

Accounts from Incomplete Records-Single Entry System

Question:1

Following information of an accounting year is given:

Opening Capital 60,000; Drawings 5,000; Capital added during the year 10,000 and Closing Capital 90,000. Calculate the Profit or Loss for the year.

Solution:

Statement of Profit or Loss

Particulars	Amount Rs
Capital at the end	90,000
Add: Drawings	5,000
	95,000
Less: Additional Capital Introduced	10,000
Adjusted Capital at the end	85,000
Less: Capital in the beginning	60,000
Net Profit for the year	25,000

Question:2

Mayank does not keep proper records of his business, he gives you the following information:

Opening Capital	1,00,000
Closing Capital	1,25,000
Drawings during the year	30,000
Capital added during the year	37,500

Calculate the profit or loss for the year.

Solution:

Statement of Profit or Loss

Particulars	Amount Rs
Capital at the end	1,25,000
Add: Drawings	30,000
	1,55,000
Less: Additional Capital Introduce	37,500
Adjusted Capital at the end	1,17,500
Less: Capital in the beginning	1,00,000
Net Profit for the year	17,500

Question:3

Capital of Ganesh Gupta in the beginning of the year was 70,000. During the year his business earned a profit of 20,000, he withdrew 7,000 for his personal use. He sold ornaments of his wife for 20,000, and invested that amount into the business.

Find out his Capital at the end of the year.

Solution:

$$\begin{aligned}
 \text{Capital at the end} &= \text{Opening Capital} + \text{Additional Capital} + \text{Profit} - \text{Drawings} \\
 &= 70,000 + 20,000 + 20,000 - 7,000 = \text{Rs } 1,03,000
 \end{aligned}$$

Question:4

Vikas maintains his books of account on Single Entry System. He provides following information from his books. Find out additional capital introduced in the business during the year 2018–19.

Opening Capital – 1,30,000 Drawings during the year 50,000
 Closing Capital – 2,00,000 Profit made during the year 1,00,000

Solution:

$$\begin{aligned}\text{Additional Capital} &= \text{Capital at the End} + \text{Drawings} - \text{Capital in the Beginning} + \text{Profit} \\ &= 2,00,000 + 50,000 - 1,30,000 + 1,00,000 \\ &= 2,50,000 - 2,30,000 = \text{Rs } 20,000\end{aligned}$$

Question:5

Mohan maintains books on Single Entry System. He gives you the following information:

Capital on 1st April, 2018	15,200
Capital on 31st March, 2019	16,900
Drawings made during the year	4,800
Capital introduced on 1st August, 2018	2,000

You are required to calculate the Profit or Loss made by Mohan.

Solution:**Statement of Profit or Loss**

Particulars	Amount ()
Capital as on March 31, 2019	16,900
Add: Drawings	4,800
	21,700
Less: Addition Capital Introduced	2,000
Adjusted Capital as on March 31, 2019	19,700
Less: Capital as on April 01, 2018	15,200
Profit made during the year 2018-19	4,500

Question:6

Mahesh who keeps his books on Single Entry System sells goods at Cost *plus* 50%. On 1st April, 2018 his Capital was 4,00,000 and on 31st March, 2019 it was 3,50,000. He had withdrawn 20,000 per month besides goods of the sale value of 60,000. How much did he earn in 2018-19?

Solution:**Statement of Profit/Loss**

Particulars	Amount
Closing Capital as on 31st March, 2019	3,50,000
Less: Opening Capital as on 1st April, 2018	4,00,000
Add: Drawings WN1	2,80,000
Profit for the Year	2,30,000

Working Notes:

1)

$$\text{Cash withdrawn} = ₹(20,000 \times 12) = ₹2,40,000$$

$$\text{Goods taken for personal use} = ₹\left(60,000 \times \frac{100}{150}\right) = ₹40,000$$

$$\text{Total Drawings} = \text{Cash withdrawn} + \text{Goods withdrawn for personal use}$$

$$\text{Total Drawings} = ₹(2,40,000 + 40,000) = ₹2,80,000$$

Question:7

Krishan started his business on 1st April, 2018 with a Capital of 1,00,000. On 31st March, 2019, his assets were:

Cash	3,200
Stock	34,800
Debtors	31,000
Plant	85,000

He owed 12,000 to sundry creditors and 10,000 to his brother on that date. He withdrew 2,000 per month for his personal expenses. Ascertain his profit.

Solution:

Statement of Affairs
as on March 31, 2019

Liabilities	Amount	Assets	Amount
Sundry Creditors	12,000	Cash	3,200
Brother's Loan	10,000	Stock	34,800
Capital (<i>Balancing Figure</i>)	1,32,000	Debtors	31,000
		Plant	85,000
	1,54,000		1,54,000

Statement of Profit or Loss
for the year end March 31, 2019

Particulars	Amount
Capital as on March 31, 2019	1,32,000
Add: Drawings Rs2,000 × 12	24,000
	1,56,000
Less: Capital as on April 01, 2018	1,00,000
Profit made during the year 2018-2019	56,000

Question:8

Ram Prashad keeps his books on Single Entry System and from them and the particulars supplied, the following figures were gathered together on 31st March, 2019:

Book Debts 10,000; Cash in Hand 510; Stock-in-Trade *estimated*

6,000; Furniture and Fittings 1,200; Trade Creditors 4,000; Bank Overdraft 1,000; Ram Prashad stated that he started business on 1st April, 2018 with cash 6000 paid into bank but stocks valued at 4,000. During the year he estimated his drawings to be 2,400. You are required to prepare the statement, showing the profit for the year, after writing off 10% for Depreciation on Furniture and Fittings.

Solution:

Books of Ram Prashad
Statement of Affairs
as on March 31, 2019

Liabilities	Amount	Assets	Amount
Trade Creditors	4,000	Book Debts	10,000
Bank Overdraft	1,000	Cash in Hand	510
Capital (<i>Balancing Figure</i>)	12,590	Stock	6,000
		Furniture and Fittings	1,200

		Less: 10% Depreciation	120	1,080
	17,590			17,590

Statement of Affairs
as on April 01, 2018

Liabilities	Amount	Assets	Amount
Capital (<i>Balancing Figure</i>)	10,000	Bank	6,000
		Stock	4,000
	10,000		10,000

Statement of Profit or Loss
for the year and March 31, 2019

Particulars	Amount
Capital as on March 31, 2019	12,590
Add: Drawings	2,400
	14,990
Less: Capital as on April 01, 2018	10,000
Profit made during the year 2018-19	4,990

Question:9

Shruti maintains her books of account from Incomplete Records. Her books provide the following information:

	1st April, 2015	31st March, 2016
Cash	1,200	1,600
Bills Receivable	...	2,400
Debtors	16,800	27,200
Stock	22,400	24,400
Investments	...	8,000
Furniture	7,500	8,000
Creditors	14,900	11,600

She withdrew 500 per month for personal expenses. She sold her Investments of 16,000 at 5% premium and introduced the amount into business.

You are required to prepare a Statement of Profit or Loss for the year ending 31st March, 2016.

Solution:

Statement of Profit/Loss

Particulars	Amount
Closing Capital	60,000
Less: Opening Capital	33,000
Less: Additional Capital	16,800
Add: Drawings	6,000
Profit for the Year	16,200

Working Notes:

Opening Statement of Affairs
as on April 01, 2015

Dr.		Cr.	
Liabilities	Amount	Assets	Amount
Creditors	14,900	Cash	1,200
Capital (<i>Bal. Fig.</i>)	33,000	Debtors	16,800
		Stock	22,400
		Furniture	7,500
	47,900		47,900

Closing Statement of Affairs

Dr.		Cr.	
Liabilities	Amount Rs	Assets	Amount Rs
Creditors	11,600	Cash	1,600
Capital (<i>Bal. Fig.</i>)	60,000	Bills Receivable	2,400
		Debtors	27,200
		Stock	24,400
		Investments	8,000
		Furniture	8,000
	71,600		71,600

Question:10

Hari maintains his books of account on Single Entry System. His books provide the following information:

	1st April, 2018	31st March, 2019
Furniture	2,000	2,000
Stock	28,000	30,500
Sundry Debtors	21,000	34,000
Cash	1,500	2,000
Sundry Creditors	17,500	19,000
Bills Receivable	...	3,000
Loan	...	5,000
Investments	...	10,000

His drawings during the year were 5,000 Depreciate furniture by 10% and provide a reserve for Bad and Doubtful Debts at 10% on Sundry Debtors.

Prepare the statement showing the profits for the year.

Solution:

Statements of Affairs
as on April 01, 2018

Liabilities	Amount	Assets	Amount
Sundry Creditors	17,500	Furniture	2,000
Capital (<i>Balancing Figure</i>)	35,000	Stock	28,000
		Sundry Debtors	21,000
		Cash	1,500
	52,500		52,500

Statement of Affairs
as on March 31, 2019

Liabilities	Amount	Assets	Amount
Sundry Creditors	19,000	Furniture	2,000
Loan	5,000	Less: 10% Depreciation	200
Capital (<i>Balancing Figure</i>)	53,900	Stock	30,500
		Sundry Debtors	34,000
		Less: 10% Reserve for Doubtful Debts	3,400
		Cash	2,000
		Bills Receivables	3,000
		Investments	10,000
	77,900		77,900

Statement of Profit or Loss
for the year ended March 31, 2019

Particulars	Amount
Capital as on March 31, 2019	53,900
Add: Drawings	5,000
	58,900
Less: Capital as on April 01, 2018	35,000
Profit made during the year 2018-19	23,900

Question:11

A commenced business on 1st April, 2018 with a capital of 10,000. He immediately bought Furniture and Fixtures for 2,000. On 1st October, 2018, he borrowed 5,000 from his wife @ 9% p.a. *interest not yet paid* and introduced a further capital of his own amounting to 1,500. A drew @ 300 per month at the end of each month for household expenses. On 31st March, 2019 his position was as follows: Cash in Hand 2,800; Sundry Debtors 4,800; Stock 6,800; Bills Receivable 1,600; Sundry Creditors 500 and owing for Rent 150. Furniture and Fixtures to be depreciated by 10%. Ascertain the profit or loss made by A during 2018–19.

Solution:

Statement of Affairs
as on March 31, 2019

Liabilities	Amount	Assets	Amount
Wife's Loan	5,000	Furniture and Fixture	2,000
Add: Outstanding Interest		Less: 10% Depreciation	200
5,000 × 9	225	Cash in Hand	2,800
	5,225	Sundry Debtors	4,800
Sundry Creditors	500	Stock	6,800
Rent Outstanding	150	Bills Receivable	1,600
Capital (<i>Balancing Figure</i>)	11,925		
	17,800		17,800

Statement of Profit or Loss
for the year ended March 31, 2019

Particulars	Amount
Capital as on March 31, 2019	11,925
Add: Drawings Rs1,200 × 3	3,600

	15,525
Less: Additional Capital Introduced	1,500
Adjusted Capital as on March 31, 2019	14,025
Less: Capital as on April 01, 2018	10,000
Profit made during the year 2018-19	4,025

Question:12

Kuldeep, a general merchant, keeps his accounts on Single Entry System. He wants to know the results of his business on 31st March, 2019 and for that following information is available:

	1st April, 2018	31st March, 2019
Cash in Hand	1,50,000	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 5,00,000 for his personal use and invested 2,50,000 as additional capital. Calculate his profits on 31st March, 2019 and prepare the Statement of Affairs as on that date.

Solution:

Statement of Affairs

as on April 01, 2018

Liabilities	Amount	Assets	Amount
Creditors	3,50,000	Cash in Hand	1,50,000
Capital (<i>Balancing Figure</i>)	14,00,000	Bank Balance	7,50,000
		Furniture	1,00,000
		Stock	5,00,000
		Debtors	2,50,000
	17,50,000		17,50,000

Statement of Affairs

as on March 31, 2019

Liabilities	Amount	Assets	Amount
Creditors	4,00,000	Cash in Hand	1,75,000
Capital (<i>Balancing Figure</i>)	16,25,000	Bank Balance	8,00,000
		Furniture	1,00,000
		Stock	6,50,000
		Debtors	3,00,000
	20,25,000		20,25,000

Statement of Profit or Loss

for the year ended March 31, 2019

Particulars	Amount
Capital as on March 31, 2019	16,25,000
Add: Drawings	5,00,000
	21,25,000
Less: Additional Capital Introduced	2,50,000

Adjusted Capital as on March 31, 2019	18,75,000
Less: Capital as on April 01, 2018	14,00,000
Profit made during the year 2018-19	4,75,000

Question:13

Following information is supplied to you by a shopkeeper:

	1st April, 2018	31st March, 2019
Cash	6,000	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 2,500 per month for domestic purposes. He also borrowed from a friend at 9% a sum of 20,000 on 1st October, 2018. 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.

Solution:

Statement of Affairs

as on April 01, 2018

Liabilities	Amount	Assets	Amount
Sundry Creditors	20,000	Cash	6,000
Bills Payable	15,000	Sundry Debtors	68,000
		Stock	59,000
Capital (<i>Balancing Figure</i>)	1,13,000	Furniture	15,000
	1,48,000		1,48,000

Statement of Affairs

as on March 31, 2019

Liabilities	Amount	Assets	Amount
Sundry Creditors	18,000	Cash	7,000
Bills Payable	11,000	Stock	87,000
9% Loan from Friend	20,000	Furniture	13,500
Add: Interest			
Outstanding $2,000 \times 9$	900		
Capital (<i>Balancing Figure</i>)	1,18,400	Sundry Debtors	64,000
		Less: 5% Provision	
		for Doubtful Debts	3,200
	1,68,300		60,800
			1,68,300

Statement of Profit or Loss

for the year ended March 31, 2019

Particulars	Amount
Capital as on March 31, 2019	1,18,400
Add: Drawings $Rs250 \times 12$	30,000

	1,48,400
Less: Capital as on April 01, 2018	1, 13, 000
Profit made during the year 2018-19	35,400

Question:14

Vikas is keeping his accounts according to Single Entry System. His capital on 31st December, 2015 was 2,50,000 and his capital on 31st December, 2016 was 4,25,000. He further informs you that during the year he gave a loan of 30,000 to his brother on private account and withdrew 1,000 per month for personal purposes. He used a flat for his personal purpose, the rent of which @ 1,800 per month and electricity charges at an average of 10% of rent per month were paid from the business account. During the year he sold his 7% Government Bonds of 50,000 at 1% premium and brought that money into the business.

Prepare a Statement of Profit or Loss for the year ended 31st December, 2016.

Solution:

Statement of Profit/Loss	
Particulars	Amount
Closing Capital	4,25,000
Less: Opening Capital	2, 50, 000
Less: Additional Capital	50, 500
Add: Drawings	65,760
Profit for the Year	1,90,260

Note: Drawings include loan to brother, withdrawals in cash, rent and electricity charges.

Question:15

Manu started business with a capital of 4,00,000 on 1st October, 2005. He borrowed from his friend a sum of 1,00,000. He brought further 75,000 as capital on 31st March, 2006, his position was:

Cash: 30,000; Stock: 4,70,000; Debtors: 3,50,000 and Creditors: 3,00,000.

He withdrew 8,000 per month during this period. Calculate profit on loss for the period.

Solution:

Statement of Affairs for the year ending March 31, 2006

Liabilities	Amount Rs	Assets	Amount Rs
Creditors	3,00,000	Cash	30,000
Loan from Friend	1,00,000	Stock	4,70,000
Capital	4,50,000	Debtors	3,50,000
(Balancing Figure)			
	8,50,000		8,50,000

Statement of Profit and Loss for the year ending March 31, 2006

Particulars	Amount Rs
Capital as on March 31, 2006	4,50,000
Add: Drawings	48,000
8, 000 × 6	
	4,98,000
Less: Additional Capital Introduced	75, 000
Adjusted Capital as on March 31, 2006	4,23,000
Less: Capital as on Oct.01, 2005	4, 00, 000

Profit made during the year 2005-06	23,000

Question:16

From the following information relating to the business of Abhay who keeps books on Single Entry System, ascertain the profit or loss for the year 2018–19:

	1st April, 2018	31st March, 2019
Machinery	8,000	8,000
Furniture	2,000	2,000
Stock	7,000	5,000
Sundry Debtors	4,000	4,500
Bank Balance	200 Cr.	1,800 Dr.
Sundry Creditors	5,000	3,500

Abhay withdrew 4,100 during the year to meet his household expenses. He introduced 300 as fresh capital on 15th January, 2019. Machinery and Furniture are to be depreciated at 10% and 5% p.a. respectively.

Solution:

Statement of Affairs

as on April 01, 2018

Liabilities	Amount	Assets	Amount
Bank Overdraft	200	Machinery	8,000
Sundry Creditors	5,000	Furniture	2,000
Capital (<i>Balancing Figure</i>)	15,800	Stock	7,000
		Sundry Debtors	4,000
	21,000		21,000

Statement of Affairs

as on March 31, 2019

Liabilities	Amount	Assets	Amount
Sundry Creditors	3,500	Machinery	8,000
Capital (<i>Balancing Figure</i>)	16,900	Less: 10% Depreciation	800
		Furniture	2,000
		Less: 5% Depreciation	100
		Stock	5,000
		Sundry Debtors	4,500
		Bank Balance	1,800
	20,400		20,400

Statement of Profit or Loss

for the year ended March 31, 2019

Particulars	Amount
Capital as on March 31, 2019	16,900
Add: Drawings	4,100
	21,000
Less: Additional Capital Introduced	300
Adjusted Capital as on March 31, 2019	20,700
Less: Capital as on April 01, 2018	15,800
Profit made during the year 2018-19	4,900

Question:17

Aditya a retailer, has not maintained proper books of account but it has been possible to obtain the following details:

	<i>Last Year</i>	<i>This Year</i>
Trade Creditors	6,270	5,890
Loan from Naresh	5,000	5,000
Stock	12,350	11,980
Cash in Hand	570	650
Shop Fittings	7,250	7,800
Trade Debtors	5,280	4,560
Bank Balance	3,990	4,130

Calculate the net profit for this year and draft the Statement of Affairs at the end of the year after noting that:

- a*
Shop Fittings are to be depreciated by 780.
- b*
Aditya has drawn 100 per week for his own use.
- c*
Included in the Trade Debtors is an irrecoverable balance of 270.
- d*
Interest at 5% p.a. is due on the loan from Naresh but has not been paid for the year.

Solution:

In the books of Aditya
Statement of Affairs
Previous Year

Liabilities	Amount	Assets	Amount
Trade Creditors	6,270	Stock	12,350
Loan from Naresh	5,000	Cash in Hand	570
Capital (<i>Balancing Figure</i>)	18,170	Shop Fittings	7,250
		Trade Debtors	5,280
		Bank Balance	3,990
	29,440		29,440

Statement of Affairs
Current Year

Liabilities	Amount	Assets	Amount
Trade Creditors	5,890	Stock	11,980
Loan from Naresh 5,000		Cash in Hand	650
Add: Outstanding Interest 5,000 × 5	250	Shop Fittings 7,800	
Capital (<i>Balancing Figure</i>)	16,930	Less: Depreciation 780	7,020
		Trade Debtors 4,560	
		Less: Bad Debts 270	4,290
		Bank Balance	4,130
	28,070		28,070

Statement of Profit or Loss
Current Year

Particulars	Amount Rs
Capital of the Current Year	16,930
Add: Drawings Rs100 × 52	5,200
	22,130
Less: Capital of the Previous Year	18,170
Profit made during the Current Year	3,960

Question:18

On 1st April, 2018, X started a business with 40,000 as his capital. On 31st March, 2019, his position was as follows:

Creditors	30,000
Bills Payable	10,000
Bank	10,000
Debtors	50,000
Stock	40,000
Plant	68,000
Furniture	12,000

During the year 2018–19, X drew 24,000. On 1st October, 2018, he introduced further capital amounting to 30,000. You are required to ascertain profit or loss made by him during the year 2018–19.

Adjustments:

a

Plant is to be depreciated at 10%.

b

A provision of 5% is to be made against debtors.

Also prepare the Statement of Affairs as on 31st March, 2019.

Solution:

Statement of Affairs
for the year ended March 31, 2019

Liabilities	Amount	Assets	Amount
Creditors	30,000	Bank	10,000
Bills Payable	10,000	Debtors	50,000
Capital (<i>Balancing Figure</i>)	1,30,700	Less: 5% Provision for Doubtful Debts	2,500
		Stock	40,000
		Plant	68,000
		Less: 10% Depreciation	6,800
		Furniture	12,000
	1,70,700		1,70,700

Statement of Profit or Loss
for the year ended March 31, 2019

Particulars	Amount
Capital as on March 31, 2019	1,30,700
Add: Drawings	24,000
	1,54,700
Less: Additional Capital Introduced	30,000
Adjusted Capital as on March 31, 2019	1,24,700
Less: Capital as on April 01, 2018	40,000
Profit made during the year 2018-19	84,700