

**SURA'S**

# ACCOUNTANCY

## 12<sup>th</sup> Std

**PUBLIC  
EXAM**  
Edition 2021-22

Strictly as per the Reduced (Prioritised)  
Syllabus released on 13th August, 2021  
(G.O.(Ms).No126)

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## PREFACE

The woods are lovely, dark and deep.  
But I have promises to keep, and  
miles to go before I sleep

- Robert Frost

Respected Principals, Correspondents, Headmasters/  
Headmistresses, Teachers,

From the bottom of our heart, we at SURA  
Publications sincerely thank you for the support and  
patronage that you have extended to us for more than  
a decade.

It is in our sincerest effort we take the pride of releasing  
SURA's Accountancy guide for +2 Standard. This guide  
has been authored and edited by qualified teachers having  
teaching experience for over a decade in their respective  
subject fields. This Guide has been reviewed by reputed  
Professors who are currently serving as Head of the  
Department in esteemed Universities and Colleges.

With due respect to Teachers, I would like to mention  
that this guide will serve as a teaching companion to  
qualified teachers. Also, this guide will be an excellent  
learning companion to students with exhaustive  
exercises and in-text questions in addition to precise  
answers for textual questions.

In complete cognizance of the dedicated role of  
Teachers, I completely believe that our students will  
learn the subject effectively with this guide and prove  
their excellence in Board Examinations.

I once again sincerely thank the Teachers, Parents and  
Students for supporting and valuing our efforts.

God Bless all.

**Subash Raj, B.E., M.S.**

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*All the Best*

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UNIT

1

ACCOUNTS FROM  
INCOMPLETE RECORDS

SELF-EXAMINATION QUESTIONS

I. MULTIPLE CHOICE QUESTIONS

CHOOSE THE CORRECT ANSWER

1. Incomplete records are generally maintained by [PTA-1]

- (a) A company
- (b) Government
- (c) Small sized sole trader business
- (d) Multinational enterprises

[Ans. (c) Small sized sole trader business]

2. Statement of affairs is a [PTA-2; QY-2019]

- (a) Statement of income and expenditure
- (b) Statement of assets and liabilities
- (c) Summary of cash transactions
- (d) Summary of credit transactions

[Ans. (b) Statement of assets and liabilities]

3. Opening statement of affairs is usually prepared to find out the [PTA-3]

- (a) Capital in the beginning of the year
- (b) Capital at the end of the year
- (c) Profit made during the year
- (d) Loss occurred during the year

[Ans. (a) Capital in the beginning of the year]

4. The excess of assets over liabilities is [PTA-4, 6; QY-2019; Sep-2020]

- (a) Loss
- (b) Cash
- (c) Capital
- (d) Profit

[Ans. (c) Capital]

5. Which of the following items relating to bills payable is transferred to total creditors account? [PTA-5]

- (a) Opening balance of bills payable
- (b) Closing balance of bills payable
- (c) Bills payable accepted during the year
- (d) Cash paid for bills payable

[Ans. (c) Bills payable accepted during the year]

6. The amount of credit sales can be computed from [PTA-5; QY-2019; Sep-2020]

- (a) Total debtors account
- (b) Total creditors account
- (c) Bills receivables account
- (d) Bills payable account

[Ans. (a) Total debtors account]

7. Which one of the following statements is not true in relation to incomplete records? [Govt. MQP-2019; PTA-4]

- (a) It is an unscientific method of recording transactions
- (b) Records are maintained only for cash and personal accounts
- (c) It is suitable for all types of organisations
- (d) Tax authorities do not accept

[Ans. (c) It is suitable for all types of organisations]

8. What is the amount of capital of the proprietor, if his assets are ₹ 85,000 and liabilities are ₹ 21,000?. [PTA-3; HY-2019]

- (a) ₹ 85,000 (b) ₹ 1,06,000  
(c) ₹ 21,000 (d) ₹ 64,000

[Ans. (d) ₹ 64,000]

Hint:

$$\begin{aligned} \text{Capital} &= \text{Assets} - \text{Liabilities} \\ &= ₹ 85,000 - ₹ 21,000 = ₹ 64,000 \end{aligned}$$

9. When capital in the beginning is ₹ 10,000, drawings during the year is ₹ 6,000, profit made during the year is ₹ 2,000 and the additional capital introduced is ₹ 3,000, find out the amount of capital at the end. [PTA-2]

- (a) ₹ 9,000 (b) ₹ 11,000  
(c) ₹ 21,000 (d) ₹ 3,000

[Ans. (a) ₹ 9,000]

Hint:

Particulars	₹
Capital at the end	9,000
Add: Drawings	6,000
	15,000
Less: Additional Capital introduced	3,000
	12,000
Less: Opening Capital	10,000
Profit	2,000

10. Opening balance of debtors: ₹ 30,000, cash received: ₹1,00,000, credit sales: ₹ 90,000; closing balance of debtors is [PTA-1, 6]

- (a) ₹ 30,000 (b) ₹ 1,30,000  
(c) ₹ 40,000 (d) ₹ 20,000

[Ans. (d) ₹ 20,000]

Hint:

Total Debtors account			
Dr	₹	Cr	₹
Particulars	₹	Particulars	₹
To Balance c/d	30,000	By Cash A/c (Received)	1,00,000
To Credit Sales	90,000	By Balance b/d	20,000
	1,20,000		1,20,000

## II. VERY SHORT ANSWER QUESTIONS

1. What is meant by incomplete records? [PTA-1]

Ans. (i) When accounting records are not strictly maintained according to double entry system, these records are called as incomplete accounting records.

(ii) Generally, cash account and the personal accounts of customers and creditors are maintained fully and other accounts are maintained based on necessity.

2. State the accounts generally maintained by small sized sole trader when double entry accounting system is not followed. [PTA-2]

Ans. Generally cash account and the personal accounts of customers and creditors are maintained by small sized sole trader. When double entry accounting system is not followed.

3. What is a statement of affairs?

[PTA-3; QY-2019; Sep-2020]

Ans. A statement of affairs is a statement showing the balances of assets and liabilities on a particular date. This method of ascertaining profit is also called as statement of affairs method or networth method or capital comparison method.

Capital = Assets - Liabilities

## III. SHORT ANSWER QUESTIONS

1. What are the features of incomplete records?.

Ans. (i) Nature:

It is an unscientific and unsystematic way of recording transactions. Accounting principles and accounting standards are not followed properly.

(ii) Lack of uniformity:

There is no uniformity in recording the transactions among different organisations. Different organisations record their transactions according to their needs and conveniences.

(iii) Suitability:

Only the business concerns which have no legal obligation to maintain books of accounts under double entry system may maintain incomplete records. Hence, it may be maintained by small sized sole traders and partnership firms.

(iv) Financial statements may not represent true and fair view :

Due to the incomplete information and inaccurate records of accounts, the profit or loss calculated from these records cannot be relied upon. It may not represent true profitability.

(v) Mixing up of personal and business transactions :

Generally, personal transactions of the owners are mixed up with the business transactions. For example, purchase of goods for own use may be mixed up along with business purchases.



2. What are the limitations of incomplete records? [PTA-2]

**Ans. (i) Lack of proper maintenance of records:**

It is an unscientific and unsystematic way of maintaining records. Real and nominal accounts are not maintained properly.

**(ii) Difficulty in preparing trial balance:**

As accounts are not maintained for all items, the accounting records are incomplete. Hence, it is difficult to prepare trial balance to check the arithmetical accuracy of the accounts.

**(iii) Difficulty in ascertaining true profitability of the business:**

Profit is found out based on available information and estimates. Hence, it is difficult to ascertain true profit as the trading and profit and loss account cannot be prepared with accuracy.

**(iv) Errors and frauds cannot be detected easily:**

As only partial records are available, it may not be possible to have internal checks in maintaining accounts to detect errors and frauds.

**(v) Difficulty in ascertaining financial position :**

In general, only the estimated values of assets and liabilities are available from incomplete records. Hence, it is difficult to ascertain true and fair view of state of affairs or financial position as on a particular date.

3. State the differences between double entry system and incomplete records. [Govt. MQP-2019; PTA-3]

**Ans.**

S. No.	Basis of distinction	Double entry system	Incomplete records
1.	Recording of transactions	Both debit and credit aspects of all the transactions are recorded	Debit and credit aspects of all the transactions are not recorded completely.
2.	Type of accounts maintained	Personal, real and nominal accounts are maintained fully	In general, Only personal and cash accounts are maintained fully. Real and nominal accounts are not maintained fully.
3.	Preparation of trial balance	Trial balance can be prepared to check the arithmetical accuracy of the entries made in the books of accounts.	It is difficult to prepare the trial balance to check arithmetic accuracy of entries made in the books of accounts as the accounts are incomplete.
4.	Suitability	It is suitable for all types of organisations	It may be suitable for small sized sole traders and partnership firms.
5.	Reliability	It is reliable since it is a scientific system of accounting.	It is not reliable since it is unscientific.

4. State the procedure for calculating profit or loss through statement of affairs.

**Ans.** Following are the steps to be followed under the statement of affairs method to find out the profit or loss.

- (1) Ascertain the opening capital by preparing a statement of affairs at the beginning of the year by taking the opening balances of assets and liabilities.
- (2) Ascertain the closing capital by preparing a statement of affairs at the end of the accounting period after making all adjustments such as depreciation, bad debts, outstanding and prepaid expenses, outstanding income, interest on capital, interest on drawings, etc.

- (3) Add the amount of drawings (both in cash and/in kind) to the closing capital.
- (4) Deduct the amount of additional capital introduced, to get adjusted closing capital.
- (5) Ascertain profit or loss by subtracting opening capital from the adjusted closing capital.
  - a) If adjusted closing capital is more than the opening capital, it denotes profit
  - b) If adjusted closing capital is lesser than the opening capital, it denotes loss.

5. Differentiate between statement of affairs and balance sheet.

[PTA-1; HY-2019]

**Ans.**

S. No.	Basis of distinction	Statement of affairs	Balance Sheet
1.	Objective	Statement of affairs is generally prepared to find out the capital of the business.	Balance sheet is prepared to ascertain the financial position of the business.
2.	Accounting system	Statement of affairs is prepared when double entry system is not strictly followed.	Balance sheet is prepared when accounts are maintained under double entry system.
3.	Basis of preparation	It is not fully based on ledger balances.	It is prepared exclusively on the basis of ledger balances.
4.	Reliability	It is not reliable as it is based on incomplete records.	It is reliable as it is prepared under double entry system.
5.	Missing items	It is difficult to trace the items omitted as complete records are not maintained.	Since both the aspects of all transactions are duly recorded, items omitted can be traced easily.

6. How is the amount of credit sale ascertained from incomplete records?

**Ans.** Total sales are calculated by adding cash and credit sales. Cash sales are given in cash book. For ascertaining the amount of credit sales, the total debtors account should be prepared. The specimen of total debtors account is given below.

Dr		Total debtors account		Cr	
Particulars	₹	Particulars	₹		
To Balace b/d (Op. Bal.)	xxxx	By Cash A/c (received)	xxxx		
To Sales A/c (Credit Sales)	xxxx	By Bank A/c (Cheques received)	xxxx		
To Bank A/c (Cheque dishonoured)	xxxx	By Discount allowed A/c	xxxx		
To Bills receivable a/c (Bills dishonoured)	xxxx	By Sales returns A/c	xxxx		
		By Bad debts A/c	xxxx		
		By Bills receivable A/c (bills received)	xxxx		
		By balance c/d (Closing Bal)	xxxx		
	xxxx		xxxx		

IV EXERCISES

1. From the following particulars ascertain profit or loss:

[PTA-1, 6]

Particulars	₹
Capital at the beginning of the year (1 <sup>st</sup> April, 2018)	5,00,000
Capital at the end of the year (31 <sup>st</sup> March, 2019)	8,50,000
Additional capital introduced during the year	1,20,000
Drawings during the year	70,000

Solution :

Statement of profit or loss for the year ending 31<sup>st</sup> March 2019

Particulars	₹
Closing capital (as on 31.03.2019)	8,50,000
<b>Add :</b> Drawings during the year	70,000
	9,20,000
<b>Less:</b> Additional capital introduced during the year	1,20,000
Adjusted closing capital	8,00,000
<b>Less:</b> Opening capital (as on 1 <sup>st</sup> April, 2018)	5,00,000
Profit for the year	<b>3,00,000</b>

2. From the following particulars ascertain profit or loss.

[PTA-2; Sep-2020]

Particulars	₹
Capital as on 1 <sup>st</sup> January 2018	2,20,000
Capital as on 31 <sup>st</sup> December 2018	1,80,000
Additional capital introduced during the year	40,000
Drawings made during the year	50,000

Solution :

Statement of profit or loss for the year ending 31<sup>st</sup> December 2018

Particulars	₹
Closing capital as on 31 <sup>st</sup> December 2018	1,80,000
<b>Add :</b> Drawings during the year	50,000
<b>Less:</b> Additional capital introduced during the year	2,30,000
	40,000
Adjusted closing capital	1,90,000
<b>Less:</b> Opening capital as on 1 <sup>st</sup> January, 2018	2,20,000
Loss for the year	<b>30,000</b>

3. From the following details, calculate the missing figure.

Particulars	₹
Closing capital as on 31.3.2018	80,000
Additional capital introduced during the year	30,000
Drawings during the year	15,000
Opening capital on 01.4.2017	?
Loss for the year ending 31.3.2018	25,000

Solution :

**Statement of profit or loss for the year ending 31<sup>st</sup> March 2018**

Particulars	₹
Closing capital as on 31.03.2018	80,000
<b>Add :</b> Drawings during the year	15,000
	95,000
<b>Less:</b> Additional capital introduced during the year	30,000
	65,000
Adjusted closing capital	65,000
<b>Less:</b> Opening capital as on 01.04.2017 (B/F)	<b>90,000</b>
Loss for the year ending 31.03.2018	25,000

4. From the following details, calculate the capital as on 31<sup>st</sup> December 2018.

[PTA-4]

Particulars	₹
Capital as on 1 <sup>st</sup> January, 2018	1,00,000
Goods withdrawn for personal use by the owner	30,000
Additional capital introduced during the year	15,000
Profit for the year	60,000

Solution :

**Statement of profit or loss for the year ending 31<sup>st</sup> December 2018**

Particulars	₹
Closing capital	<b>1,45,000</b>
<b>Add :</b> Drawings	30,000
	1,75,000
<b>Less:</b> Additional capital during the year	15,000
	1,60,000
Adjusted closing capital	1,60,000
<b>Less:</b> Opening capital as on 1st January 2018	1,00,000
Profit for the year	60,000

5. From the following details, calculate the missing figure:

[PTA-5; HY-2019]

Particulars	₹
Capital as on 1 <sup>st</sup> April, 2018	40,000
Capital as on 31 <sup>st</sup> March, 2019	50,000
Additional capital introduced during the year	7,000
Profit for the year	8,000
Drawings during the year?	?

**Solution :** Statement of Profit or loss for the year ending 31<sup>st</sup> March 2019

Particulars	₹
Closing capital as on 31 <sup>st</sup> March 2019	50,000
<b>Add :</b> Drawing during the year	<b>5,000</b>
	55,000
<b>Less:</b> Additional capital introduced during the year	7,000
Adjusted closing capital	48,000
<b>Less:</b> Opening capital as on 1 <sup>st</sup> January 2018	40,000
Profit for the year	8,000

**6** Following are the balances in the books of Thomas as on 31<sup>st</sup> March 2019

[PTA-1]

Particulars	₹	Particulars	₹
Sundry creditors	6,00,000	Bills payable	1,20,000
Furniture	80,000	Cash in hand	20,000
Land and building	3,00,000	Bills receivable	60,000
Sundry debtors	3,20,000	Stock	2,20,000

Prepare a statement of affairs as on 31<sup>st</sup> March 2019 and calculate capital as at that date.

**Solution :**

**In the books of Thomas**

**Statement of affairs as on 31<sup>st</sup> March 2019**

Liabilities	₹	Assets	₹
Sundry creditors	6,00,000	Furniture	80,000
Bills payable	1,20,000	Land and building	3,00,000
Capital (Balancing figure)	<b>2,80,000</b>	Sundry debtors	3,20,000
		Cash in hand	20,000
		Bills receivable	60,000
		Stock	2,20,000
	10,00,000		10,00,000

**7** On 1<sup>st</sup> April 2018 Subha started her business with a capital of ₹ 1,20,000. She did not maintain proper book of accounts. Following particulars are available from her books as on 31.3.2019.

[PTA-2; Sep-2020]

Particulars	₹	Particulars	₹
Bank overdraft	50,000	Stock-in-trade	1,60,000
Debtors	1,80,000	Creditors	90,000
Bills receivable	70,000	Bills payable	2,40,000
Computer	30,000	Cash in hand	60,000
Machinery	3,00,000		

During the year she withdrew ₹30,000 for her personal use. She introduced further capital of ₹40,000 during the year. Calculate her profit or loss.

**Solution :** Statement of affairs of Subha as on 31.03.2019

Liabilities	₹	Assets	₹
Creditors	90,000	Stock in trade	1,60,000
Bills payable	2,40,000	Cash in hand	60,000
Bank overdraft	50,000	Debtors	1,80,000
Capital (Balancing figure)	<b>4,20,000</b>	Bills receivable	70,000
		Computer	30,000
		Machinery	3,00,000
	<u>8,00,000</u>		<u>8,00,000</u>

**Statement of profit or loss for the year ending 31<sup>st</sup> March 2019**

Particulars	₹
Closing capital as on 31.03.2019	4,20,000
<b>Add:</b> Drawings during the year	30,000
	<u>4,50,000</u>
<b>Less:</b> Additional capital introduced during the year	40,000
Adjusted closing capital	<u>4,10,000</u>
<b>Less:</b> Opening capital as on 01.04.2018	1,20,000
Profit made during the year ending 31.03.2019	<b>2,90,000</b>

8. Raju does not keep proper books of accounts. Following details are taken from his records.

[Govt. MQP-2019; PTA-1, 6]

Particulars	1.1.2018 ₹	31.12.2018 ₹
Cash at Bank	80,000	90,000
Stock of goods	1,80,000	1,40,000
Debtors	90,000	2,00,000
Sundry creditors	1,30,000	1,95,000
Bank Loan	60,000	60,000
Bills payable	80,000	45,000
Plant and machinery	1,70,000	1,70,000

During the year he introduced further capital of ₹50,000 and withdrew ₹2,500 per month from the business for his personal use. Prepare statement of profit or loss with the above information.

**Solution :** In the book of Raju

Calculation of opening capital:

**Statement of affairs as on 1.1.2018**

Liabilities	₹	Assets	₹
Sundry creditors	1,30,000	Cash at bank	80,000
Bank loan	60,000	Stock of goods	1,80,000
Bills payable	80,000	Debtors	90,000
Capital (Balancing figure)	<b>2,50,000</b>	Plant and machinery	1,70,000
	<u>5,20,000</u>		<u>5,20,000</u>

Calculation of closing capital:

Statement of affairs as on 31.12.2018

Liabilities	₹	Assets	₹
Sundry creditors	1,95,000	Cash at bank	90,000
Bank loan	60,000	Stock of goods	1,40,000
Bills payable	45,000	Debtors	2,00,000
Capital (Balancing figure)	<b>3,00,000</b>	Plant and machinery	1,70,000
	<u>6,00,000</u>		<u>6,00,000</u>

Statement of profit or loss for the year ending 31<sup>st</sup> December 2018

Particulars	₹
Closing capital as on 31.12.2018	3,00,000
<b>Add:</b> Drawings during the year (2500 × 12)	30,000
	<u>3,30,000</u>
<b>Less:</b> Additional capital introduced during the year	50,000
Adjusted closing capital	<u>2,80,000</u>
<b>Less:</b> Opening capital as on 01.01.2018	2,50,000
Profit made during the year	<b>30,000</b>

9. Ananth does not keep his books under double entry system. Find the profit or loss made by him for the year ending 31<sup>st</sup> March, 2019. [PTA-2; Mar-2020]

Particulars	31.3.2018 ₹	31.3.2019 ₹
Cash at Bank	5,000 (Dr.)	60,000 (Cr.)
Cash in hand	3,000	4,500
Stock of goods	35,000	45,000
Sundry Debtors	1,00,000	90,000
Plant and Machinery	80,000	80,000
Land and Buildings	1,40,000	1,40,000
Sundry Creditors	1,70,000	1,30,000

Ananth had withdrawn ₹60,000 for his personal use. He had introduced ₹17,000 as capital for expansion of his business. Create a provision of 5% on debtors. Plant and machinery is to be depreciated at 10%.

**Solution :** In the book of Ananth

Calculation of opening capital:

Statement of affairs as on 31.3.2018

Liabilities	₹	Assets	₹
Sundry creditors	1,70,000	Cash at bank	5,000
Capital (Balancing figure)	<b>1,93,000</b>	Cash in hand	3,000
		Stock of goods	35,000
		Sundry Debtors	1,00,000
		Plant and machinery	80,000
		Land and buildings	1,40,000
	<u>3,63,000</u>		<u>3,63,000</u>

Calculation of closing capital:

Statement of affairs as on 31.3.2019

Liabilities	₹	Assets	₹	₹
Bank balance (Bank overdraft)	60,000	Cash in hand		4,500
Sundry creditors	1,30,000	Stock of goods		45,000
Capital (Balancing figure)	<b>1,57,000</b>	Sundry debtors	90,000	
		<b>Less : Provision on debtors 5%</b>	4,500	85,500
		Plant and machinery	80,000	
		<b>Less : Depreciation 10%</b>	8,000	72,000
		Land and Buildings		1,40,000
	<u>3,47,000</u>			<u>3,47,000</u>

**Note :** Cash at Bank (Cr.) means overdraft.

Statement of profit or loss for the year ending 31<sup>st</sup> March 2019

Particulars	₹
Closing capital as on 31.3.2019	1,57,000
<b>Add:</b> Drawings during the year	60,000
	<u>2,17,000</u>
<b>Less:</b> Additional capital introduced during the year	17,000
Adjusted closing capital	<u>2,00,000</u>
<b>Less:</b> Opening capital as on 31.03.2018	1,93,000
Profit for the year ending 31.3.2019	<b>7,000</b>

10. Find out credit sales from the following information:

[QY-2019; Sep-2020]

Particulars	₹
Debtors on 1 <sup>st</sup> April, 2018	1,00,000
Cash received from debtors	2,30,000
Discount allowed	5,000
Returns inward	25,000
Debtors on 31 <sup>st</sup> March 2019	1,20,000

**Solution :**

Dr		Total Debtors account		Cr	
Particulars	₹	Particulars	₹		
To Balance b/d	1,00,000	By Cash received	2,30,000		
To Credit sales	<b>2,80,000</b>	By Discount allowed	5,000		
(Balancing figure)		By Returns inward	25,000		
		By Balance c/d	1,20,000		
	<u>3,80,000</u>		<u>3,80,000</u>		



11. From the following details find out total sales made during the year.

[PTA-5; HY-2019]

Particulars	₹
Debtors on 1 <sup>st</sup> January 2018	1,30,000
Cash received from debtors during the year	
Sales returns	4,20,000
Bad debts	35,000
Debtors on 31 <sup>st</sup> December 2018	15,000
Cash Sales	2,00,000
	4,60,000

**Solution :**

Dr		Total Debtors account		Cr	
Particulars	₹	Particulars	₹		
To Balance b/d	1,30,000	By Cash received	4,20,000		
To Credit sales	<b>5,40,000</b>	By Sales return A/c	35,000		
(Balancing figure)		By Bad debts	15,000		
		By Balance c/d	2,00,000		
	<u>6,70,000</u>		<u>6,70,000</u>		

$$\begin{aligned} \text{Total sales} &= \text{Cash sales} + \text{Credit sales} \\ &= 4,60,000 + 5,40,000 \\ &= \text{₹ } 10,00,000 \end{aligned}$$

12. From the following particulars, prepare bills receivable amount and compute the bills received from the debtors.

Particulars	₹
Bills receivable at the beginning of the year	1,40,000
Bills receivable at the end of the year	2,00,000
Cash received for bills receivable	3,90,000
Bills receivable dishonoured	30,000

**Solution :**

Dr		Bills receivable account		Cr	
Particulars	₹	Particulars	₹		
To Balance b/d	1,40,000	By Cash A/c	3,90,000		
To Debtors A/c	<b>4,80,000</b>	By Debtors A/c	30,000		
(Bills received during the year - balancing figure)		(Bills receivable dishonoured)			
		By Balance c/d	2,00,000		
	<u>6,20,000</u>		<u>6,20,000</u>		

13. From the following particulars, calculate total sales.

[PTA-5; QY-2019]

Particulars	₹	Particulars	₹
Debtors on 1 <sup>st</sup> April 2018	2,50,000	Bills receivable dishonoured	15,000
Bills receivable on 1 <sup>st</sup> April 2018	60,000	Returns inward	50,000
Cash received from debtors	7,25,000	Bills receivable on 31 <sup>st</sup> March, 2019	90,000
Cash received for bills receivable	1,60,000	Sundry debtors on 31 <sup>st</sup> March, 2019	2,40,000
Bad debts	30,000	Cash sales	3,15,000

Solution :

Bills receivable account			
Dr		Cr	
Particulars	₹	Particulars	₹
To Balance b/d	60,000	By Cash A/c	1,60,000
To Debtors A/c (Bills received during the year - balancing figure)	2,05,000	By Debtors (Bills receivable dishonoured)	15,000
		By Balance c/d	90,000
	<u>2,65,000</u>		<u>2,65,000</u>

Total Debtors account			
Dr		Cr	
Particulars	₹	Particulars	₹
To Balance b/d	2,50,000	By Cash	7,25,000
To Bills receivable (dishonoured)	15,000	By Returns inward	50,000
To Credit sales	9,85,000	By Bills receivable (bills received)	2,05,000
		By Bad debts	30,000
		By Balance c/d	2,40,000
	<u>12,50,000</u>		<u>12,50,000</u>

$$\begin{aligned} \text{Total sales} &= \text{Cash sales} + \text{Credit sales} \\ &= ₹ 3,15,000 + ₹ 9,85,000 \\ &= ₹ 13,00,000 \end{aligned}$$

14. From the following details, calculate credit purchases.

Particulars	₹
Opening creditors	1,70,000
Purchase returns	20,000
Cash paid to creditors	4,50,000
Closing creditors	1,90,000

Solution :

Total Creditors account			
Dr		Cr	
Particulars	₹	Particulars	₹
To Cash A/c (paid)	4,50,000	By Balance b/d	1,70,000
To Purchase returns	20,000	By Credit purchases A/c (balancing figure)	4,90,000
To Balance c/d	1,90,000		
	<u>6,60,000</u>		<u>6,60,000</u>

15. From the following particulars calculate total purchases.

[PTA-3; QY-2019]

Particulars	₹	Particulars	₹
Sundry creditors on 1 <sup>st</sup> January, 2018	30,000	Purchases returns	15,000
Bills payable on 1 <sup>st</sup> January, 2018	25,000	Cash purchases	2,25,000
Paid cash to creditors	1,20,000	Creditors on 31 <sup>st</sup> December, 2018	25,000
Paid for bills payable	30,000	Bills payable on 31 <sup>st</sup> December, 2018	20,000

Solution :

Dr		Bills payable account		Cr
Particulars	₹	Particulars	₹	
To Cash (Bills paid)	30,000	By Balance b/d	25,000	
To Balance c/d	20,000	By Sundry creditors (Bills accepted - balancing figure)	25,000	
	<u>50,000</u>			<u>50,000</u>

Dr		Total Creditors account		Cr
Particulars	₹	Particulars	₹	
To Cash A/c (paid)	1,20,000	By Balance b/d	30,000	
To Purchases returns	15,000	By Credit purchases (balancing figure)	1,55,000	
To Bills payable (Bills accepted)	25,000			
To Balance c/d	25,000			
	<u>1,85,000</u>			<u>1,85,000</u>

$$\begin{aligned}
 \text{Total purchases} &= \text{Cash purchases} + \text{Credit purchases} \\
 &= ₹ 2,25,000 + ₹ 1,55,000 \\
 &= ₹ 3,80,000
 \end{aligned}$$

16. From the following details you are required to calculate credit sales and credit purchases by preparing total debtors account, total creditors account, bills receivable account and bills payable account.

[Govt. MQP-2019; PTA-2]

Particulars	₹	Particulars	₹
<b>Balances as on 1<sup>st</sup> April 2018</b>		<b>Balances as on 31<sup>st</sup> March 2019</b>	
Sundry debtors	2,40,000	Sundry debtors	2,20,000
Bills receivable	30,000	Sundry creditors	1,50,000
Sundry creditors	1,20,000	Bills receivable	8,000
Bills payable	10,000	Bills payable	20,000
<b>Other information:</b>	₹		₹
Cash received from debtors	6,00,000	Payments against bill payable	30,000
Discount allowed to customers	25,000	Cash received for bills receivable	60,000
Cash paid to creditors	3,20,000	Bills receivable dishonoured	4,000
Discount allowed by suppliers	10,000	Bad debts	16,000

Solution :

Dr		Bills receivable account		Cr	
Particulars	₹	Particulars	₹		
To Balance b/d	30,000	By Cash A/c (Received)	60,000		
To Debtors (Bills received - balancing figure)	<b>42,000</b>	By Debtors (Bills receivable dishonoured)	4,000		
		By Balance c/d	8,000		
	<u>72,000</u>		<u>72,000</u>		

Dr		Total Debtors account		Cr	
Particulars	₹	Particulars	₹		
To Balance b/d	2,40,000	By Cash a/c (Received)	6,00,000		
To Bills receivable (dishonored)	4,000	By Discount allowed A/c	25,000		
To Sales (credit) (balancing figure)	<b>6,59,000</b>	By Bad debts	16,000		
		By Bills receivable (bills received)	42,000		
		By Balance c/d	2,20,000		
	<u>9,03,000</u>		<u>9,03,000</u>		

Dr		Bills payable account		Cr	
Particulars	₹	Particulars	₹		
To Cash (Bills paid)	30,000	By Balance b/d	10,000		
To Balance c/d	20,000	By Sundry creditors (Bills accepted balancing figure)	<b>40,000</b>		
	<u>50,000</u>		<u>50,000</u>		

Dr		Total Creditors account		Cr	
Particulars	₹	Particulars	₹		
To Cash (paid)	3,20,000	By Balance b/d	1,20,000		
To Discount received A/c	10,000	By Purchases (Credit) (Balancing figure)	<b>4,00,000</b>		
To Bills payable (Bills accepted)	40,000				
To Balance c/d	1,50,000				
	<u>5,20,000</u>		<u>5,20,000</u>		

17. From the following details of Rakesh, prepare Trading and Profit and Loss account for the year ended 31<sup>st</sup> March, 2019 and a Balance Sheet as on that date. [PTA-2, 6]

Particulars	31.3.2018 ₹	31.3.2019 ₹
Stock of goods	2,20,000	1,60,000
Debtors	5,30,000	6,40,000
Cash at bank	60,000	10,000
Machinery	80,000	80,000
Sundry creditors	3,70,000	4,20,000

Other details :

Particulars	₹	Particulars	₹
Rent paid	1,20,000	Cash received from debtors	12,50,000
Discount received	35,000	Drawings	1,00,000
Discount allowed	25,000	Cash sales	20,000
Cash paid to creditors	11,00,000	Capital as on 1.4.2018	5,20,000

Solution :

Dr		Total Debtors account		Cr
Particulars	₹	Particulars	₹	
To Balance b/d	5,30,000	By Cash (received)	12,50,000	
To Credit sales	<b>13,85,000</b>	By Discounts allowed A/c	25,000	
(Balancing figure)		By Balance c/d	6,40,000	
	<u>19,15,000</u>		<u>19,15,000</u>	

Dr		Total Creditors account		Cr
Particulars	₹	Particulars	₹	
To Cash A/c (paid)	11,00,000	By Balance b/d	3,70,000	
To Discount received	35,000	By Credit purchases	<b>11,85,000</b>	
To Balance c/d	4,20,000	(Balancing figure)		
	<u>15,55,000</u>		<u>15,55,000</u>	

In the Books of Rakash Trading and Profit and loss account for the year ended 31<sup>st</sup> March 2019

Dr.		Cr.		
Particulars	₹	Particulars	₹	₹
To Opening stock	2,20,000	By Sales		
To Purchases	11,85,000	Cash sales	20,000	
To Gross profit c/d	<b>1,60,000</b>	Credit sales	<u>13,85,000</u>	14,05,000
(Transferred to profit and loss A/c)		By Closing stock		1,60,000
	<u>15,65,000</u>			<u>15,65,000</u>
To Rent paid	1,20,000	By Gross Profit b/d		1,60,000
To Discount allowed A/c	25,000	By Discount received		35,000
To Net profit (transferred to capital account)	<b>50,000</b>			
	<u>1,95,000</u>			<u>1,95,000</u>

Balance sheet as on 31<sup>st</sup> March 2019

Liabilities	₹	₹	Assets	₹
Sundry creditors		4,20,000	Debtors	6,40,000
Capital	5,20,000		Cash at bank	10,000
<b>Add :</b> Net profit	50,000		Machinery	80,000
	<u>5,70,000</u>		Closing stock	1,60,000
<b>Less :</b> Drawings	1,00,000			
		<u>4,70,000</u>		
		<u>8,90,000</u>		<u>8,90,000</u>

18. Mary does not keep her books under double entry system. From the following details prepare trading and profit and loss account for the year ending 31<sup>st</sup> March, 2019 and a balance sheet as on that date.

Dr **Cash Book** Cr [PTA - 3]

Particulars	₹	Particulars	₹
To Balance b/d	1,20,000	By Purchases	1,50,000
To Sales	3,60,000	By Creditors	2,50,000
To Debtors	3,40,000	By Wages	70,000
		By Sundry expenses	1,27,000
		By Balance c/d	2,23,000
	<u>8,20,000</u>		<u>8,20,000</u>

Other information :

Particulars	1.4.2018 ₹	31.3.2019 ₹
Stock of goods	1,10,000	1,80,000
Sundry Debtors	1,30,000	?
Sundry Creditors	1,60,000	90,000
Furniture and fittings	80,000	80,000

Additional information :

	₹
Credit purchases	1,80,000
Credit sales	2,90,000
Opening capital	2,80,000
Depreciate furniture and fittings by 10% p.a	

Solution :

In the books of Mary

Total Debtors account

Dr.	₹	Cr.	₹
To Balance b/d	1,30,000	By Cash (received)	3,40,000
To Sales (Credit)	2,90,000	By Balance c/d (balancing figure)	<b>80,000</b>
	<u>4,20,000</u>		<u>4,20,000</u>

Dr. **Trading and Profit and loss account for the year ended 31<sup>st</sup> March 2019** Cr.

Particulars	₹	₹	Particulars	₹	₹
To Opening stock		1,10,000	By Sales		
To Purchases			Cash	3,60,000	
Cash	1,50,000		Credit	2,90,000	6,50,000
Credit	1,80,000	3,30,000	By Closing stock		1,80,000
To Wages		70,000			
To Gross profit c/d (Transferred to profit and loss A/c)		<b>3,20,000</b>			
		<u>8,30,000</u>			<u>8,30,000</u>
To Sundry expenses		1,27,000	By Gross profits b/d (Transferred from trading A/c)		3,20,000
To Depreciation on machinery 10%		8,000			
To Net profit (Transferred to capital A/c)		<b>1,85,000</b>			
		<u>3,20,000</u>			<u>3,20,000</u>

Balance sheet as on 31<sup>st</sup> March 2019

Liabilities	₹	₹	Assets	₹	₹
Capital	2,80,000		Cash		2,23,000
<b>Add : Net profit</b>	1,85,000	4,65,000	Stock of goods		1,80,000
			Debtors		80,000
Creditors		90,000	Furniture and fittings	80,000	
			<b>Less : Depreciation</b>	8,000	72,000
		5,55,000			5,55,000

19. Arun carries on hardware business and does not keep his books on double entry basis. The following particulars have been extracted from his books: [PTA - 3]

Particulars	31.12.2017 ₹	31.12.2018 ₹
Land and building	2,40,000	2,40,000
Stock-in-trade	1,20,000	1,70,000
Debtors	40,000	51,500
Creditors	50,000	45,000
Cash at bank	30,000	53,000

Other information for the year ending 31.12.2018 showed the following:

	₹
Wages	65,000
Carriage outwards	7,500
Sundry expense	28,000
Cash paid to creditors	6,00,000
Drawings	10,000

Total sales during the year were ₹7,70,000. Purchases returns during the year were ₹30,000 and sales returns were ₹25,000. Depreciate land and buildings by 5%. Provide ₹1,500 for doubtful debts. Prepare trading and profit and loss account for the year ending 31<sup>st</sup> December, 2018 and a balance sheet as on that date.

**Solution :**

Calculation of Opening Capital :

In the books of Arun

Statement of affairs as on 31<sup>st</sup> December 2017

Liabilities	₹	Assets	₹
Creditors	50,000	Land and Building	2,40,000
Opening capital (balancing figure)	<b>3,80,000</b>	Stock in trade	1,20,000
		Debtors	40,000
		Cash at bank	30,000
	4,30,000		4,30,000

Dr **Total Creditors account** Cr

Particulars	₹	Particulars	₹
To Cash (paid)	6,00,000	By Balance b/d	50,000
To Purchase returns A/c	30,000	By Credit purchases	<b>6,25,000</b>
To Balance c/d	45,000	(balancing figure)	
	6,75,000		6,75,000

Trading and Profit and loss account for the year ended 31<sup>st</sup> December 2018

Dr.			Cr.		
Particulars	₹	₹	Particulars	₹	₹
To Opening stock		1,20,000	By Sales	7,70,000	
To Credit purchases	6,25,000		<b>Less</b> : Sales returns	25,000	7,45,000
<b>Less</b> : Purchase returns	30,000	5,95,000	By Closing stock		1,70,000
To Wages A/c		65,000			
To Gross profit c/d (Transferred to profit and loss A/c)		<b>1,35,000</b>			
		9,15,000			9,15,000
To Carriage outwards A/c		7,500	By Gross profits c/d (Transferred from trading A/c)		1,35,000
To Sundry expenses A/c		28,000			
To Depreciation on land and building @ 5%		12,000			
To Provision for bad and doubtful debts		1,500			
To Net profit (Transferred to capital account)		<b>86,000</b>			
		1,35,000			1,35,000

Balance sheet as on 31<sup>st</sup> December 2018

Liabilities	₹	₹	Assets	₹	₹
Capital	3,80,000		Land and buildings	2,40,000	
<b>Add</b> : Net profit	86,000		<b>Less</b> : Depreciation 5%	12,000	2,28,000
	4,66,000		Closing stock		1,70,000
<b>Less</b> : Drawings	10,000	4,56,000	Debtors	51,500	
		45,000	<b>Less</b> : Provision for debtors	1,500	50,000
Creditors			Cash at bank		53,000
		5,01,000			5,01,000

20. Selvam does not keep his books under double entry system. From the following information prepare trading and Profit & Loss A/c and Balance Sheet as on 31-12-2018 [PTA-4]

Particulars	1.1.2018 ₹	31.12.2018 ₹
Machinery	60,000	60,000
Cash at bank	25,000	33,000
Sundry debtors	70,000	1,00,000
Stock	45,000	22,000
Bills receivable	20,000	38,000
Bank loan	45,000	45,000
Sundry creditors	25,000	21,000



	₹		₹
Cash sales	20,000	Credit sales	1,80,000
Cash purchases	8,000	Credit purchases	52,000
Wages	6,000	Salaries	23,500
Advertisement	7,000	Interest on bank loan	4,500
Drawings	60,000	Additional capital	21,000

**Adjustments:**

Write off depreciation of 10% on machinery. Create a reserve of 1% on debtors for doubtful debts.

**Solution :**

**Calculation of Opening Capital :**

**In the books of selvam**

**Statement of affairs as on 1<sup>st</sup> January 2018**

Liabilities	₹	Assets	₹
Bank Loan	45,000	Machinery	60,000
Sundry creditors	25,000	Cash at bank	25,000
Opening capital (Balancing figure)	<b>1,50,000</b>	Sundry debtors	70,000
		Stock	45,000
		Bills receivable	20,000
	<u>2,20,000</u>		<u>2,20,000</u>

**Trading and Profit and loss account for the year ended 31<sup>st</sup> December 2018**

Dr.			Cr.		
Particulars	₹	₹	Particulars	₹	₹
To Opening stock		45,000	By Sales		
To Purchase			Cash	20,000	
Cash	8,000		Credit	1,80,000	2,00,000
Credit	52,000	60,000	By Closing stock		22,000
To Wages A/c		6,000			
To Gross profit c/d (Transferred to profit and loss A/c)		<b>1,11,000</b>			
		<u>2,22,000</u>			<u>2,22,000</u>
To Advertisement		7,000	By Gross profit b/d		1,11,000
To Salaries		23,500			
To Depreciation on Machinery at 10%		6,000			
To Reserve on debtors 1%		1,000			
To Interest on bank loan		4,500			
To Net profit transferred to capital a/c		<b>69,000</b>			
		<u>1,11,000</u>			<u>1,11,000</u>

Balance sheet as on 31<sup>st</sup> December 2018

Liabilities	₹	₹	Assets	₹	₹
Bank loan		45,000	Machinery	60,000	
Sundry creditors		21,000	<b>Less</b> : Depreciation 10%	6,000	54,000
Capital	1,50,000		Cash at bank		33,000
<b>Add</b> : Net profit	69,000		Sundry debtors	1,00,000	
	2,19,000		<b>Less</b> : Reserve for doubtful debts	1,000	99,000
<b>Add</b> : Additional capital	21,000		Closing stock		22,000
	2,40,000		Bills receivable		38,000
<b>Less</b> : Drawings	60,000	1,80,000			
		2,46,000			2,46,000

FILL IN THE MISSING INFORMATION

TEXT BOOK No. 38

Unit - 1

Closing capital ₹	Drawings ₹	Additional capital ₹	Opening capital ₹	Profit / Loss ₹
1,00,000	40,000	20,000	90,000	?
?	30,000	40,000	80,000	20,000
70,000	?	30,000	40,000	10,000
60,000	20,000	?	50,000	-10,000
2,00,000	30,000	10,000	?	1,20,000

Solution :

Closing capital ₹	Drawings ₹	Additional capital ₹	Opening capital ₹	Profit / Loss ₹
1,00,000	40,000	20,000	90,000	<b>30,000</b>
<b>1,10,000</b>	30,000	40,000	80,000	20,000
70,000	<b>10,000</b>	30,000	40,000	10,000
60,000	20,000	<b>40,000</b>	50,000	-10,000
2,00,000	30,000	10,000	<b>1,00,000</b>	1,20,000

PTA QUESTIONS AND ANSWERS

I. PROBLEMS

3 MARKS

1. From the following details find out total sales made during the year.

[PTA-6]

Particulars	₹
Debtors on 1 <sup>st</sup> January 2018	65,000
Cash received from debtors during the year	2,10,000
Sales returns	17,500
Bad debts	7,500
Debtors on 31 <sup>st</sup> December 2018	1,00,000
Cash Sales	2,30,000

**Solution**

**Total Debtors account**

Dr		Cr	
Particulars	₹	Particulars	₹
To Balance b/d	65,000	By cash received	2,10,000
To Credit sales	2,70,000	By sales returns	17,000
(Balancing figure)		By Bad debts	7,500
		By Balance l/d	1,00,000
	<u>3,35,000</u>		<u>3,35,000</u>

Total sales = cash sales + credit sales  
 = 2,30,000 + 2,70,000  
 = 75,00,000

**GOVERNMENT EXAM QUESTIONS AND ANSWERS**

**I. MULTIPLE CHOICE QUESTIONS**

**CHOOSE THE CORRECT ANSWER 1 MARK**

1. What is the amount of capital of the proprietor, if his assets are ₹85,000 and liabilities are ₹20,000? [Govt. MQP-2019]

- (a) ₹65,000
- (b) ₹1,06,000
- (c) ₹21,000
- (d) ₹85,000

[Ans. (a) ₹65,000]

**Hint:**

Capital = Assets – Liabilities  
 = ₹ 85,000 – ₹ 20,000 = ₹ 65,000

2. Statement of affairs is generally prepared to find out the \_\_\_\_\_ of the business.

[Mar-2020]

- (a) Profit or loss
- (b) Financial position
- (c) Capital
- (d) Arithmetical accuracy

[Ans. (c) Capital]

3. Closing Capital + Drawings – Additional Capital = \_\_\_\_\_.

[Mar-2020]

- (a) Adjusted Opening Capital
- (b) Opening Capital
- (c) Profit or Loss
- (d) Adjusted Closing Capital

[Ans. (d) Adjusted Closing Capital]

**II. VERY SHORT ANSWER QUESTIONS**

**2 MARKS**

1. From the following particulars ascertain profit or loss: [QY-2019]

Capital at the beginning of the year (1<sup>st</sup> April, 2016) ₹2,00,000

Capital at the end of the year (31<sup>st</sup> March, 2017) ₹3,50,000  
 Additional capital introduced during the year ₹70,000  
 Drawings during the year ₹40,000

**Solution :**

**Statement of profit or loss for the year ended 31<sup>st</sup> March, 2017**

Particulars	₹
Closing capital (as on 31.3.2017)	3,50,000
<b>Add:</b> Drawings during the year	40,000
	3,90,000
<b>Less:</b> Additional capital introduced during the year	70,000
Adjusted closing capital	3,20,000
<b>Less:</b> Opening capital (as on 1.4.2016)	2,00,000
Profit made during the year	<b>1,20,000</b>

2. From the following particulars ascertain profit or loss: [Govt. MQP-2019]

Particulars	₹
Capital at the beginning of the year	5,00,000
Capital at the end of the year	8,50,000
Additional capital introduced during the year	2,00,000
Drawings during the year	1,50,000

Solution :

**Statement of profit or loss**

Particulars	₹
Closing Capital	8,50,000
<b>Add :</b> Drawings during the year	1,50,000
	10,00,000
<b>Less :</b> Additional capital introduced during the year	2,00,000
Adjusted closing capital	8,00,000
<b>Less :</b> Opening capital	5,00,000
Profit for the year	<b>3,00,000</b>

3. Which accounting system may be suitable for small sized sole traders and partnership firms? Explain. [Mar-2020]

**Ans.** Only the business concerns which have no legal obligation to maintain books of accounts under double entry system may maintain incomplete records. Hence, incomplete records may be maintained by small sized sole traders and partnership firms.

**III. SHORT ANSWER QUESTIONS**

**3 MARKS**

1. From the following details, calculate the missing figure.

[Mar-2020]

Particulars	₹
Capital as on 31 <sup>st</sup> December 2018	35,000
Capital as on 1 <sup>st</sup> January 2018	27,500
Goods taken for the personal use of the proprietor	?
Additional Capital introduced during the year	2,500
Profit for the year	10,000

Solution :

**Statement of profit or loss for the year ending 31st December, 2018**

Particulars	₹
Closing capital (as on 31.12.2018)	35,000
<b>Add:</b> Drawings during the year (goods taken for personal use)	<b>5,000</b>
	40,000
<b>Less:</b> Additional capital introduced during the year	2,500
Adjusted closing capital	37,500
<b>Less:</b> Opening capital (as on 01.01.2018)	27,500
Profit made during the year ending	<b>10,000</b>

IV. PROBLEMS.

5 MARKS

1. On 1<sup>st</sup> April 2017, Ganesh started his business with a capital of ₹75,000. He did not maintain proper book of accounts. Following particulars are available from his books as on 31.03.2018. [QY-2019]

Particulars	₹.	Particulars	₹.
Cash	5,000	Debtors	16,000
Stock of goods	18,000	Creditors	9,000
Bills of receivable	7,000	Cash at bank	24,000
Furniture	3,000	Bills payable	6,000
Land & Buildings	30,000		

During the year he withdrew ₹15,000 for his personal use. He introduced further capital of ₹20,000 during the year. Calculate his profit or loss.

Solution :

Statement of affairs of Ganesh as on 31<sup>st</sup> March, 2018

Liabilities	₹	Assets	₹
Creditors	9,000	Cash	5,000
Bills payable	6,000	Cash at bank	24,000
Capital (balancing figure)	<b>88,000</b>	Stock of goods	18,000
		Debtors	16,000
		Bills receivable	7,000
		Land and buildings	30,000
		Furniture	3,000
	1,03,000		1,03,000

Statement of profit or loss for the year ending 31<sup>st</sup> March, 2018

Particulars	₹
Closing capital as on 31.03.2018	88,000
<b>Add:</b> Drawings during the year	15,000
	1,03,000
<b>Less:</b> Additional capital introduced during the year	20,000
Adjusted closing capital	83,000
<b>Less:</b> Opening capital as on 01.04.2017	75,000
Profit made during the year ending 31.03.2018	<b>8,000</b>

2. David does not keep proper books of accounts. Following details are given from his records. [QY-2019]

Particulars	1.4.2018 ₹	31.3.2019 ₹
Cash	43,000	29,000
Stock of goods	1,20,000	1,30,000
Sundry debtors	84,000	1,10,000
Sundry creditors	1,05,000	1,02,000
Loan	25,000	20,000
Business premises	2,50,000	2,50,000
Furniture	33,000	45,000

ACCOUNTS FROM INCOMPLETE RECORDS

During the year he introduced further capital of ₹45,000 and withdrew ₹2,500 per month from the business for his personal use. Prepare statement of profit or loss with the above information.

**Solution :**

In the books of David

**Calculation of opening capital**

Statement of affairs as on 1<sup>st</sup> April, 2018

Liabilities	₹	Assets	₹
Sundry creditors	1,05,000	Cash	43,000
Loan	25,000	Stock of goods	1,20,000
Capital (balancing figure)	<b>4,00,000</b>	Sundry debtors	84,000
		Business premises	2,50,000
		Furniture	33,000
	5,30,000		5,30,000

**Calculation of closing capital**

Statement of affairs as on 31<sup>st</sup> March, 2019

Liabilities	₹	Assets	₹
Sundry creditors	1,02,000	Cash	29,000
Loan	20,000	Stock of goods	1,30,000
		Sundry debtors	1,10,000
Capital (balancing figure)	4,42,000	Business premises	2,50,000
		Furniture	45,000
	5,64,000		5,64,000

Statement of profit or loss for the year ending 31<sup>st</sup> March, 2019

Particulars	₹
Closing capital as on 31.3.2019	4,42,000
<b>Add:</b> Drawings during the year (2,500 × 12)	30,000
	4,72,000
<b>Less:</b> Additional capital introduced during the year	45,000
Adjusted closing capital	4,27,000
<b>Less:</b> Opening capital as on 1.4.2018	4,00,000
Profit made during the year ending 31.3.2019	<b>27,000</b>

3. Arjun carries on grocery business and does not keep his books on double entry basis. [HY-2019]

The following particulars have been extracted from his books :

Particulars	1.4.2018 ₹	31.3.2019 ₹
Plant and Machinery	20,000	20,000
Stock	9,000	16,000
Sundry Debtors	2,000	5,300
Sundry Creditors	5,000	4,000
Cash at bank	4,000	6,000

Other information for the year ending 31.03.2019 showed the following :

	₹
Advertising	4,700
Carriage inwards	8,000
Cash paid to creditors	64,000
Drawings	2,000

Total sales during the year were ₹85,000. Total purchase during the year were ₹65,000. Purchase return during the year were ₹2,000 and sales returns were ₹1,000. Depreciate Plant and Machinery by 5%. Provide ₹300 for doubtful debts.

Prepare trading and profit and loss account for the year ending 31<sup>st</sup> March, 2019 and a balance sheet as on the date.

**Solution :**

**In the books of Arjun statement of affairs as on 1<sup>st</sup> April 2018**

Liabilities	₹	Assets	₹
Sundry Creditors	5,000	Plant and Machinery	20,000
Opening capital (balancing figure)	<b>30,000</b>	Stock	9,000
		Sundry Debtors	2,000
		Cash at bank	4,000
	35,000		35,000

**Dr Total Credit Account Cr**

Particulars	₹	Particulars	₹
To Cash (paid)	64,000	By Balance b/d	5,000
To Purchase returns	2,000	By Credit Purchase	<b>65,000</b>
To Balance c/d	4,000	(Balancing figure)	
	70,000		70,000

**Dr Trading and Profit and loss account for the year ended 31<sup>st</sup> March 2019 Cr**

Particulars	₹	₹	Particulars	₹	₹
To Opening stock		9,000	By Sales	85,000	
To Purchases	65,000		<u>Less</u> : Sales returns	1,000	84,000
<u>Less</u> : Purchase returns	2,000	63,000	By Closing stock		16,000
To Carriage inwards		8,000			
To Gross Profit c/d		20,000			
		1,00,000			1,00,000
To Advertising		4,700	By Gross Profit b/d		20,000
To Depreciation on Machinery 5%		1,000			
To Provision for bad and doubtful debts		300			
To Net profit (transferred to capital A/c)		14,000			
		20,000			20,000

Balance Sheet as on 31<sup>st</sup> March 2019

Liabilities	₹	₹	Assets	₹	₹
Capital	30,000		Plant and Machinery	20,000	
<b>Add :</b> Net profit	14,000		<b>Less :</b> Depreciation	1,000	19,000
	44,000		Closing stock		16,000
<b>Less :</b> Drawings	2,000	42,000	Sundry Debtors	5,300	
Sundry Creditors		4,000	<b>Less :</b> Provision for doubtful debts	300	5,000
			Cash and bank		6,000
		46,000			46,000

4. From the following particulars, calculate total sales.

[HY-2019]

Particulars	₹
Debtors on 1 <sup>st</sup> April 2017	1,50,000
Bills receivable on 1 <sup>st</sup> April 2017	40,000
Cash received from Debtors	3,90,000
Cash received for bills receivable	90,000
Bills receivable dishonoured	10,000
Sales return	40,000
Bills receivable on 31 <sup>st</sup> March 2018	30,000
Sundry Debtors on 31 <sup>st</sup> March 2018	1,30,000
Cash sales	2,00,000

Dr		Bills receivable account		Cr	
Particulars	₹	Particulars	₹		
To Balance b/d	40,000	By Cash A/c	90,000		
To Debtors A/c* (Bills received during the year - balancing figure)	90,000	By Debtors A/c (Bills receivable dishonoured)	10,000		
		By Balance c/d	30,000		
	1,30,000		1,30,000		

Dr		Total Debtors account		Cr	
Particulars	₹	Particulars	₹		
To Balance b/d	1,50,000	By Cash A/c	3,90,000		
To Bills receivable A/c (dishonoured)	10,000	By Sales returns A/c	40,000		
To Sales A/c (Credit)	4,90,000	By Bills receivable A/c* (bills received)	90,000		
		By Balance c/d	1,30,000		
	6,50,000		6,50,000		

Total sales = Cash sales + Credit sales = ₹ 2,00,000 + ₹ 4,90,000 = ₹ 6,90,000

