

## Incomplete Records

### Incomplete Records

#### Type A

#### Introduction

1. Business should keep proper accounting records - book of first entry, general ledgers, cash and bank accounts.
2. Some business will not keep a proper accounting system (Double entry).
3. These businesses will have records that are incomplete.
4. This will result in them not having the correct figures for assets, liabilities, expenses, and gains.
5. This means that they are unable to prepare final account in the correct way and have to use the figures they have to calculate the profit or loss of their business

#### HIGHER LEVEL - Step for type A

Steps involved in answering an incomplete record questions

- |         |  |
|---------|--|
| Step 1  | Prepare a statement of capital - to calculate the good will  |
| Step 2  | Prepare a debtors control account - to calculate the credit sales<br>Prepare a creditors control account - to calculate the credit purchases |
| Step 3  | Prepare a cash account - To calculate the closing cash figure<br>Prepare a bank account - To calculate the closing bank figure               |
| Step 4  | Calculate Total Sales - Credit sales + Cash Sales  |
| Step 5  | Calculate Total Purchases - Credit Purchases + Cash Purchases  |
| Step 6  | Make adjustment for any loans and investment funds   |
| Step 7  | Make adjustment for other gains and expenses   |
| Step 8  | Make adjustment for Drawings   |
| Step 9  | Prepare Profit and loss Account  |
| Step 10 | Prepare Balance sheet  |

## Incomplete Records

So

1. Companies should keep a detailed cash book and general ledgers.
2. These should be supported by days books.
3. This would help the business to prepare accurate trading profit and loss account.
4. Also by having these accurate books would mean less reliance on estimates