

Dept. of Commerce (CA).
 I B. Com (CA) - II Semester
 Financial Accounting - 18BCA23C
 UNIT - III - Reddy & Murthy.
Single Entry System.

Accounts from incomplete records is called as Single Entry System. Small traders and business men use this system extensively, because of its simplicity and flexibility.

Ascertainment of Profit:-

- I. Statement of Affairs Method
- II. Conversion Method.

Problem. P. Find out Profit from the following data:-

	Rs.
Capital at the beginning	8,00,000
Drawings during the year	1,80,000
Capital at the end	9,00,000
Capital introduced during the year	50,000

Prepared by Dr. P. SRIDHAR

Pro. No. (2). Ramesh keeps his books on single entry basis. Prepare a statement of Affairs as on 31.03.2019 and Prepare Profit or loss statement.

Assets & Liabilities	2018 Rs.	2019. Rs.
Bank Balance.	560 (cr)	350 (Dr)
Cash on Hand.	10	50
Debtors.	4500	3600
Stock	2700	2900
Plant	4000	4000
Furniture	1000	1000

- Ramesh had withdrawn Rs. 2000 during the year and had introduced fresh capital of Rs. 4,200 on 1.12.2018.
- A provision of 5% on debtors is necessary
- Write off depreciation on plant at 10% and furniture at 15% p.a.
- Interest on capital is to be allowed at 5%.

Pro. No. 3.

Findout purchases and sales from the following details by making necessary accounts:-

	Rs.
opening Balance of debtors.	30000
opening Balance of creditors	10000
collections from debtors	1,60,000
Discount received	2500
Bad debts	1000
Payment to creditors	14000
Discount allowed.	1500.
Returns inwards	2000.
Returns outwards	3000.
Cash Purchases	6000
Cash Sales	10000
closing balance of debtors	35000
closing balance of creditors	15000

Pro. No. 4. From the following Particulars, calculate the amount of total sales:-

	Rs.
Stock in the beginning	4000
Stock at the end	3500
Purchases	20000
Rate of gross profit on sales $\frac{1}{5}$	

Pro: No. 59.

Find out the missing figure:-

Capital as on 1.1.2018	Rs. 32000
Capital as on 1.1.2019	36000
Drawing during the year.	10000
Capital introduced during the year.	6000

Statement of Profit/Loss:-

	Rs.
Closing Capital	36000
Add:- Drawings	$\frac{10000}{46000}$
Less:- Additional Capital	$\frac{6000}{40000}$
Less:- opening capital.	$\frac{32000}{8000}$
Profit (CB/E)	$\underline{\underline{8000}}$

Features of Single Entry System:-

1. Absence of Uniformity
2. Records maintained
3. Mixing of Transactions
4. Suitability
5. Dependence on original vouchers.
6. Finalisation of Accounts.

Limitations of Single Entry System:-

1. Insufficient Records
2. Absence of Trial Balance
3. Difficulty in ascertaining Profit.
4. Lack of data
5. Encouragement of Statistical data
6. Value of business cannot be ascertained ^{due to} fraud.
7. Difficulty in getting institutional loans.
8. Filing Tax Returns.