Ch-6, ACCOUNTS FROM INCOMPLETE RECORDS
[OR]
SINGLE ENTRY SYSTEM OF ACCOUNTING

TOPICS TO BE STUDIED

- **INTRODUCTION:**

Under this system, a Cash Book is prepared which shows the receipts and payments of cash transactions and no other ledger is maintained except a rough book for recording transactions relating to personal accounts. It is actually called 'Pure Single Entry'. Under this method, real accounts and nominal accounts are not recognised. In short, these transactions are only recorded in Cash Book without, however, applying the principles of double entry. That is why it is said 'the system which does not totally follow the principles of Double Entry System is called Single Entry System'.

For recording transactions relating to personal accounts, however, double entry system is followed, say, when cash ,is received from a customer- it is recorded in Cash Book first and thereafter in the personal account of the customer concerned, i.e. recorded in two places like double entry basis. Again, no entry is recorded in the books of accounts for any internal transactions, like depreciation on assets. Therefore, it may be said that Single Entry System is nothing but an admixture of Single Entry, Double Entry and no entry. According to R. N. Carter, Single Entry cannot be .termed as a system, as it is not based on any scientific system like Double Entry System. For this purpose, Single Entry is now-a-days known as **Preparation of accounts from incomplete records.** Practically, this system is followed by those firms whose transactions are limited and, at the same time, who maintain only the essential records. There is no hard and fast rule for maintaining records under this system, i.e., it depends on the circumstances and the necessity of the firm.

Salient Feature of Single Entry System:

The salient feature of Single Entry System are noted below:

i. This system is followed by a sole proprietorship firm or a partnership firm. The companies cannot follow this system.
ii. Under this system, only one Cash Book is maintained which mixes up both the private and business transactions.
iii. Usually personal accounts are recorded only, i.e. Real and Nominal accounts are ignored.
iv. Lack of uniformity is noticed if accounts are kept under Single Entry basis.
v. Profit or loss, under this system, can be ascertained but not the financial position as a whole.
vi. Arithmetical accuracy of the account is not possible since Trial Balance cannot be prepared.
vii. Practically this system is the admixture of Single Entry, Double Entry and no entry.

Advantages of Single Entry System:

i. Since this system is very simple anyone can maintain it without any adequate knowledge of accounting.
ii. Limited accounts are to be opened under this system since the transactions relating to personal accounts are recognised only and not the Real and Nominal accounts.
iii. Since the number of books are limited, expenses related to the keeping of records are also very nominal.
iv. In the case of accounting for an event, i.e. household, social and festival etc., it is very helpful.

Disadvantages of Single Entry System:

i. Arithmetical accuracy of the books of account is not possible since the Trial Balance cannot be prepared under this system.
ii. It is also not possible to ascertain the correct amount of profit or loss of the firm, i.e. results from operation, since the nominal accounts are missing under this system.
iii. Similarly, Balance Sheet cannot be prepared since the real accounts are not recognised.
iv. Therefore, the real financial position cannot be known at the end of the accounting period.
v. As the arithmetical accuracy is not possible, possibility of committing fraud or manipulation is greater in comparison with Double Entry System.
vi. Any statistical information relating to the business or the comparison between the two firms or the interim accounts etc. which help the management to take decision or to formulate policy in future is not possible under this system.
vii. Outsiders (e.g. Income-tax authorities, Bank etc.) do not rely on this system.

➢ **DIFFERENCES BETWEEN SINGLE ENTRY SYSTEM AND DOUBLE ENTRY SYSTYEM:**

The following are the differences between single entry system and double entry system:

SINGLE ENTRY SYSTEM	DOUBLE ENTRY SYSTEM
1. Under this system, only personal accounts are taken into consideration. Real and Nominal accounts are ignored except cash account which is opened in some cases.	1. Under this system, Personal, Real and Nominal accounts are taken into consideration.
2. Under this method, Cash Book, Debtors and Creditors ledgers are maintained ignoring the effect of personal transactions. Personal transactions are consolidated with business transactions.	2. Under this system' Debtors and Creditors Ledger, Cash Book and General Ledger& are maintained for a complete transaction.
3. 'Detection of errors and arithmetical accuracy are not possible since trial balance is not prepared.	3. Detection of errors and arithmetical accuracy is possible since trial balance is prepared.
4. Under this system final account i.e. Trading and Profit and Loss Account and Balance Sheet cannot be prepared.	4. Under this system final account of the firm can be prepared easily.
5. This system is not based on scientific basis and, as such, this method is not accepted by some authorities, e.g. Income-tax Department.	5. Since this method is based on scientific basis, it is accepted by all.
6. This system is not based on fixed principles and, as such, it is not at all reliable.	6. This system is based on certain fixed principles and as such is reliable.
7. Financial position cannot be known accurately at the end of the period and financial ratios (which are very significant) cannot be computed.	7. Financial position can be known accurately at the end of the period, thus financial ratios can easily be computed.

➢ **METHODS AND TECHNIQUES:**

Ascertainment of Profit or Loss:

Profit or Loss can be ascertained by the following two methods if Single Entry System is followed:
(a) Statement of Affairs Method/Increase in Net Worth Method [OR] Capital Comparison Method;
(b) Conversion Method.

(a) Statement of Affairs/Increase in Net Worth Method [Or] Capital comparison method:

Profit is ascertained by comparing the capitals between two accounting periods, viz. capital at the beginning and capital at the closing, when double entry system is not followed. Here, capital represents the net assets of the business. Therefore, if closing capital is greater than the opening capital (or, if closing net assets are greater in comparison with the opening net assets), the difference will simply represent profit and there will be a loss in the opposite case. Now, the net assets or the capitals - either at the beginning or at the closing - can be ascertained by preparing a Statement of Affairs as at the opening and also as at the closing date. But if there are any adjustments or any drawings, these are also to be accounted for.

Statement of Affairs:

A Statement of Affairs is a summarised statement of financial position (i.e. a statement of assets and liabilities) at a particular date of a business which is very much similar to the Balance Sheet. Care should be taken for different adjustments, like depreciation on assets, outstanding and prepaid expenses etc. at the time of preparing a Statement of Affairs.

Differences between statement of affairs and balance sheet:

STATEMENT OF AFFAIRS	BALANCE SHEET
i. A Statement of Affairs is not reliable or dependable since it is prepared on the basis of estimate, assumption, information etc., on values of different assets.	1. Since Balance Sheet is based on double entry principle, it is very much reliable and dependable.
ii. Under Single Entry System, a Statement of Affairs is prepared by incorporating the assets on the right side and liabilities on the left. The difference represents capital, which is recorded on the liability side of the same, in order to agree the two sides. Since it is agreed in an artificial manner, it can never be considered a reliable statement.	2. Under Double Entry System, a trial balance is prepared which exhibits the accuracy of accounts. And since Balance Sheet is prepared from trial balances, it can safely be taken as reliable.
iii. Since the capital is shown as a balancing figure, assets do not become liabilities.	3. Since there is a capital account, assets will always be equal to the liabilities.
iv. It is very difficult to locate the assets or liabilities if they are omitted from the books.	4. It is very easy to locate the omission of any asset or liabi1ity, since the Balance Sheet will not agree.
v. The assets appear in a Statement of Affairs as per valuation but the method of valuation is not shown (i.e., they are based on arbitrary basis.)	5. The asset, and liabilities which are shown in a Balance Sheet may be taken as true and correct since the balances are arrived at after recording all the transactions.

How to prepare a statement of profit and loss:

Particulars	Rs.
Capital at the end of the year	xxx
Less: Capital at the beginning of the year	(-) xxx
	xxx
Add: Drawing	(+) xxx
	xxx
Less: Further capital (Addl. Capital) if any	(-) xxx
Net profit/loss for the period	xxx
Less: Appropriation items:	
i. Interest on borrowed capital	(-) xxx
ii. Partners salaries etc.	(-) xxx
Divisible profits	xxx

(b) Conversion method:

The net worth method discussed above does not give details of the gross profit and net profit and throws very little light on the business operations. It hardly provides any accounting information that the proprietor needs for improving his business. Therefore the better method of ascertaining the profit is to ascertain the missing information and prepare the trading results in the usual manner. When once the missing information is ascertained, it will be possible to prepare a trial balance. When once a trial balance is available, final accounts can be prepared in the usual way since all accounting information as under double entry is made available. Ascertainment of net profit in this manner is referred to as **'conversion method'.** When profit or loss is ascertained by preparing Trading Account and Profit and Loss Account, i.e. under double entry system, it becomes necessary to convert single entry into double entry.

Following steps are necessary to convert single entry into double entry:

1. Prepare statement of affairs in the beginning so as to calculate capital in the beginning.
2. As a second step prepare cash book and complete it as much as possible. Quite often this book reveals a missing figure of cash or bank balance in the beginning or at the end as the case may be. If both these figures are given even then cash book must be prepared because in that case any difference if any, in the cash book may be treated either sundry expenses or drawings or cash purchases (if credit side is shorter than debit side) ; or cash sales, sundry income or capital introduced (if debit is shorter than credit Side) as the case may be.
3. Then prepare (i) Total debtors account; (ii) Total creditors account; (iii) Bills receivable account; (iv) Bills payable account. These various accounts help in finding out credit sales, credit purchases, creditors or debtors balance either in the beginning or at the end or any other relevant information.
4. After preparing these accounts calculate (i) total sales by adding credit sales and cash sales and (ii) total purchases by adding cash purchases and credit purchases.
5. Information relating to nominal accounts can be ascertained from the cash book. Real accounts and amounts outstanding are given by way of information. Therefore, these accounts can be completed.

At this stage it should be possible to prepare a trial balance with the given information and missing information ascertained.

Some Practical Hints:

We should remember that the principle of conversion of Single Entry into Double Entry may be of an infinite variety. As such, the solution to practical problems is beset with a number of difficult points which are, in practice, quite puzzling and confusing. We are going to discuss some of them in addition to the discussions that we have made so far for the calculation of sales (cash and credit), purchases (cash and credits) and opening capital.

(a) Ascertainment of sales where cash record is not satisfactory:

Sometimes, cash record which is presented is not found to be reliable and, as such, it is really difficult to know the amount of total sales. In that case, we are to calculate estimated sales by calculating cost of goods sold and adding thereto the estimated gross profit in the following manner:

Cost of Goods Sold:

		Rs.
	Opening Stock	xxx
Add:	Purchases	xxx
Add:	Direct Expenses	xxx
Less:	Closing Stock	xxx
		xxx

Estimated Sales = Cost of Goods Sold + Estimated Gross Profit.

[OR]

Cost of Goods Sold = Sales - Gross Profit.

On the contrary, if sales and the rate of gross profit are given, we can easily calculate the amount of cost of goods sold which will actually help us to find out either opening stock, of closing stock or purchases.

(b) Ascertainment of Closing Stock and Rate of Gross Profit:

Sometimes opening stock, purchases and sales are given but closing stock and rate of gross profit are not given. In that case, our duty is to prepare Combined Trading Account for two or more years in order to find out the rate of gross profit, of course, if other relevant information is given.

(c) Ascertainment of Cash and Bank Balances:

We know that most of the firms maintain a correct record of Cash and Bank transactions', as such, the summary may be made in the following manner:

Cash Book (Summary)

Dr.			**Cr.**
Receipts	**Rs.**	**Payments**	**Rs.**
To Balance b/fd	xxx	By Salaries and Wages	xxx
Cash in hand	xxx	By Rent, Rates and Taxes	xxx
Cash at Bank	xxx	By Insurance	xxx
To Receipts from Customers	xxx	By Stationery	xxx
To Cash Sales	xxx	By Payments to Creditors	xxx
To Sales of Assets	xxx	By Cash Purchases	xxx
To Interest on Investments	xxx	By General Expenses	xxx
To Misc. Receipts	xxx	By Assets Purchased	xxx
		By Drawings	xxx
		By Balance b/d	xxx
		Cash in had	xxx
		Cash at Bank	xxx
	xxxx		xxxx

Although the Cash or Bank summary is given, there may be some missing figures, viz., opening or closing balance of cash or bank, receipts from debtors, payments to creditors, Cash purchases, Cash sales, Drawings etc. For this purpose, columnar Cash Book should be prepared and all the known figures should be posted and missing items should be the balancing figure. If a combine Cash and Bank balance is given, either cash or bank may be ascertained first and thereafter the other by the difference between the combined figure and the figure so calculated. Again, the cash column may be complete first in order to get the missing contra figure and then only to complete the bank column with the help of that figure, or vice versa. However, if the separate Cash and Bank transactions are not given, a combined Cash and Bank Account will have to be prepared for the purpose. But if closing combined cash and bank balance is given, and if closing cash or bank balance is given, the other can simply be deducted from such combined figure so presented.

(d) Ascertaining credit sales and purchases:

In order to find out credit sales, one has to prepare a Total Debtors Account. To take a simple example, suppose, the debtors in the beginning of the year amounted to Rs.11,500 and at the end to Rs.9,600. The cash book gives the amount received from debtors; suppose, it is Rs. 67,540. Then credit sales must be Rs. 67,540 + Rs. 9,600 — Rs. 11,500 or Rs. 65,640.

Thus:—

Total Debtors Account

Particulars	Rs.	Particulars	Rs.
To Balance b/f	11,500	By Cash	67,540
To Credit sales (bal. fig)	65,640	By Balance c/d	9,600
	77,140		77,140
To Balance b/d	9,600		

The key to find out credit sales is the preparation of the Total Debtors Account, Similarly, the preparation of Total Creditors Account will give credit purchases.

If a Total Debtors Account is prepared and the given information is put on its proper sides together with opening balance and closing balance, the credit sales can be ascertained by deducting the total of the debit side from the total of the credit side.

Total Debtors skeleton account will be as follows:

Total Debtors Account

Particulars	Rs.	Particulars	Rs.
To Balance b/d		By Cash received	
To Credit sales		By Discount allowed	
To Cash paid		By Bills receivable received	
To Bills receivable dishonoured etc.		By Bad debts, Allowances, etc.	
		By Balance c/d (bal. fig)	

In the case of Total Creditors, the skeleton account will be as follows:

Total Creditors Account

Particulars	Rs.	Particulars	Rs.
To Cash	xxx	By Balance b/fd	xxx
To Discount	xxx	By Cash (received against returns, etc.)	xxx
To Bills Payable	xxx	By Bills Payable, dishonoured	xxx
To Returns Outwards	xxx	By Purchases (balancing figure)	xxx
To Allowance, etc.	xxx		
To Balance c/d	xxx		

(e) Bills Receivable and Bills Payable:

If, in addition to total debtors, there are bills receivable, one should prepare the Bills Receivable Account. This will disclose the amount of bills received from customers during the year. Suppose, (a) Bills Receivable on April 1 were Rs.9,000, (b) the Cash Book shows that total bills realised were Rs.45,000. and the Bills in hand on March 31 next year total Rs.8,000. Then Rs.44,000 worth of bills must have been received from customers. This amount must be credit to Total Debtors Account. Similarly, the preparation of Bills Payable Account will show what bills have to be debited to Total Creditors Account.

Bills Payable Account

Particulars	Rs.	Particulars	Rs.
To Bank / Cash–payments made against B/P To S. Creditors – B/P dishonoured To Discount Received /Rebate Income etc. To balance c/d – Closing Balance		By balance b/d – Opening Balance By Sundry Creditors – fresh B/P accepted	
Total		**Total**	

Bills Receivable Account

Particulars	Rs.	Particulars	Rs.
To balance b/d – Opening Balance To Sundry Debtors – B/R accepted by customers		By Bank / Cash – B/R realized during the period By Sundry Creditors A/c – B/R endorsed By Discount Allowed / Rebates allowed By balance c/d – Closing Balance	
Total		**Total**	

(f) Ascertaining debtors and creditors, etc., when sales and purchases being given:

Sometimes, full information is available regarding sales and purchases, but the totals of debtors, creditors, bills receivable and bills payable are not given and have to be found out. This is not difficult because what is required is the preparation of these four accounts. The opening balances will be given in the opening balance sheet, the cash received and paid can be ascertained from the cash book, the other transactions will be posted in the usual manner (e.g., sales will be debited to Total Debtors Account, purchases credited to Total Creditors Account, bills receivable debited to Bills Receivable Account and credited to Total Debtors Account, discount allowed, credited to Total Debtors Account, etc.) The accounts wills then be balanced and the balances taken to the Balance Sheet.

Conclusion:

Thus, one completes the missing links and together with the information given by the statement of affairs in the beginning of the year, one can prepare the Trading and Profit and Loss Account. The opening stock will be known from the opening statement of affairs, credit purchases from the Total Creditors Account, wages paid and other manufacturing expenses from the credit side of the Summary of Cash Book, credit sales from the Total Debtors Account and, of course, the value of the closing stock will be known, as always, from the stock sheets. The Trading Account is complete. The Cash Book will also show the items that go into the Profit and Loss Account. (These items will have to be adjusted for sums outstanding and paid in advance). The Balance Sheet can also be prepared with the help of the opening balances (shown in the opening Statement of Affairs) adjusted for changes that the Cash Book, etc., may disclose.

➢ **PROBLEMS:**

1. Mr. Prakash keeps his accounts on single entry system. He has given following information about his assets and liabilities.

	Item On 31-3-2012	**On 31-3-2013**
Creditors	55,200	58,500
Cash at bank	600	1500
Bills payable	26,400	28,200
Bills receivables	16,200	18,300
Debtors	45,600	56,000
Stock in trade	31,000	47,300
Machinery	66,200	78,000
Computer	18,000	17,000

During the year, Prakash brought in additional Rs. 7,500 cash in business. He withdrew goods of Rs.2,100 and cash of Rs. 7,200 for his personal use. Interest on opening capital is to be given at 5% and interest on drawing is to be charged at 10%. Prepare statement of profit or loss for the year ended 31-03-2013.

2. V. P. keeps his books in Single Entry System. On 1.1.2008 his position was as follows:
Sundry Creditors Rs. 20,000 ; Cash in hand Rs. 300; Cash at bank Rs. 10,500; Sundry Debtors Rs.40,000; Stock Rs.10,000; Plant Rs. 20,000.
On 31.12.2008, the position was as indicated below:
Sundry Creditors Rs. 35,000; Cash in hand 500; Cash at Bank Rs. 22,000; Sundry Debtors Rs. 49,000; Stock Rs. 12,000; Plant Rs. 45,000.
V. P. drew Rs.500 at the end of every month. He introduced Rs. 25,000 by way of additional capital. Depreciate Plant at 10% and raise a reserve of 2½ against Sundry Debtors.
You are required to prepare a Statement of Profit and Loss for the year and a Statement of Affairs at the Year ending.

3. The statement of affairs of Sri Dipak Roy as on 1st April 2004 is given below:

Liabilities	**Rs.**	**Assets**	**Rs.**
Sundry Creditors	16,500	Cash	7,450
Accrued Expenses	3,500	Sundry Debtors	25,350
Capital Accounts	50,000	Stock Furniture	30,300
		Furniture	6,900

During the year ended 31st March 2005, his drawings amounted to Rs.15,000. He also withdrew goods worth Rs. 600 for his personal use. On 1st October 2004, he transferred some of his household Furniture to the business at a value of Rs. 2,100

His assets and liabilities as on 31st March, 2005, were:

Liabilities	**Rs.**	**Assets**	**Rs.**
Sundry Creditors	18,600	Cash	6,580
Accrued Expenses	4,300	Sundry Debtors	36,900
		Stock	40,320
		Furniture	9,000
		Prepaid Rent	400

Furniture is to be depreciated @ 10% p.a. and a provision is to be created on Debtors @ 5%, Interest @ 5% is to be allowed on capital as at the beginning of the year.
Ascertain the profit or loss for the year ended 31st March, 2005, and prepare a Statement of Affairs as on that date.

4. A, B and C were in partnership, and towards the end of 2007, most of their books and records were destroyed by fire. The balance sheet as at 31.12.2007 was as follows:

Liabilities	**Rs.**	**Rs.**	**Assets**	**Rs.**
Creditors		11,000	Cash at Bank	4,800
Capital Accounts			Debtors	7,200
A	9,000		Stock	13,000
B	6,000		Machinery & Plant	2,880
C	3,000	18,000	Fixtures & Fittings	1,200
Current Accounts:			Advance Payments	70
A	290		Current Account:	
B	200	490	C	340
		29,490		**29,490**

The partner's drawings during 2008 were A Rs.2,800; B Rs.2,000; C Rs.1,300. On 31.12.2008 Cash at Bank was Rs.6,400; Debtors Rs.8,050; Stock Rs.11,800; Advance Payments Rs.50; Creditors Rs.12,080. Machinery is to be depreciated at 10% p.a. and Fixture & Fittings at 7½ p.a. 5% interest is to be allowed on capital, and partners share profits in the respective proportions of 1/2, 1/3 and 1/6.

You are required to prepare, a statement showing the net trading profit for the year 2008 and the division of same between the partners, together with the Balance Sheet as at 31.12.2008.

5. X is a tobacco merchant. He follows the practice of paying creditors for goods purchased through his Bank Account and making payments in cash on all nominal accounts.
X had not kept his books on the double entry principles nor had he balanced his three columnar Book. However, the following information has been extracted from X's accounting records:

	On 1st April, 2009 (Rs.)	On 31st March, 2010 (Rs.)
Cash in hand	300	500
Cash at Bank	10,000	15,000
Sundry Debtors	17,500	25,000
Sundry Creditors	34,100	37,500
Stock	25,000	18,700
Furniture	10,000	9,250

Transactions during the year ended 31st March, 2010 were as follows:

	Rs.
Salaries paid	15,000
General Expenses paid	35,000
Payment for Stationery	8,700
Payment of Rent and Rates	7,000
Lighting Charges paid	2,500
Cash receipts from Debtors	3,12,500
Payments to Creditors through Bank and of Trade Expenses in cash	2,00,000
Payments into Bank—Business	1,87,500
Payment into Bank—Additional capital	2,500
Payments from Bank Account—Personal	32,500
Cash payment—Personal	9,100
Stock taken for personal use	1,400
Depreciation on Furniture	750

You are required to prepare Trading and Profit and Loss Account for the year ended 31st March, 2010 aid Balance Sheet of X on 31st March, 2010.

6. Mr. Eden who keeps his books by single entry system gives you the following information for the year ended 31st March, 2010.

Dr. **Summary of Cash Book** **Cr.**

Particulars	Rs.	Particulars	Rs.
To Balance at Bank	43,500	By Eden's Drawings	1,55,200
To Sundry Debtors	3,84,000	By Trade Creditors	2,71,000
To Bills Receivable realised	1,20,000	By Bills Payable	93,000
To Commission received	15,000	By Wages	3,20,000
To Cash Sales	4,86,000	By Salaries	1,65,000
To Balance c/d	33,500	By Rent and Taxes	44,000
		By Insurance	8,000
		By Carriage	12,500
		By Advertising	13,300
	10,82,000		**10,82,000**
		By Balance b/d	**33,500**

Particulars of other assets and liabilities:-

	1st April 2009 (Rs.)	31st March, 2010 (Rs.)
Stock on hand	1,87,000	2,34,000
Debtors	1,20,000	1,40,000
Creditors	90,000	15,000
Bills Receivable	40,000	50,000
Bills Payable	10,000	12,000
Furniture	6,000	6,000
Machinery	1,20,000	1,20,000

A provision of Rs.14,500 is required for doubtful debts and depreciation at 5% is to be written off on Machinery and Furniture. Rs.30,000 is outstanding for wages and Rs.12,000 for salaries, insurance has been prepaid to the extent of Rs.2,500. Legal Expenses are outstanding to the extent of Rs 7,000.
Find out in two different ways the profit or loss made by Mr. Eden during 2009-2010. Also prepare his Balance sheet at the end of the year.

7. The books of account of a trader showed the following figures:

Particulars	**On 31-3-2008 Rs.**	**On 31-3-2009 Rs.**
Furniture, Fixture and Fittings	2,60,000	2,34,000
Stock	2,45,000	3,20,000
Trade Debtors	1,25,000	?
Cash in hand and at Bank	1,10,000	?
Trade Creditors	1,35,000	1,90,000
Bills Payable	70,000	80,000
Outstanding Salaries	19,000	20,000

An analysis of the cash book revealed the following:	**Rs.**
Cash sales	16,20,000
Collections from trade debtors	10,58,000
Discount allowed to trade debtors	20,000
Cash purchases	6,15,000
Payments to trade creditors	9,73,000
Discount received from trade creditors	32,000
Payments for bills payable	4,30,000
Drawings fro domestic expenses	1,20,000
Salaries paid	2,36,000
Rent paid	1,32,000
Sundry trade expenses paid	81,000

Depreciation is provided on furniture, fixture and fittings @ 10% p.a. on diminishing balance method. The trader maintains a steady gross profit rate of 25% on sales.
You are required to prepare trading and profit & loss account for the year ended 31st March, 2009 and balance sheet as at that date.

8. You are given:
(a) The Balance Sheet of A on 1st April 2009.
(b) The Cash transaction for the year up to 31st March 2010.
(c) A summary of the remaining transactions.

Liabilities	Rs.	Assets	Rs.
Bank Overdraft	500	Cash in hand	70
Sundry Creditors	3,600	Bills Receivable	2,500
Bills Payable	1,600	Sundry Debtors	3,900
Capital	40,000	Stock of Goods	17,530
		Furniture	7,000
		Machinery	14,700
	45,700		45,700

(b)

Particulars	Rs.	Particulars		Rs.
To Balance b/d	70	By Bank Overdraft		500
To Receipts from Debtors	29,000	By Salaries		24,900
To Bills Receivable	10,000	By Wages		21,580
To Cash Sales	73,700	By Bills Payable		14,300
		By Payment to Creditors		14,700
		By Rent		12,000
		By Office Expenses		1,800
		By Drawings		14,500
		By Investment at par (9% G.P. Bonds on 1.12.2009)		4,000
		By Balance on 31.3.2010		
		Cash	40	
		Bank	4,450	4,490
	1,12,770			**1,12,770**

(c)

	Rs.
Sales (credit)	40,700
Discount to Customers	200
Purchases	30,000
Discounted Received	100
Bills Receivable Received	10,900
Bills Payable issued	15,000
Stock of Goods on 31. 3. 2010	15,300

Provide for doubtful Debts at 5% on debtors outstanding. Provide for depreciation on Furniture at 5% and on Machinery @ 10%.

Prepare the Trading and Profit and Loss Account for the year ended 31st March, 2010, and Balance Sheet as on that date.

** ** **