

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	(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

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
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	
Sundry creditors		7,900	Less: Provision for Doubtful debts	(800)	16,800
			Investment		5,000
			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 1 st April, 2014	
Liabilities		Rs.	Assets
Capital (balancing figure)		26,770	Sundry Assets
Sundry Creditors		15,770	Inventory in Trade
Outstanding Expenses		600	Sundry Debtors (From total debtors A/c)
			Cash in hand & at bank
		43,140	43,140

(v)		
Expenses paid in Cash		9,570
Add: Outstanding on 31-3-2015		330
		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: 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		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	1,1000	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 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		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	400	By Bills Receivable	10,000
(bills dishonored)		By Balance C/d (B/F)	19,450
	89,450		89,450

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
	66,325		66,325

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
	16,900		16,900

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
	10,000		10,000

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>
	13,60,000		13,60,000
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>		
	3,10,000		3,10,000

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	<u>1,45,000</u>		Sundry Debtors	3,50,000
	4,45,000		Stock in trade	1,20,000
Less: Drawings	<u>(80,000)</u>	3,65,000		
Loan from Laxman (including interest due)		1,05,000		
Sundry Creditors		<u>90,000</u>		
		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)	<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
	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	<u>40,000</u>	Stock in trade	<u>2,80,000</u>
	<u>3,90,000</u>		<u>3,90,000</u>

PROBLEM NO: 8

Dr.	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 <u>72,000</u>	3,60,000
		By closing stock	<u>50,000</u>
	<u>410000</u>		<u>4,10,000</u>
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>		
	<u>72,000</u>		<u>72,000</u>

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	<u>2,98,000</u>		
	<u>3,60,000</u>		<u>3,60,000</u>		

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		
		By Balance c/d	<u>62,000</u>		
	<u>3,22,000</u>		<u>3,22,000</u>		

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 sales)	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>		
	<u>1,63,500</u>		<u>1,63,500</u>		

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		
		By Cash A/c	24,000		
		By Balance C/d (B/F)	<u>24,700</u>		
	<u>3,50,700</u>		<u>3,50,700</u>		

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: 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 <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 (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>		
	<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	<u>2,62,000</u>
	<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	<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

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	<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

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 1 st 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>	<u>(1,24,400)</u>
Cash balance as on 31st March 2012 (defalcated by the cashier)		<u>23,600</u>

THE END

MASTER MINDS