

## ACCOUNTS FROM INCOMPLETE RECORDS

### ✎ SINGLE ENTRY SYSTEM

Some sole proprietorship and partnership business do not maintain their records on double entry. They maintain their records on single entry system by maintaining those accounts which are useful to them in their business affairs like cash book, sundry debtors account, sundry creditors account etc. only personal accounts and cash book is maintained under single entry system.

### ✎ THERE ARE TWO METHODS TO ASCERTAIN PROFIT OR LOSS UNDER SINGLE ENTRY SYSTEM:

- I. Statement of affairs Method.
- II. Final Accounts Method/Conversion Method.

#### I. STATEMENT OF AFFAIRS METHOD

##### Statement of Profit / loss understatement of affairs method

Particulars	(₹)
Closing Capital	xxx
Add: Drawing during the year	xxx
Less: Additional Capital (investment by proprietor)	xxx
Less: Opening Capital	xxx
<b>Profit for the year</b>	<b>xxx</b>

**II. FINAL ACCOUNTS METHOD:** Under this method, profit /loss for accounting period is ascertained by preparing Trading, Profit and Loss Account and for financial position Balance Sheet is prepared.

### ✎ SOME IMPORTANT ACCOUNTS ARE PREPARED TO FIND OUT THE MISSING FIGURE:

Dr.		Debtors A/c		Cr.	
Particulars	(₹)	Particulars	(₹)		
To Balance b/d	xxx	By Cash / Bank	xxx		
To Sale (Credit Sales)	xxx	By B/R (Drawn)	xxx		
To B/R (Dishonored)	xxx	By Sales Return	xxx		
To Bank A/c		By Bad Debts	xxx		
(Cheque /Discounted B/R Dishonored)	xxx	By Discount	xxx		
To Creditor A/c (endorsed B/R Dishonored)	xxx	By Balance c/d	xxx		
	xxx		xxx		

Dr.		Bills Receivables A/c		Cr.	
Particulars	(₹)	Particulars	(₹)		
To Balance b/d	xxx	By Cash / (Collection on Maturity)	xxx		
To Debtors A/c (B/R Drawn)	xxx	By Sundry Creditor (B/R endorsed)	xxx		
		By Bank A/c (Collection on Maturity)	xxx		
		By Discount A/c	xxx		
		By Sundry Debtors (B/R Dishonored)	xxx		
		By Balance c/d	xxx		
	xxx		xxx		

Dr.		Creditors A/c		Cr.
Particulars	(₹)	Particulars	(₹)	
To Bank / Cash A/c (Payment made)	xxx	By Balance b/d (Opening balance)	xxx	
To B/P A/c (Bills Accepted)	xxx	By Purchases (Credit purchases)	xxx	
To Purchase Return	xxx	By B/P (Dishonored)	xxx	
To Discount Received	xxx	By Debtors A/c	xxx	
To B/R (Bills endorsed)	xxx	(Endorsed B/R dishonored)		
To Balance c/d	xxx			
	xxx			xxx

Dr.		Bills Payable A/c		Cr.
Particulars	(₹)	Particulars	(₹)	
To Bank A/c (Payment)	xxx	By Balance b/d	xxx	
To Sundry creditor A/c (B/P dishonored)	xxx	By Sundry Creditor (Bills Accepted)	xxx	
To Balance c/d	xxx			
	xxx			xxx

Dr.		Stock A/c		Cr.
Particulars	(₹)	Particulars	(₹)	
To Balance b/d	xx	By Cost of Goods Sold	xx	
To Purchase	xx	By Shortage (Abnormal loss)	xx	
		By Balance c/d	xx	
	xxx			xxx

**Notes:**

- In case of any transaction related to Bills Receivable or Bills Payable then always make their separate accounts along with debtors/creditors.
- If question is silent about cash sales or credit sales then always assume it to be a Credit sales if debtors balance is given.
- Always close B/R and B/ P Account before closing debtors/ creditors account.