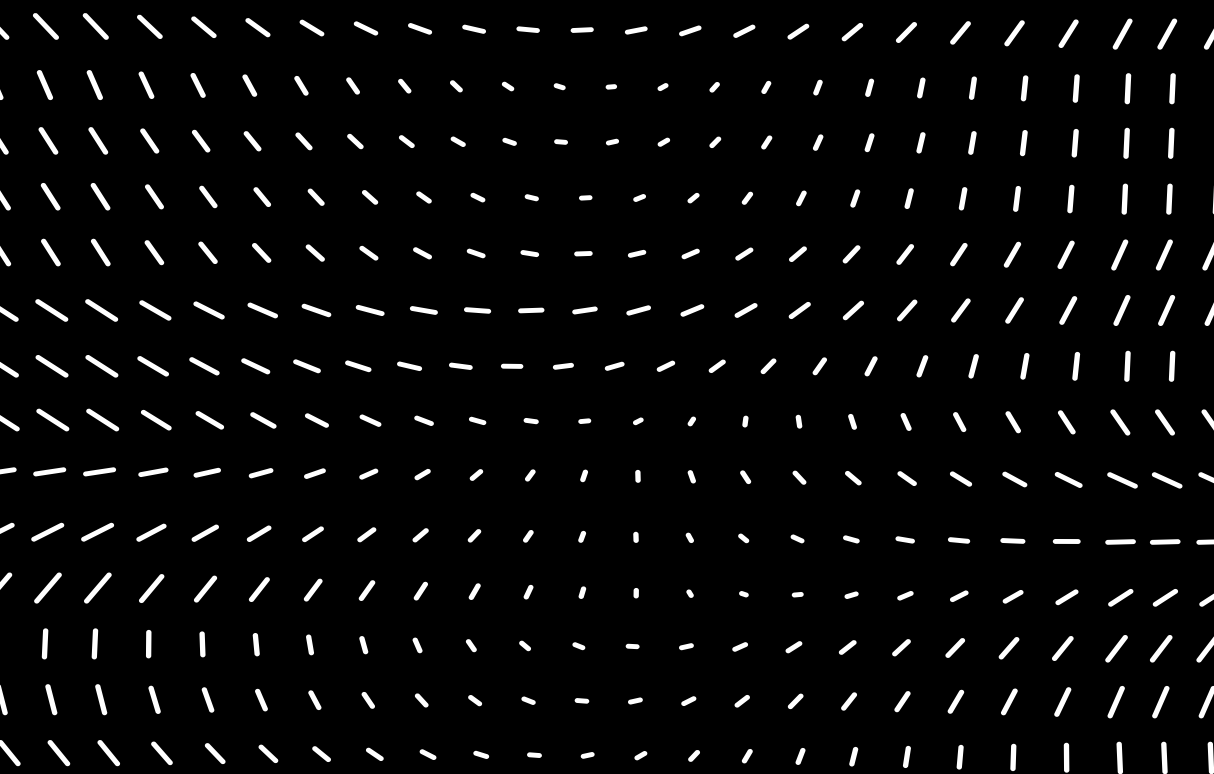


# Accounts from Incomplete Records



# ACCOUNTS FROM INCOMPLETE Records

Single Entry System



Sole Proprietor

1/4/22

₹100,000  
Invest

31/3/23



Profit?

Tara: पता नहीं

Records maintain nahi kore.  
- I am very busy.

Tara → How to complete the Accounts from  
Available incomplete records?  
↓  
Let's find out.



# Single Entry System

System of incomplete or improper records

No entry for some transactions.

One aspect of a transaction is recorded.

For ex:- Cash/ Bank records are maintained but no records of exp/ Rev.

## Types of Single Entry System

Pure Single Entry

Only personal accounts are maintained.

Simple Single Entry

Personal A/c & Cash book are maintained.

Quasi Single Entry

- Personal A/c ✓
- Cash book ✓
- Some Subsidiary books ✓

# Method 1 Ascertainment of Profit by Capital comparison.

Net worth or Statement of Affairs method

Eg-1

1/4/22	3/3/23
Op. cap - 100,000	Cl. cap - 150,000

- a. Additional cap - NIL
- b. With. of cap - NIL

$$\begin{aligned} \rightarrow \text{Profit} &= \text{Cl. cap} - \text{Op. cap} \\ &= 150,000 - 100,000 \\ &= ₹50,000 \end{aligned}$$

Eg-2

1/4/22	3/3/23
Op. cap - 100,000	Cl. cap 150,000

- a. Add. cap - ₹50,000
- b. With. of cap - ₹10,000

Open. cap	100,000	} 140,000
+ Additional cap	50,000	
(-) With. of capital	(10,000)	
+ Profit	? - bal. fig.	
Cl. cap	150,000	

$$\begin{array}{rcl}
 \Rightarrow \text{Profit} & = & \text{Cl. cap} = 150.000 \\
 & (-) \text{ op cap} & (-) 100.000 \\
 & + \text{ With of cap} & + 10.000 \\
 & - \text{ Add. cap.} & - 50.000 \\
 & & \hline
 & \text{Profit} & \underline{10.000}
 \end{array}$$

## ILLUSTRATION 1

Raju does not maintain proper records of his business. However, he provides the following information:

Opening capital	$10,000 + 3,750 + P - 3,000 = 12,500$	10,000
Closing capital		12,500
Drawings during the year		3,000
Capital added during the year		3,750

You are required to calculate the profit or loss for the year.

Ans- Closing Cap	₹ 12500
Add: Drawings	3000
less: Add. cap	(3750)
less: op. cap	(10,000)
Profit during the year	<u>1750</u>

## Capital A/c

↓ Dr.

↑ Cr.

To Bank A/c  
(Withdrawal)

3000

by bal b/d

10,000

by Bank  
(Add. cap)

3750

To bal c/d

12500

by profit (bal fig)

1750

15500

15500

\* If capital balances are not given :-

$$\text{Capital} = \text{Assets} - \text{Liabilities}$$

↓

Statement of affairs  
as on 31.3.23

Liabilities	₹	Assets	₹
Capital A/c (bal. fig)	20,00,000	Building	10,00,000
		Machines	500,000
		Inventory	200,000
Creditors	100,000	Sundry Debtors	50,000
Bank Loan	200,000	Bank	600,000
o/s Exp	50,000		
	<u>2350,000</u>		<u>2350,000</u>

## ILLUSTRATION 2

Rakesh started his business on 1st of April 2021. He invested a capital of Rs 1,00,000. On 31st March 2022, he has the following information available as per the Single-entry system maintained by him.

	₹	
Cash balance (counted)	3,200	
Inventory (physically verified)	34,800	
Receivable from Ajay against credit sales	31,000	Debtor
Machine	85,000	Asset
Payable to Vinod towards credit purchase	12,000	Liab
Loan taken from Bank	10,000	Liab
Drawings made during the year	<u>24,000</u>	

You are required to calculate the profit or loss earned by Rakesh for the year ended 31st March 2022.

## Statement of affairs as on 31st Mar, 22

Liab	₹	Assets	₹
Capital (bal. fig.)	132000	Cash balance	3200
Sundry Creditors	12000	Inventory	34800
Bank loan	10,000	Sundry Debtors	31000
		Machine	85000
	<u>154000</u>		<u>154000</u>

$$\text{Op Cap} + \text{Add cap} + \text{P} - \text{Draw} = \text{Cl cap}$$

$$100,000 + \text{P} - 24,000 = 132,000$$

## Calculation of profit

	₹
Closing cap. as on 31st Mar 22	132000
Add: Drawings	24000
less: Op. Cap	(100,000)
Profit during the year	56000

**ILLUSTRATION 3**

1/4/2021-OP ✓

Assets and Liabilities of Mr. X as on 31-03-2021 and 31-03-2022 are as follows:

	31-03-2021	31-03-2022
	₹	₹
<b>Assets</b>		97500
Building	1,00,000	?
Furniture	381200 50,000	45000 ?
Inventory	1,20,000	2,70,000
Sundry debtors	40,000	90,000
Cash at bank	70,000	85,000
Cash in hand	1,200	3,200
<b>Liabilities</b>		
Loans	1,00,000	80,000
Sundry creditors	40,000	70,000

Decided to depreciate building by 2.5%p.a. and furniture by 10% p.a. One Life Insurance Policy of the Proprietor was matured during the period and the amount ₹ 40,000 is retained in the business. Proprietor took @ ₹ 2,000 p.m. for meeting family expenses.

Prepare Statement of Affairs as on 31-03-2021 and 31-03-2022.

↓ Add. cap  
24000  
↓  
Drawings



1.

## Statement of Affairs as on 31st Mar 21 & 31st Mar 22

Liabilities	31-3-21	31-3-22	Assets	31-3-21	31-3-22
Capital (bal fig)	241200	440700	Building	100,000	97500
			Furniture	50,000	48000
			Inventory	120,000	210,000
			Debtors	40,000	90,000
Loans	100,000	80,000	Cash at bank	70,000	85000
Creditors	40,000	70,000	Cash in hand	1200	3200
	<u>381200</u>	<u>590700</u>		<u>381200</u>	<u>590700</u>

## 2. Calculation of Profit

	₹
<div> <div> Add: </div> <div> Closing cap as on 31.3.22  Drawing &amp;  (2000 x 12) </div> </div>	440700 24000
<div> Less: </div> <div> Add. cap introduced  op cap as on 31.3.21 </div>	(40,000) (241200)
Profit during the year	<u>183500</u>

### ILLUSTRATION 5

The Income Tax Officer, on assessing the income of Shri Moti for the financial years 2020-2021 and 2021-2022 feels that Shri Moti has not disclosed the full income. He gives you the following particulars of assets and liabilities of Shri Moti as on 1st April, 2020 and 1st April, 2022.

		<u>1/4/20</u>	<u>31/3/21</u>	<u>31/3/22</u>	₹
1-4-2020	Assets :				
					Cash in hand 25,500
					Inventory 56,000
					Sundry debtors 41,500
					Land and Building 1,90,000
					Wife's Jewellery 75,000
	Liabilities :				Owing to Moti's Brother 40,000
					Sundry creditors 35,000
<u>31-3-22</u>					
1-4-2022	Assets :				
					Cash in hand 16,000
					Inventory 91,500
					Sundry debtors 52,500
					Land and Building 1,90,000
					Motor Car 1,25,000
					Wife's Jewellery 1,25,000
					Loan to Moti's Brother 20,000
	Liabilities :				Sundry creditors 55,000

During the two years the domestic expenditure was ₹ 4,000 p.m. The declared incomes of the financial years were ₹ 1,05,000 for 2020-2021 and ₹ 1,23,000 for 2021-2022 respectively.

State whether the Income-tax Officer's contention is correct. Explain by giving your workings.

228000

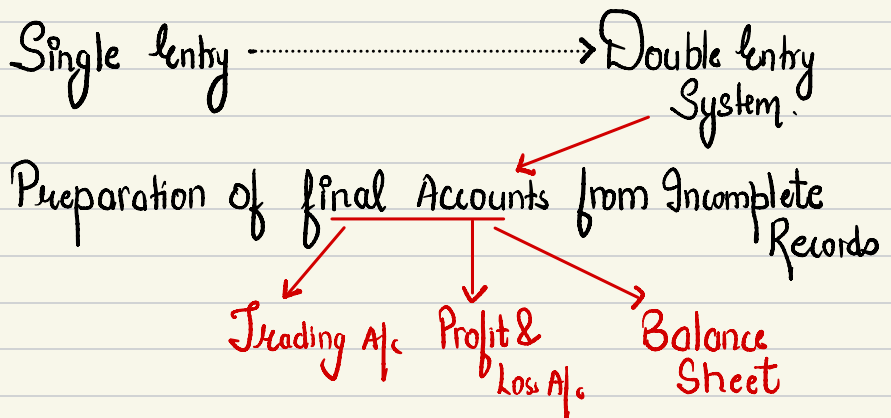
## Statement of affairs as on 1-4-20 & 1-4-22

Liab.	1.4.20	1.4.22	Assets	1.4.20	1.4.22
Capital (bal. fig)	313000	565000	Cash in hand	25500	16000
Owing to Moti's brother	40.000		Inventory	56000	91500
Sundry Cred.	35000	55000	Debtors	41500	52500
			Land & Buil.	190.000	190.000
			Wife's Jewellery	75000	125000
			Motor Car		125000
			Loan to Moti's brother		20.000
	<u>388000</u>	<u>620.000</u>		<u>388000</u>	<u>620.000</u>

### Calculation of Profit:

	₹
Closing cap as on 1-4-22	565000
Add: Drawings for 2 year $(4000 \times 12 \times 2)$	96000
Less: op Cap as on 1.4.20	(313000)
Profit earned during 2020-21 & 2021-22	348000
Income Declared $(105000 + 123000)$	228000
Income not Disclosed	<u>120.000</u>

## Method 2: Conversion Method



→ We have to prepare various ledger A/c to find out Missing values:

1. Debtor A/c
2. Creditor A/c
3. Cash/Bank A/c
4. Fixed Asset A/c
5. B/R & B/P A/c
6. Capital A/c

Dr  $\uparrow$  Sublimation  $\downarrow$  Cr

- Bad debt Recovered - Bank Dr.  
To Bad debt Recovered  
↳ Cr. to p&L A/c

B/R A/c Dr  
To Debtor A/c

Debtor A/c Dr.  
To B/R A/c

→ Amt Received against B/R → Bank A/c Dr.  
To B/R A/c

→ Provision for Doubtful debt → P&L A/c Dr.  
To prov. for D.D

→ <sup>Cash disc</sup> Discount allowed to Debtors:

↳ Discount allowed Dr  
To Debtor A/c

### ILLUSTRATION 6

Calculate the bad debts from the below information:

Opening balance of Debtors	₹ 5,00,000
Closing balance of Debtors	₹ 7,00,000
Amount received in Cash	₹ 6,00,000
Discount allowed	₹ 10,000
Credit Sales	₹ 11,40,000
Bills Receivable	₹ 3,00,000
Bad Debts	???

### Debtor A/c

Part	₹	Part	₹
To bal b/d	500,000	by cash A/c	600,000
To Sales A/c	11,40,000	by disc. all.	10,000
		by B/R	300,000
		by bad debts (bal fig)	30,000
		by bal c/d	700,000

Dr ↓		Creditor <u>A/c</u>		↑ Cr	
Part	₹	Part	₹		
To purch. Return A/c	xxx	by bal b/d	xxx		
To cash/ Bank	xxx	by purchases A/c	xxx		
To Disc. Rec. A/c	xxx	by Bills pay. A/c	xxx		
To Bills payable	xxx	[dishonour]			
(Bill accepted)					
To bal c/d	xxx				

**CA Hardik Manchanda**

### ILLUSTRATION 7

Calculate the credit purchases from the below information:

Opening balance of creditors	₹ 4,00,000
Closing balance of creditors	₹ 5,00,000
Payments made in Cash	₹ 8,50,000
Discount received	₹ 20,000

Creditor A/c			
Dr.			Cr.
Part	₹	Part	₹
To Cash A/c	850.000	by bal b/d	400.000
To Disc. Rec.	20.000	By purchases	970.000
To bal c/d	500.000		
	<u>1370.000</u>		<u>1370.000</u>



## ILLUSTRATION 8

A. Adamjee keeps his books on single entry basis. The analysis of the cash book for the year ended on 31st March, 2022 is given below:

Receipts	₹	Payments	₹
Bank Balance as on 1st April, 2021	2,800	Payments to Sundry creditors	35,000
Received from Sundry Debtors	48,000	Salaries	6,500
Cash Sales	11,000	General expenses ✓	2,500
Capital brought during the year	6,000	Rent and Taxes	1,500
Interest on Investments	200	Drawings	3,600
<i>L Income</i>		Cash purchases ✓	12,000
		Balance at Bank on 31st March, 2022	6,400
		Cash in hand on 31st March, 2022	500
	<u>68,000</u>		<u>68,000</u>

Particulars of other assets and liabilities are as follows:

	1st April, 2021	31st March, 2022
Sundry debtors	14,500	17,600
Sundry creditors	5,800	7,900
Machinery	7,500 ✓	7,500 ✓
Furniture	1,200	1,200 ✓
Inventory	3,900	5,700
Investments	5,000	5,000 ✓

Prepare final accounts for the year ending 31st March, 2022 after providing depreciation at 10 per cent on machinery and furniture and ₹ 800 against doubtful debts.

1. Op B/s 2. Debtor 3. Cred. 4. Cop = A/c

# Trading, and Profit & Loss A/c for the year ended.

Part	₹	Part	₹
To op stock	3900	By sales A/c	62100
To purchases	49100	[Cash sales - 11,000 Cred. Sales - 51100]	
[Cash - 12000 Cred - 37100]		By cl. stock	5100
To Gross profit	<u>14800</u>		<u>          </u>
		by GIP	14800
To Salaries	6600	By Int on Inv	200
To Gen. exp	2500		
To Rent & Taxes	1500		
To Dep			
Mach - 750			
Furn' <u>120</u>	870		
To prov. for DD	800		
To NP	<u>2830</u>		<u>          </u>

# Balance Sheet

as on 31.3.2022

Liabilities	₹	Assets	₹
Capital.	34330	Debtors. 17600	
op cap		(-) prov. for DD ( <u>800</u> )	16800
+ Add cap		Bank balance	6400
+ NP		Cash in hand	500
(-) Draw.			
		Mach - 7500	
		(-) Dep ( <u>750</u> )	6750
Sundry Cred.	7900	Fun - 1200	
		(-) Dep ( <u>120</u> )	1080
		Closing stock	5700
		Inv	5000
	<u>42230</u>		<u>42230</u>

## Working Notes:-

1.

### Balance Sheet as on 1.4.21

Liab.	₹	Assets	₹
Op Cap (bal. fig)	29100	Bank bal	2800
Sund. Cred.	5800	Debtors	14500
		Mach.	7500
		Furn.	1200
		Inventory	3900-
		Invest	5000
			<u>34900</u>

WN2

### Debtor A/c

Part	₹	Part	Cr. ₹
To bal b/d	14500	by Bank	48000
To Sales (bal. fig)	51100		
	==>	by bal c/d	<u>17600</u>

WN3  
Dr.

## Creditors A/c

Part	₹	Part	₹
To Bank A/c	35000	by bal bld	5800
To bal c/d	7900	by purch (bal fig)	31100

WN4

Dr.

## Capital A/c

Cr.

Part	₹	Part	₹
To Drawings	3600	by op cap	29100
		by Net prob	2830
To U. cap	<u>34330</u>	by Bank A/c	6000
			<u>          </u>

PQ.3

3. Ram carried on business as retail merchant. He has not maintained regular account books. However, he always maintained ₹ 10,000 in cash and deposited the balance into the bank account. He informs you that he has sold goods at profit of 25% on sales.

Following information is given to you:

GP

Assets and Liabilities	As on 1.4.2021	As on 31.3.2022
Cash in Hand ✓	10,000	10,000
Sundry Creditors	40,000	90,000
Cash at Bank ✓	50,000 (Cr.)	80,000 (Dr.)
Sundry Debtors	1,00,000	3,50,000
Stock in Trade →	2,80,000	?
Ram's capital	3,00,000	?

Analysis of his bank pass book reveals the following information:

- (a) Payment to creditors ₹ 7,00,000
- (b) Payment for business expenses ₹ 1,20,000
- (c) Receipts from debtors ₹ 7,50,000
- (d) Loan ₹ 1,00,000 taken on 1.10.2021 at 10% per annum
- (e) Cash deposited in the bank ₹ 1,00,000

~ 9000 - 5000

He informs you that he paid creditors for goods ₹ 20,000 in cash and salaries ₹ 40,000 in cash. He has drawn ₹ 80,000 in cash for personal expenses. During the year Ram had not introduced any additional capital. Surplus cash if any, to be taken as cash sales. All purchases are on credit basis.

LQ bal

You are required to prepare Trading and Profit and Loss Account for the year ended 31.3.2022 and Balance Sheet as at 31st March, 2022.

Trading, P&L A/c  
for the year ended 31/3/22

Part	₹	Part	₹
To op stock	280.000	By Sales A/c (cash - 240.000 credit - 10.00.000)	1240.000
To purch.	770.000		
To Gross Profit	310.000	by cl. stock (bal. fig)	120.000
	<u>1360.000</u>		<u>1360.000</u>
		by G.P.	310.000
To Bus. exp	120.000		
To Int on Loan ( $100.000 \times \frac{10}{100} \times \frac{6}{12}$ )	5000		
To Salaries	40.000		
To Net prof.	<u>145000</u>		<u>          </u>

# Balance Sheet as on 31st Mar 22

Liab	₹	Assets	₹
Cl. cap:		Closing stock	120,000
op cap		Cash	10,000
+ NP		Bank	80,000
- Draw		Debtors	350,000
Bank loan	100,000		
of Int on loan	5,000		
Creditors	90,000		
	<u>560,000</u>		<u>560,000</u>



WN,

## Cash &amp; Bank A/c

Dr

Cr

Part	Cash	Bank	Part	Cash	Bank
To bal b/d	10,000		by bal b/d		50,000
To Debtors		750,000	by creditors	20,000	100,000
To Bank Loan		100,000	by bus. exp		120,000
To Cash A/c (c)		100,000	by Bank (c)	100,000	
To Sales A/c	240,000		by salaries	40,000	
			by Drawings	80,000	
			by bal c/d	10,000	80,000
	<u>250,000</u>	<u>950,000</u>		<u>250,000</u>	<u>950,000</u>

## Sundry Debtor A/c

Part	₹	Part	₹
To bal b/d	100,000	by bank	750,000
To Credit Sales (bal fig)	10,00,000		
	<u>          </u>	by bal c/d	<u>350,000</u>

## Sundry Creditors A/c

Dr	Part	₹	Part	₹	Cr
	To Bank	100.000	by bal b/d	40.000	
	To Cash	20.000	by purch. (Bal fig)	170.000	
				<u>          </u>	
	To bal c/d	<u>90.000</u>			

## Ram's Cap A/c

Dr	Part	₹	Part	₹	Cr
	To Drawings	80.000	by bal b/d	300.000	
			by N.P	145000	
				<u>          </u>	
	To bal c/d	<u>365000</u>			

## ILLUSTRATION 9

From the following data furnished by Mr. Manoj, you are required to prepare a Trading and Profit and Loss Account for the year ended 31st March, 2022 and Balance Sheet as at that date. All workings should form part of your answer.

Assets and Liabilities	As on 1st April 2021	As on 31st March 2022
	₹	₹
Creditors	15,770	12,400
Sundry expenses outstanding <i>O/s</i>	600	330
Sundry Assets	<del>11,610</del> <i>430</i>	<del>12,040</del>
Inventory in trade	8,040	11,120
Cash in hand and at bank	6,960	8,080
Trade debtors	?	17,870
Details relating to transactions in the year:		
Cash and discount credited to debtors → <i>Cash Dr 64000 Disc Dr To Debtor 64000</i>		64,000
Sales return		1,450
Bad debts		420
Sales (cash and credit) ✓		<del>71,810</del> <i>1500</i>
Discount allowed by trade creditors <i>Disc Rec</i>		700
Purchase returns		400
Additional capital-paid into Bank		8,500
Realisations from debtors-paid into Bank		62,500
Cash purchases		1,030
Cash expenses		9,570
Paid by cheque for machinery purchased		430 ✓
Household expenses drawn from Bank		3,180
Cash paid into Bank <i>Bank to Cash</i>		5,000
Cash drawn from Bank <i>Cash to Bank</i>		9,240
Cash in hand on 31-3-2022 ✗		1,200 ✗
Cheques issued to trade creditors →		60,270

# Trading and P&L A/c for the year ended 31st Mar, 22

Part	₹	Part	₹
To Op stock	8040	By Sales - 71810	70360
To purch- 59030 (1030+58000)		(-) Sales Ret ( <u>1450</u> )	
(-) purch. Ret ( <u>400</u> )	58630		
To GP	<u>14810</u>	by cl. stock	11,120
			<u>          </u>
		by GP	14810
To Bad debts	420		
To Disc all.	1500	By Disc Rec	700
To Sundry exp (wn)	9300		
To NP	<u>4290</u>		<u>          </u>

# Balance Sheet

as on 31st Mar 22

Liab.	₹	Assets	₹
Capital	36380		
op Cap 26710		Sundry Assets	12040
+ Add cap - 8500		Inventory	11120
(-) Draw. (3180)		Cash & Bank	8080
+ NP <u>4290</u>		Debtor	17870
Creditors	12400		
o/s Exp 330			
	<u>49110</u>		<u>49110</u>

WNI

## Capital A/c

Cr-

[illegible]

WN <u>Cash &amp; Bank A/c</u>			
<u>Dr</u>			<u>Cr</u>
Part	₹	Part	₹
To bal b/d	6960	by purch	1030
To Capital A/c	8500	by expenses	9570
To Debtors	62500	by Mach	430
To Cash A/c	5000	by drawings	3180
To Bank	9240	by Bank A/c	5000
To Sales A/c	4600	by Cash	9240
(bal f/p)		by Creditors	60270
	<u>96800</u>	by bal c/d	<u>8080</u>
			<u>96800</u>

<u>Sundry Debtors A/c</u>			
			<u>Cr</u>
Part	₹	Part	₹
To bal b/d	16530	by Sales Ret	1450
To Sales A/c	67210	by Bad debts	420
(71810 - 4600)		by Bank	62500
	<u>83740</u>	by Disc all.	1500
		by bal c/d	<u>17870</u>
			<u>83740</u>

## Sundry Creditors A/c

Dr.

Part	₹	Part	₹
To Disc Rec	700	by bal b/d	15710
To purch Ret	400		
To Bank	60270	by purch A/c	58000
		(bal fig)	
To bal c/d	<u>12400</u>		<u>      </u>

## Balance Sheet as on 31st Mar 21

Liab.	₹	Assets	₹
Cap A/c		Sundry Assets	11610
(bal fig)	26710	Inventory	8040
		Cash & Bank	6960
Creditors	15710	Debtor	16530
o/s Exp	<u>600</u>		<u>      </u>

WN

$$\begin{array}{rcl} \text{Exp paid} & - & 9570 \\ (-) \text{ o/s at beg} & & (600) \\ + \text{ o/s at the end} & - & + 330 \\ \hline & & 9300 \end{array}$$

✓ Comment - 100% completed ✓

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