

## Question 1:

Following information of an accounting year is given:

Opening Capital ₹ 60,000; Drawings ₹ 5,000;  
Capital added during the year ₹ 10,000 and  
Closing Capital ₹ 90,000. Calculate the Profit  
or Loss for the year.

## ANSWER:

### Statement of Profit or Loss

<b>Particulars</b>	<b>Amount (Rs)</b>
Capital at the end	90,000
<i>Add:</i> Drawings	5,000
	95,000
<i>Less:</i> Additional Capital Introduced	(10,000)
Adjusted Capital at the end	85,000
<i>Less:</i> Capital in the beginning	60,000
<b>Net Profit for the year</b>	<b>25,000</b>

## Question 2:

Mayank does not keep proper records of his business, he gives you the following information:

	₹
Opening Capital	1,00,000
Closing Capital	1,25,000
Drawings during the year	30,000
Capital added during the year	37,500

Calculate the profit or loss for the year.

## ANSWER:

### Statement of Profit or Loss

Particulars	Amount (Rs)
Capital at the end	1,25,000
<i>Add:</i> Drawings	30,000
	1,55,000
<i>Less:</i> Additional Capital Introduce	(37,500)
Adjusted Capital at the end	1,17,500
<i>Less:</i> Capital in the beginning	1,00,000
<b>Net Profit for the year</b>	<b>17,500</b>

### Question 3:

Capital of Ganesh Gupta in the beginning of the year was ₹ 70,000. During the year his business earned a profit of ₹ 20,000, he withdrew ₹ 7,000 for his personal use. He sold ornaments of his wife for ₹ 20,000, and invested that amount into the business. Find out his Capital at the end of the year.

### ANSWER:

$$\begin{aligned} \text{Capital at the end} &= \text{Opening Capital} + \text{Additional Capital} + \text{Profit} - \text{Drawings} \\ &= 70,000 + 20,000 + 20,000 - 7,000 = \text{Rs } 1,03,000 \end{aligned}$$



### Question 5:

Mohan maintains books on Single Entry System. He gives you the following information:

Capital on 1st April, 2017	15,
Capital on 31st March, 2018	16,
Drawings made during the year	4,
Capital introduced on 1st August, 2017	2,

You are required to calculate the Profit or Loss made by Mohan.

## ANSWER:

### Statement of Profit or Loss

<b>Particulars</b>	<b>Amount (Rs)</b>
Capital as on March 31, 2018	16,900
<i>Add:</i> Drawings	4,800
	21,700
<i>Less:</i> Addition Capital Introduced	(2,000)
Adjusted Capital as on March 31, 2018	19,700
<i>Less:</i> Capital as on April 01, 2017	(15,200)
<b>Profit made during the year 2017-18</b>	<b>4,500</b>



### Question 6:

Mahesh who keeps his books on Single Entry System sells goods at Cost plus 50%. On 1st April, 2017 his Capital was ₹4,00,000 and on 31st March, 2018 it was ₹3,50,000. He had withdrawn ₹20,000 per month besides goods of the sale value of ₹60,000. How much did he earn in 2017-18?

### ANSWER:

#### Statement of Profit/Loss

Particulars	Amount (₹)
Closing Capital	1,32,000
Less: Opening Capital	(1,00,000)
Add: Drawings	24,000
<b>Profit for the Year</b>	<b>56,000</b>

**Working Notes:**

**Closing Statement of Affairs**

**Dr.**

<b>Liabilities</b>	<b>Amount (₹)</b>	<b>Assets</b>
Creditors	12,000	Cash
Loan from Brother	10,000	Stock
Capital ( <i>Bal. Fig.</i> )	1,32,000	Debtors
	<b>1,54,000</b>	Plant

Mrs. Ankita keeps her books under Single Entry System and gives the following information.

<b>Particulars</b>	<b>01-04-2011</b>	<b>31-03-2012</b>
Investments	—	12,000
Bank Overdraft	—	10,000
Bills Payable	5,000	8,000
Creditors	26,500	31,500
Furniture	9,000	19,000
Debtors	35,000	50,000
Stock in Trade	15,000	19,000
Bank Balance	18,000	28,000

Mrs. Ankita withdrew Rs 4,000 for her personal use. She received Rs 15,000 from her father as gift, which she brought into the business.

Additional furniture was purchased on 1<sup>st</sup> October 2011. Depreciate furniture by 10% p.a.

Write off Rs 1,000 as bad and provide 5% R.D.D. on debtors.

Find the profit or loss of her business for the year ended 31<sup>st</sup> March, 2012.

## Statement of Affairs

*as on April 01,2011*

<b>Liabilities</b>	<b>Amount (Rs)</b>	<b>Assets</b>	<b>Amount (Rs)</b>
Bills Payable	5,000	Bank Balance	18,000
Creditors	26,500	Furniture	9,000
Capital		Debtors	35,000
<i>(Balancing Figure)</i>	45,500		
		Stock	15,000
	<b>77,000</b>		<b>77,000</b>

**Statement of Affairs**  
*as on March 31, 2012*

<b>Liabilities</b>	<b>Amount (Rs)</b>	<b>Assets</b>	<b>Amount (Rs)</b>
Bills Payable	8,000	Bank Balance	28,000
Creditors	31,500	Furniture	19,000
Bank Overdraft	10,000	Debtors	50,000
Capital		Stock	19,000
<i>(Balancing Figure)</i>	78,500		
		Investments	12,000
	<b>1,28,000</b>		<b>1,28,000</b>

## Statement of Profit or Loss

*for the year ended March 31,2012*

<b>Particulars</b>	<b>Amount (Rs)</b>
Capital at the end of the year	78,500
<i>Add:</i> Drawings made during the year	4,000
<i>Less:</i> Additional capital introduced during the year	(15,000)
Adjusted capital at the end of the year	67,500
<i>Less:</i> Capital in the beginning of the year	(45,500)
	22,000
<i>Less:</i> Depreciation on Furniture	(1,400)
Bad-Debts	(1,000)
Reserve for Doubtful Debts	(2,450)
<b>Profit for the year</b>	<b>17,150</b>

## Working Notes:

### **WN1:** *Calculation of Depreciation on Furniture:*

$$\text{Depreciation on Furniture for 6 months (Apr. 01, 2011 - Oct. 01, 2011)} = 9,000 \times \frac{10}{100} \times \frac{6}{12} = \text{Rs } 450$$

$$\text{Depreciation on Furniture for 6 months (Oct. 01, 2011 - Mar. 31, 2012)} = 19,000 \times \frac{10}{100} \times \frac{6}{12} = \text{Rs } 950$$

$$\text{Total Depreciation charged on Furniture} = 450 + 950 = \text{Rs } 1,400$$

### **WN2:** *Calculation of Reserve for Doubtful Debts:*

$$\text{Reserve for Doubtful Debts} = 49,000 \times \frac{5}{100} = \text{Rs } 2,450$$

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