

Accounting For Incomplete Records or SINGLE ENTRY SYSTEM

CONVERSION METHOD

BASIC LEVEL PROBLEM

1] From the following information find the Credit Sales and Credit Purchase

Opening Balance:

Debtors Rs. 12,000

Creditors Rs. 7,600

Cash paid to creditors Rs. 20,000

Discount allowed by Creditors Rs. 500

Return inward Rs. 5,000

Return outward Rs. 2,400

Cash received from customers Rs. 45,000

Discount allowed by Customers Rs. 3,000

Bills Received from Customers Rs. 17,000

Bills accepted Rs. 4,600, Bad debts Rs. 1,500

Bills receivable dishonoured Rs. 3,500

Closing Balance Debtors Rs. 10,000, Creditors Rs. 9,500.

2] Sri P. Gupta kept his books under Single Entry System. From the following particulars compute total sales and total purchases during the year 2006-07:

	Rs.		Rs.
Sundry Debtors (1.4.06)	80,000	Received from Debtors	2,80,000
Sundry Debtors (31.3.07)	90,000	Received against bills	60,000
Sundry Creditors (1.4.06)	50,000	Payment to Creditors	1,50,000
Sundry Creditors (31.3.07)	40,000	Payment against bills	50,000
Bills Receivable (1.4.06)	20,000	Return Inwards	40,000
Bills Receivable (31.3.07)	25,000	Return Outwards	20,000
Bills Payable (1.4.06)	15,000	Discount Allowed	30,000
Bills Payable (31.3.07)	20,000	Discount Received	15,000
Cash Sales	50,000	Bad Debt written off	15,000
Cash Purchases	60,000	Set off Debtors & Creditors	10,000

3) Sri Bose kept his books under Single Entry System. From the following particulars obtained from his books, you are required to calculate:

Total sales during the year 2004-05, and

Total Purchases during the year 2004-05.

Particulars	Rs.
Balance as on 1.4.2004:	
Debtors	56250
Creditors	43525
Bills Receivable	30200
Bills Payable	15275

Transactions during the year:	
Cash Sales	10280
Cash Purchases	18530
Cash paid to Creditor (including Rs. 2000 for purchase of office furniture)	26500
Cash received from Debtors	31960
Discount earned from supplies	2325
Bad Debt written off	2650
Return Inward	2650
Discount Allowed to customers	3150
Return Outward	2000
Payment made against B/ P	16000
Cash received against B / R	28300
Balances as on 31.03.2005	
Debtors	52450
Creditors	39000
Bills Receivable	27200
Bills Payable	27900

[[Credit sales Rs 61,910, Credit purchase Rs 52,925, Total sales Rs 72,190,
Total Purchase Rs 71,455]

MEDIUM LEVEL PROBLEM

4) Anwar is a retail merchant who keeps his books in signal entry system. From the particulars given below you are required to prepare a Trading and Profit and Loss Account for the year ended 31st December, 2001.

a) Assets and Liabilities	1.1.01.(Rs)	31.12.01 (Rs)
Stock of goods	5300	21700
Sundry Debtors	18000	35500
Sundry Creditors	6400	11800
Furniture	12000	12000

a) cash transaction: Receipts from Debtors – Rs. 52600; Cash Sales – Rs. 17900; Rent paid – Rs. 5800; General expenses paid – Rs. 3500; Payment of salaries - Rs. 10250; Payment of Creditors – Rs 46000; cash drawn for personal use Rs. 6500.

b) Other information: Discount to customers – Rs. 800; Discount received from suppliers – Rs. 1050; Bills received during the year – Rs. 15000; Bills accepted during the year – Rs. 10000. Depreciate furniture at 10% p.a. and create provision for doubtful debts at 5% on sundry debtors.

[[Gross profit Rs 57,750 , Net Profit Rs 35,475,Credit sales Rs 85,900,Credit purchase Rs 62,450]

5] The position of Kabir's business as on 1st April 2011 was :

Sundry creditors 17,000, Freehold premises 50,000 ,Stock 25,000, Debtors 20,000,Furniture 2,000.An abstract of the cash book is appended below

Receipt	Amount	Payment	Amount
Debtors	15,000	Overdraft (1/04/2011)	10,000
Cash sales	80,000	Expenses	50,000
		Drawings	3,000
		Creditors	20,000
		Cash in hand	2,000

		Cash at bank	10,000
	95,000		95,000

The following additional information is available

Closing Stock 30,000, Closing Debtors 25,000, Closing Creditors 12,000, Depreciation on Premises and Furniture @ 10% and 15% respectively. A bad debt provision of 2.5% is to be raised .

Prepare the trading and profit and loss Account for the year ended 31/03/2012 and Balance sheet as on that date .

[Gross profit Rs 90,000 , Net Profit Rs 34,075, Credit sales Rs 20,000, Credit purchase Rs 15,000, Opening Capital 70,000]

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6] Kamlesh does not maintain proper books of accounts. From the following particulars Prepare the trading and profit and loss Account for the year ended 31/03/2012 and Balance sheet as on that date .

	31/03/2011	31/03/2012
Debtors	9,000	12,500
Stock	4,900	6,600
Furniture	750	750
Creditors	3,000	2,250

Analysis of other transaction is as follows

Cash collected from debtors	30,400
Cash paid to creditors	22,000
Salaries	6,000
Rent	750
Office expenses	900
Drawings	1,500
Additional capital introduced	1,000
Cash sales	750
Cash purchases	2,500
Discount received	350
Discount allowed	150
Returns inward	500
Returns outward	400
Bad debts	100

He had 2,500 as cash balance in the beginning of the year

[Gross profit Rs 12,500, Net Profit Rs 4,950, Credit sales Rs 34,650, Credit purchase Rs 22,000, Opening Capital 13,900]

7] Kapil does not maintain proper books of accounts. From the following particulars Prepare the trading and profit and loss Account for the year ended 31/03/2009 and Balance sheet as on that date .

	31/03/2008	31/03/2009
Creditors for goods	21,000	19,000
Creditors for expenses	1,500	1,800
Bills payable	8,700	11,500
Debtors	35,000	34,500
Stock {at cost }	28,000	25,000
Furniture	10,000	12,000
Cash	5,100

Analysis of other transaction is as follows

Bills payable issued	20,800
Cash sales	15,000
Payment to creditors	31,000
Expenses paid	6,600
Drawing	8,000

Bad debts during the year were Rs 900.As regards sales, Kapil tells you that he always sales Goods at cost plus 25%. Furniture and fittings are to be depreciated at 10% of the value in the beginning of the year

[Gross profit Rs 13,200 Net Profit Rs 4,400,Credit sales Rs 51,000,Credit purchase Rs 49,800, Balance Sheet 75,600]

8] Mr.Bharat does not maintain proper books of accounts. From the following particulars Prepare the trading and profit and loss Account for the year ended 31/03/2012 and Balance sheet as on that date .

	31/03/11	31/03/12
Furniture	10,000	12,000
Stock	6,000	2,000
Debtors	12,000	14,000
Prepaid expenses	400
Creditors	4,000	?
Outstanding expenses	1,200	2,000
Cash	2,200	600

Analysis of other transaction is as follows

Collection from debtors	42,000
Paid to debtors	20,000
Transportation	4,000
Drawings	12,000
Expenses	14,000
Furniture purchased	2,000

Other Information

There was considerable amount of cash sales. Credit purchases amounted to Rs 23,000. Provide the provision for doubtful debts to the extent of 10% on Debtors .

[Gross profit Rs 21,400 , Net Profit Rs 5,600,Credit sales Rs 44,000,closing creditors

7,000,cash sales 8,400,Opening Capital 25,000]

9) Nanimadhab started a grocery business on 1st January, 2000 with a capital of Rs. 10000. He spent Rs. 1500 on furniture and fixtures in cash. He maintains his books on single entry. Following figures are extracted from his books:

Particulars	Rs.
Sales (inclusive of cash sales Rs. 8000)	20000
Purchase (inclusive of cash purchases Rs. 2500)	12000
Bad debts written off	750
Business expenses	1050

Nanimadhab used groceries worth Rs. 1500 and took Rs. 13000 in Cash for personal use. On 31st December, 2000 his Sundry Debtors were Rs. 1250 and Sundry Creditors were Rs. 1500. Stock in hand on 31st December, 2000 was Rs. 1500.

Prepare a trading and Profit Loss Account for the year ended on 31st December, 2000 and Balance Sheet as on that date after writing off 10% Depreciation on furniture and fixtures.

[Gross profit Rs 11,000 , Net Profit Rs 9,050, Balance Sheet Rs 6,050 ,Cash collected from debtors Rs 10,000 ,Cash paid to creditors 8,000, Closing cash balance Rs 1,950]

10) Mr. X carries on a small business, but he does not maintain a complete set of books of accounts. He bank all receipts and makes all payment only by means of cheque. He maintains a properly a Cash Book , a Sales Ledger and a Purchase Ledger. He also makes a proper record of the assets and liabilities as at the close of every accounting year. From such records you are able to gather the following facts :

Particulars	Rs.
Receipts for the year ended March 31,2004:	
From Sundry Debtors(Sales Ledger Account)	17625
Cash Sales	4125
Paid in by Mr. X the proprietor	2500
Payments made in the year ended March 31,2004:	
New Furniture Purchased	625
Drawings	1500
Wages	6725
Salaries	1125
Interest paid	75
Telephone	125
Rent	1200
Light and Power	475
Sundry Expenses	2125
Sundry Creditors(Purchases Ledger Accounts)	7625

Assets and liabilities	As on 31st March,2003	As on 31st March,2004
Purchases Ledger Balance (Creditors)	2525	2400
Sales Ledger Balance(Debtors)	3750	6125
Bank	625	-----
Stock	6250	3125
Furniture	7500	7315

Prepare Trading A/C and P/L A/c for the year ended 31/03/04 and Balance Sheet as on that date

[Credit sale - 20,000,Credit Purchase – 7,500,Closing Bank Balance 3,275,Dep on

Furniture- 810 ,Opening Capital – 15,600,Gross Profit -6,300,Net Profit – 840,Balance Sheet- 19,840]

11] Sri Kapoor has a trading business for which the following procedures are followed :

- All collections are deposited with bank each day.
- All payments except petty expenses are made by cheque.
- To meet petty expenses a cheque for Rs. 1,500 is withdrawn from the bank on the first day of each month.

The following figures are available from Sri Kapoor's record :

	1.1.1991 Rs	31.12.1991 Rs
Cash in hand	150	300
Balance in bank	30,000	21,000
Debtors	1,00,000	1,25,000
Creditors	90,000	1,00,000
Stock	15,000	25,000

Payments made to Creditors during the year Rs. 1,20,000.

Personal drawings from bank Rs. 6,000.

Sri Kapoor sells goods at a profit of 25% on sales.

Prepare Profit and Loss Account for the year ended 31.12.1991 and a Balance Sheet as on that date from the above information.

[Value of sales Rs 1,60,000, Collection from debtors Rs 1,35,000, Credit Purchases Rs 1,30,000, Gross Profit 40,000,Net profit Rs 22,150,Opening Capital – 55,150 Balance Sheet Rs 1,71,300,]

12] Mr. X does not maintain regular books but keeps only Memoranda for his transactions. He furnishes the following information from the memoranda for the year ended 30.09.1994 :

	Rs.
(i) Total collections from Debtors (in Cash)	15,000
(ii) Cash sales (as gathered from Sales Invoice)	9,600
(iii) The abstract of the Bank Account for the year ended 30.09.1994 is as below :	

Cash deposits out of collections	23,955	Overdraft as on 1.10.1993	2,400
		Interest and Bank Charges	45
		Personal Drawings	1,200
		Salaries of Staff	5,100
		General Expenses	4,755
		Payment to Credits	9,000
		.Balance on 30.09.1994	<u>1,455</u>
	<u>23,955</u>		<u>23,955</u>

(iv) Other Balances as on 1.10.1993 are as below :

	Rs.
Stock	5,400
Debtors	13,200
Furniture	600
Building	9,000
Creditors	4,800
Cash in hand	50

(v) He purchased on old scooter for Rs. 600 on 1.7.1994.

(vi) Besides the cash balance with the cashier, the following are the other balance as on 30.09.1994 :

	Rs.
Stock	6,120
Debtors	18,000
Creditors	3,300

Prepare the Profit and Loss Account for the year ended 30.09.1994 and the Balance Sheet as on that date after providing for depreciation @ 10% p.a. on all fixed asset.

[Opening Capital – 21,050, Credit Sales - 19,800, Credit purchase- 7,500, Gross Profit – 22,620, Net Profit – 11,745, Balance Sheet 34,895, Closing Cash Balance 95]

13] Bose has supplied the following information about his business to you:

Assets and Liabilities	On 1 st April 2006 (Rs)	On 31 st March, 2007 (Rs)
Sundry debtors	1,81,000	1,93,000
Stock	1,50,000	1,40,000
Machinery	2,50,000	?
Furniture	40,000	?
Sundry creditors	1,10,000	1,25,000

Summary of cash book for the year ended 31st March, 2007 is as follows:

Receipts	Rs.	Payments	Rs.
To opening balance	5,000	By Payments to creditors	3,50,000
To cash sales	61,000	By wages	1,60,000
To Receipt from debtors	7,53,000	By salaries	1,50,000
To Misc. receipts	2,000	By Drawings	40,000
To loan from Dass @ 9% per annum (taken on 1.10.2006)	1,00,000	By sundry office expenses	1,10,000
		By Machinery purchased (on 1.10.2006)	95,000
		By closing balance	16,000
	9,21,000		9,21,000

Discount allowed totaled Rs. 7,000 and discount received was Rs. 4,000. Bad debts written off were Rs 8,000. depreciation was written off on furniture @ 5% per annum and machinery @ 10% per annum under the straight line method of depreciation . The office expenses included Rs. 5,000 paid as insurance premium for the year ending 30th June, 2007. wages amounting to Rs. 20,000 were still due on 31st March, 2007.

Prepare trading and profit and loss account for the year ended 31st March , 2007 and the balance sheet as on that date.

[Credit Sales Rs 7,80,000, Opening Capital Rs 5,16,000, Credit Purchases Rs 3,69,000, Gross Profit Rs 2,82,000, Net Loss Rs 22,000, Balance Sheet Rs 7,03,500]

14] The following balances are available from the books of Sanjoy, a small trader, as on 31st Dec. 1994 and 1995:

Particulars	31.12.94 (Rs)	31.12.95 (Rs)
Building	60000	60000
Equipments	120000	134000
Furniture	10000	10000
Debtors	?	48000

Creditors	32000	?
Stock	?	34000
Bank loan	20000	16000
Cash	32000	22000

The transactions of Sanjoy during the year ended 31st December, 1995 were the following:

Particulars	Rs.
Collection from Debtors	186000
Payment to Creditors	122000
Cash purchases	32000
Expenses	20000
Sales of equipment (Book value Rs. 10000)	6000
Drawings	20000

Cash sales amounted to 10% of total sales. Credit sales amounted to Rs. 180000. Credit purchases were 80% of total purchases. Sanjoy sells goods at cost plus 33 1/3%. His suppliers allowed him discount Rs. 2000. Equipments and Furniture are to be depreciated by 10% p.a. and building by 2%. You are required to prepare Trading and P/L A/C of Sanjoy for the year ended 31.12.95 and a Balance Sheet as on that date.

[Gross profit Rs 50,000 , Net Profit Rs 13,600, Balance Sheet Rs 2,93,600, Cash sales Rs 20,000, Cash purchase Rs 32,000, Opening Debtor Rs 54,000, Closing creditor Rs 36,000, Opening Stock Rs 24,000, Opening Balance Sheet Rs 2,48,000]

15) The following balances are available from the books of Samiresh, a small trader, as on 31st Dec. 2000 & 2001:

	31.12.2000 (Rs)	31.12.2001(Rs)
Building	60000	60000
Equipments	120000	134000
Furniture	10000	10000
Debtors	54000	48000
Creditors	32000	36000
Stock	?	34000
5% Bank Loan	20000	16000
Cash	32000	22000

The transaction of Samiresh during the year ended 31st December, 2001 were the following:

Particulars	Rs.
Interest on bank loan paid	500
Collection from Debtors	186000
Payment of Creditors	122000
Cash purchases	32000
Expenses	20000
Sale of one equipment (book value Rs. 10000)	6000
Drawings	20000

Cash sales amounted to 10% of total sales. Equipments & Furniture are to be depreciated by 10% p.a. and building by 2%. Part of loan was repaid on 1.10.2001. Samiresh sells goods at cost plus 33 1/3%. His suppliers allowed him discount Rs. 2000. Prepare the Trading & P/L A/C of Samiresh for the year ended 31st Dec, 01.

[Gross profit Rs 50,000 , Net Profit Rs 12,650, Balance Sheet Rs 2,93,600, Credit sales Rs 1,80,000, Credit purchase Rs 1,28,000, Opening Stock Rs 24,000, Opening capital 2,48,000, Purchase of Rs 24,000]

16) Mr. Sen did not keep the books of accounts of his business in double entry system. But he maintained the following records of cash transaction-

Receipts	Rs.	Payments	Rs.
Opening (01-01-2003)		Purchase	30000
Cash in hand	30000	Payment to creditors	45000
Cash at bank	40000	Wages	20000
Sales	80000	Salary	22000
Collection from debtors	75000	Rent	6000
Sale of furniture	5000	Outstanding rent of last year	2000
		Selling expenses	3000
		Closing (31-12-2003) - Cash at bank	90000
		Cash in hand	12000
	230000		230000

The following information is also received:

	31.12.2002(Rs.)	31.12.2003(Rs.)
Debtors	60000	75000
Creditors	20000	15000
Stock in trade	13000	18000
Machinery	80000	80000
Furniture	30000	17000

Furniture was sold on 1/1/2003 and on the same date Mr. Sen took furniture worth Rs.5000 for his personal use. Depreciation on machinery and furniture was charged @ 10% p.a. Debt of Rs.1000 became bad.

Preparing trading and profit & loss A/c for the year ended 31/12/2003 and balance sheet as on the date.

[Gross profit Rs 85,000 , Net Profit Rs 40,300, Balance Sheet Rs 2,81300,Credit sales Rs 90,000,Credit purchase Rs 40,000,Opening capital Rs 2,31,000]

17] On 11.93 Mr. S. Sen commenced business. He did not maintain proper books of account. At the end of year following information was obtained after was obtained after going through the records:

1.All cash received on Cash sales was banked after keeping Rs. 100 p.m. for petty expenses and after withholding monthly drawing of Rs. 500.

2. Counterfoils of pay – in- slip reveled the following deposits:	Rs.
Capital contributed by Mr. Sen	100000
Balance of Cash sales	78000
Collection from Debtors	100000

3. Counterfoils of cheque reveled the following payments:	Rs.
Payment of Creditors	150000
Payment of Salary	35000
Purchase of furniture	10000

4.Sales were effected at a uniform of Gross Profit at 25% on Sales.

5.Discount allowed Rs. 2000; Discount received Rs. 3000 and Bad debts Rs. 1000

6.Petty cash exp. Were: Postage – Rs. 200; Stationery – Rs. 1000; Conveyance – Rs. 2000 and Rent – Rs. 2200.

7.On 31.12.93 amount due from Debtors – Rs. 10000 and amount owing to Creditors were Rs. 20000.

You can required to prepare Trading and Profit and Loss Account for the year ended 31.12.93 and Balance Sheet as on that date.

[Gross profit Rs 52,250 ,Closing Stock Rs 16,250, Net Profit Rs 11,850, Balance Sheet Rs 1,25,850,Credit sales Rs 1,13,000,Credit purchase Rs 1,73,000]

ADVANCE LEVEL PROBLEM

18] The books of Shri Khurana showed the following figures:

	April 1,2006	March 31,2007
	Rs.	Rs.
Cash at Bank	35,000	85,000
Cash in Hand	4,100	8,500
Stock-in-trade	2,25,000	2,55,000
Sundry Debtors	1,80,000	?
Sundry Creditors	80,000	73,000
Bills Payable	2,00,000	1,80,000
Furniture and fittings	50,000	?
Outstanding Salary	2,000	?

The cash book analysis showed the following figures amongst others:

	Rs.		Rs.
Receipts from customers	10,50,000	Drawings	60,000
Discounts allowed to them	13,000	Payment to creditors	1,90,000
Salaries upto 31 st March,2007	26,000	Discount received from them	26,000
Rent	36,000	Payment for Bills payable	8,00,000
Sundry trade expenses	85,000		
Furniture purchased on 1.10.2006	10,000		

Depreciation is provided on furniture and fittings @ 10% per annum. No ready figures are available for total sales, However, Khurana informs you that he maintains a steady gross profit rate of 25% on sales.

Prepare Khurana's Trading and profit and loss Account for the year ended 31st March, 2007 and the Balance Sheet as at date.

[Total Sales Rs 12,78,667, Cash Sales Rs 2,11,400, Credit Sales Rs 10,67,267, Closing Debtors Rs 1,84,267, Opening Capital Rs 2,12,100, Credit Purchases Rs 9,89,000, Gross Profit Rs 3,19,667, Net Profit Rs 1,82,167, Balance Sheet Rs 5,87,267]

19]The following are the particulars of Arpita & Company:

(i) Assets and Liabilities	1.1.92 (Rs)	31.12.92 (Rs)
Furniture	36000	38100
Stock	48000	42000
Sundry Debtors	96600	?
Sundry Creditors	66000	90000
Prepaid expenses	3600	4200
Outstanding expenses	12000	10800
Cash in hand and at bank	7200	3750
(ii) Cash transaction during the year 1992:		Rs.
Receipts from Debtors (after allowing 2.5% discount)		351000
Bills receivable discounted (discounted at an average rate		36750

of 2%)	
Paid to Creditors (Discount at 2%)	235200
Freight inward	18000
Drawings	42000
Furniture purchased	6000
4% Investment purchased at Rs. 96 (1.7.92)	57600
Expenses including salaries	87000
Miscellaneous receipts	3000

(iii) During the year Bills receivable received was Rs. 60000; Rs. 12000 of which are endorsed in favour of Creditors. Of the later bill for Rs. 2400 was dishonoured.

iv) Goods costing Rs. 5400 were used as advertising materials.

v) Difference in Cash book, if any is to be treated as drawing or introduction of capital by the proprietor.

vi) Provision @ 2.5% on Debtors for Doubtful debts to be provided for.

Vii] Goods are sold at a profit of 50% on Cost

You are required to prepare Trading and P/L A/C for year ended 31.12.92 and Balance Sheet as on that date.

[Gross profit Rs 1,46,100 , Net Profit Rs 47,917, Balance Sheet Rs 2,71,717, Credit sales Rs 4,35,300, Credit purchase Rs 2,73,600, Opening capital Rs 54,000,]

BUNTY SIR