

ACCOUNTING FROM INCOMPLETE RECORDS

Single entry system: under this system, the cash book and personal a/cs of debtors and creditors are maintained ; real and nominal accounts are not, since both aspects are not recorded , the system is known as accounts from incomplete records.

DEFINITION

Kohler defines single entry system as ," a system of book keeping in which as a rule only records of cash and personal a/ cs are maintained , it is always incomplete double entry varying with circumstances.

FEATURES OF SINGLE ENTRY SYSTEM

1. **Suitability:** no. Of transaction is less.
2. **No uniformity:**
3. **Maintainance of personal a/ cs :**
4. **Maintainance of cash book**
5. **Dependence on original vouchers:**
6. **Difficulty in preparation of fin a/ cs:**

ADVANTAGES OF SINGLE ENTRY SYSTEM

1. **Simple**
2. **Less expensice**
3. **Suitable for small business**
4. **No need of expert knowledge**
5. **Easy to ascertain p&l**

DISADVANTAGES OF SINGLE ENTRY SYSTEM

- ★ **Airthmetic accuracy**

- ★ No control on assets
- ★ Correct p&l cannot determined
- ★ Financial position of business
- ★ No internal check
- ★ Difficult to asceetain the value of business
- ★ Incomplete and unscientific system
- ★ Comparative study is difficult

- **METHODS OF ASCERTAINING PROFIT UNDER SINGLE ENTRY SYSTEM**

- Statement of affairs method
- Conversion method

Statement of affairs / net worth method:

It is a statement of assets and liabilities . diffrence between the two sided taken as capital.

If capital at the end exceeds than the beginging of year it is taken as profit.

PROFIT= CAPITAL AT THE END + DRAWINGS - ADDITIONAL CAPITAL INTRODUCED - CAPITAL IN THE BEGINING

Conversion method:

Under this method certain information (sales , purchase and operating expenses) is not available form incomplete records. It means converting a/cs from single entry to double entry system.