  
**as at 1<sup>st</sup> April, 2017**

Liabilities	Rs.	Assets	Rs.
Capital	40,000	Goodwill	15,000
		Furniture	5,000
Loan from wife	20,000	Stock	35,000
		Cash (Balancing figure)	5,000
	<b>60,000</b>		<b>60,000</b>

Question 36.

Vijay commenced business as foodgrains merchant on 1st April, 2017 with a capital of ₹ 4,00,000. On the same day, he purchased furniture for ₹ 80,000. From the following particulars obtained from his books which do not conform to Double Entry principles, you are required to prepare the Trading and Profit and Loss Account for the year ended 31st March, 2018 and the Balance Sheet as on that date:

Sales (including Cash Sales ₹ 2,00,000) – ₹ 5,00,000

Purchases (including Cash Purchases ₹ 1,20,000) – ₹ 4,00,000

Vijay's Drawings (in cash) – ₹ 40,000

Salaries to Staff – ₹ 48,000

Bad Debts written off – ₹ 4,000

Trade Expenses paid – ₹ 16,000

Vijay used goods of ₹ 12,000 for private purposes during the year. On 31st March, 2018, his Debtors amounted to ₹ 1,40,000 and Creditors ₹ 80,000. Stock-in-Trade on that date was ₹ 1,60,000.

Solution:

**Trading Account**  
for the year ended March 31, 2018

Dr.			Cr.	
Particulars		Rs.	Particulars	Rs.
Purchases	4,00,000		Sales	5,00,000
Less: Drawings	12,000	3,88,000	Closing Stock	1,60,000
Gross Profit		2,72,000		
		<b>6,60,000</b>		<b>6,60,000</b>

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

Dr.			Cr.	
Particulars		Rs.	Particulars	Rs.
Bad Debts	4,000		Gross Profit	2,72,000
Salary	48,000			
Trade Expenses	16,000			
Net Profit	2,04,000			
	<b>2,72,000</b>			<b>2,72,000</b>

**Balance Sheet**  
as on March 31, 2018

Dr.			Cr.	
Liabilities		Rs.	Assets	Rs.
Capital	4,00,000		Furniture	80,000
Less: Drawings	52,000		Debtors	1,40,000
Add: Net Profit	2,04,000	5,52,000	Less: Bad Debts	4,000
Creditors		80,000	Cash in Hand	2,56,000
		<b>6,32,000</b>	Closing Stock	1,60,000
				<b>6,32,000</b>

**Cash Account**

<b>Dr.</b>		<b>Cr.</b>	
<b>Particulars</b>	<b>Rs.</b>	<b>Particulars</b>	<b>Rs.</b>
Capital A/c	4,00,000	Furniture A/c	80,000
Debtors A/c	1,60,000	Creditors A/c	2,00,000
Sales A/c	2,00,000	Drawings A/c	40,000
		Salaries A/c	48,000
		Trade Expenses A/c	16,000
		Purchases A/c	1,20,000
		Balance c/d	2,56,000
	<b>7,60,000</b>		<b>7,60,000</b>

**Debtors Account**

<b>Dr.</b>		<b>Cr.</b>	
<b>Particulars</b>	<b>Rs.</b>	<b>Particulars</b>	<b>Rs.</b>
Sales A/c	3,00,000	Cash A/c	1,60,000
		Balance c/d	1,40,000
	<b>3,00,000</b>		<b>3,00,000</b>

**Creditors Account**

<b>Dr.</b>		<b>Cr.</b>	
<b>Particulars</b>	<b>Rs.</b>	<b>Particulars</b>	<b>Rs.</b>
Cash A/c	2,00,000	Purchases A/c	2,80,000
Balance c/d	80,000		
	<b>2,80,000</b>		<b>2,80,000</b>

Question 37.

Following information is obtained from the books of Vinay, who maintained his books of account under Single Entry System:

<b>I. Receipts for the year ended 31st March, 2018:</b>	<b>₹</b>
From Debtors	88,125
Cash Sales	20,625
Paid by Vinay	12,500
	<b>1,21,250</b>
<b>2. Payments during the year:</b>	
New plant bought	3,125
Drawings	7,500
Salaries	5,625
Wages	33,625
Interest paid	375
Rent paid	6,625
Light and power	2,375
Sundry Expenses	10,625
Sundry Creditors	38,125
	<b>1,08,000</b>

Vinay banks all receipts and makes payments by means of cheque.

<b>Assests and Liabilities</b>	<b>As at 31st March,2017 (₹)</b>	<b>As at 31st March, 2018 (Rs)</b>
Sundry Creditors	12,625	12,000
Sundry Debtors	18,750	30,625
Bank	3,125	?
Stock	31,250	15,625
Plant	37,500	36,575

From the above information, prepare Trading and Profit and Loss Account for the year ended 31st March, 2018 and Balance Sheet as on that date.

Solution:

**Trading Account**  
for the year ended March 31, 2018

Dr.		Cr.	
Particulars	Rs.	Particulars	Rs.
Opening Stock	31,250	Sales (1,00,000 + 20,625)	1,20,625
Purchases	37,500	Closing Stock	15,625
Wages	33,625		
Light and Power	2,375		
Gross Profit	31,500		
	<b>1,36,250</b>		<b>1,36,250</b>

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

Dr.		Cr.	
Particulars	Rs.	Particulars	Rs.
Salary	5,625	Gross Profit	31,500
Interest	375		
Rent	6,625		
Sundry Expenses	10,625		
Depreciation on Plant	4,050		
Net Profit	4,200		
	<b>31,500</b>		<b>31,500</b>

**Balance Sheet**  
as on March 31, 2018

Dr.			Cr.	
Liabilities		Rs.	Assets	Rs.
Capital	78,000		Plant	36,575
Less: Drawings	7,500		Debtors	30,625
Add: Additional Capital	12,500		Bank	16,375
Add: Net Profit	4,200	87,200	Closing Stock	15,625
Creditors		12,000		
		<b>99,200</b>		<b>99,200</b>

**Balance Sheet**  
as on April 01, 2017

Dr.			Cr.	
Liabilities		Rs.	Assets	Rs.
Creditors		12,625	Plant	37,500
Capital (bal. fig.)		78,000	Debtors	18,750
			Bank	3,125
			Closing Stock	31,250
		<b>90,625</b>		<b>90,625</b>

**Bank Account**

Dr.			Cr.	
Particulars		Rs.	Particulars	Rs.
Balance b/d		3,125	Plant A/c	3,125
Capital A/c		12,500	Creditors A/c	38,125
Debtors A/c		88,125	Drawings A/c	7,500
Sales A/c		20,625	Salaries A/c	5,625
			Wages A/c	33,625
			Interest A/c	375
			Rent A/c	6,625
			Light and Power A/c	2,375
			Sundry Expenses A/c	10,625
			Balance c/d	16,375
		<b>1,24,375</b>		<b>1,24,375</b>

**Debtors Account**

Dr.			Cr.	
Particulars		Rs.	Particulars	Rs.
Balance b/d		18,750	Cash A/c	88,125
Sales A/c (bal. fig.)		1,00,000	Balance c/d	30,625
		<b>1,18,750</b>		<b>1,18,750</b>

**Creditors Account**

Dr.			Cr.	
Particulars		Rs.	Particulars	Rs.
Cash A/c		38,125	Balance b/d	12,625
Balance c/d		12,000	Purchases A/c (bal. fig.)	37,500
		<b>50,125</b>		<b>50,125</b>



Question 38.

Surya does not keep a systematic record of his transactions. He is able to give you the following information regarding his assets and liabilities:

	31st March 2017	31st March, 2018
	(₹)	(₹)
Creditors for goods	21,000	19,000
Creditors for expenses	1,500	1,800
Bills Payable	8,700	11,500
Sundry Debtors	35,000	34,000
Stock (At cost)	28,000	25,000
Furniture and Fittings	10,000	12,000
Cash	5,100	

Following additional information is also available for the year ended 31st March, 2018:

	₹
Bills Payable Issued	20,800
Cash Sales	15,000
Payment to Sundry Creditors	31,000
Expenses paid	6,600
Drawings	8,000

Bad Debts during the year were ₹ 900. As regards sale, Surya tells you that he always sells goods at Cost plus 25%. Furniture and Fittings are to be depreciated at 10% of the value in the beginning of the year.

Prepare Surya's Trading and Profit and Loss Account for the year ended 31st March, 2018 and his Balance Sheet on that date.

Solution:

**Trading and Profit and Loss Account  
for the year ended 31<sup>st</sup> March, 2018**

Particulars		Rs.	Particulars		Rs.
To Opening Stock a/c		28,000	By Sales a/c		
To Purchase a/c		49,800	Cash	15,000	
			Credit	51,000	66,000
To Gross Profit c/d		13,200	By Closing Stock a/c		25,000
		<b>91,000</b>			<b>91,000</b>
To Expenses a/c		6,900	By Gross Profit b/d		13,200
To Depreciation a/c - Furniture		1,000			
To Doubtful Debts a/c		900			
To Net Profit transferred to Capital a/c		4,400			
		<b>13,200</b>			<b>13,200</b>

**Balance Sheet**  
**as at 31<sup>st</sup> March, 2018**

Liabilities		Rs.	Assets		Rs.
Capital(WN 1)	46,900		Furniture	12,000	
Add: Net profit	4,400		Less: Depreciation	1,000	11,000
	51,300		Stock		25,000
Less: Drawings	8,000	43,300	Debtors	33,100	
			Less: doubtful Debt	900	34,000
Bills Payable		11,500	Cash		5,600
Creditor- Goods		19,000			
Creditors - Expenses		1,800			
		<b>75,600</b>			<b>75,600</b>

**Working Note:**

1.

**Opening Statement of Affairs**  
**as at 1<sup>st</sup> April, 2017**

Liabilities		Rs.	Assets		Rs.
Capital		46,900	Furniture and fixture		10,000
Bill payable		8,700	Sundry Debtors		35,000
Creditors- Goods		21,000	Stock		28,000
Creditors- Expenses		1,500	Cash		5,100
		<b>78,100</b>			<b>78,100</b>

2.

Total Sales:		Credit Sales:	
Opening Stock	28,000	Total Sales	66,000
Add: Purchases	49,800	Less: Cash Sales	15,000
Less: Closing Stock	(25,000)	Credit Sales	51,000
Cost of Goods Sold	52,800		
Add: 25% on Cost of Goods Sold	13,200		
Total Sales	<b>66,000</b>		

3.

**Cash Account**

Dr.					Cr.
Particulars		Rs.	Particulars		Rs.
To Balance b/d		5,100	By Creditors a/c		31,000
To Cash sales a/c		15,000	By Expenses a/c		6,600
To Debtors a/c		51,100	By Bills payable a/c		18,000
			By Drawings a/c		8,000
			By Furniture a/c - New Purchase		2,000
			By Balance c/d		5,600
		<b>71,200</b>			<b>71,200</b>

4.

**Sundry Creditors -Goods A/c**

Dr.					Cr.
Particulars		Rs.	Particulars		Rs.
To Cash a/c		31,000	By Balance b/d		21,000
To Bills Payable a/c		20,800	By Purchases a/c ( Credit purchases)		49,800
To Balance c/d		19,000			
		<b>70,800</b>			<b>70,800</b>

5.

**Bill Payable A/C**

Dr.					Cr.
Particulars		Rs.	Particulars		Rs.
To Cash a/c		18,000	By Balance b/d		8,700
To Balance c/d		11,500	By Sundry creditors a/c		20,800
		<b>29,500</b>			<b>29,500</b>

6.

**Debtors A/C**

Dr.					Cr.
Particulars		Rs.	Particulars		Rs.
To Balance b/d		35,000	By Cash a/c		51,100
To Credit Sales a/c		51,000	By Doubtful Debt a/c		900
			By Balance c/d		34,000
		<b>86,000</b>			<b>86,000</b>

7.

**Expenses A/c**

Dr.					Cr.
Particulars		Rs.	Particulars		Rs.
To Cash a/c		6,600	By Balance b/d		1,500
To Balance c/d		1,800	By Profit and loss a/c		6,900
		<b>8,400</b>			<b>8,400</b>