***Week two lesson***

 ***Subject: Book keeping***

 ***Class: SS2***

 ***Topic: Single Entry/Incomplete Records.***

 ***INTRODUCTION***: Single entry is a system of book keeping which does not conform with the basic principles of double entry. Since accounts are normally kept in a double entry aspect, any system which ignores this two-fold aspect is known as single entry. The records prepared by the record keeper are incomplete or inadequate, hence accountants have to use their mental ingenuity to prepare the accounts from the available information.

***Features of Single Entry***

 (1). The profit or loss could be ascertained by comparing the closing and opening capital.

(2). Real and nominal accounts are not kept except the personal accounts.

***Limitations or Disadvantages of Single Entry***

 (1). It does not conform to the principle of double entry.

 (2). The flexibility of the double entry principle is lacking.

 (3). It is difficult to obtain accurate information since the records are not complete.

(4). It is difficult to arrive at the profit for the year.

(5). Fraud may be easily committed.

(6). It is not possible to ascertain the arithmetical accuracy of the books.

***Computation of profit from two Balance sheet***: This can be referred to as pure single entry, under this system, the records are incomplete, the assets and liabilities are given but information relating to sales and purchases are not given. The profits or losses are ascertained under this system by a comparison of the value of the opening capital with the value of the closing capital. Because of insufficiency of information, the statement of affairs method will be adopted.

 ***Book keeping Rules for Single Entry***

 (i). The opening statement of affairs will be prepared to show the opening capital. The information required are; all fixed assets, total of debtors and creditors, expenses owing and payments in advance, cash in hand and bank, etc.

(ii). Adjust the capital by adding any additional capital contributed either in cash or assets and deduct drawings either cash or goods.

 (iii). Another statement of affairs will be constructed to show the closing capital using all the assets and liabilities at the end of the period.

 (iv). The opening capital will be compared with the closing capital.

(v). If the capital at close is greater, then there is a profit.

 (vi). If the capital at close is lower, then there is a loss.

***NOTE***: When preparing the opening and closing statement of affairs, apply the accounting equation; Assets= Capital + Liabilities.

***ASSIGNMENT***: Maryrose keeps her books by single entry. As at 31st December 2004 and 2005 respectively, her financial position was as follows: 2004: Cash at bank #457, cash at hand #36, stock #1926, machinery and plant #2721, bills receivable #130, sundry debtors 1242, creditors #3602, furniture #248. Year ended 2005: cash at bank #110, cash in hand #30, stock #2851, machinery and plant #3050, bills receivable #324, sundry debtors #2197, creditors #4200, furniture #261, private drawings 250. Prepare a statement from the above particulars, showing Maryrose's profit for the year ended 31st December 2005. Ignore depreciation or provision.

 Source: Pst. Smart Okwara.

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Submit the assignment on Monday 25th May, 2020.

Submit the hard copy at the security post. Also expect the audio of this lesson.