

## 13. ACCOUNTING FROM INCOMPLETE RECORDS

### PROBLEM NO: 1

Opening statement of affairs as on 31-03-2013

Liabilities	Amount (Rs.)	Assets	Amount (Rs.)
Capital (B/F)	161700	Cash in hand	1100
		Inventory	10450
Creditors	2750	Debtors	550
		Bank (165000 - 122650)	42350
		Machinery	110000
	<b>164450</b>		<b>164450</b>

Closing statement of affairs as on 31.03.2014

Liabilities	Amount (Rs.)	Assets	Amount (Rs.)
Capital (B/F)	180400	Cash in hand	1650
		Inventory in trade	15950
		Debtors	1100
Creditors	1650	Bank (42350+126500-148500)	20350
		Machinery (110000 + 33000)	143000
	<b>182050</b>		<b>182050</b>

Determination of profit by method of capital comparison

Particulars	Amount (Rs.)
Closing capital as on 31.03.14	180400
(+) drawings (385 x 12)	4620
	185020
(-) Opening capital balance (as on 31.03.13)	(161700)
Profit	<b>23320</b>

### PROBLEM NO:2

Capital Account of Shri Moti

		1-4-2013		1-4-2015
	Rs.	Rs.	Rs.	Rs.
<b>Assets</b>				
Cash in hand		25,500		16,000
Inventory		56,000		91,500
Sundry debtors		41,500		52,500
Land & Building		1,90,000		1,90,000
Wife's Jewellery		75,000		1,25,000
Motor Car		—		1,25,000
Loan to Moti's Brother		—		20,000
		3,88,000		6,20,000
<b>Liabilities:</b>				
Owing to Moti's Brother	40,000		—	
Sundry creditors	35,000	75,000		55,000
Capital		3,13,000		5,65,000
Income during the two years:				
Capital as on 1-4-2015				5,65,000
<b>Add:</b> Drawings – Domestic Expenses for the two years (Rs. 4,000 × 24 months)				96,000
				6,61,000
<b>Less:</b> Capital as on 1-4-2013				(3,13,000)
Income earned in 2013-2014 and 2014-2015				3,48,000
Income declared (Rs. 1,05,000 + Rs. 1,23,000)				2,28,000
Suppressed Income				1,20,000

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.1,20,000.

**PROBLEM NO: 3****Statement of Affairs**

Liabilities	31.12.01	31.12.02	Assets	31.12.01	31.12.02
Owing for Supplier	5,000	6,000	Cash in hand (W.N-1)	470	430
Capital (b/f)	26,550	27,850	Bank balance as per cash book	3,730	5,070
			Stock in Trade (W.N-2)	11,250	15,200
			Book Debts (W.N-3)	3,100	1,700
			Equipment	6,000	10,000
			(-) Depreciation	(600)	(1400)
			Investments @ 95%	7,600	2,850
	<b>31,550</b>	<b>33,850</b>		<b>31,550</b>	<b>33,850</b>

**Statement of Profit/Loss for the year 2002**

Particulars		
Closing Capital as on 31/12/02		27,850
<b>Add:</b> Drawings during the Year (500 X 12)	6,000	
Cheques issued for her Income Tax	3,100	9,100
Adjusted Closing Capital		36,950
<b>Less:</b> Opening Capital as on 31.12.01		26,550
Net profit for the year 2002		<b>10,400</b>

**W.N.1 Bank Reconciliation Statement (From Pass Book to Cash Book)**

Particulars	31/12/2001	31/12/2002
Bank bal. as per pass book	6,230	8,170
<b>Less:</b> Cheques Issued but not presented	(2,500)	(3,100)
<b>Add:</b> Deposited cheque Dishonoured	-	500
<b>Less:</b> Direct deposit by Customer	-	(700)
Correct Cash book Balance	3,730	4,870

Particulars	31/12/2001	31/12/2002
Bank bal. as per pass book	6,230	8,170
<b>Less:</b> Cheques Issued but not presented	(2,500)	(3,100)
<b>Add:</b> Deposited cheque Dishonoured	-	500
<b>Less:</b> Direct deposit by Customer	-	(700)
Correct Cash book Balance	<b>3,730</b>	<b>4,870</b>

**Amended Cash Book (for 2002)**

To bal b/d	4870	By Cheque	
		Dishonored	500
To dir. Deposit	700	By bal c/d (b/f)	5070
	<b>5570</b>		<b>5570</b>

**W.N – 2 Cal. Of stock at cost**

Particulars	31/12/01	31/12/02
Stock (at selling price)	15000	18000
(+) Stock sent on sale (or) Return basis	-	1000
	15000	19000
Closing cost of stock	11250 (15000 x 75/100)	15200 (19000x100/125)

**W.N – 3 Book debts**

Particulars	31/12/01	31/12/02
Book debts given	3100	2900
Less Goods sent on sales (or) Written basis	-	(1000)
Add cheque deposited but dishonoured	-	500
Less Direct Deposits made by customer	-	(700)
Closing book debts	3100	1700

**W.N – 4 Computation of Depreciation on equipment**

2000	Dep.	2001	Dep.	2002	Dep.
(6000x1/2) 3000 (5%)	150	3000 (10%)	300	3000 10%	300
		3000 (5%)	150	3000 10%	300
	150		450	Pur. 4000 (10k -6k) 5%	<u>200</u>
					<u>800</u>

**Note:** It is assumed that the equipment purchased in 2000, 2001, 2002 in the middle of the year. Therefore half of the rate of the depreciation is taken

**PROBLEM NO:4**

**Trading and Profit and Loss Account  
for the year ended 31st March, 2011**

		Rs.		Rs.
To	Opening Stock	6,10,000	By Sales	
To	Purchases (W.N. 3)	84,10,000	Cash	73,80,000
To	Gross profit c/d (10% of 93,00,000)	9,30,000	Credit (W.N. 2)	<u>19,20,000</u>
			By Closing stock	<u>6,50,000</u>
				99,50,000
To	Sundry expenses (W.N. 6)	9,80,700	By Gross profit b/d	9,30,000
To	Discount allowed	36,000	By Discount received	28,000
To	Depreciation (15% Rs. 1,00,000)	15,000		
To	Net Profit	<u>3,26,300</u>		
		9,58,000		<u>9,58,000</u>

**Balance Sheet as at 31st March, 2011**

Liabilities		Amount (Rs.)	Assets		Amount (Rs.)
Capital			Furniture & Fittings	1,00,000	
Opening balance	2,50,000		Less : Depreciation	<u>(15,000)</u>	85,000
Less: Drawing	<u>(2,40,000)</u>		Stock		6,50,000
	10,000				
Add: Net profit for the years	<u>3,26,300</u>	3,36,300	Trade Debtors		1,52,000
Bills payable		1,40,000	Bills receivable		75,000
Trade creditors		6,10,000	Unexpired insurance		2,000
Outstanding expenses		5,000	Cash in hand & at bank		1,27,300
		<u>10,91,300</u>			<u>10,91,300</u>

**Working Notes :****1. Bills Receivable Account**

	Rs.		Rs.
To Balance b/d	60,000	By Cash	3,40,000
To Trade debtors	3,70,000	By Trade creditors (Bills endorsed)	15,000
	<u>4,30,000</u>	By Balance c/d	<u>75,000</u>
	4,30,000		<u>4,30,000</u>

## 2. Trade Debtors Account

	Rs.		Rs.
To Balance b/d	1,48,000	By Cash/Bank	15,10,000
To Credit sales	19,20,000	By Discount allowed	36,000
(Bal. fig.)		By Bills receivable	3,70,000
		By Balance c/d	<u>1,52,000</u>
	<u>20,68,000</u>		<u>20,68,000</u>

## 3. Memorandum Trading Account

	Rs.		Rs.
To Opening stock	6,10,000	By Sales	93,00,000
To Purchases (Balancing figure)	84,10,000	By Closing stock	6,50,000
To Gross Profit (10% on sales)	<u>9,30,000</u>		
	<u>99,50,000</u>		<u>99,50,000</u>

## 4. Bills Payable Account

	Rs.		Rs.
To Cash/Bank	8,15,000	By Balance b/d	1,25,000
To Balance c/d	1,40,000	By Creditors (balancing figure)	8,30,000
	9,55,000		9,55,000

## 5. Trade Creditors Account

	Rs.		Rs.
To Cash/Bank	75,07,000	By Balance b/d	5,80,000
To Discount received	28,000	By Purchases (as calculated in W.N. 3)	84,10,000
To Bills receivable	<u>12,000</u>		
To Bills payable	<u>8,30,000</u>		
To Balance c/d (balancing figure)	<u>6,10,000</u>		
	<u>89,90,000</u>		<u>89,90,000</u>

## 6. Computation of sundry expenses to be charged to Profit &amp; Loss A/c

Sundry expenses paid (as per cash book)	6,20,700
<b>Add</b> : Prepaid expenses as on 31-3-2010	<u>2,000</u>
	6,22,700
<b>Less</b> : Outstanding expenses as on 31-3-2010	<u>(45,000)</u>
	5,77,700
<b>Add</b> : Outstanding expenses as on 31-3-2011	<u>5,000</u>
	5,82,700
<b>Less</b> : Prepaid expenses as on 31-3-2011 (Insurance paid till July, 2011)	<u>(2,000)</u>
	5,80,700

**PROBLEM NO:5**

**Trading and Profit & Loss Account  
for the year ending 31st March, 2015**

	Rs.	Rs.		Rs.	Rs.
To Opening Inventory		8,040	By Sales		
			Cash		
To Purchases	59,030		Credit	<u>67,210</u>	
Less : Returns	<u>(400)</u>	58,630		71,810	
To Gross profit c/d		<u>14,810</u>	Less : Returns	<u>(1,450)</u>	70,360
			By Closing inventory		<u>11,120</u>
		<u>81,480</u>			<u>81,480</u>

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		4,290			
		<u>15,510</u>			<u>15,510</u>

**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	4,290		Cash in hand & at bank	8,080
	39,560			
Less : Drawings	(3,180)	36,380		
Sundry creditors		12,400		
Outstanding expenses		330		
		<u>49,110</u>		<u>49,110</u>

**Working Notes:****(i) Cash sales****Combined Cash & Bank Account**

Liabilities	Rs.	Rs.	Assets
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
	<u>96,800</u>		<u>96,800</u>

**(ii)****Total Debtors Account**

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	<u>17,870</u>
	<u>83,740</u>		<u>83,740</u>

**(iii)****Total Creditors Account**

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	<u>12,400</u>		
	<u>73,770</u>		<u>73,770</u>

(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	16,530
		Cash in hand & at bank	6,960
	<u>43,140</u>		<u>43,140</u>

(v)

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

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

**PROBLEM NO:6**

Trading &amp; Profit &amp; Loss a/c of Mr. Rashid for year end 31.12.2002

Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
To opening inventory	8000	By Sales	73050
To purchases 45600		By Closing inventory	7000Rs.
Less: For advertising (900)	44700		
To Freight inwards	3000		
To Gross Profit C/d	24350		
	<u>80050</u>		<u>80050</u>
To Sundry expenses	14200	By Gross profit b/d	24350
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	1625	By miscellaneous income	500
To Depreciation on			
Furniture	650		
To provision for bad debts	486		
To Net Profit	7791		
	<u>25652</u>		<u>25652</u>

WORKING NOTES:

WN:1

Capital as on 01.01.2002

Liabilities	Amount (Rs.)	Assets	Amount (Rs.)
Capital (B/F)	18800	Furniture	6000
Creditors	1,1000	Inventory at cost	8000
Outstanding Expenses	2000	Sundry debtors	16000
		Cash in hand & Bank	1200
		Prepaid Expenses	600
	<u>31800</u>		<u>31800</u>

Balance sheet as on 31.12.2002

Liabilities		Amount (Rs.)	Assets		Amount (Rs.)
Capital on 1.01.02	18,800		Furniture (WDV)	6000	
(-) Drawings	(7904)		(+) purchases during year	1000	
	10896		(-) depreciation	(650)	6350

(+) Net profit	<u>7791</u>	18687	Investment		96
Sundry creditors		15000	Interest accrued		2
Outstanding Expenses		1800	Closing inventory		7000
			Sundry debtors	19450	
			Less: provision for Based debts	(486)	18964
			Bill receivable at		1750
			Cash in hand & out Bank		625
			Prepaid expenses		700
		<u>35487</u>			<u>35487</u>

WN:2

## Preachers during year (creditors A/c)

	Amount (Rs.)		Amount (Rs.)
To Cash	39200	By Balance b/d	11000
To discount received	800	By purchase (B/F)	45600
To bills receivable	2000	By sundry debtors	400
To balance C/d	<u>15000</u>		
	<u>57000</u>		<u>57000</u>

WN:3

## Sales made during years

Particulars	Amount (Rs.)	Amount (Rs.)
Opening inventory		8000
(+) purchases	45600	
Less: For advertising	(900)	44700
(+) freight in words		<u>3000</u>
		55700
Less: closing inventory		<u>(7000)</u>
Cost of good sold	48700	
Add: Gross profit (@50% on cost)		<u>24350</u>
Sales		<u>73050</u>

WN:4 Debtors as on 31.12.2002

## Debtors A/c

Particulars	Rs.	Particulars	Rs.
To Balance b/d	16000	By Cash & Bank	58500
To sales	73050	By discount allowed a/c	1500
To sundry Creditors	-	By Bills Receivable	10000
(bills dishonored )	<u>400</u>	By Balance C/d (B/F)	<u>19450</u>
	<u>89450</u>		<u>89450</u>

WN:5 Additional Drawings By Mr. Rashid

## Cash &amp; Bank A/c

Particulars	Rs.	Particulars	Rs.
To balance b/d	1200	By freight inwarad A/c	3000
To Debtors A/c	58500	By Furniture A/c	1000
To Bill recoverable A/c	6125	By investment A/c	96
To misc income a/c	500	By Expenses A/c	14500
		By creditor A/c	39200
		By drawings a/c (7000 + 904)	7904
		By Balance C/d	<u>625</u>
	<u>66325</u>		<u>66325</u>

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

## Sundry Expense a/c

Particulars	Rs.	Particulars	Rs.
To Prepaid exp A/c	600	By outstanding Exp A/c (n 1.1.02)	2000
To Bank A/c	14500	By profit & los a/c (B/F)	14200
To outstanding expenses A/c (on 31.12.02)	1800	By prepaid expenses a/c	700
	<u>16900</u>		<u>16900</u>

WN:7 bills receivable on 31.12.02

## Bills receivable a/c

Particulars	Rs.	Particulars	Rs.
To debtors a/c	10,000	By creditors A/c	2000
		By Bank	6125
		By Discount on bills receivable	125
		By Balance c/d (B/F)	1750
	<u>10000</u>		<u>10000</u>

**PROBLEM NO:7**

**Trading and Profit and Loss Account  
for the year ended 31st March, 2011**

	Rs.		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>	By Gross Profit	3,10,000
To Salaries	40,000		
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
	4,45,000		Stock in trade	1,20,000
Less: Drawings	(80,000)	3,65,000		
Loan from Laxman (including interest due)		1,05,000		
Sundry Creditors		90,000		
		<u>5,60,000</u>		<u>5,60,000</u>

## WORKING NOTES:

1.

## Sundry Debtors Account

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



## 2. Sundry Creditors Account

	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. Cash and Bank Account

	Cash Rs.	Bank Rs.		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	
	2,50,000	9,50,000	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>2,50,000</u>

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

## Balance Sheet as at 01.04.2010

Liabilities	Rs.	Assets	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	40,000	Stock in trade	<u>2,80,000</u>
	<u>3,90,000</u>		<u>3,90,000</u>

## PROBLEM NO: 8

## Trading &amp; profit &amp; loss a/c for year end 30.06.2003

Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
To opening stock	40000	By Sales (W.N-1)	
To purchases (WN-2) (B/F)	298000	Credit	288000
To Gross profit c/d	72000	Cash	<u>72000</u>
		By closing stock	<u>50000</u>
	<u>410000</u>		<u>410000</u>
To office expenses	42000	By Gross profit b/d	72000
To Depreciation on			
Building (6000 x 5%)	3000		
Furniture (18000 x 20%)	600		
Motor car (18000 x 20%)	3600		
To loss of cash (WN-4)	9800		
To Net profit (B/F)	<u>13,000</u>		
	<u>72,000</u>		<u>72,000</u>

WN:1 Competition sales for year 1.07.2002 – 30.6.2003

GP of last year = 60000

Sales of last year =  $\frac{6000}{25} \times 125 = 300000$ Copyrights Reserved  
To **MASTER MINDS**, Guntur

Sales for this year end 30.06.2003 = 300000+20% of 300000  
= 360000

Credit sales 360000 x 80% = 288000

Cash Sales = 360000 x 20% = 72000

WN:2

**Creditors A/c**

Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
To Bank A/c	275000	By Balance B/d	62000
To Balance C/d (B/F)	85000	By purchases	298000
	<u>360000</u>		<u>360000</u>

WN:3

**Debtors A/c**

Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
To Balance B/c	34000	By cash	60000
To sales	288000	By Bank A/c	200000
		By Balance c/d	62000
	<u>320000</u>		<u>322000</u>

WN:4

**Cash A/c**

Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
To Balance b/d	2500	By Office expense A/c	20000
To sales A/c (Cash sales)	72000	By Bank a/c	133700
To Debtors a/c (Cash)	60000		
To Bank a/c	24000	By profit & lon a/c (B/F) (Defalification of cash)	9800
	<u>163500</u>		<u>163500</u>

WN:5

**Bank A/c**

Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
To Balance b/d	17000	By office expenses	12000
To Debtors	200000	By Creditors	275000
To Cash	133700	By drawings	15000
		By Cash A/c	24000
		By Balance C/d (B/F)	24700
	<u>350700</u>		<u>350700</u>

**PROBLEM NO: 9**

*In the books of Shrikisan*

*Bank and Cash summary for the year ended 31.03.11*

Particulars	Amount	Amount
<b>Opening Balances:</b>		
Cash in hand		1,000
Cash at bank		500
<b>Receipts:</b>		

Sale proceeds of		
Crop	59,100	
Cattle and Cattle products	12,500	
Wood and Gross	3,000	
Cowdung	5000	79,600
Received from a Babu	12,000	22,000
Grant from Zillaparishath (Cheque)	10,000	
		1,03,100
<b>Payments:</b>		
Wages	65,000	
Seeds, feeds and fertilizers	3,000	
Power	5,000	
Land Revenue	2,000	
Beez bandhar	600	
Tools purchased	2,500	
House hold expenses	10,000	88,100
<b>Closing Balance:</b>		
Cash in hand		2,500
Cash at bank		12,500
		1,03,100

**Income summary for the year ends 31.03.2011**

Particulars	Amount	Amount
<b>i) Revenue incomes</b>		
Sale proceeds of		
Crop [59100 + 20000]	79,100	
Cattle and cattle products	12,500	
Wood and Gross	3,000	
Cow dung	5,000	
Value of crop used for consumption by		
Self and family	30,000	
Agricultural labourers	40,000	
<b>Total (I)</b>		1,69,600
<b>ii) Revenue Expenses</b>		
Efforts put in by self and salary	6,000	
Wages	65,000	
Seeds, feeds and fertilizers [3,000 + 2000]	5,000	
Power	5,000	
Land revenue	2,000	
Value of crop used by Agriculture labourers	40,000	
<b>Total (ii)</b>		1,77,000
<b>Surplus / (Deficit) (I - II)</b>		(7,400)

**Balance sheet as on 31.03.2011**

Liabilities	Amount	Assets	Amount
Firm household capital	900	Tools	2,500
Efforts put in by self and salary	60,000	Amount due from Babu [20,000 – 12,000]	8,000
(-) Drawings:		Cash in hand	2,500
Household	10,000	Cash at bank	12,500
Crop used by self & salary <u>30,000</u>	(40,000)		
(-) Deficit	(7,400)		

	13,500		
Beez bandhar	2,000		
Grant from Zilla Parishath	10,000		
	25,500		25,500

**Working Notes:**

Computation from household capital

Statement of affairs as on 31.03.2010

<i>Liabilities</i>	<i>Amount</i>	<i>Assets</i>	<i>Amount</i>
Beez bandhar	600	Cash in hand	1,000
Firm household capital	900	Cash at bank	500
	1,500		1,500

**PROBLEM NO: 10**

**Trading and Profit and Loss Account of Sri. Agni Dev  
for the year ended 31st March, 2011**

	<b>Rs.</b>		<b>Rs.</b>
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	2,40,000		
	<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	3,300		
To Depreciation	27,000		
To Travelling Expenses	8,000		
To Loss by theft	1,500		
To Net Profit	32,500		
	<u>2,40,000</u>		<u>2,40,000</u>

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

<i>Liabilities</i>	<b>Rs.</b>	<b>Rs.</b>	<i>Assets</i>	<b>Rs.</b>	<b>Rs.</b>
Capital	2,52,500		Machinery	1,20,000	
			Add: additions	60,000	
				<u>1,80,000</u>	
Add: Additional Capital	5,000		Less: Depreciation	(27,000)	1,53,000
Net Profit	<u>32,500</u>				
	2,90,000		Stock in Trade		33,000
Less: Loss of Furniture	(20,000)		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	Rs.
	Debtors as on 31st 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 1/3rd of credit sales or 1/4th of the total	<u>2,00,000</u>

	Sales in 2009- 2010	8,00,000
	Increase, 20% as stated in the problem	1,60,000
	Total sales during 2010-2011	9,60,000
	Cash sales : 1/4th	2,40,000
	Credit sales : 3/4th	7,20,000
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	(1,20,000)
		7,00,000
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	(55,833)
	Payment by cheque	6,59,167

7.

## Cash and Bank Account

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 (Bank overdraft)	-	2,667	By Travelling Expenses	18,000	-
			By Private Drawings	30,000	
			By Balance c/d (lost by theft)	1,500	
	<b>2,48,000</b>	<b>7,24,167</b>		<b>2,48,000</b>	<b>7,24,167</b>

**PROBLEM NO: 11**

Projected Balance Sheet of .....

as on 31st March, 2011

Liabilities		Rs.	Assets		Rs.
Capital		10,00,000	Fixed Assets	4,00,000	
Profit & Loss Account as on			Additions	1,00,000	
1st April, 2010	60,000			5,00,000	
Add : Profit for the year	3,74,000	4,34,000	Less : Depreciation	(50,000)	4,50,000
Creditors (Trade)		1,10,000	Stock in trade		3,36,000
			Sundry Debtors		2,00,000
			Cash & Bank Balances		5,58,000
		<b>15,44,000</b>			<b>15,44,000</b>

## Working Notes:

1. **Projected Trading and Profit and Loss Account**  
for the year ended 31st March, 2011

To Opening Stock	3,00,000	By Sales	21,20,000
To Purchases	15,20,000	By Closing Stock (balancing figure)	3,36,000
To Gross Profit c/d (30% on sales)	6,36,000		
	<u>24,56,000</u>		<u>24,56,000</u>
To Sundry Expenses (10% on sales)	2,12,000	By Gross Profit b/d	6,36,000
To Depreciation	50,000		
To Net Profit	3,74,000		
	<u>6,36,000</u>		<u>6,36,000</u>

**Cash and Bank Account**  
1st April, 2010 to 31st March, 2011

	Rs.		Rs.
By Balance b/d	3,50,000	By Sundry Creditors	
By Sundry Debtors	20,70,000	(Rs. 1,40,000 + Rs. 14,10,000)	
(Rs. 1,50,000 + Rs. 19,20,000)		By Expenses	2,12,000
		By Fixed Assets	1,00,000
		By Balance c/d	<u>5,58,000</u>
	<u>24,20,000</u>		<u>24,20,000</u>

Note : The entire sales and purchases are taken on credit basis.

**PROBLEM NO: 12****Trading and Profit and Loss Account for the year ending 31st March 2011**

Particulars	Rs.	Particulars	Rs.
To Opening stock	2,80,000	By Sales (W.N. 3)	
To Purchases (W.N. 1)	6,64,000	Credit 4,80,000	
To Gross profit	1,16,000	Cash <u>1,20,000</u>	6,00,000
		By Closing stock	<u>1,60,000</u>
	<u>7,60,000</u>		<u>7,60,000</u>
To Salary	24,000	By Gross profit	1,16,000
To Rent	16,000		
To Office expenses	14,400		
To Loss of cash (W.N. 6)	23,600		
To Depreciation on furniture	4,000		
To Net Profit	<u>34,000</u>		
	<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 (6,000)	4,32,000	Stock	1,60,000
Creditors	1,46,000	Debtors	1,20,000
		Cash at bank	<u>2,62,000</u>
	<u>5,78,000</u>		<u>5,78,000</u>

## Working Notes:

1) **Calculation of purchases**  
**Creditors Account**

Particulars	Rs.	Particulars	Rs.
To Bank A/c	3,00,000	By Balance b/d	82,000
To Balance c/d	<u>1,46,000</u>	By Purchases (Bal.fig.)	<u>3,64,000</u>
	<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	<u>1,00,000</u>
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)	<u>(1,20,000)</u>
	<u>4,80,000</u>

## 4) Calculation of cash collected from debtors

## Debtors Account

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

## 5) Calculation of closing balance of cash at bank

## Bank Account

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	<u>80,000</u>	By Balance c/d	<u>2,62,000</u>
	<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>
Cash balance as on 31st March 2012 (defalcated by the cashier)	<u>(1,24,400)</u>
	<u>23,600</u>

**PROBLEM NO: 13**Trading and Profit and Loss Account  
for the year ended 31st December, 2011

Particulars	Amount Rs.	Particulars	Amount Rs.
To Opening stock	50,000	By Sales (Rs. 2,60,000 x 125/100)	3,25,000
To Purchases (balancing figure)	2,72,500	By Closing stock	62,500
To Gross profit c/d (Rs. 2,60,000 x 25/100)	<u>65,000</u>		
	<u>3,87,500</u>		<u>3,87,500</u>
To Expenses	49,250	By Gross profit b/d	65,000
To Loss on sale of fixed assets	750		
To Depreciation on fixed assets (W.N.1)	1,000		
To Net profit	<u>14,000</u>		
	<u>65,000</u>		<u>65,000</u>

## Balance Sheet as on 31st December, 2011

Liabilities		Amount	Assets		Amount
		Rs.			Rs.
Capital (W.N. 5)	1,69,000		Fixed assets		9,000
Add: Additional capital	5,000		Debtors (W.N. 3)		87,500
Net profit	14,000		Stock		62,500
	1,88,000		Bank balance		50,000
Less: Drawings	(25,000)	1,63,000			
Creditors		46,000			
		<u>2,09,000</u>			<u>2,09,000</u>

## WORKING NOTES:

## 1. Fixed assets account

Particulars	Rs.	Particulars	Rs.
To Balance b/d	7,500	By Bank (sale)	1,750
To Bank	5,000	By Loss on sale of fixed asset (2,500-1,750)	750
		By Depreciation (balancing figure)	1,000
		By Balance c/d	9,000
	<u>12,500</u>		<u>12,500</u>

## 2. Bank A/C

Particulars	Rs.	Particulars	Rs.
To Balance b/d (balancing figure)	62,500	By Creditors	2,80,000
To Debtors	3,40,000	By Expenses	49,250
To Capital	5,000	By Drawings	25,000
To Sale of fixed assets	1,750	By Fixed assets	5,000
		By Balance c/d	50,000
	<u>4,09,250</u>		<u>4,09,250</u>

## 3. Debtors account

Particulars	Rs.	Particulars	Rs.
To Balance b/d	1,02,500	By Bank	3,40,000
To Sales	3,25,000	By Balance c/d (balancing figure)	87,500
$(Rs. 2,60,000 \times \frac{125}{100})$			
	<u>4,27,500</u>		<u>4,27,500</u>

## 4. Creditors account

Particulars	Rs.	Particulars	Rs.
To Bank 2,80,000	2,80,000	By Balance b/d (balancing figure)	53,500
To Bank 2,80,000	46,000	By Purchases (from trading account)	2,72,500
	<u>3,26,000</u>		<u>3,26,000</u>

## 5. Balance Sheet as on 1st January, 2011

Liabilities		Rs.	Assets		Rs.
Creditors (W.N. 4)		53,500	Fixed assets		7,500
Capital (balancing figure)		1,69,000	Debtors		1,02,500
			Stock		50,000
			Bank balance (W.N. 2)		62,500
		<u>2,22,500</u>			<u>2,22,500</u>

**THE END**