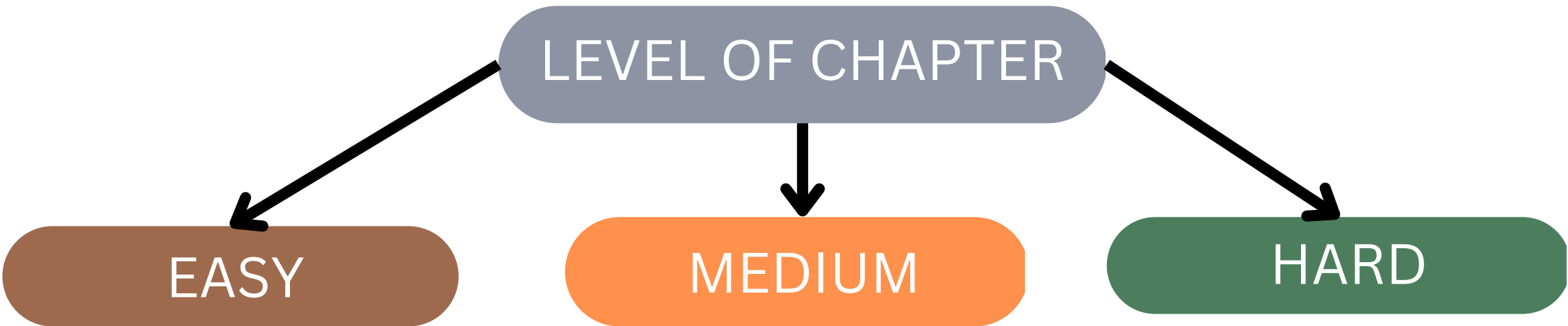


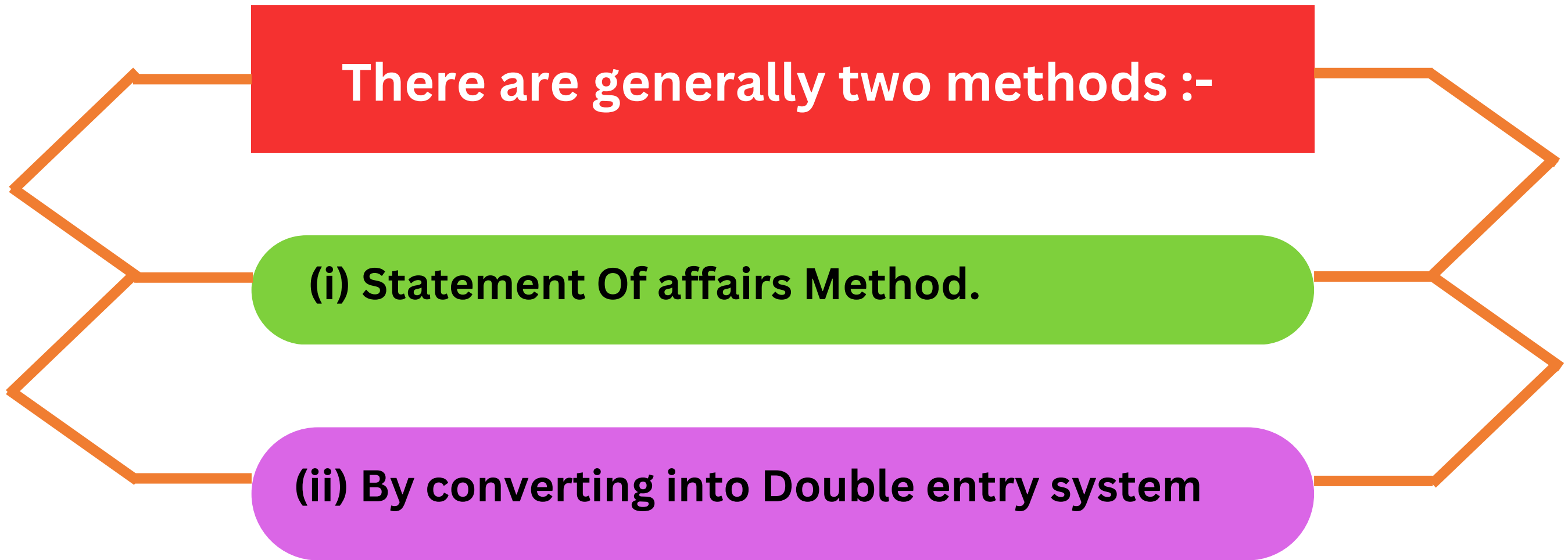
# ACCOUNTS FROM INCOMPLETE RECORDS



# Accounts From Incomplete Records

Generally, small businesses such as Proprietorship or partnership firms do not follow double entry accounting due to lack of knowledge , sources, as well as affordable funds . Such kind of businesses only maintain a few records such as cash book to record flow of cash & bank transactions and personal accounts . Even these are not maintained on the basis of principles of double entry system.

Owners of Such businesses when feel the need to find their profit or loss come to know about usefulness of double entry system .  
As an expert, in this chapter, students are required to Find profits/losses of such businesses from the available incomplete data.



**(A) :- Statement of Affairs method :-**

This method follows the principles of balance sheet .

**Step:1 Find out Opening and Closing Capital**

[ For this purpose, Statement of affairs at beginning and at end is prepared]

**Step:2 Find Out Profit or loss as follows :-**

Closing Capital	XXX
less: Opening Capital	(XXX)
Add: Drawings	XXX
less: Further capital	(XXX)
less: Interest on capital to be given	(XXX)
less: Salary to partners etc. to be given	(XXX)
Add: Interest on drawings to be charged	XXX
less : any other adjustment as bad debts depreciation etc.	(XXX)
= Profit/loss for the period	XXX

### **(B) Conversion of Single entry to double entry :-**

Here, the incomplete records are converted into double entry accounts.

For this purpose, various accounts such as sales A/C , purchase A/C, bank A/C, debtors A/C, creditors A/C etc are prepared as per the requirement.

Once these accounts are complete, financial statements in regular double entry format can be easily prepared.



## **CA SANDEEP SHARMA**

CA Sandeep Sharma is a dynamic & qualified chartered Accountant. As a brilliant student and a position holder at Graduation & Post Graduation level, during his many years of glorious teaching experience in the field of accounting he has taught many students all over india.

He is favourite amongst CA / CS / CMA Students for the astute & insightful academic inputs provided by him and his pleasing & endearing personality and lucid art of teaching.

He firmly believes in blending studies with fun and this is quite evident in his classes wherein he goes beyond theoretical reading of the subject, makes students solve practical problems, gives them practical real life examples and pushes them to achieve their goals with full precision. he is famous for concepts linkage from the very beginning till the end which helps in understanding the topic, acing the exams and in post CA life as well. his unique use of websites related to subject during the class to link theory with practical makes him stand apart from the crowd. His classes are practical, conceptual and concise.



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