

13. ACCOUNTS FROM INCOMPLETE RECORDS

ASSIGNMENT SOLUTIONS

PROBLEM NO: 1

Capital Account of Shri Moti

Particulars	01-04-2013		01-04-2015	
	Rs.	Rs.	Rs.	Rs.
Assets				
Cash in hand		25,000		16,000
Inventory		56,000		91,500
Sundry debtors		41,500		52,500
Land & Building		1,98,000		1,90,000
Wife's Jewellery		75,000		1,25,000
Motor Car				1,25,000
Loan to Moti's Brother				20,000
		3,95,500		6,20,000
Liabilities:				
Owing to Moti's Brother	40,000			
Sundry creditors	<u>35,000</u>	<u>75,000</u>	55,000	<u>55,000</u>
Capital		<u>3,20,500</u>		<u>5,65,000</u>
Income during the two years:				
Capital as on 01-04-2015				5,65,000
Add: Drawings – Domestic Expenses for the two years (Rs. 4,000 × 24 months)				96,000
				6,61,000
Less: Capital as on 1-4-2013				(3,20,500)
Income earned in 2013-2014 and 2014-2015				3,40,500
Income declared (Rs. 1,05,000 + Rs. 1,23,000)				<u>2,28,000</u>
Suppressed Income				<u>1,12,500</u>

The Income-tax officer's contention that Shri Moti has not declared his true income is correct. Shri Moti's true income is in excess of the disclosed income by Rs.1,12,500.

PROBLEM NO: 2

Statement of Affairs of 'Lokesh' as on March 31, 2004

Liabilities	Amount (Rs.)	Assets	Amount (Rs.)
Creditors	32,940	Furniture, Fixtures & Fittings	22,500
Loan from brother	18,000	Stock (24,390 x 100/125)	19,512
Capital (Bal. fig.)	1,07,712	Debtors	11,025
		Cash-in-Hand and at Bank	15,615
		Building (House)	90,000
	1,58,652		1,58,652

Statement of Affairs of 'Lokesh' as on March 31, 2010

Liabilities	Amount (Rs.)	Assets	Amount (Rs.)
Creditors	37,800	Furniture, Fixtures & Fittings	40,500
Capital (Bal. fig.)	2,70,112	Stock (54,330 x 75%)	40,747
		Debtors	26,640
		Cash-in-Hand and at Bank	29,025
		Loan to Brother	13,500
		Building (House)	90,000
		Car	33,750
		Debentures in 'X Ltd.'	33,750

	3,07,912		3,07,912
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Statement of Profit:

Particulars		Amount (Rs.)
Capital as on March 31, 2010		2,70,112
Add: Drawings		
2004-05	13,500	
2005-06	18,000	
2006-07	27,000	
2007-08	31,500	
2008-09	31,500	
2009-10	31,500	1,53,000
		4,23,112
Add: Amount stolen in May, 2009		13,500
		4,36,612
Less: Opening Capital as on March 31, 2004		(1,07,712)
		3,28,900
Less: Profit as shown by I.T.O.		
For the year ending March 31, 2005	33,075	
For the year ending March 31, 2006	33,300	
For the year ending March 31, 2007	35,415	
For the year ending March 31, 2008	61,875	
For the year ending March 31, 2009	54,630	
For the year ending March 31, 2010	41,670	(2,59,965)
Understatement of Income		68,935

Note: In the absence of the information regarding depreciation in the question, no depreciation has been provided on Building (house) and Car. The candidates may assume any appropriate rate of depreciation and can provide depreciation.

PROBLEM NO: 3**Trading and Profit and Loss Account for the year ended 31st March, 2013**

Particulars	Amount (Rs.)	Particulars	Amount (Rs.)	Amount (Rs.)
To Opening Stock	89,500	By Sales:		
To Purchases (W. N. 3)	4,13,500	Credit (W.N. 1)	2,31,900	
To Gross profit c/d (Bal. Fig.)	3,34,100	Cash	5,09,800	7,41,700
		By Closing stock		95,400
	8,37,100			8,37,100
To Insurance (W.N. 5)	9,900	By Gross profit b/d		3,34,100
To Salaries (W. N. 6)	99,300			
To Rent (W.N. 7)	72,000			
To Stationery (W.N. 8)	1,450			
To Mobile Phone expenses	9,000			
To Provision for doubtful debts (5% of 65,000)	3,250			
To Depreciation:				
Furniture 4,800				
Computer 2,430				
Mobile Phone 2,000	9,230			
To Net Profit	1,29,970			
	3,34,100			3,34,100

Balance Sheet as on 31st March, 2013

Liabilities	Rs.	Rs.	Asset	Rs.	Rs.
Capital A/c:			Furniture	96,000	
Opening Balance	1,97,430		Less: Depreciation	(4,800)	91,200
Less: Drawings	(1,20,000)		Computer	24,300	
	77,430		Less: Depreciation	(2,430)	21,870

Add: Net Profit	1,29,970	2,07,400	Mobile Phone	8,000	
Bills Payable		26,500	Less: Depreciation	(2,000)	6,000
Trade Creditors		76,000	Trade Debtors	65,000	
Outstanding expenses:			Less: Provision for doubtful debts	(3,250)	61,750
Salaries		8,300	Bills Receivable		20,000
Rent		6,000	Closing Stock		95,400
			Unexpired Insurance		2,500
			Stock of Stationery		250
			Cash at bank		18,000
			Cash in hand		7,230
		3,24,200			3,24,200

Working Notes:

1. Dr. Trade Debtors Account Cr.

Particulars	Rs.	Particulars	Rs.
To Balance b/d	55,000	By Cash /Bank	1,51,900
To Credit Sales (bal. fig.)	2,31,900	By Bills Receivable A/c (W.N.2)	70,000
		By Balance c/d (given)	65,000
	2,86,900		2,86,900

2. Dr. Bills Receivable Account Cr.

Particulars	Rs.	Particulars	Rs.
To Balance b/d	15,000	By Cash/Bank	65,000
To Sundry Debtors (bal. fig.)	70,000	By Bal. c/d (given)	20,000
	85,000		85,000

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3. Dr. Trade Creditors Account Cr.

Particulars	Rs.	Particulars	Rs.
To Bank/Cash	3,06,000	By Bal. b/d	52,500
To Bills payable A/c (W.N.4)	84,000	By Credit Purchases (bal. fig.)	4,13,500
To Bal. c/d(given)	76,000		
	4,66,000		4,66,000

4. Dr. Bills Payable Account Cr.

Particulars	Rs.	Particulars	Rs.
To Cash/Bank A/c	80,000	By Bal. b/d	22,500
To Bal. c/d (given)	26,500	By Sundry Creditors (bal. fig.)	84,000
	1,06,500		1,06,500

5. Insurance expenses for the year 2012-2013

Particulars	Rs.
Insurance paid during the year	10,000
Add: Unexpired Insurance as on 1.4.2012	2,400
Less: Unexpired insurance as on 31.3.2013	(2,500)
	9,900

6. Salaries for the year 2012-2013

Particulars	Rs.
Salaries paid during the year	99,000
Add: Salaries outstanding as on 31.03.2013	8,300
	1,07,300
Less: Salaries outstanding as on 01.04.2012	(8,000)
	99,300

7. Rent expenses for the year 2012-2013

Particulars	Rs.
Rent paid during the year	72,000
Add: Rent outstanding as on 31.03.2013	6,000
	78,000
Less: Rent outstanding as on 01.04.2012	(6,000)
	72,000

8. Stationery expenses for the year 2012-2013

Particulars	Rs.
Stock of stationery as on 1.4.2012	200
Add: Stationery purchased during the year	1,500
	1,700
Less: Stock of stationery as on 31.3.2013	(250)
	1,450

PROBLEM NO: 4

A. Adamjee

Dr. Trading and Profit & Loss Account for the year ended 31-12-2016 Cr.

Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
To Opening Inventory	3,900	By Sales	62,100
To Purchases	49,100	By Closing Inventory	5,700
To Gross profit c/d (b.f.)	14,800		
	67,800		67,800
To Salaries	6,500	By Gross Profit b/d	14,800
To Rent and Taxes	1,500	By Interest on investment	200
To General expenses	2,500		
To Depreciation :			
Machinery @ 10% 750			
Furniture @ 10% 120	870		
To Provision for doubtful debts	800		
To Net profit carried to Capital A/c (b.f.)	2,830		
	15,000		15,000

Balance Sheet as on 31st December, 2016

Liabilities	Rs.	Rs.	Assets	Rs.	Rs.
A. Adamjee's Capital on 1 st January, 2016	29,100		Machinery	7,500	
Add: Fresh Capital	6,000		Less: Depreciation	(750)	6,750
Add: Profit for the year	2,830		Furniture	1,200	
	37,930		Less: Depreciation	(120)	1,080
Less: Drawings	(3,600)	34,330	Inventory-in-trade		5,700
			Sundry debtors	17,600	
			Less: Provision for Doubtful debts	(800)	16,800
			Investment		5,000
Sundry creditors		7,900	Cash at bank		6,400
			Cash in hand		500
		42,230			42,230

Working Notes:

1. Balance sheet of A. Adamjee as on 01-01-2016

Particulars	Rs.	Particulars	Rs.
Sundry creditors	5,800	Machinery	7,500
A. Adamjee's capital (b/f)	29,100	Furniture	1,200
		Inventory	3,900
		Sundry debtors	14,500
		Investments	5,000

		Bank balance (from Cash statement)	2,800
	34,900		34,900

2. Ledger Accounts

Dr.		Sales Account		Cr.	
Date	Particulars	Rs.	Date	Particulars	Rs.
Dec. 31	To Trading A/c (b.f.)	62,100	Jan. 1	By Total Debtors Account	51,100
			Dec. 31	By Cash	11,000
		62,100			62,100

Dr.		Total Debtors Account		Cr.	
Date	Particulars	Rs.	Date	Particulars	Rs.
Jan. 1	To Balance b/d	14,500	Dec. 31	By Cash	48,000
Dec. 31	To Credit sales	51,100	Dec. 31	By Balance c/d	17,600
	(Balancing figure)				
		65,600			65,600
Jan. 1	To Balance b/d	17,600			

Dr.		Purchases Account		Cr.	
Date	Particulars	Rs.	Date	Particulars	Rs.
Dec. 31	To Cash A/c	12,000	Dec. 31	By Trading Account (b.f.)	49,100
	To Total Creditors A/c	37,100			
		49,100			49,100

Dr.		Total Creditors Account		Cr.	
Date	Particulars	Rs.	Date	Particulars	Rs.
Dec. 31	To Cash	35,000	Jan. 1	By Balance b/d	5,800
Dec. 31	To Balance b/d	7,900	Dec. 31	By Credit Purchases	37,100
				(Balancing figure)	
		42,900			42,900

PROBLEM NO: 5Dr. Trading and Profit & Loss Account for the year ending 31st March, 2015 Cr.

Particulars	(Rs.)	(Rs.)	Particulars	(Rs.)	(Rs.)
To Opening Inventory		8,040	By Sales:		
			Cash	4,600	
To Purchases (58,000+1,030)	59,030		Credit	67,210	
Less: Returns	(400)	58,630	Less: Returns	(1,450)	70,360
To Gross profit c/d (b.f.)		<u>14,810</u>	By Closing inventory		<u>11,120</u>
		81,480			81,480
To Sundry expenses (W.N.(v))		9,300	By Gross profit b/d		14,810
To Discount		1,500	By Discount		700
To Bad Debts		420			
To Net Profit transfer to Capital (b.f.)		<u>4,290</u>			
		15,510			15,510

Balance Sheet of M/s..... as on 31st March, 2015

Liabilities	Rs.	Rs.	Assets	Rs.
Capital			Sundry assets	12,040
Opening balance	26,770		Inventory in trade	11,120
Add: Addition	8,500		Sundry debtors	17,870
Net Profit	<u>4,290</u>		Cash in hand & at bank	8,080
	39,560			
Less: Drawings	(3,180)	36,380		

Sundry creditors		12,400	
Outstanding expenses		330	
		49,110	49,110

Working Notes:

(i) Cash sales

Dr.		Combined Cash & Bank Account		Cr.	
Liabilities	Rs.	Assets	Rs.		
To Balance b/d	6,960	By Sundry creditors	60,270		
To Sundries (Contra)	5,000	By Sundries (Contra)	5,000		
To Sundries (Contra)	9,240	By Sundries (Contra)	9,240		
To Sundry debtors	62,500	By Drawings	3,180		
To Capital A/c	8,500	By Machinery	430		
To Sales (Cash Sales-Balancing Figure)	4,600	By Sundry expenses	9,570		
		By Purchases	1,030		
		By Balance c/d	8,080		
	96,800		96,800		

(ii) Dr.		Total Debtors Account		Cr.	
Particulars	Rs.	Particulars	Rs.		
To Balance b/d (Balancing figure)	16,530	By Bank	62,500		
		By Discount (64,000 - 62,500)	1,500		
To Sales (71,810 - 4,600)	67,210	By Return Inward	1,450		
		By Bad Debts	420		
		By Balance c/d	17,870		
	83,740		83,740		

(iii) Dr.		Total Creditors Account		Cr.	
Particulars	Rs.	Particulars	Rs.		
To Bank	60,270	By Balance b/d	15,770		
To Discount	700	By Purchases (Balancing figure)	58,000		
To Return Outward	400				
To Balance c/d	12,400				
	73,770		73,770		

(iv) Balance Sheet as on 1st April, 2014

Liabilities	Rs.	Assets	Rs.
Capital (balancing figure)	26,770	Sundry Assets	11,610
Sundry Creditors	15,770	Inventory in Trade	8,040
Outstanding Expenses	600	Sundry Debtors (From total debtors A/c)	16,530
		Cash in hand & at bank	6,960
	43,140		43,140

(v)

Expenses paid in Cash	9,570
Add: Outstanding on 31-3-2015	<u>330</u>
	9,900
Less: Outstanding on 1-4-2014	<u>(600)</u>
	<u>9,300</u>

(vi) Due to lack of information depreciation has not been provided on fixed assets.

PROBLEM NO: 6

Dr.		Trading & Profit & Loss a/c of Mr. Rashid for yearend 31.12.2002		Cr.	
Particulars	(Rs.)	Particulars	(Rs.)		
To opening inventory	8,000	By Sales (W.N.3)	73,050		

To purchases (W.N.2)	45,600		By Closing inventory	7,000
Less: For advertising	(900)	44,700		
To Freight inwards		3,000		
To Gross Profit C/d		<u>24,350</u>		
		<u>80,050</u>		<u>80,050</u>
To Sundry expenses (W.N.6)		14,200	By Gross profit b/d	24,350
To advertisement		900	By Interest on investment	2
To discount allowed			(100 x 4/100 x 1/2)	
- Debtors	1500		By Discount received	800
- Bills receivables	125	1,625	By Miscellaneous Income	500
To Depreciation on				
Furniture (6,000 + 1,000 - 6,350)		650		
To provision for bad debts		486		
To Net Profit		<u>7,791</u>		
		<u>25,652</u>		<u>25,652</u>

Balance sheet as on 31.12.2002

Liabilities	(Rs.)	(Rs.)	Assets	(Rs.)	(Rs.)
Capital on 01.01.02 (W.N.1)	18,800		Furniture (WDV)	6,000	
(-) Drawings	(7904)		(+) purchases during year	1,000	
	10896		(-) depreciation (b.f)	(650)	6,350
(+) Net profit	<u>7791</u>	18687	Investment		96
Sundry creditors		15000	Interest accrued		2
Outstanding Expenses		1800	Closing inventory		7,000
			Sundry debtors	19,450	
			Less: provision for Based debts	(486)	18,964
			Bill receivable (W.N.7)		1,750
			Cash in hand & out Bank		625
			Prepaid expenses		<u>700</u>
		<u>35,487</u>			<u>35,487</u>

WORKING NOTES:

WN: 1 Capital as on 01.01.2002

Liabilities	Amount (Rs.)	Assets	Amount (Rs.)
Capital (B/F)	18,800	Furniture	6,000
Creditors	1,1000	Inventory at cost	8,000
Outstanding Expenses	2,000	Sundry debtors	16,000
		Cash in hand & Bank	1,200
		Prepaid Expenses	600
	<u>31,800</u>		<u>31,800</u>

WN: 2 Purchases made during the year (creditors A/c)

	Amount (Rs.)		Amount (Rs.)
To Cash	39,200	By Balance b/d	11,000
To discount received	800	By purchase (B/F)	45,600
To bills receivable	2,000	By sundry debtors	400
To balance C/d	<u>15,000</u>		
	<u>57,000</u>		<u>57,000</u>

WN: 3 Sales made during the year

Particulars	(Rs.)	(Rs.)
Opening inventory		8,000
Add: Purchases	45,600	
Less: For advertising	(900)	44,700

Add: Freight in words		3,000
		55,700
Less: Closing Inventory		(7,000)
Cost of good sold	48,700	
Add: Gross profit (@50% on cost)		24,350
Sales		<u>73,050</u>

WN: 4: Debtors as on 31.12.2002

Dr.		Debtors A/c		Cr.	
Particulars	Rs.	Particulars	Rs.		
To Balance b/d	16,000	By Cash & Bank	58,500		
To sales (W.N.3)	73,050	By discount allowed a/c	1,500		
To sundry Creditors	400	By Bills Receivable	10,000		
(bills dishonored)		By Balance C/d (B/F)	19,450		
	<u>89,450</u>		<u>89,450</u>		

WN: 5 Additional Drawings by Mr. Rashid

Dr.		Cash & Bank A/c		Cr.	
Particulars	Rs.	Particulars	Rs.		
To balance b/d	1,200	By freight inward A/c	3,000		
To Debtors A/c	58,500	By Furniture A/c	1,000		
To Bill recoverable A/c	6,125	By investment A/c	96		
To misc income a/c	500	By Expenses A/c	14,500		
		By creditor A/c	39,200		
		By drawings a/c(7000 + 904)	7,904		
		By Balance C/d	625		
	<u>66,325</u>		<u>66,325</u>		

WN: 6 amount of expense debited to P & L A/c

Dr.		Sundry Expense a/c		Cr.	
Particulars	Rs.	Particulars	Rs.		
To Prepaid exp A/c	600	By outstanding Exp A/c (as on 1.1.02)	2,000		
To Bank A/c	14500	By profit & los a/c (B/F)	14,200		
To outstanding expenses A/c (on 31.12.02)	1,800	By prepaid expenses a/c	700		
	<u>16900</u>		<u>16,900</u>		

WN: 7 bills receivable on 31.12.02

Dr.		Bills receivable a/c		Cr.	
Particulars	Rs.	Particulars	Rs.		
To debtors a/c	10,000	By creditors A/c	2,000		
		By Bank	6,125		
		By Discount on bills receivable	125		
		By Balance c/d (B/F)	1,750		
	<u>10,000</u>		<u>10,000</u>		

PROBLEM NO:7

Dr. Trading and Profit and Loss Account for the year ended 31st March, 2011 Cr.

Dr.		Cr.	
Particulars	Rs.	Particulars	Rs.
To Opening stock	2,80,000	By Sales	
To Purchases	7,70,000	Cash	2,40,000
To Gross Profit @ 25%	3,10,000	Credit	10,00,000
		By Closing Stock(bal.fig.)	1,20,000
	<u>13,60,000</u>		<u>13,60,000</u>
To Salaries	40,000	By Gross Profit	3,10,000
To Business expenses	1,20,000		
To Interest on loan (10% of 1,00,000*6/12)	5,000		

To Net Profit	1,45,000		
	<u>3,10,000</u>		<u>3,10,000</u>

Balance Sheet as at 31st March, 2011

Liabilities	Rs.	Rs.	Assets	Rs.
Ram's capital:			Cash in hand	10,000
Opening	3,00,000		Cash at Bank	80,000
Add: Net Profit	1,45,000		Sundry Debtors	3,50,000
	<u>4,45,000</u>		Stock in trade	1,20,000
Less: Drawings	(80,000)	3,65,000		
Loan from Laxman (including interest due)		1,05,000		
Sundry Creditors		<u>90,000</u>		
		<u>5,60,000</u>		<u>5,60,000</u>

WORKING NOTES:

1. Dr. Sundry Debtors Account Cr.

	Rs.		Rs.
To Balance b/d	1,00,000	By Bank A/c	7,50,000
To Credit sales (Bal. fig)	<u>10,00,000</u>	By Balance c/d	<u>3,50,000</u>
	11,00,000		11,00,000

2. Dr. Sundry Creditors Account Cr.

	Rs.		Rs.
To Bank A/c	7,00,000	By Balance b/d	40,000
To Cash A/c	20,000	By Purchases (Bal. fig.)	7,70,000
To Balance c/d	<u>90,000</u>		
	<u>8,10,000</u>		<u>8,10,000</u>

3. Dr. Cash and Bank Account Cr.

Particulars	Cash Rs.	Bank Rs.	Particulars	Cash Rs.	Bank Rs.
To Balance b/d	10,000		By Balance b/d		50,000
To Sales (bal. fig)	2,40,000		By Bank A/c (C)	1,00,000	
To Cash (C)		1,00,000	By Salaries	40,000	
To Debtors		7,50,000	By Creditors	20,000	7,00,000
To Laxman's Loan		1,00,000	By Drawings	80,000	
			By Business expenses		1,20,000
			By Balance c/d	10,000	80,000
	<u>2,50,000</u>	<u>9,50,000</u>		<u>2,50,000</u>	<u>9,50,000</u>

4. Calculation of Ram's Capital on 1st April, 2010

Balance Sheet as at 01.04.2010

Liabilities	Amount (Rs.)	Assets	Amount (Rs.)
Ram's Capital (bal. fig)	3,00,000	Cash in hand	10,000
Bank Overdraft	50,000	Sundry Debtors	1,00,000
Sundry Creditors	<u>40,000</u>	Stock in trade	<u>2,80,000</u>
	<u>3,90,000</u>		<u>3,90,000</u>

PROBLEM NO: 8Dr. Trading and Profit and Loss Account of Sri. Agni Dev for the year ended 31st March, 2011 Cr.

	Rs.		Rs.
To Opening Stock	33,000	By Sales	9,60,000
To Purchases	7,20,000	By Closing Stock	33,000

To Gross Profit c/d	<u>2,40,000</u>		
	<u>9,93,000</u>		<u>9,93,000</u>
To Business Expenses	1,57,500	By Gross Profit b/d	2,40,000
To Repairs	3,500		
To Depreciation	27,000		
To Travelling Expenses	18,000		
To Loss by theft	1,500		
To Net Profit	<u>32,500</u>		
	<u>2,40,000</u>		<u>2,40,000</u>

Balance Sheet of Sri Agni Dev as at 31st March, 2011

Liabilities	Rs.	Rs.	Assets	Rs.	Rs.
Capital	2,52,500		Machinery	1,20,000	
			Add: additions	<u>60,000</u>	
				<u>1,80,000</u>	
Add: Additional Capital	5,000		Less: Depreciation	<u>(27,000)</u>	1,53,000
Net Profit	<u>32,500</u>				
	2,90,000		Stock in Trade		33,000
Less: Loss of Furniture	<u>(20,000)</u>		Sundry Debtors		1,20,000
Drawings	<u>(30,000)</u>	2,40,000			
Bank Overdraft		2,667			
Sundry Creditors		55,833			
Outstanding Expenses		<u>7,500</u>			
		<u>3,06,000</u>			<u>3,06,000</u>

Working Notes:

1.	Sales during 2010-2011	Amount (Rs.)
	Debtors as on 31 st March, 2010 (Being equal to 2 months' sales)	1,00,000
	Total credit sales in 2009- 2010, Rs. 1,00,000 × 6	6,00,000
	Cash Sales, being equal to 1/3 rd of credit sales or 1/4 th of the total	<u>2,00,000</u>
	Sales in 2009- 2010	8,00,000
	Increase, 20% as stated in the problem	<u>1,60,000</u>
	Total sales during 2010-2011	9,60,000
	Cash sales : 1/4 th	<u>2,40,000</u>
	Credit sales : 3/4 th	<u>7,20,000</u>
2.	Debtors equal to two months credit sales	1,20,000
3.	Purchases	
	Sales in 2010-2011	9,60,000
	Gross Profit @ 25%	2,40,000
	Cost of goods sold being purchases (Since there is no change in stock level)	7,20,000
4.	Sundry Creditors for goods (Rs. 7,20,000 – Rs. 50,000) /12 = Rs. 6,70,000/12	55,833
5.	Collections from Debtors	
	Opening Balance	1,00,000
	Add: Credit Sales	7,20,000
		8,20,000
	Less: Closing Balance	<u>(1,20,000)</u>
		<u>7,00,000</u>
6.	Payment to Creditors	
	Opening Balance	45,000
	Add: Credit Purchases (Rs. 7,20,000 – Rs. 50,000)	6,70,000
		7,15,000
	Less: Closing Balance	<u>(55,833)</u>
	Payment by cheque	<u>6,59,167</u>

Dr.		Cash and Bank Account				Cr.	
Particulars	Cash	Bank	Particulars	Cash	Bank		
To Balance b/d	8,000	16,500	By Payment to Creditors	50,000	6,59,167		
To Collection from Debtors	-	7,00,000	By Misc. Expenses	1,45,000	5,000		
To Sales	2,40,000	-	By Repairs	3,500	-		
To Additional Capital	-	5,000	By Addition to Machinery	-	60,000		
To Balance c/d	-	2,667	By Travelling Expenses	18,000	-		
(Bank overdraft)			By Private Drawings	30,000			
			By Balance c/d (lost by theft)	1,500			
	2,48,000	7,24,167		2,48,000	7,24,167		

PROBLEM NO: 9

In the books of Sanjay

Dr.		Trading and profit and Loss Account for the year ended 31.03.1997				Cr.	
Particulars	Rs.'000	Particulars	Rs.'000				
To opening stock	40	By Sales:					
To purchases (W.N.2)	360	Cash	180				
To Gross profit	540	Credit	720		900		
		By Closing stock			40		
	940				940		
To Expenses	250	By Gross profit B/d			540		
To Depreciation on fixed assets (10% on Rs. (145 + 225))	37						
To Cash destroyed	10						
To Net profit (Transferred to Capital)	243						
	540						540

Balance sheet of Sanjay as on 31.03.2002

Liabilities		Rs.'000	Assets		Rs.'000
Capital: Opening balance –	200		Fixed assets	145	
Add: Net profit	243		Add: Purchased	225	
	443			370	
Less: Drawings	50	393	Less: Depreciation @10%	37	333
Creditors		60	Stock		40
			Debtors		60
			Cash at bank		20
		453			453

Working notes:

1. Dr.		Cash Book				Cr.	
Particulars	Cash	Bank	Particulars	Cash	Bank		
To Balance B/d	5	10	By Creditors (50 + 360 - 60)	50	300		
To Debtors (50+720-60)	120	590	By drawings	-	50		
To Cash sales	180	-	By Bank (C)	120	-		
To Cash (C)	-	120	By Expenses	125	125*		
			By Fixed assets	-	225		
			By Cash destroyed	*10	-		
			By Balance C/d (W.N.4)	-	20		
	305	720		305	720		

*Balancing figure

2. Calculation of Sales		(Rs.'000)
Debtors opening Balance		50
Debtors Closing balance (50 + 20% of 50)		60
One month credit sales = Debtors		

Total credit sales = 60 X 12	720
Total sales = 720 / 80%	900
Cash sales 20% of 900	180

3. Calculation of Purchases (Rs.'000)

Creditors opening balance	50
Creditors closing balance: (50 + 20% of 50)	60
Two months credit purchases = Creditors = 60,000	
Total credit purchases = 60 X 6	360

4. Closing bank balance:

Creditors i.e. Current liabilities Rs. 60,000; Current Assets = Rs.60,000 X 2 = Rs.1,20,000.

Bank balance = CA - Stock - Debtors = 1,20,000 - 40,000 - 60,000 = Rs.20,000

PROBLEM NO: 10

Dr. Trading and Profit and Loss Account for the year ending 31st March 2011 Cr.

Particulars	Rs.	Particulars	Rs.
To Opening stock	2,80,000	By Sales (W.N. 3)	
To Purchases (W.N. 1)	3,64,000	Credit 4,80,000	
To Gross profit (b.f)	1,16,000	Cash 1,20,000	6,00,000
		By Closing stock	1,60,000
	<u>7,60,000</u>		<u>7,60,000</u>
To Salary (2000X12)	24,000	By Gross profit	1,16,000
To Rent	16,000		
To Office expenses (1200X12)	14,400		
To Loss of cash (W.N. 6)	23,600		
To Depreciation on furniture	4,000		
To Net Profit (b.f)	34,000		
	<u>1,16,000</u>		<u>1,16,000</u>

Balance Sheet as on 31st March, 2011

Liabilities	Rs.	Assets	Rs.
A's Capital 4,04,000		Furniture 40,000	
Add: Net Profit 34,000		Less: Depreciation (4,000)	36,000
Less: Drawings (500X12) (6,000)	4,32,000	Stock	1,60,000
Creditors	1,46,000	Debtors	1,20,000
		Cash at bank	2,62,000
	<u>5,78,000</u>		<u>5,78,000</u>

Working Notes:

1. Calculation of purchases

Dr. Creditors Account		Cr.	
Particulars	Rs.	Particulars	Rs.
To Bank A/c	3,00,000	By Balance b/d	82,000
To Balance c/d	1,46,000	By Purchases (Bal.fig.)	3,64,000
	<u>4,46,000</u>		<u>4,46,000</u>

2. Calculation of total sales

	Rs.
Sales for the year 2010-11	5,00,000
Add: 20% increase	1,00,000
Total sales for the year 2011-12	<u>6,00,000</u>

3. Calculation of credit sales

	Rs.
Total sales	6,00,000
Less: Cash sales (20% of total sales)	(1,20,000)
	<u>4,80,000</u>

4. Calculation of cash collected from debtors

Dr.		Debtors Account		Cr.	
Particulars	Rs.	Particulars	Rs.		
To Balance b/d	1,00,000	By Bank A/c (Bal. fig.)	4,60,000		
To Sales A/c	4,80,000	By Balance c/d	1,20,000		
	<u>5,80,000</u>		<u>5,80,000</u>		

5. Calculation of closing balance of cash at bank

Dr.		Bank Account		Cr.	
Particulars	Rs.	Particulars	Rs.		
To Balance b/d	38,000	By Creditors A/c	3,00,000		
To Debtors A/c	4,60,000	By Rent A/c	16,000		
To Cash A/c	80,000	By Balance c/d (b.f)	2,62,000		
	<u>5,78,000</u>		<u>5,78,000</u>		

6. Calculation of the amount of cash defalcated by the cashier

		Rs.
Cash balance as on 1st April 2011		28,000
Add: Cash sales during the year		<u>1,20,000</u>
		1,48,000
Less: Salary (Rs. 2,000x12)	24,000	
Office expenses (Rs. 1,200 x 12)	14,400	
Drawings of A (Rs. 500x12)	6,000	
Cash deposited into bank during the year	<u>80,000</u>	(1,24,400)
Cash balance as on 31st March 2012 (defalcated by the cashier)		<u>23,600</u>

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To **MASTER MINDS**, Guntur

The End