

Single Entry / Incomplete Records

Accounting records which have not been maintained according to double entry principles are usually referred to as "Incomplete Records or Single Entry". This does not necessarily mean that the records are unsatisfactory.

Statement of affairs

When a list of assets and liabilities is prepared without the use of a set of double entry records it is known as a statement of affairs rather than a "Balance Sheet". Statement of affairs calculates the amount of "Capital."

Capital = Assets – Liabilities

Opening statement of affairs means "Opening Capital".

Closing statement of affairs means "Closing Capital".

(Opening capital = opening assets – opening liabilities)

(Closing capital = Closing assets – closing liabilities)

CALCULATION OF NET PROFIT / LOSS

If the assets, liabilities and capitals are known and no further information is available, the only way in which the profit can be calculated is.

Opening Capital	XXX	-	
Add: Profit / Less Loss	XX/(XX)	?	
Add: Additional Investment	XXX	-	
Less: Drawings	<u>(XXX)</u>	+	
= Closing Capital	<u>XXX</u>		

Net Profit / Loss = Closing Capital + Drawings – Additional Investment - Opening Capital

The above method of calculating Net Profit / Loss is not completely satisfactory, because it does not show the details about cost of goods sold, gross profit, expenses and other income. It is not possible to analyze the results and take decisions for the future time period.

Total sales

Total sales = cash sales + credit sales

Sales Ledger Control Account

Balance b/d	XXX	Bank / Cash	XXX
Sales	XXX	Discount Allowed	XXX
		Bad Debts	XXX
		Return Inwards	XXX
	XXX	Balance c/d	<u>XXX</u>
			<u>XXX</u>

Total purchases

Total purchases = cash purchases + credit purchases

Purchase Ledger Control Account

Bank / Cash	XXX	Balance b/d	XXX
Discount Received	XXX	Purchases	XXX
Return Outwards	XXX		
Balance c/d	<u>XXX</u>		<u>XXX</u>
	XXX		

Incomplete Records and Missing Figures

Cash Book

	Cash	Bank		Cash	Bank
Balance b/d	XXX	-	Balance b/d (OD)	-	XXX
Cash Sales	XXX	-	Drawings	XXX	XXX
Receipt from Debtors	?	XXX	Payment to Suppliers	XXX	XXX
Sale of NCA	XXX	-	Expenses paid	XXX	XXX
Balance c/d (OD)	-	XXX	Balance c/d	XXX	-
	<u>XXX</u>	<u>XXX</u>		<u>XXX</u>	<u>XXX</u>

Profit Markup vs. Profit Margin

Markup – Cost

Margin – Sales

$$\frac{\text{Markup}}{100 + \text{Markup}}$$

$$\frac{\text{Margin}}{100 - \text{Margin}}$$

Profit Markup will be always greater than Profit Margin because Markup is applied on cost which is lower than sales figure. We have to apply greater percentage on lower figure.

Asset NBV Account (To Calculate Depreciation)

Balance b/d	xxx	Disposal (NBV)	xxx
Bank / Payable (Addition)	<u>xxx</u>	Income Statement	
		(Current Year Depreciation)	xxx
	<u>xxx</u>	Balance c/d	<u>xxx</u>
			<u>xxx</u>

Shortcut formula

= Opening Value + Addition - Disposal Value - Closing Value

Single Entry in Service Business

Q1 The City School has the following receipts and payments Account for the year ended 31 Dec 2014.

Receipts & Payments A/c

	\$		\$
Fees Received	890,000	1 Jan 14 Balance b/d	50000
Canteen Receipt	75,000	Staff Salaries	250,000
Photocopy Income	20,000	Lighting	35000
Security Deposits	300,000	Purchase of Equipment	65000
Sale of Equipment	30,000	General Expense	40,000
Rent Received	110,000	Drawings	200,000
		31 Dec 14 Balance c/d	785,000
	<u>14,25,000</u>		<u>14,25,000</u>
1 Jan 15 Balance b/d	785,000		

Additional Information

	<u>1 Jan 2015</u>	<u>31 Dec 2015</u>
Equipment (NBV)	100,000	83000
Fees in Arrears	122,000	50000
Fees Prepaid	-	10,000
General Expense Accrued	5000	-
Lighting Prepaid	3000	2000
Staff Salaries Owing	-	75000

Equipment that was sold during the year had a Cost of \$75000 and a total depreciation of \$32500 was charged till date.

Required:

- 1) Fees Income for the year
- 2) Income Statement
- 3) Balance Sheet for the year ending 31 Dec 2016





SINGLE ENTRY / INCOMPLETE RECORDS

- 1 Shaun is a sole trader. He pays all the sales receipts into the business bank account. He provided his accountant with the following information for the year ended 31 December 2011.

Bank account summary for the year ended 31 December 2011

Dr.	\$	Cr.	\$
Rent received	16 800	Balance b/d	5 620
Trade receivables	203 200	Trade payables	122 460
Cash sales	18 510	General expenses	22 000
		Wages	32 560
		Motor vehicles	19 200
		Equipment	17 400
		Drawings	27 560

Shaun's remaining assets and liabilities were:

	1 January 2011	31 December 2011
	\$	\$
Inventory (at cost)	22 300	17 400
Premises (at cost)	100 000	100 000
Equipment (net book value)	28 400	27 600
Motor vehicles (net book value)	65 000	68 200
Trade receivables	22 400	28 600
Trade payables	17 500	19 470
General expenses prepaid	1 100	900
Rent received prepaid	800	–
Rent received owing	–	1 300
Wages owing	2 400	500

Additional information:

- Shaun allowed his customers discounts of \$4000.
- Discounts received from suppliers were \$3100.
- Shaun has decided to create a provision for doubtful debts of 2% of the trade receivables outstanding at 31 December 2011.
- General expenses in the bank account summary include an amount of \$660 which relates to the payment of Shaun's private house insurance.
- Shaun had taken goods at a cost price of \$3700 for his personal use.

REQUIRED

(a) Calculate the value of Shaun's sales and ordinary goods purchased for the year ended 31 December 2011.

(i) Sales

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(ii) Ordinary goods purchased

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2 Patel, a sole trader, does not keep proper books of account. He provided the following information.

	1 January 2014	31 December 2014
	\$	\$
Land and buildings at cost	50 000	50 000
Fixtures and fittings at valuation	6 000	4 500
Motor vehicles at net book value	7 600	?
Trade payables	16 750	14 900
Trade receivables	14 670	13 690
Wages owing	1 200	1 400
Inventory	21 750	22 450
Cash in hand	800	950
Rent in advance	1 000	?

Summary of Patel's bank account for the year showed the following.

Receipts	\$	Payments	\$
Balance b/d	16 980	Payments to credit suppliers	109 620
Receipts from credit customers	156 420	Wages	22 670
Cash sales	20 700	Rent	19 000
Proceeds from sale of motor vehicle	1 500	Electricity	8 650
		General expenses	4 750
		Purchase of new motor vehicle	16 400
		Balance c/d	14 510
	<u>195 600</u>		<u>195 600</u>

Additional information

- 1 Before banking his receipts from cash sales Patel took \$400 per month for his personal drawings. All other payments were made from the bank.
- 2 During the year he took goods costing \$2600 for his own use.
- 3 Patel depreciates his vehicles at 20% per annum using the reducing balance method. A full year's depreciation is charged in the year of purchase. No depreciation is provided in the year of sale.
- 4 The vehicle sold had a net book value at 1 January 2014 of \$2880.
- 5 A customer has been declared bankrupt and will not pay \$750 owing. The amount was included in the trade receivables at 31 December 2014.
- 6 In addition Patel has decided to create a provision for doubtful debts of 5%.
- 7 The rent payable is \$16 000 per annum.



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3 On 1 January 2009 Clara Coyle, a sole trader, had the following balances:

	\$
Inventory (stock)	24 170
Premises	60 000
Fittings and fixtures (net book value)	28 000
Cash and cash equivalents (bank)	4 000
Rates prepaid	440
Trade receivables (debtors)	3 810
Trade payables (creditors)	3 420
Capital	117 000

There was no opening cash or cash equivalent.

Full accounting records were not kept, but the following information was available for the year ended 31 December 2009.

Bank Account Receipts	\$
Loan from uncle (interest free)	10 000
Receipts from trade receivables (debtors)	163 100
Cash sales paid into bank	34 000
Bank Account Payments	
Payments to trade payables (creditors)	141 508
Ordinary goods purchased (purchases) by cheque	6 300
Rates	2 600
Drawings	3 650
General expenses	4 410
Wages	21 300
Cash payments from cash sales	
General expenses	2 680
Purchases	1 200
Balances as at 31 December 2009	
Trade receivables (debtors)	4 100
Trade payables (creditors)	11 850
Rates prepaid	240
General expenses owing	400
Wages owing	1 620
Cash and cash equivalents (cash)	515
Bank	?

Additional Information:

- 1 The selling price on all goods is based on cost plus 25%.
 - 2 During the year Clara Coyle withdrew goods, costing \$140, from the business, for her own use.
 - 3 The business allowed discounts, \$1 300, to its trade receivables (debtors).
 - 4 The business received discounts, \$1 600, from its trade payables (creditors).
 - 5 No additions or disposals of non-current (fixed) assets took place during the year.
- Depreciation of \$3 000 is to be provided on fixtures and fittings.

Premises are not depreciated.

(d) Prepare the Balance Sheet for Clara Coyle at 31 December 2009.

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[Total: 30]

(b) Prepare the bank account for the year ended 30 September 2018. Insert the missing figure which represents the expenses paid during the year.

**Mahnoor
Bank account**

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- Mahnoor did not value her inventory on 30 September 2018.
- All goods are sold at a gross profit margin of 20%.
- Non-current assets are to be depreciated at the rate of 10%.

REQUIRED

- (c) Prepare the income statement for the year ended 30 September 2018. Show the value of the closing inventory, the gross profit and the profit for the year.

Mahnoor
Income Statement for the year ended 30 September 2018

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[Total: 20]

- (d) Complete the following table. Place a tick (✓) to show where each item would appear in Hira's purchases ledger control account. If the item would not appear, place a tick (✓) in the no entry column.

	debit	credit	no entry
credit purchases			
cash purchases			
cash discount received			
cheques paid to credit suppliers			
interest charged by credit suppliers			
returns to credit suppliers			

[6]
[Total: 20]