

## FINANCIAL ACCOUNTING - II

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## ACCOUNTING FROM INCOMPLETE RECORDS

1. From the following calculate total sales

Opening debtors	15,000
Closing debtors	18,000
Cash received from debtors	30,000
Sales return	2,000
B/R received during the year	16,000
Bad debts written off	1,000
Cash sales	25,000
Provision for doubtful debts	500

### Total Debtors A/c

To balance b/d	15,000	By cash a/c	30,000
To sales A/c	52,000	By Sales Return	2,000
		By Bas Debts a/c	1,000
		By bills Received during the year	16,000
		By balance c/d.	18,000
	67,000		67,000

Note: cash sales and reserve for doubtful debts has no effect on total debtors.

2. What are the merits and demerits of single entry system?

3. From the following information relating to Mahesh who keeps his books on single entry system, prepare Trading and Profit and Loss Account for the year ending 31/12/2018 and a balance sheet as on that date:

	1/01/2018	31/12/2018
Creditors	18,000	?
Furniture	8,000	8,000
Debtors	?	55,000
Stock	12,000	10,500
Cash	24,000	?

Other particulars	
Receipts from debtors	1,75,000
Total sales (including cash sales Rs. 38,000)	90,000
Total purchases (including cash purchases Rs. 23,000)	2,25,000
Sales returns	1,20,000
Purchases returns	2,000
Drawings	1,500
Bad debts	20,000
Discount allowed	1,000

Discount received	3,000
Rent	2,500
Wages	8,000
Trade expenses	3,000
Salary	2,000
Office expenses	5,000
Outstanding salary	3,000
Prepaid rent	500
Depreciation furniture by 10%	800

### Cash A/c

Particulars	Rs.	Particulars	Rs.
To balance b/d	24,000	By creditors A/c	90,000
To debtors A/c	1,75,000	By purchases A/c	23,000
To sales A/c	38,000	By drawings A/c	20,000
		By rent A/c	8,000
		By wages A/c	3,000
		By trade expenses A/c	2,000
		By salary A/c	5,000
		By office expenses A/c	3,000
		By balance c/d	83,000
	2,37,000		2,37,000

### Statement of affairs as on 31/12/2018 (To find out opening debtors)

Particulars	Rs.	Particulars	Rs.
creditors	18,000	Furniture	8,000
Capital	75,000	debtors	49,000
		Stock	12,000
		cash	24,000
	93,000		93,000

### Total debtors a/c (To find out opening debtors)

Particulars	Rs.	Particulars	Rs.
<b>To balance b/d (bal. fig)</b>	<b>49,000</b>	By cash a/c	1,75,000
To Credit sales (2,25,000-38,000)	1,87,000	By sales returns a/ c	2,000
		By bad debts a/c	1,000
		By discount allowed a/c	3,000
		By balance c/d	55,000
	<b>2,36,000</b>		<b>2,36,000</b>
To balance b/d	55,000		

### Total Creditors a/c (To find out closing creditors)

Particulars	Rs.	Particulars	Rs.
To cash a/c	90,000	By balance b/d	18,000
To purchases returns a/c	1,500	By credit purchases a/c	97,000
To discount received a/c	2,500		
<b>To balance c/d</b>	<b>21,000</b>		
	<b>1,15,000</b>		<b>1,15,000</b>
		By balance b/d	21,000

### Trading and Profit and Loss A/c for the year ended 31/12/2018

Particulars	Amount	Particulars	Amount
To Opening Stock	12,000	By Sales Cash 38,000 Credit 1,87,000 (-) S/R 2,000	2,23,000
To Purchases a/c Cash 23,000 Credit 97,000 (-) P/R 1,500	1,18,500	By closing stock a/c	10,500
To Wages	3,000		
To Gross Profit c/d	1,00,000		
	2,33,500		2,33,500
To bad debts	1,000	By Gross Profit b/d	1,00,000
To discount allowed	3,000	By Discount Received	2,500
To Rent 8,000 Less prepaid 800	7,200		
To trade expenses	2,000		
To Salary 5,000 Add: O/S 500	5,500		
To Office expenses	3,000		
To Depreciation on furniture (8,000 X10%)	800		
<b>To Net Profit</b>	<b>80,000</b>		
	<b>1,02,500</b>		<b>1,02,500</b>

### Balance sheet as on 31/03/2018

Liabilities	Rs.	Assets	Rs.
Creditors	21,000	Furniture 8,000 Less: depreciation 800	7,200
Outstanding Salary	500	Debtors	55,000
Capital 75,000 Add: Net Profit 80,000 Less: Drawing 20,000	1,35,000	Stock	10,500
		Cash	83,000
		Prepaid Rent	800
	<b>1,56,500</b>		<b>1,56,500</b>

1. From the following particulars, find out credit sales by preparing total debtor's account

Opening debtors	24,000
Cash received from debtors	3,80,000
Cheques received from debtors	30,000
Bills receivable received during the year	10,000
Bills receivable honoured during the year	25,000
Cheques from debtors dishonoured	2,000
Bad debt written off	5,000
Sales returns	4,000
Bills receivable dishonoured	1,000
Provision for doubtful debts	500
Closing debtors	28,000

### Total Debtors A/c

To balance b/d	24,000	By cash a/c	3,80,000
To Bank A/c (cheque dishonoured)	2,000	By Bank A/c	30,000
To B/R A/c	1,000	By Bas Debts a/c	5,000
To Credit Sales A/c	4,30,000	By B/R A/c	10,000
		By Sales Returns A/c	4,000
		By balance c/d.	28,000
	4,57,000		4,57,000

2. From the following particulars, prepare total debtors account and total creditors account and find out credit sales and credit purchases:

Debtors on 1/01/2017	5,000
Debtors on 31/12/2017	8,000
Creditors on 01/01/2017	4,000
Creditors on 31/12/2017	12,000
Bills payable issued during the year	8,000
Cash received from customers	30,000
Cash paid to suppliers	20,700
Cash returned to customers	270
Discount allowed to customers	150
Bad debt written off	1,200
Bills receivable endorsed to creditors	4,000
Bills receivable dishonoured by customers	1,000
Endorsed bills receivable dishonoured	500
Discounted Bills Receivable dishonoured	700
Sales returns	500
Purchases returns	200

### Total Debtors A/c

To balance b/d	5,000	By cash a/c	30,000
To cash A/c	270	By Discount A/c	150
To B/R A/c	1,000	By Bas Debts a/c	1,200
To Creditors A/c	500	By Sales Returns A/c	500
To Bank A/c	700	By balance c/d.	8,000
<b>To Credit Sales A/c</b>	<b>32,380</b>		
	<b>39,850</b>		<b>39,850</b>

### Total Creditors a/c

Particulars	Rs.	Particulars	Rs.
To Bills Payable A/c	8,000	By Balance b/d	4,000
To Cash A/c	20,700	By Debtors A/c	500
To Bills Receivable A/c	4,000	By Credit Purchases A/c	<b>40,400</b>
To Purchases Returns A/c	200		
To Balance c/d	12,000		
	<b>44,900</b>		<b>44,900</b>

3. Prasanna keeps his books on single entry system. He gives you the following information:

	31/12/2016 (Rs.)	31/12/2017 (Rs.)
Furniture and fittings	5,000	6,000
Stock of goods	3,000	1,000
Sundry debtors	6,000	7,000
Cash	1,100	300
Sundry creditors	2,000	4,200
Prepaid expenses	-----	200
Unpaid expenses	600	1,000

Receipts and Payments during the year:

Receipts from debtors	21,000
Paid to creditors	10,000
Carriage on purchases	2,000
Drawings	12,000
Sundry expenses	16,000
Furniture purchased for cash	1,000

Prepare trading and Profit and Loss A/c for the year ended 31/12/2017 and a Balance Sheet as on that date providing for doubtful debts at 10%

### Statement of affairs as on 01/01/2017 (To find out opening capital)

Particulars	Rs.	Particulars	Rs.
Creditors	2,000	Cash	1,100
Unpaid expenses	600	Stock	3,000
<b>Capital</b>	<b>12,500</b>	Debtors	6,000
		Furniture	5,000
	<b>15,100</b>		<b>15,100</b>

### Cash A/c (To find out cash sales)

Particulars	Rs.	Particulars	Rs.
To Balance b/d	1,100	By Creditors	10,000
To Debtors	21,000	By Cartage on purchases	2,000
<b>To Sales</b>	<b>19,200</b>	By Drawings	12,000
		By Sundry expenses	16,000
		By Furniture	1,000
		By Balance c/d	300
	<b>41,300</b>		<b>41,300</b>

### Total debtors a/c (To find out credit sales)

Particulars	Rs.	Particulars	Rs.
To balance b/d	6,000	By cash a/c	21,000
<b>To Credit sales</b>	<b>22,000</b>	By balance c/d	7,000
	<b>28,000</b>		<b>28,000</b>

### Total Creditors a/c (To find out closing creditors)

Particulars	Rs.	Particulars	Rs.
To cash a/c	10,000	By balance b/d	2,000
To balance c/d	4,200	<b>By credit purchases a/c</b>	<b>12,200</b>
	<b>14,200</b>		<b>14,200</b>

### Trading and Profit and Loss Account for the year ended 31/12/2017

Particulars	Rs.	Particulars	Rs.
To Opening Stock A/c	3,000	By Sales Cash 19,200 Credit 22,000	41,200
To Purchases	12,200	By Closing Stock	100
To Cartage	2,000		
<b>To Gross Profit c/d</b>	<b>25,000</b>		
	<b>42,200</b>		<b>42,200</b>
To Sundry expenses 16,000 (+) O/s 2017 1,000 (-) O/s 2016 600 (-) Prepaid 20	16,200	By Gross Profit b/d	25,000
To Provision for bad debts	700		
To Net Profit	<b>8,100</b>		
	<b>25,000</b>		<b>25,000</b>

### Balance Sheet as on 31/12/2017

Liabilities	Rs.	Assets	Rs.
Creditors	4,200	Cash	300
Unpaid expenses	1,000	Prepaid expenses	200
Capital: Opening 12,500 (+) Net Profit 8,100 (-) Drawing 12,000	8,600	Debtors 7,000 (-) RBD 700	6,300
		Stock	1,000
		Furniture	6,000
	<b>13,800</b>		<b>13,800</b>

1. From the following details, ascertain the credit sales:

Opening debtors	40,000
Cash received from debtors	3,60,000
Cheques received from debtors	50,000
B/R received during the year	10,000
Cheques from debtors dishonoured	1,000
Bad debt written off	5,000
Sales return	4,000
B/R dishonoured	1,000
Closing debtors	48,000

**Total Debtors A/c**

To Balance b/d	40,000	By cash A/c	3,60,000
To Bank (cheque dishonoured)	1,000	By Bank A/c (cheque received)	50,000
To Bills Receivable A/c	1,000	By Bills Receivable A/c	10,000
<b>To Credit Sales</b>	<b>4,35,000</b>	By Bad debts A/c	5,000
		By Sales returns A/c	4,000
		By Balance c/d	48,000
	<b>4,77,000</b>		<b>4,77,000</b>

2. From the following prepare Debtors A/c and Creditors A/c to find out credit sales and credit purchases:

Debtors on 01/04/2015	50,000
Creditors on 01/04/2015	40,000
Debtors on 31/03/2016	40,000
Creditors on 31/03/2016	60,000
Bills payable issued during the year	80,000
Cash received from customers	30,000
Cash paid to suppliers	2,07,000
Cash returned to customers	2,700
Discount allowed to customers	1,600
Bad debts written off	12,000
Bills receivable endorsed to creditors	40,000
Bills receivable dishonoured by customers	10,000
Endorsed bill receivable dishonoured	5,000
Discounted bill receivable dishonoured	7,000
Sales returns	6,000
Purchases Returns	2,000



### Total debtors A/c

To Balance b/d	50,000	By Cash A/c (Received)	30,000
To Cash A/c	2,700	By Discount A/c (Allowed)	1,500
To Bills Receivable A/c	10,000	By Bad debts A/c	12,000
To Creditors A/c (endorsed bill dishonoured)	5,000	By Sales returns A/c	6,000
To Bank A/c (discounted bill dishonoured)	7,000	By Balance c/d	40,000
<b>To Credit Sales A/c</b>	<b>14,800</b>		
	<b>89,500</b>		<b>89,500</b>
To Balance b/d	40,000		

### Total Creditors A/c

To Bills Payable A/c	80,000	By Balance b/d	40,000
To Cash A/c (Paid)	2,07,000	By Debtors A/c (endorsed bill dishonoured)	5,000,
To Bills Receivable A/c (endorsed)	40,000	By Credit purchases A/c	3,44,000
To Purchases returns A/c	2,000		
<b>To Balance c/d</b>	<b>60,000</b>		
	<b>3,89,000</b>		<b>3,89,000</b>
		By Balance b/d	60,000

3. You are given the following:

- Balance sheet of Mr. Arul as on 01/04/2015
- The Cash transactions for the year ending 31/03/2016
- Summary of the remaining transactions:

Balance sheet as at 01/04/2015

Liabilities	Rs.	Assets	Rs.
Bank overdraft	1,000	Cash in Hand	200
Creditors	7,200	Bills Receivable	5,000
Bills Payable	3,200	Debtors	7,800
Capital	40,000	Stock	15,000
		Plant and Machinery	9,400
		Land and Building	14,000
	<b>51,400</b>		<b>51,400</b>

Cash A/c for the year ending 31/03/2016

To Balance (b/f)	200	By Balance overdraft	1,000
To Receipts from Debtors	58,000	By Salaries	9,800
To Bills Receivable	20,000	By Wages	3,160
To Cash sales	7,400	By Bills Payable	28,600
		By Payment to creditors	29,400
		By Office Expenses	1,600
		By Drawings	9,000
		By Investment (6% Govt. Bonds)	2,000
		By Balance c/d	1,040
	<b>85,600</b>		<b>85,600</b>

Other transactions:

Credit Sales	81,400
Discount to customers	400
Credit Purchases	60,000
Discount received	200
Bills Receivable received	21,800
Bills payable issued	30,000
Stock on 31/03/2016	10,600

Provide for doubtful debts at 10% on debtors. Provide depreciation on Plant and Machinery and on Land and Buildings at 5%

Prepare Trading and Profit and Loss A/c for the year ending 31/03/2016 and the balance sheet as on that date of Arul.

**Total Debtors A/c**

Particulars	Rs.	Particulars	Rs.
To balance b/d	7,800	By Cash A/c	58,000
To Credit Sales	81,400	By Bills Receivable A/c	21,800
		By Discount Allowed A/c	400
		<b>By Balance c/d (b/f)</b>	<b>9,000</b>
	<b>89,200</b>		<b>89,200</b>

**Total Creditors A/c**

Particulars	Rs.	Particulars	Rs.
To Cash A/c	29,400	By Balance b/d	7,200
To Discount received A/c	200	By Credit Purchases A/c	60,000
To Bills Payable A/c	30,000		
To Balance c/d	7,600		
	<b>67,200</b>		<b>67,200</b>

**Bills Receivable A/c**

Particulars	Rs.	Particulars	Rs.
To Balance b/d	5,000	By Cash A/c	20,000
To Debtors A/c	21,800	<b>By Balance c/d (b.f)</b>	<b>6,800</b>
	<b>26,800</b>		<b>26,800</b>

### Bills Payable A/c

Particulars	Rs.	Particulars	Rs.
To Cash A/c	28,600	By Cash A/c	3,200
<b>To Balance c/d (b.f)</b>	<b>4,600</b>	By Creditors A/c	30,000
	<b>33,200</b>		<b>33,200</b>

### Trading and Profit and Loss a/c for the year ended 31/03/2016

Particulars	Rs.	Particulars	Rs.
To Opening Stock A/c	15,000	By Sales Credit 81,400 Cash 7,400	88,800
To Purchases (Credit)	60,000	By Closing Stock	10,600
To Wages	3,160		
To Gross Profit c/d	21,240		
	99,400		
To Salaries	9,800	By Gross Profit b/d	21,240
To Office Expenses	1,600	By O/s interest on investment (2,000 X6%)	120
To Discount allowed	400	By Discount received	200
To R.B.D (9,000X5%)	900		
To Depreciation on Machinery (14,000 X5%)	470		
To Depreciation on Building	700		
<b>To Net Profit</b>	<b>7,690</b>		

### Balance Sheet as on 31/03/2016

Liabilities	Rs.	Assets	Rs.
Capital 40,000 (+) Net Profit 7,690 (-) Drawings 9,000	38,690	Cash in hand	1,040
Sundry Creditors	7,600	Bills Receivable	6,800
Bills Payables	4,600	Closing Stock	10,600
		Investment (6% Govt. bonds)	2,000
		Debtors Less: R.B.D	8,100
		Machinery (-) Depreciation	8,930
		Building (-) depreciation	13,300
		O/s interest on investment	120
	<b>50,890</b>		<b>50,890</b>

1. From the following particulars, find out credit sales by preparing total debtors account

Opening debtors	60,000
Cash received from debtors	3,55,000
Cheques received from debtors	45,000
B/R received during the year	20,000
B/R honoured during the year	5,000
Cheques from debtors dishonoured	2,000
Bad debt written off	5,000
Sales return	4,000
Bills receivable dishonoured	1,000
Provision for doubtful debts	500
Closing debtors	68,000

### Total Debtors A/c

Particulars	Rs.	Particulars	Rs.
To Balance b/d	60,000	By Cash A/c (cash received)	3,55,000
To Bank A/c (cheque dishonoured)	2,000	By Bank A /c (cheque received)	45,000
To B/R A/c (dishonoured)	1,000	By B/R A/c	20,000
<b>To Credit Sales (b.f)</b>	<b>4,34,000</b>	By Bad debts A/c	5,000
		By Sales Returns A/c	4,000
		By Balance c/d	68,000
	<b>4,97,000</b>		<b>4,97,000</b>

Note: Provision for doubtful debts have no effect on debtors a/c

2. The books of Kumar showed the following figures:

	01/01/2015 (Rs.)	31/12/2015 (Rs.)
Cash and Bank	3,400	19,950
Stock	20,000	25,000
Debtors	?	35,000
Creditors	?	18,500
Sundry assets	3,000	3,000

The cash book showed the following figures:

Received from debtors	1,36,000
Private dividend paid in	2,000
Indirect expenses	19,650
Drawings	4,600
Payments to creditors	1,12,000
Discounts allowed by them	1,200

Additional information:

- 1) Cost of goods sold during the year Rs. 1,05,300
- 2) Kumar maintains a steady profit at the rate of 25% on sale

3) Bad debt written off during the year Rs. 400 and past debt recovered Rs. 200  
 You are required to prepare Trading and Profit and Loss account for the year ending 31/12/2015 and balance sheet as on that date.

**Statement of affairs as on 01/01/2015 (to find out opening capital)**

Particulars	Rs.	Particulars	Rs.
Creditors	21,400	Cash at Bank	3,400
<b>Capital (b.f)</b>	<b>50,600</b>	Stock	20,000
		Debtors	45,600
		Sunday assets	3,000
	<b>72,000</b>		<b>72,000</b>

**Cash book (to find out cash sales)**

Particulars	Rs.	Particulars	Rs.
To Balance b/d	3,400	By Indirect expenses	19,650
To Debtors	1,36,000	By Drawings	4,600
To Capital	2,000	By Creditors	1,12,000
To Bad debts recovered	200	By Balance c/d	19,950
<b>To Sales (b.f)</b>	<b>14,600</b>		
	<b>1,56,200</b>		<b>1,56,200</b>
To Balance b/d	19,950		

Note 1: In this problem sales and purchases are not given. From the cash A/c it is clear that cash sales is Rs. 14,600

It is given that gross profit is 25% on sales.

Sale = Cost + profit

100=Cost +25

Cost =100-25 therefore cost=75

Given , cost of goods sold = Rs. 1,05,300

Cost 75-----1,05,300

Sale 100----- ?

Therefore total sale=  $\frac{1,05,300 \times 100}{75} = 1,40,400$

Total sales= cash sale + credit sales

1,40,400= 14,600 + credit sales

Therefore credit sales = 1, 40,400-14,600 = 1, 25,800

**Total Debtors A/c (to find out opening debtors)**

Particulars	Rs.	Particulars	Rs.
<b>To balance b/d (b.f)</b>	<b>45,600</b>	By Cash A/c	1,36,000
To Credit Sales	1,25,800	By Bad debts A/c	400
		By Balance c/d	35,000
	<b>1,71,400</b>		<b>1,71,400</b>
To Balance b/d	<b>35,000</b>		

Note 2: Purchases is also not given, can be calculated as follows:

Cost of goods sold = Opening Stock + Purchases – Closing stock

1,05,300 = 20,000 + Purchases - 25,000

Purchases = 1,05,300 - 20,000 + 25,000

Therefore total purchases = 1,10,300 (cash purchase is not given )

**Total Creditors A/c (to find out opening creditors)**

To Cash A/c	1,12,000	<b>By Balance b/d (b.f)</b>	<b>21,400</b>
To Discount A/c	1,200	By Credit Purchases A/c	1,10,300
To Balance c/d	18,500		
	<b>1,31,700</b>		<b>1,31,700</b>
		By Balance b/d	18,500

**Trading and Profit and Loss A/c for the year ended 31/03/2015**

Particulars	Rs.	Particulars	Rs.
To Opening stock	20,000	By Sales Cash 1,25,800 Credit 14,600	1,40,400
To Purchases	1,10,300	By Closing stock	25,000
To Gross Profit c/d	35,100		
	1,65,400		
To Indirect expenses	19,650	By Gross Profit b/d	35,100
To Bad debts	400	By Discount	1,200
<b>To Net Profit</b>	<b>16,450</b>	By Bad debts recovered	200
	<b>36,500</b>		<b>36,500</b>

**Balance sheet as on 31/03/2015**

Liabilities	Rs.	Assets	Rs.
Creditors	18,500	Cash and Bank	19,950
Capital 50,600 (+) additional capital 2,000 (+) Net Profit 16,450 (-) Drawing 4,600	64,450	Stock	25,000
		Debtors	35,000
		Sunday Assets	3,000
	<b>82,950</b>		<b>82,950</b>

1. From the following details find out credit sales by preparing total debtors account

Opening debtors	60,000
Cash received from debtors	5,40,000
Cheques received from debtors	75,000
Bills receivable received during the year	15,000
Bills receivable honoured during the year	7,500
Cheques from debtors dishonoured	1,500
Bad debts written off	7,500
Sales return	6,000
Bills receivable dishonoured	1,500
Provision for doubtful debts	750
Closing debtors	72,000

**Total Debtors A/c**

Particulars	Rs.	Particulars	Rs.
To balance b/d	60,000	By Cash A/c ( Cash received)	5,40,000
To Bank A/c ( Cheque dishonoured)	1,500	By Bank A/c (cheque received)	75,000
To Bills receivable A/c (dishonoured)	1,500	By Bills Receivable A/c	15,000
To Credit Sales (b.f)	6,52,500	By Bad debts A/c	7,500
		By Sales returns A/c	6,000
		By Balance c/d	72,000
	<b>7,15,500</b>		<b>7,15,500</b>

Note: Provision for doubtful debts and B/R honoured have no effect on debtors a/c.

2. From the following prepare total debtors account and total creditors account and find credit sales and credit purchases.

Debtors on 01/01	5,000
Debtors on 31/12	4,000
Creditors on 01/01	4,000
Creditors on 31/12	6,000
Bills Payable issued during the year	8,000
Cash paid to creditors	20,700
Discount allowed	150
Bills Receivable endorsed to creditors	4,000
Endorsed Bills Receivable dishonoured	500
Sales return	600
Cash from debtors	3,000
Cash returned to customers	270
Bad debts written off	1,200
Bills Receivable dishonoured by customer	1,000
Discounted Bills Receivable dishonoured	700
Purchases return	200

### Total Debtors A/c

Particulars	Rs.	Particulars	Rs.
To Balance b/d	5,000	By Discount A/c (allowed)	150
To Creditors A/c	500	By Sales returns A/c	600
To Cash A/c (returned)	270	By Cash A/c	3,000
To Bills Receivable A/c	1,000	By Bad debts A/c	1,200
To Bank A/c (discounted bill dishonoured)	700	By Balance c/d	4,000
To Credit Sales A/c (b.f)	1,480		
	<b>8,950</b>		<b>8,950</b>

### Total Creditors A/c

Particulars	Rs.	Particulars	Rs.
To Bills Payable A/c (issued)	8,000	By Balance b/d	4,000
To Cash A/c	20,700	By Debtors A/c	500
To Bills Receivable A/c (endorsed)	4,000	By Credit purchases A/c	34,400
To Purchases returns A/c	200		
To Balance c/d	6,000		
	<b>38,900</b>		<b>38,900</b>
		By Balance b/d	6,000

3. David kept his books of accounts under single entry system. An analysis of rough cash book for the year 2014 shows the following particulars.

#### Cash Account

To Debtors A/c	60,000	By Overdraft on 01/01/2014	7,400
To Capital A/c	5,000	By Creditors A/c	25,000
		By Business Expenses	10,000
		By Wages	15,500
		By Drawings	3,000
		By Balance at bank on 31/12/2014	4,000
		By Cash in hand on 31/12/2014	100
	<b>65,000</b>		<b>65,000</b>

The following additional information is available

	01/01/2014	31/12/2014
Debtors	53,000	88,000
Creditors	15,000	19,500
Stock	17,000	19,000
Machinery	20,000	20,000
Furniture	1,400	1,400

All the sales and purchases were on credit from the above information. Prepare Trading and Profit and Loss A/c and Balance Sheet after providing depreciation of Machinery at 10% and furniture at 5%.



### Statement of affairs as on 01/01/2014 (to find out opening capital)

	Rs.		Rs.
Bank Overdraft	7,400	Debtors	53,000
Creditors	15,000	Stock	17,000
<b>Capital (b.f)</b>	<b>69,000</b>	Plant & Machinery	20,000
		Furniture & Fittings	1,400
	<b>91,400</b>		<b>91,400</b>

#### Total Debtors A/c

Particulars	Rs.	Particulars	Rs.
To Balance b/d	53,000	By Cash A/c	60,000
To Credit Sales (b.f)	95,000	By Balance c/d	88,000
	<b>1,48,000</b>		<b>1,48,000</b>
To Balance b/d	88,000		

#### Total Creditors A/c

Particulars	Rs.	Particulars	Rs.
To Cash a/c	25,000	By Balance b/d	15,000
To Balance c/d	19,500	<b>By Credit purchases A/c (b.f)</b>	<b>29,500</b>
	<b>44,500</b>		<b>44,500</b>
		By Balance b/d	19,500

#### Trading and Profit & Loss A/c for the year ended 31/03/2014

Particulars	Rs.	Particulars	Rs.
To Opening stock	17,000	By Sales	95,000
To Purchases	29,500	By Closing stock	19,000
To Wages	15,500		
<b>To Gross Profit c/d</b>	<b>52,000</b>		
	<b>1,14,000</b>		<b>1,14,000</b>
To Business Expenses	10,000	By Gross Profit b/d	52,000
To Depreciation on Plant & Machinery (20,000 X 10%)	2,000		
Furniture & Fittings (1,400 X 5%)	70		
<b>To Net Profit</b>	<b>39,930</b>		
	<b>52,000</b>		<b>52,000</b>

#### Balance Sheet as on 31/03/2014

Liabilities	Rs.	Assets	Rs.
Creditors	19,500	Debtors	88,000
Capital 69,000	1,10,930	Stock	19,000
(+) Net Profit 39,930			
(+) Additional Capital 5,000			
(-) Drawings 3,000			
		Plant & Machinery 20,000	18,000
		(-) Depreciation 2,000	
		Furniture & Fittings 1,400	1,330
		(-) Depreciation 70	
		Cash	100
		Bank	4,000
	<b>1,30,430</b>		<b>1,30,430</b>

