

CBSE Test Paper 01
Ch-11 Accounts Incomplete Records

1. Can a limited company maintain its accounts under single entry system?
2. Calculate Purchases-

	Rs.
Cost of Goods Sold	65,000
Stock in the beginning	4,000
Closing Stock	5,000

3. In the single entry system, state any method which is used to ascertain profit or loss.
4. Explain how opening capital and closing capital be ascertained from incomplete records?
5. Following information is given of an accounting year-
Opening Creditors Rs.15,000; Cash paid to creditors Rs.15,000; Returns Outward Rs.1,000 and Closing creditors Rs.12,000.
Calculate Credit Purchases during the year.
6. Rishant keeps incomplete records of his business. He gives you the following information. Capital at the beginning of the year Rs 8,00,000; capital at the end of the year Rs 6,20,000, Rs 2,50,000 was withdrawn by him for his personal use; as Rishant needed money for expansion of his business, he asked his wife for help, his wife allowed him to sell her ornaments and invest that amount into the business which come to Rs 30,000. Calculate his profit or loss for the year ended.
7. What is meant by single entry system of accounts and give any three salient features.
8. Manveer started his business on 1st January 2013 with a capital of Rs 4,50,000. On 31st December, 2013 his position was under

Items	Amt(Rs)
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Cash	99,000
Bills Receivable	75,000
Plant	48,000
Land and Building	1,80,000
Furniture	50,000

He owed Rs 45,000 from his friend Susheel on that date. He withdrew Rs 8,000 per month for his household purposes. Ascertain his profit or loss for this year ended 31 st December, 2013.

9. Following information is supplied to you by a shopkeeper:

	1st April 2017	31st March 2018
Cash	Rs.6,000	Rs.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 Rs.2,500 per month for domestic purpose. He also borrowed from a friend at 9% a sum of Rs.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.

10. Vijay commenced business as foodgrains merchant on 1st April, 2017 with a capital of Rs.4,00,000. On the same day, he purchases furniture for Rs.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 :

	Rs.
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Sales (including Cash Sales Rs.2,00,000)	5,00,000
Purchases (including Cash Purchases Rs.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 Rs.12,000 for private purpose during the year. On 31st March, 2018, his Debtors amounted to Rs.1,40,000 and Creditors Rs.80,000. Stock-in-Trade on that date was Rs.1,60,000.

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Answer

1. No, a limited company cannot maintain its books of accounts under single entry system due to legal restrictions.
2. Cost of goods Sold = Purchase + Opening Stock - Closing Stock
 $65,000 = \text{Purchase} + 4,000 - 5,000$

Purchase = Rs.66,000
3. Statement of Affairs Method or Net Worth Method is generally used to ascertain Profit /Loss in case of Single Entry System.
4. Opening capital can be obtained by preparing the statement of affairs at the beginning of the financial year and the closing capital can be ascertained with the help of the statement of affairs at the end of the financial year of the firm.
5. The term "**Sundry**" usually refers Small or infrequent customers/companies that are not assigned individual ledger **accounts** but are classified as a group. **Sundry creditors** are such small entities that the company owes money to. In this question the account is to be maintained as follows:-

Sundry Creditors A/c

Particulars	Rs.	Particulars	Rs.
To Cash A/c (Paid)	15,000	By Balance b/d	15,000
To Returns Outward	1,000	By Credit Purchase (Bal. Fig.)	13,000
To Balance c/d	12,000		
Total	28,000	Total	28,000

6. **Statement of Profit And Loss**

for the year ended....

Particulars	Amt.(Rs)
Capital at the End(ie.closing capital)	6,20,000
Add: Drawings	2,50,000
	8,70,000
Less: Additional Capital Introduced	30,000
Adjusted capital at the end	8,40,000
Less: Capital in the Beginning(ie.opening capital)	8,00,000
Profit Made During the year	40,000

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

7. **Meaning of Single Entry System:** A single entry system records a transaction with a single entry and only maintains one side of every transaction. It is the oldest method of recording financial transactions and is less popular than the double-entry system and is mainly used for entries recorded in the income statement. This term is used to describe the problems associated with the accounts from an incomplete transaction and is popularly called as 'Preparation of accounts from incomplete records'

Three Salient features of Single Entry System :

- Under this method, only one Cash Book is maintained which mixes up both the private and business transaction.
- Under this system, Profit or Loss can be ascertained but not the financial position as a whole.
- Arithmetical accuracy of the account is not possible since Trial Balance can't be prepared.

8.

Books of Manveer

Statement of Affairs

as 31st December, 2013

Liabilities	Amt(Rs)	Assets	Amt(Rs)
Loan from Sushil	45,000	Cash	99,000
Capital(Balancing figures)	4,07,000	Bills Receivable	75,000
		Plant	48,000
		Land and Building	1,80,000
		Furniture	50,000
	4,52,000		4,52,000

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

Particulars	Amt(Rs)
Capital at the End i.e, 31st December, 2013	4,07,000
(+) Drawings Made During in the year(8000 × 12)	96,000
Adjusted capital at the end	5,03,000
(-) Capital in the Beginning i.e, 1st January, 2013	4,50,000
Profit Made During the year 2013	53,000

Note: 1. Statement of Profit and loss is made to ascertain the Profit or Loss during the period in place of Profit/Loss Account.

2. Statement of Affairs is made to ascertain the Closing Capital.

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

Liabilities	1.4.17	31.3.18	Assets	1.4.17	31.3.18

Creditors	20,000	18,000	Cash	6,000	7,000
B/P	15,000	11,000	Debtors	68,000	64,000
Capital (Balancing figure)	1,13,000	1,22,500	Furniture	15,000	13,500
Friend's loan	-	20,000	Stock	59,000	87,000
	1,48,000	1,71,500		1,48,000	1,71,500

STATEMENT OF PROFIT

Particulars		Amount (Rs.)
Closing Capital		1,22,500
Add : Drawings ($12 \times 2,500$)		<u>30,000</u>
Total		1,52,500
Less : Opening Capital	<u>1,13,000</u>	<u>1,13,000</u>
Gross Profit		39,500
Less : Interest on Borrowings = $20,000 \times 9\frac{1}{2}\%$	900	
Less : Provision for B/D = $64,000 \times 5\%$	<u>3,200</u>	4,100
Net Profit		35,400

10.

Cash A/c

Particulars	Amount Rs.	Particulars	Amount Rs.
To Capital A/c	4,00,000	By Furniture A/c	80,000
To Cash Sales A/c	2,00,000	By Cash Purchase A/c	1,20,000
To Sundry Debtors A/c	1,56,000	By Sundry Creditors A/c	2,00,000
		By Drawings A/c	40,000

		By Salaries A/c	48,000
		By Trade Expenses A/c	16,000
		By Balance c/d (Bal. Fig)	2,52,000
	7,56,000 =====		7,56,000 =====

Sundry Debtors A/c

Particulars	Amount Rs.	Particulars	Amount Rs.
To Credit Sales A/c	3,00,000	By Bad Debts A/c	4,000
		By Cash A/c (Bal. Fig.)	1,56,000
		By Balance c/d	1,40,000
	3,00,000 =====		3,00,000 =====

Sundry Creditors A/c

Particulars	Amount Rs.	Particulars	Amount Rs.
To Cash A/c (Bal. Fig.)	2,00,000	By Credit Purchase A/c	2,80,000
To Balance c/d	80,000		
	2,80,000 =====		2,80,000 =====

Trading and Profit & Loss A/c as at March 31, 2018

Particulars	Amount Rs.	Particulars	Amount Rs.
To Purchases A/c 4,00,000		By Sales A/c	5,00,000
Less: Drawings A/c 12,000	3,88,000	By Closing Stock A/c	1,60,000
To Gross Profit c/d	2,72,000		
	6,60,000 =====		6,60,000 =====
To Salaries A/c	48,000	By Gross Profit b/d	2,72,000
To Bad Debts A/c	4,000		
To Trade Expenses A/c	16,000		
To Net Profit c/d	2,04,000		
	2,72,000 =====		2,72,000 =====

Balance Sheet
as at March 31, 2018

Liabilities	Amount Rs.	Assets	Amount Rs.
Sundry Creditors	80,000	Cash	2,52,000
Capital 4,00,000		Sundry Debtors	1,40,000
Add: Net Profit 2,04,000		Closing Stock	1,60,000
6,04,000		Furniture	80,000
Less : Drawings [40,000+12,000] 52,000	5,52,000		

	6,32,000 =====		6,32,000 =====
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Final Accounts of sole trader consists of:

- Trading Account
- Profit and Loss Account
- Balance Sheet

So far in this unit you have looked at different adjustment needed before the final accounts can be prepared. The final accounts for a sole trader business are the Income Statement (Trading and Profit & loss Account) and the Balance Sheet. The final accounts give a picture of the financial position of your business. It shows where or not your business has made a profit or loss during the accounting period and whether you are able to pay your debts as they become due.