

Chapter 19 – Accounts from Incomplete Records – Single Entry System

Question 1.

Following information of an accounting year is given:

Opening Capital Rs.60,000; Drawings Rs.5,000; Capital added during the year Rs.10,000 and Closing Capital Rs.90,000.

Calculate the Profit or Loss for the year.

Solution:

Statement of Profit or Loss

Particulars	₹
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 Rs.1,00,000

Closing Capital Rs.1,25,000

Drawings during the year Rs.30,000

Capital added during the year Rs.37,500

Calculate the profit or loss for the year.

Solution:

Statement of Profit or Loss

Particulars	₹
Capital at the end	1,25,000
Add : Drawings	30,000
	1,55,000
Less : Additional Capital Introduced	(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 Rs.70,000. During the year his business earned a profit of Rs.20,000. He withdrew Rs.7,000 for his personal use. He sold ornaments of his wife for Rs.20,000 and invested that amount into the business. Find out his Capital at the end of the year.

Solution:

Capital at the end of the year

= Opening Capital + Additional Capital + Profit – Drawings

= 70,000 + 20,000 + 20,000 – 7,000

= Rs.1,03,000

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 2012-13.

Opening Capital – Rs.1,30,000

Drawing during the year Rs.50,000

Closing Capital – Rs.2,00,000

Profit made during the year Rs.1,00,000

Solution:

Additional Capital

= Capital at the End + Drawings – (Capital in the Beginning + Profit)

= 2,00,000 + 50,000 – (1,30,000 + 1,00,000) = 2,50,000 – 2,30,000

= Rs.20,000

Question 5.

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

	₹
Capital on 1 st April, 2012	15,200
Capital on 31 st March, 2013	16,900
Drawings made during the year	4,800
Capital introduced on 1 st August, 2012	2,000

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

Solution:**Statement of Profit or Loss**

Particulars	₹
Capital as on March 31, 2013	16,900
Add : Drawings	4,800
	21,700
Less : Additional Capital Introduced	(2,000)
Adjusted Capital as on March 31, 2013	19,700
Less : Capital as on April 01, 2012	(15,200)
Profit made during the year 2012-13	4,500

Question 6.

Krishna started his business on 1st April, 2012 with a Capital of ₹ 10,000. On 31st March, 2013, his assets were:

Cash	₹320
Stock	₹3,480
Debtors	₹3,100
Plant	₹8,500

He owed ₹1,200 to Sunday creditors and ₹1,000 to his brother on that date. He withdrew ₹200 per month for his private expenses. Ascertain his profit.

Solution:

Statement of Affairs
As on March 31, 2013

Liabilities	₹	Assets	₹
Sundry Creditors	1,200	Cash	320
Brother's Loan	1,000	Stock	3,480
Capital (Balancing Fig.)	13,200	Debtors	3,100
		Plant	8,500
	15,400		15,400

Statement of Profit or Loss
For the year end March 31, 2013

Particulars	₹
Capital as on March 31, 2013	13,200
Add : Drawings (₹200 × 12)	2,400
	15,600
Less : Capital as on April 01, 2012	(10,000)
Profit made during the year 2012-2013	5,600

Question 7.

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, 2013:

Book Debts Rs.10,000; Cash in Hand Rs.510; Stock-in-Trade (estimated) Rs.6,000; Furniture and Fittings Rs.1,200; Trade Creditors Rs.4,000; Bank Overdraft Rs.1,000. Ram Prashad stated that he started business on 1st April with cash Rs.6,000 paid into bank but stocks valued at Rs.4,000. During the year he estimated his drawings to be Rs.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. What Journal entries will start the books on a Double Entry System with the above figures?

Solution:

Books of Ram Prashad
Statement of Affairs
As on March 31, 2013

Liabilities	₹	Assets	₹
Trade Creditors	4,000	Book Debts	10,000
Bank Overdraft	1,000	Cash in Hand	510
Capital (Balancing Fig.)	12,590	Stock	6,000
		Furniture and Fittings	1,200
		Less : 10% Depreciation	(120)
	17,590		1,080
			17,590

Statement of Affairs
As on April 01, 2012

Liabilities	₹	Assets	₹
Capital (Balancing Fig.)	10,000	Bank	6,000
		Stock	4,000
	10,000		10,000

Statement of Profit or Loss
For the year end March 31, 2013

Particulars	₹
Capital as on March 31, 2013	12,590
Add : Drawings	2,400
	14,990
Less : Capital as on April 01, 2012	(10,000)
Profit made during the year 2012-2013	4,990

Question 8.

X, who keeps his books on Single Entry System, tells you that his capital on 31st March, 2013 is Rs.18,700 and his capital on 1st April, 2012 was Rs.19,200. He further informs you that during the year he withdrew for his household purposes Rs.8,420. He once sold his investment of Rs.2,000 at 2% premium and brought that money into the business. You are required to prepare a Statement of Profit or Loss.

Solution:

Statement of Profit or Loss
For the year end March 31, 2013

Particulars	₹
Capital as on March 31, 2013	18,700
Add : Drawings	8,420
	27,120
Less: Additional Capital Introduced [(2,000) + (2,000 × 2%)]	(2,040)
Adjusted Capital as on March 31, 2013	25,080
Less : Capital as on April 01, 2012	(19,200)
Profit made during the year 2012-2013	5,880

Question 9.

Mr. Abdul started a business on 1st April, 2012 with a capital of ₹20,000. Finding it inadequate, he brought in fresh capital of ₹ 4,000 on 1st May, 2012. On 31st March, 2013, his assets were:

Furniture	₹5,000
Stock	₹17,000
Sundry Debtors	₹7,400
Cash at Bank	₹2,400
Cash in Hand	₹600

Sundry Creditors at this date totalled ₹9,600. He found that he had withdrawn ₹7,600 to meet his household expenses.

Solution:

Statement of Affairs
For the year and March 31, 2013

Liabilities	₹	Assets	₹
Sundry Creditors	9,600	Furniture	5,000
Capital (Balancing Fig.)	22,800	Stock	17,000
		Sundry Debtors	7,400
		Cash at Bank	2,400
		Cash in Hand	600
	32,400		32,400

Statement of Profit or Loss
For the year end March 31, 2013

Particulars	₹
Capital as on March 31, 2013	22,800
Add : Drawings	7,600
	30,400
Less : Additional Capital Introduced	(4,000)
Adjusted Capital as on March 31, 2013	26,400
Less : Capital as on April 01, 2012	(20,000)
Profit made during the year 2012-2013	6,400

Question 10.

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

	1 st April, 2012 ₹	31 st March, 2013 ₹
Furniture	200	200
Stock	2,800	3,050
Sundry Debtors	2,100	3,400
Cash	150	200
Sundry Creditors	1,750	1,900
Bills Receivable		300
Loan		500
Investments		1,000

His drawings during the year were ₹500. Depreciate furniture by 10% and provide a reserve for Bad and Doubtful Debts at 10% on Sundry Debtors.

Solution:

Statement of Affairs
As on April 01, 2012

Liabilities	₹	Assets	₹
Sundry Creditors	1,750	Furniture	200
Capital (Balancing Fig.)	3,500	Stock	2,800
		Sundry Debtors	2,100
		Cash	150
	5,250		5,250

Statement of Affairs
As on March 31, 2013

Liabilities	₹	Assets	₹
Sundry Creditors	1,900	Furniture	200
Loan	500	Less : 10% Depreciation	(20)
Capital (Balancing Figure)	5,390	Stock	3,050
		Sundry Debtors	3,400
		Less : 10% Reserve for Doubtful Debts	(340)
		Cash	200
		Bills Receivables	300
		Investments	1,000
	7,790		7,790

Statement of Profit or Loss
For the year end March 31, 2013

Particulars	₹
Capital as on March 31, 2013	5,390
Add : Drawings	500
	5,890
Less : Capital as on April 01, 2012	(3,500)
Profit made during the year 2012-2013	2,390

Question 11.

A commenced business on 1st April, 2012 with a capital of Rs.10,000. He immediately bought Furniture and Fixtures for Rs. 2,000. On 1st October, 2012 he borrowed Rs.5,000 from his wife @ 9% p.a. (interest not yet paid) and introduced a further capital of his own amounting to Rs.1,500. A drew @ Rs.300 per month at the end of each month for household expenses.

On 31st March, 2013 his position was as follows :

Cash in Hand Rs.2,800; Sundry Debtors Rs.4,800; Stock Rs.6,800; Bills Receivable Rs.1,600; Sundry Creditors Rs.500 and owing for Rent Rs.150. Furniture and Fixtures to be depreciated by 10%.

Ascertain the profit or loss made by A during 2012-2013.

Solution:

Statement of Affairs
As on March 31, 2013

Liabilities	₹	Assets	₹
Wife's Loan	5,000	Furniture and Fixture	2,000
Add : Outstanding Interest (5,000×9%×6/12)	225	Less : 10% Depreciation	(200)
	5,225		1,800
Sundry Creditors	500	Cash in Hand	2,800
Rent Outstanding	150	Sundry Debtors	4,800
Capital (Balancing Fig.)	11,925	Stock	6,800
		Bills Receivable	1,600
	17,800		17,800

Statement of Profit or Loss
For the year end March 31, 2013

Particulars	₹
Capital as on March 31, 2013	11,925
Add : Drawings (₹300 ×12)	3,600
	15,525
Less : Additional Capital Introduced	(1,500)
Adjusted Capital as on March 31, 2013	14,025
Less : Capital as on April 01, 2012	(10,000)
Profit made during the year 2012-2013	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, 2013 and for that following information is available:

	1st April, 2012	31st March, 2013
	₹	₹
Cash in Hand	150	175
Bank Balance	750	800
Furniture	100	100
stock	500	650
Creditors	350	400
Debtors	250	300

During the year, he had withdrawn ₹500 for his personal use and invested ₹250 as additional capital. Calculate his profits on 31st March, 2013 and prepare the Statement of Affairs as on that date.

Solution:

Statement of Affairs
As on April 01, 2012

Liabilities	₹	Assets	₹
Creditors	350	Cash in Hand	150
Capital (Balancing Fig.)	1,400	Bank Balance	750
		Furniture	100
		Stock	500
		Debtors	250
	1,750		1,750

Statement of Affairs
As on March 31, 2013

Liabilities	₹	Assets	₹
Creditors	400	Cash in Hand	175
Capital (Balancing Fig.)	1,625	Bank Balance	800
		Furniture	100
		Stock	650
		Debtors	300
	2,025		2,025

Statement of Profit or Loss
For the year end March 31, 2013

Particulars	₹
Capital as on March 31, 2013	1,625
Add : Drawings	500
	2,125
Less : Additional Capital Introduced	(250)
Adjusted Capital as on March 31, 2013	1,875
Less : Capital as on April 01, 2012	(1,400)
Profit made during the year 2012-2013	475

Question 13.

Following information is supplied to you by a shopkeeper:

	1st April, 2012	31st March, 2013
	₹	₹
Cash	600	700
Sundry Debtors	6,800	6,400
Stock	5,900	8,700
Furniture	1,500	1,350
Sundry Creditors	2,000	1,800
Bills Payable	1,500	1,100

During the year the shopkeeper withdrew ₹250 per month for domestic purposes. He also borrowed from a friend at 9% a sum of ₹2,000 on 1st October, 2012. 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, 2012

Liabilities	₹	Assets	₹
Sundry Creditors	2,000	Cash	600
Bills Payable	1,500	Sundry Debtors	6,800
Capital (Balancing Fig.)	11,300	Stock	5,900
		Furniture	1,500
	14,800		14,800

Statement of Affairs
As on March 31, 2013

Liabilities	₹	Assets	₹
Sundry Creditors	1,800	Cash	700
Bill Payable	1,100	Stock	8,700
9% Loan from Friend	2,000	Furniture	1,350
Add : Interest Outstanding (2,000×9%×6/12)	90	Sundry Debtors	6,400
Capital (Balancing Fig.)	11,840	Less : 5% Provision for Doubtful Debts	(320)
	16,830		16,830

Statement of Profit or Loss
For the year end March 31, 2013

Particulars	₹
Capital as on March 31, 2013	11,840
Add : Drawings (₹250 × 12)	3,000
	14,840
Less : Capital as on April 01, 2012	(11,300)
Profit made during the year 2012-2013	3,540

Question 14.

Raj tells you that his capital on 31st December, 2003 is Rs.18,700 and his capital on 1st January, 2003 was Rs.19,200. He further informs you that during the year he gave a loan of Rs.3,500 to his brother on private account and withdrew Rs.300 p.m. for personal Purposes. He also used a flat for his personal purpose, the rent of which @ Rs.100 per month and electricity charges at an average rate of Rs.10 per month were paid from the business account. During the year he sold his 7% Government Bonds of Rs.2,000 at 2% Premium and brought that money into the business.

You are required to prepare a Statement of Profit or Loss for the year ended 31st December, 2003.

Solution:

Statement of Profit or Loss
For the year end December 31, 2003

Particulars	₹
Capital as on December 31, 2013	18,700
Add : Drawings (WN)	8,420
	27,120
Less : Additional Capital Introduced (2,000 + 2,000 × 2%)	(2,040)
Adjusted Capital as on December 31, 2003	25,080
Less : Capital as on January 01, 2003	(19,200)
Profit made during the year 2003	5,880

Working Notes :**Calculation of Drawings made during the year**

Particulars	₹
Loan provided to Brother	3,500
Monthly Drawings (₹300 × 12)	3,600
House Rent (₹100 × 12)	1,200
Monthly Electricity Charges (₹10 × 12)	120
Total Drawings	8,420

Question 15.

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

Cash: Rs.30,000; Stock: Rs.4,70,000; Debtors: Rs.3,50,000 and Creditors: Rs.3,00,000. He withdrew Rs.8,000 per month during this period. Calculate profit or loss for the period.

Solution:

Statement of Affairs
For the year ending March 31, 2006

Liabilities	₹	Assets	₹
Creditors	3,00,000	Cash	30,000
Loan from Friend	1,00,000	Stock	4,70,000
Capital (Balancing Fig.)	4,50,000	Debtors	3,50,000
	8,50,000		8,50,000

Statement of Profit or Loss
For the year end March 31, 2006

Particulars	₹
Capital as on March 31, 2006	4,50,000
Add: Drawings (8,000 × 6)	48,000
	4,98,000
Less: Additional Capital Introduced	(75,000)
Adjusted Capital as on March 31, 2006	4,23,000
Less: Capital as on October 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 Mr. X who keeps books on Single Entry System, ascertain the profit or loss for the year 2012-13:

	1st April, 2012 ₹	31st March, 2013 ₹
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

Mr. X withdrew ₹4,100 during the year to meet his household expenses. He introduced ₹300 as fresh capital on 15th January, 2013. Machinery and Furniture are to be depreciated at 10% and 5% p.a. respectively.

Solution:

Statement of Affairs
As on April 01, 2012

Liabilities	₹	Assets	₹
Bank Overdraft	200	Machinery	8,000
Sundry Creditors	5,000	Furniture	2,000
Capital (Balancing Fig.)	15,800	Stock	7,000
		Sundry Debtors	4,000
	21,000		21,000

Statement of Affairs
As on March 31, 2013

Liabilities	₹	Assets	₹
Sundry Creditors	3,500	Machinery	8,000
Capital (Balancing Fig.)	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 end March 31, 2013

Particulars	₹
Capital as on March 31, 2013	16,900
Add : Drawings	4,100
	21,000
Less : Additional Capital Introduced	(300)
Adjusted Capital as on March 31, 2013	20,700
Less : Capital as on April 01, 2012	(15,800)
Profit made during the year 2012-13	4,900

Question 17.

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

	Last Year ₹	This Year ₹
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:

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

Solution:

**Statement of Affairs
(Previous Year)**

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

**Statement of Affairs
(Current Year)**

Liabilities	₹	Assets	₹
Trade Creditors	5,890	Stock	11,980
Loan from Naresh 5,000		Cash in Hand	650
Add : Outstanding Interest (5,000 × 5%) 250	5,250	Shop Fittings 7,800	
Capital (Balancing Figure)	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	₹
Capital (Current Year)	16,930
Add : Drawings (₹100 × 52)	5,200
	22,130
Less : Capital (Previous Year)	(18,170)
Profit made during the Current Year	3,960

Question 18.

On 1st April, 2012 X started a business with ₹40,000 as his capital. On 31st March, 2013, 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 2012-2013 X drew ₹24,000 on 1st October, 2012, he introduced further capital amounting to ₹30,000. You are required to ascertain profit or loss made by him during the year 2012-2013.

Adjustments:

- Plant is to be depreciated at 10%.
- A provision of 5% is to be made against debtors. Also prepare the Statement of Affairs as on 31st March, 2013.

Solution:

Statement of Affairs
For the year ended March 31, 2013

Liabilities	₹	Assets	₹
Creditors	30,000	Bank	10,000
Bills Payable	10,000	Debtors	50,000
Capital (Balancing Figure)	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 end March 31, 2013

Particulars	₹
Capital as on March 31, 2013	1,30,700
Add : Drawings	24,000
	1,54,700
Less : Additional Capital Introduced	(30,000)
Adjusted Capital as on March 31, 2013	1,24,700
Less : Capital as on April 01, 2012	(40,000)
Profit made during the year 20012-13	84,700