

6. ACCOUNTS FROM INCOMPLETE RECORDS

ASSIGNMENT SOLUTIONS

PROBLEM NO:1

Opening statement of affairs as on 31-03-2013

Liabilities	Amount (Rs.)	Assets	Amount (Rs.)
Capital (B/F)	1,61,700	Cash in hand	1,100
		Inventory	10,450
Creditors	2,750	Debtors	550
		Bank (1,65,000 – 1,22,650)	42,350
		Machinery	1,10,000
	1,64,450		1,64,450

Closing statement of affairs as on 31.03.2014

Liabilities	Amount (Rs.)	Assets	Amount (Rs.)
Capital (B/F)	1,80,400	Cash in hand	1,650
		Inventory in trade	15,950
		Debtors	1,100
Creditors	1,650	Bank (42,350+1,26,500-1,48,500)	20,350
		Machinery (1,10,000 + 33,000)	1,43,000
	1,82,050		1,82,050

Determination of profit by method of capital comparison

Particulars	Amount (Rs.)
Closing capital as on 31.03.14	1,80,400
Add: Drawings (385 x 12)	4,620
	1,85,020
Less: Opening capital balance (as on 31.03.13)	(1,61,700)
Profit	23,320

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

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
Understatement of Income	(2,59,965)
	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

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 01.04.2012	200
Add: Stationery purchased during the year	1,500
	1,700
Less: Stock of stationery as on 31.03.2013	(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
			Furniture	1,200	
			Less: Depreciation	(120)	1,080
Add: Profit for the year	2,830		Inventory-in-trade		5,700
	37,930		Sundry debtors	17,600	
Less: Drawings	(3,600)	34,330	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		71,810	
To Gross profit c/d (b.f.)		14,810	Less: Returns	(1,450)	70,360
			By Closing inventory		11,120
		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.)		4,290			
		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	4,290		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	(600)
	9,300

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

PROBLEM NO: 6Dr. **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	<u>(900)</u>		
To Freight inwards	3,000		
To Gross Profit C/d	24,350		
	80,050		80,050

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	7,791		
	25,652		25,652

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	7791	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		700
		35,487			35,487

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	11,000	Inventory at cost	8,000
Outstanding Expenses	2,000	Sundry debtors	16,000
		Cash in hand & Bank	1,200
		Prepaid Expenses	600
	31,800		31,800

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	15,000		
	57,000		57,000

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 inwards		3,000
		55,700
Less: Closing Inventory		(7,000)
Cost of goods sold	48,700	
Add: Gross profit (@50% on cost)		24,350
Sales		73,050

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 (bills dishonored)	400	By Bills Receivable	10,000
		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	<u>625</u>
	<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	14,500	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>16,900</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)	<u>1,750</u>
	<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.
	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 <u>10,00,000</u>	12,40,000
		By Closing Stock(bal.fig.)	<u>1,20,000</u>
	<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	<u>1,45,000</u>		
	<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		
		5,60,000		5,60,000

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)	10,00,000	By Balance c/d	3,50,000
	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	90,000		
	8,10,000		8,10,000

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
	2,50,000	9,50,000		2,50,000	9,50,000

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	40,000	Stock in trade	2,80,000
	3,90,000		3,90,000

PROBLEM NO: 8Dr. **Trading and profit & loss a/c for year end 30.06.2003** Cr.

Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
To opening stock	40,000	By Sales (W.N-1)	
To purchases (WN-2) (B/F)	2,98,000	Credit	2,88,000
To Gross profit c/d	72,000	Cash	72,000
		By closing stock	50,000
	410000		4,10,000
To office expenses	42,000	By Gross profit b/d	72,000
To Depreciation on			

Building (6000 x 5%)	3,000		
Furniture (18000 x 20%)	600		
Motor car (18000 x 20%)	3,600		
To loss of cash (WN-4)	9,800		
To Net profit (B/F)	<u>13,000</u>		
	72,000		72,000

WN: 1: Calculation of sales for year 01.07.2002 - 30.06.2003

GP of last year = 60,000

$$\text{Sales of last year} = \frac{6,000}{25} \times 125 = 3,00,000$$

Sales for this year end 30.06.2003 = 3,00,000 + 20% of 3,00,000 = 3,60,000

Credit sales = 3,60,000 x 80% = 2,88,000

Cash Sales = 3,60,000 x 20% = 72,000

WN: 2

Dr.	Creditors A/c		Cr.
Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
To Bank A/c	2,75,000	By Balance B/d	62,000
To Balance C/d (B/F)	<u>85,000</u>	By purchases	2,98,000
	3,60,000		3,60,000

WN: 3

Dr.	Debtors A/c		Cr.
Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
To Balance B/c	34,000	By cash	60,000
To sales	2,88,000	By Bank A/c	2,00,000
	<u>3,22,000</u>	By Balance c/d	<u>62,000</u>
	3,22,000		3,22,000

WN: 4

Dr.	Cash A/c		Cr.
Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
To Balance b/d	7,500	By Office expense A/c	20,000
To sales A/c (Cash bales)	72,000	By Bank a/c	1,33,700
To Debtors a/c (Cash)	60,000		
To Bank a/c	<u>24,000</u>	By Profit & Loss A/c (b.f) (Defalcation of cash)	<u>9,800</u>
	1,63,500		1,63,500

WN: 5

Dr.	Bank A/c		Cr.
Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
To Balance b/d	17,000	By office expenses	12,000
To Debtors	2,00,000	By Creditors	2,75,000
To Cash	1,33,700	By drawings	15,000
	<u>3,50,700</u>	By Cash A/c	24,000
		By Balance C/d (B/F)	<u>24,700</u>
	3,50,700		3,50,700

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
		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:10Dr. **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	<u>1,20,000</u>
			6,00,000
		By Closing stock	<u>1,60,000</u>
	7,60,000		7,60,000
To Salary (2000 x 12)	24,000	By Gross profit	1,16,000
To Rent	16,000		
To Office expenses (1200 x 12)	14,400		
To Loss of cash (W.N. 6)	23,600		
To Depreciation on furniture	4,000		
To Net Profit (b.f)	<u>34,000</u>		
	1,16,000		1,16,000

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)
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
	5,78,000		5,78,000

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	<u>1,46,000</u>	By Purchases (Bal.fig.)	<u>3,64,000</u>
	4,46,000		4,46,000

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	6,00,000

3. Calculation of credit sales

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

4. Calculation of cash collected from debtorsDr. **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	<u>4,80,000</u>	By Balance c/d	<u>1,20,000</u>
	5,80,000		5,80,000

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
	5,78,000		5,78,000

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

	Rs.
Cash balance as on 1 st April 2011	28,000
Add: Cash sales during the year	1,20,000
	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)	23,600

THE END

MASTER MINDS