



# Chapter – I

# Accounts from Incomplete Records

Date : 25.06.2020

12-C-ACC-06

No of. Pages : 8





# SYNOPSIS

- ▶ Preparation of final accounts from incomplete records
- ▶ Steps to be followed
- ▶ Format of Total debtors account



# Preparation of final accounts from incomplete records

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A statement of affairs is a statement showing the balances of assets and liabilities on a particular date. The balances of assets are shown on the right side and the balances of liabilities on the left side. It is prepared from incomplete records to find out the capital of a business unit on a particular date. This statement resembles a balance sheet. The difference between the total of assets and total of liabilities is taken as capital.



# Steps to be followed to prepare of final accounts from incomplete records

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Following are the steps to be followed to prepare final accounts from incomplete records:

1. Opening statement of affairs is to be prepared, to ascertain the opening capital.
2. Missing figures must be found out with the available data. This can be done by preparing memorandum accounts or by making necessary adjustments to the existing figures.



For example,

(a) It may become necessary to prepare a cash book to find out the missing items such as cash purchases, cash sales, etc.

(b) By preparing total debtors account and total creditors account, credit sales and credit purchases can be ascertained respectively.

(c) Bills receivable account and bills payable account are to be prepared to find out the balances of bills receivable received and bills payable accepted respectively.



3. The final step is to prepare trading and profit and loss account and balance sheet.

Formats of important accounts, that is, total debtors account, bills receivable account, total creditors account and bills payable account are given below:

## (i) Format of total debtors account

Dr.		Total debtors account		Cr.	
Particulars	₹	Particulars	₹		
To Balance b/d (opening balance)	xxx	By Cash A/c (received)	xxx		
To Sales A/c (credit sales)	xxx	By Bank A/c (cheques received)	xxx		
To Bank A/c (cheque dishonoured)	xxx	By Discount allowed A/c	xxx		
To Bills receivable A/c (bills dishonoured)	xxx	By Sales returns A/c	xxx		
		By Bad debts A/c	xxx		
		By Bills receivable A/c (bills received)	xxx		
		By Balance c/d (closing balance)	xxx		
	xxx		xxx		



## (ii) Format of bills receivable account

Dr.

Bills receivable account

Cr.

Particulars	₹	Particulars	₹
To Balance b/d (opening balance)	xxx	By Cash / Bank A/c (Bills receivable honoured)	xxx
To Sundry debtors A/c (Bills receivable received during the year)	xxx	By Sundry debtors A/c (Bills receivable dishonoured)	xxx
		By Balance c/d (closing balance)	xxx
	xxx		xxx