

**CBSE Test Paper 03**  
**Ch-11 Accounts Incomplete Records**

1. Which values are affected, when accounts are maintained on single entry system basis?
2. Name the two main accounts maintained in 'accounts from incomplete records'.
3. State the meaning of incomplete records.
4. Can arithmetical accuracy of books of accounts be checked by preparing trial balance in single entry system? State giving reason.
5. Raghav, who keeps his books on single entry system, tells you that his capital on 31st March, 2013 is Rs 3,74,000 and his capital on 1st April, 2012 was Rs 3,84,000. He further informs you that during the year, he withdrew for his household purpose Rs 1,68,400. He sold his personal investment of Rs 40,000 at 2% premium and brought that money into the business.  
You are required to prepare statement of profit or loss.
6. From the information given below, prepare the statement of profit or loss

Items	Amt(Rs)
Capital at the end of the year	5,00,000
Capital at the beginning of the year	7,50,000
Drawings made during the period	3,75,000
Additional capital introduced	50,000

7. Differentiate between statement of affairs and balance sheet.
8. X tells you that his capital on 31st December, 2013 is Rs 1,87,000 and his capital on 1st January, 2013 was Rs 1,92,000. He further informs you that during the year, he gave a loan of Rs 35,000 to his brother on private account and withdrew Rs 3,000 per month for personal purposes, he also used a flat for his personal purposes, the rent of which

at the rate of Rs 1,000 per month and electricity charges at an average rate of Rs.100 per month were paid from the business account. During the year, he sold his 7% government bonds of Rs 20,000 at 2% premium and brought that money into the business. Besides this, there is no other information.

You are required to prepare a statement of profit.

9. 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:

	1st April 2017	31st March 2018
Cash in Hand	Rs.1,50,000	Rs.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During the year, he had withdrawn Rs.5,00,000 for his personal use and invested Rs.2,50,000 as additional capital. Calculate his profits on 31st March 2017 and prepare a statement of affairs as on that date.

10. 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 31st December, 2013

Items	31st December, 2012 (Rs)	31st December, 2013 (Rs)
Cash in hand	6,000	24,000
Bank overdraft	30,000	-
Stock	50,000	80,000
Sundry creditors	26,000	40,000

Sundry debtors	60,000	1,40,000
Bills payable	6,000	12,000
Furniture	40,000	60,000
Bills receivable	8,000	28,000
Machinery	50,000	1,00,000
Investment	30,000	80,000

Drawings Rs 10,000 per month for personal use, fresh capital introduce during the year Rs 2,00,000. A bad debts Rs 2,000 and a provision of 5% it to be made on debtors. Outstanding salary Rs 2,400, prepaid insurance Rs 700, depreciation charged on furniture and machine @ 10% per annum.



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**Answer**

1. Values being affected are
  - i. **Reliability**
  - ii. **Accuracy**
2. The two main accounts maintained in 'accounts from incomplete records' are:
  - i. Personal account
  - ii. Cash account
3. Incomplete records refers to a situation in which an organization is not using double-entry bookkeeping.
4. No, the arithmetical accuracy of books of accounts can't be checked by preparing trial balance in single entry system because trial balance can not be prepared as all the aspects of the transaction is not recorded in books under this system.

5. **Statement of Profit And Loss**  
for the year ended 31st March, 2013

Particulars	Amt(Rs)
Capital at the End (ie.closing capital)	3,74,000
Add: Drawings Made During the year	1,68,400
	5,42,400
Less: Capital introduced During the year	40,800
Adjusted capital at the end	5,01,600
Less: Capital in the Beginning (ie.opening capital)	3,84,000
Profit made during the Year	<b>1,17,600</b>

Additional capital=40,000 +2%premium

=> 40,000+800=40,800

6. **Statement of Profit and Loss**  
for the year ended....

Particulars	Amt (Rs)
Capital at the End	5,00,000
Add: Drawings Made During the year	3,75,000
	8,75,000
Less: Additional Capital Introduced	50,000
Adjusted capital at the end	8,25,000
Less: Capital in the Beginning of the year (ie.opening capital)	7,50,000
Profit Made During the Year(Balancing figure)	75,000

Profit = Closing capital-Additional capital+Drawing-Opening capital

Working notes: Closing capital=Opening capital +additional capital introduced during the year +profit - drawing made. If there is a loss in place of capital it will be deducted in the above formulae.

7.

Basis	Statement of Affairs	Balance Sheet
<b>Objective</b>	The objective of preparing statement of affairs is to estimate the balance in capital account on a particular date.	The objective of preparing balance sheet is to show the true financial position of a concern.
<b>Accounting Method</b>	When accounts are prepared under single entry system of accounting, statement of affairs is prepared.	When accounts are prepared under double entry system of accounting, balance sheet

		is prepared.
<b>Reliability</b>	It is less reliable as it is prepared from incomplete records,i.e. partly on accounts and partly on other information.	It is more reliable as it is prepared from double entry records and on actual figures.
<b>Omission</b>	Omission of assets or liabilities cannot be discovered easily.	Omission of assets or liabilities can be discovered easily and can be traced from accounting records because the totals of Balance Sheet will not tally.
<b>Missing of Facts</b>	Since accounts and records are incomplete, there is always a possibility of missing facts. The reason is that neither all transactions nor both aspects of every transactions are recorded in the books of accounts.	Since both the aspects of all the transactions are duly recorded, there remains hardly any fact missing from the accounts.

8.

### Books Of Mr. X

#### Statement of Profit or Loss for the year ended 31st December, 2013

Particulars		Amt(Rs)
Capital at the End i.e, 31st December, 2013		1,87,000
(+) Drawings During the year		
(i) Loan to his brother	35,000	
(ii) Personal Expenses		
(a) Drawings @ Rs 3,000 per Month( $3,000 \times 12$ )	36,000	
(b) Rent @ Rs 1,000 per Month( $1,000 \times 12$ )	12,000	



(c) Electricity charges @ Rs 100 per month( $100 \times 12$ )	1,200	84,200
(-) Further Capital introduced During the year(Sale of Bonds)		20,400
Adjusted capital at the end		<b>2,50,800</b>
(-) Opening capital on 1st January, 2013		1,92,000
Profit for the year		<b>58,800</b>

**Working Note :**

- Rent of flat used for personal charges and electricity charges of it is paid from business account so should be treated as Drawings.
- Additional Capital Introduced =  $20,000 + 20,000 \times 2\%$

$$= 20,000 + 400 = 20,400$$

9. **Incomplete records** refer to a situation in which an organization is not using double-entry bookkeeping. Instead, it is using a more informal **accounting** system, such as a single-entry system, to maintain a reduced amount of information about its financial results. So, as per this, the question is to be solved as follows:-

**STATEMENT OF AFFAIRS OF KULDEEP**

Liabilities	1.4.17	31.3.18	Assets	1.4.17	31.3.18
Creditors	3,50,000	4,00,000	Cash in hand	1,50,000	1,75,000
Capital (Balancing Figure)	14,00,000	16,25,000	Bank Balance	7,50,000	8,00,000
			Furniture	1,00,000	1,00,000
			Stock	5,00,000	6,50,000
			Sundry Debtors	2,50,000	3,00,000
	<b>17,50,000</b>	<b>20,25,000</b>		<b>17,50,000</b>	<b>20,25,000</b>

**STATEMENT OF PROFIT OF LOSS OF KULDEEP**

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Particulars		Amount (Rs.)
Closing Capital		16,25,000
Add: Drawings		<u>5,00,000</u>
Total		21,25,000
Less: Additions	2,50,000	
Less: Opening Capital	<u>14,00,000</u>	16,50,000
Profit		<b>4,75,000</b>

**STATEMENT OF AFFAIRS OF A AS ON 31-3-2018**

Liabilities		Rs.	Assets	Rs.
Creditors		4,00,000	Cash in hand	1,75,000
Capital	14,00,000		Bank Balance	8,00,000
Additions	2,50,000		Furniture	1,00,000
Profit	4,75,000		Stock	6,50,000
	21,25,000		Debtors	3,00,000
Drawings	5,00,000	16,25,000		
		<b>20,25,000</b>		<b>20,25,000</b>

10.

**M/s Saniya Sports Equipments**

**Statement of Affairs**

(as on 31st December, 2012)

Liabilities	Amt(Rs)	Assets	Amt(Rs)
Bank Overdraft	30,000	Cash at hand	6,000
Sundry Creditors	26,000	Stock	50,000
Bills Payable	6,000	Sundry Debtors	60,000
Capital(Balancing figure)	1,82,000	Furniture	40,000



		Bills Receivable	8,000
		Machinery	50,000
		Investment	30,000
	<b>2,44,000</b>		<b>2,44,000</b>

**Statement of Affairs**  
(as on 31st December, 2013)

<b>Liabilities</b>	<b>Amt(Rs)</b>	<b>Assets</b>		<b>Amt(Rs)</b>
Sundry Creditors	40,000	Cash in hand		24,000
Bills Payable	12,000	Stock		80,000
Outstanding salary	2,400	Debtors	1,40,000	
Capital(Balancing figure)	4,33,400	(-) Bad Debt	2,000	
			1,38,000	
		(-) Provision @ 5%	6,900	1,31,100
		Furniture	60,000	
		(-) Depreciation @ 10%	6,000	54,000
		Bills Receivable		28,000
		Machinery	1,00,000	
		(-) Depreciation @ 10%	10,000	90,000
		Investment		80,000
		Prepaid Insurance		700
	<b>4,87,800</b>			<b>4,87,800</b>

**Statement of Profit or Loss**  
(for the year ended 31st December, 2013)

<b>Particulars</b>	<b>Amt(Rs)</b>

Capital at the end of the year	4,33,400
(+) Drawings During the year (10,000 × 12)	1,20,000
	<b>5,53,400</b>
(-) Fresh Capital Introduced During 2013	2,00,000
Adjusted capital at the end	<b>3,53,400</b>
(-) Capital in the beginning on 31st December, 2012	1,82,000
<b>Net Profit for the year 2013</b>	<b>1,71,400</b>

#### Notes :

- Calculation of Provision = ( Debtors - Bad Debts)\* 5%  
= ( 1,40,000 - 2,000)\* 5% = 1,31,100
- When Debt is unable to be collect it is considered as Bad.
- Prepaid Expense is the expense which is paid before it becomes due to pay.
- Outstanding Expense is the expense which is not paid during the Financial year even it becomes due to pay.