

## Chapter 17 Incomplete Records (不完整會計記錄)

### 17.3.1 Deduction of credit sales from trade receivables (從應收貨款推算賒銷額)

The amount of credit sales will have to be **deduced** (推算) from the trade receivables if the figures of the **credit sales** (賒銷) are **not available** (無法取得).

**Closing balance = Opening balance + Credit sales – Money received – Returns inwards – Discounts allowed**  
期末餘額 = 期初餘額 + 賒銷 – 收到的款項 – 銷貨退回 – 銷貨折扣

**Credit sales = Closing balances + Cash and bank received + Returns inwards – Opening balances**  
賒銷 = 期末餘額 + 收到的款項 + 銷貨退回 + 銷貨折扣 – 期初餘額

#### Classwork 1

- 1 Given the following information on the trade receivable for the year ended 31 December 2010:

Trade receivable as at 1 January 2010	\$12,080
Receipts of cheques from trade receivables	\$163,420
Trade receivable as at 31 December 2010	\$19,740
Goods returned by credit customers	\$24,000
Discounts allowed	\$3,000

Find the credit sales for the year.

$$\text{\$19,740} = \text{\$12,080} + \text{credit sales} - \text{\$163,420} - \text{\$24,000} - \text{\$3,000}$$

$$\text{Credit sales for the year} = \text{\$163,420} + \text{\$19,740} + \text{\$24,000} + \text{\$3,000} - \text{\$12,080} = \text{\$198,080}$$

Trade receivables			
	\$		\$
Balances b/f	12,080	Bank	163,420
Sales (balancing figures)	198,080	Returns inwards	24,000
		Discounts allowed	3,000
		Balances c/f	19,740
	210,160		210,160

- 2 Given the information on the trade receivable for the year ended 31 December 2010:

Trade receivable as at 1 January 2010	\$21,520
Receipts from trade receivables	\$180,000
Trade receivable as at 31 December 2010	\$18,570
Returns inwards	\$5,000

Find the credit sales for the year:

$$\text{\$18,570} = \text{\$21,520} + \text{credit sales} - \text{\$180,000} - \text{\$5,000}$$

$$\text{Credit sales for the year} = \text{\$180,000} + \text{\$18,570} + \text{\$5,000} - \text{\$21,520} = \text{\$182,050}$$

Trade receivables			
	\$		\$
Balances b/f	21,520	Bank	180,000
Sales (balancing figures)	182,050	Returns inwards	5,000
		Balances c/f	18,570
	210,160		210,160

- 3 Given the following information for the year ended 31 March 2010:

Trade receivable as at 1 April 2009	\$14,120
Trade receivable as at 31 March 2010	\$17,560
Receipts of cheques from customers	\$163,160
Receipts from cash sales	\$6,650

Determine sales for the year ended 31 March 2010.

$$\text{\$17,560} = \text{\$14,120} + \text{credit sales} - \text{\$163,160}$$

$$\text{Credit sales for the year} = \text{\$163,160} + \text{\$17,560} - \text{\$14,120} = \text{\$166,600}$$

$$\text{Total sales for the year} = \text{\$166,600} + \text{\$6,650} = \text{\$173,250}$$

**HKDSE (2020, 8)****(Incomplete Record)**

8. (A) Mr Lau is a sole trader engaged in the garment business. Because of a fire in December 2019, some of the accounting records of the business were lost. After reviewing the books, the following information is available:

- (i) Some account balances of the business as at 31 December were as follows:

	2019	2018
	\$	\$
Trade receivables	179,000	158,500

- (ii) Sales were made on credit.

- (iii) A summary of all receipts made in the bank account for the year ended 31 December 2019 was verified as below:

Receipts	\$
Receipts from credit customers	950,000

- (iv) Goods returned by credit customers during 2019 amounted to \$24,000.

**REQUIRED:** (a) Find the credit sales for the year

$$\text{\$179,000} = \text{\$158,500} + \text{Credit sales} - \text{\$950,000} - \text{\$24,000}$$

$$\text{Credit sales for the year} = \text{\$179,000} + \text{\$950,000} + \text{\$24,000} - \text{\$158,500} = \text{\$994,500}$$

**Trade receivables**

	\$		\$
Balances b/f	158,500	Bank	950,000
Sales (balancing figures)	994,500	Returns inwards	24,000
		Balances c/f	179,000
	<u>1,153,000</u>		<u>1,153,000</u>

**HKDSE (2019, 5)****(Incomplete record)**

5. On 1 January 2018, Mr Lee started City Trading Company. He did not keep proper accounting records for his business but the following information relating to the year 2018 is available:

- (i) Information extracted from bank statements for 2018 shows:

	\$
Collection from customers	782,320
Less: Dishonoured cheque	28,610
	<u>753,710</u>
	<u>0</u>

- (ii) All sales were made on credit. There were no accounting records for outstanding trade receivables. Based on the information confirmed by customers, total trade receivables as at 31 December 2018 amounted to \$88,100.

- (iii) A cheque for \$28,610, received from a customer, was dishonoured in late December 2018 but the confirmation from the customer had not been updated accordingly.

**REQUIRED:** (a) Based on the above information, find sales for the year 2018:

$$\text{Closing balance of trade receivables} = \text{\$88,100} + \text{\$28,610} = \text{\$116,710}$$

$$\text{\$116,710} = 0 + \text{Credit sales} - \text{\$753,710}$$

$$\text{Credit sales for the year} = \text{\$116,710} + \text{\$753,710} = \text{\$870,420}$$

**Trade receivables**

	\$		\$
Bank: Dishonoured cheque	28,610	Bank	782,320
Sales (balancing figures)	870,420	Balances c/f	116,710
	<u>899,030</u>		<u>899,030</u>

**Trade receivables**

	\$		\$
Sales (balancing figures)	870,420	Bank (\$782,320 - \$28,610)	753,710
		Balances c/f	116,710

870,420

870,420

**HKDSE (2017, 7)****(Incomplete records)**

Mark started his business as a sole proprietor on 1 January 2015. All sales were made on credit. On 31 December 2016, a fire broke out in the warehouse. Although many of the records were destroyed in the fire, the following information was available after investigation.

(i) Information on assets was confirmed as follows:

	31.12.2015	31.12.2016
	\$	\$
Trade receivables	12,100	13,700

(iii) During 2016, receipts from customers \$1,404,900 were banked, after payments of part-time staff salaries \$89,400 and Mark's drawings \$29,500.

**REQUIRED:** (a) Find the credit sales for the year

Correct receipts from customers = \$1,404,900 + \$89,400 + \$29,500 = \$1,523,800

\$13,700 = \$12,100 + Credit sale – \$1,523,800

Credit sales for the year = \$13,700 + \$1,523,800 – \$12,100 = \$1,525,400

**Trade receivables**

	\$		\$
Balances b/f	12,100	Bank	1,404,900
Sales (balancing figures)	1,525,400	Staff salaries	89,400
		Drawings	29,500
		Balances c/f	13,700
	<u>1,537,500</u>		<u>1,537,500</u>

**17.3.2 Deduction of credit purchases from trade payables (從應付貨款推算賒購額)**

The amount of credit purchases (賒購) will have to be deduced (推算) from trade payables if the figures of credit purchases (賒購) are not available (無法取得).

**Closing balance = Opening balance + Credit purchases – Money paid – Returns outwards – Discounts received**

期末餘額 = 期初餘額 + 賒購 – 償還的款項 – 購貨退出 – 購貨折扣

**Credit purchases = Closing balances + Cash and bank received + Returns inwards – Opening balances**

賒購 = 期末餘額 + 償還的款項 + 購貨退出 + 購貨折扣 – 期初餘額

**Classwork 2**

1 Given the following information on the accounts payable for the year ended 31 March 2010:

Accounts payable as at 1 April 2009	\$9,880
Payments to creditors	\$110,310
Accounts payable as at 31 March 2010	\$11,780
Goods returned to suppliers	\$16,500
Discounts received	\$3,000

Find the credit purchases for the year.

\$11,780 = \$9,880 + credit purchases – \$110,310 – \$16,500 – \$3,000

Credit purchases for the year = \$110,310 + \$11,780 + \$16,500 + \$3,000 – \$9,880 = \$131,710

**Trade Payables**

	\$		\$
Bank	110,310	Balances b/f	9,880
Returns outwards	16,500	Purchases (balancing figures)	131,710
Discounts received	3,000		
Balances c/f	<u>11,780</u>		

141,590

141,590

- 2 Given the information on the accounts payable for the year ended 31 March 2010:

Accounts payable as at 1 April 2009	\$12,100
Payments to creditors	\$404,900
Accounts payable as at 31 March 2010	\$13,700
Returns outwards	\$5,000

Find the credit purchases for the year.

$$\$13,700 = 12,100 + \text{credit purchases} - \$404,900 - \$5,000$$

$$\text{Credit purchases for the year} = \$13,700 + \$404,900 + \$5,000 - \$12,100 = \$411,500$$

#### Trade Payables

	\$		\$
Bank	404,900	Balances b/f	12,100
Returns outwards	5,000	Purchases (balancing figures)	411,500
Balances c/f	13,700		
	<u>423,600</u>		<u>423,600</u>

- 3 Given the following information for the year ended 31 March 2011:

Accounts payable as at 1 April 2010	\$49,530
Accounts payable as at 31 March 2011	\$34,470
Payments for cash purchases	\$6,720
Payments for supplier	\$101,340

Determine purchases for the year ended 31 March 2011.

$$\$34,470 = \$49,530 + \text{credit purchases} - \$101,340$$

$$\text{Credit purchases for the year} = \$101,340 + \$34,470 - \$49,530 = \$86,280$$

$$\text{Total purchases for the year} = \$86,280 + \$6,720 = \$93,000$$

#### HKDSE (2020, 8)

#### (Incomplete Record)

8. (A) Mr Lau is a sole trader engaged in the garment business. Because of a fire in December 2019, some of the accounting records of the business were lost. After reviewing the books, the following information is available:

- (i) Some account balances of the business as at 31 December were as follows:

	2019	2018
	\$	\$
Trade payables	120,000	117,700

- (ii) Purchases were made on credit only.  
 (iii) A summary of all payments made in the bank account for the year ended 31 December 2019 was verified as below:

Payments	\$
Payments to suppliers	840,000

- (iv) The business's returns to suppliers during 2019 amounted to \$16,500

**REQUIRED:** (a) Find the credit purchases for the year

$$\$120,000 = \$117,700 + \text{credit purchases} - \$840,000 - \$16,500$$

$$\text{Credit purchases for the year} = \$120,000 + \$840,000 + \$16,500 - \$117,700 = \$858,800$$

#### Trade Payables

	\$		\$
Bank	840,000	Balances b/f	117,700
Returns outwards	16,500	Purchases (balancing figures)	858,800
Balances c/f	120,000		

976,500

976,500

**HKDSE (2019, 5)****(Incomplete record)**

5. On 1 January 2018, Mr Lee started City Trading Company. He did not keep proper accounting records for his business but the following information relating to the year 2018 is available:

(i) Information extracted from bank statements for 2018 shows:

	\$
Less: Payment to suppliers	202,000

(ii) All purchases were made on credit. There were no accounting records for outstanding trade payables. Based on the information confirmed by suppliers, total trade payables as at 31 December 2018 amounted to \$101,680.

(iv) A cheque for \$31,080 issued to a supplier in early December 2018 had neither been presented for payment nor updated by the supplier.

**REQUIRED:**

(a) Based on the above information, find purchases for the year 2018:

**Closing balance of trade payables = \$101,680 – \$31,080 = \$70,600**

**Correct payment to suppliers = \$202,000 + \$31,080 = \$233,080**

**\$70,600 = 0 + credit purchases – \$233,080**

**Credit purchases for the year = \$70,600 + \$233,080 = \$303,680**

**Trade Payables**

	\$		\$
Bank	233,080	Balances b/f	0
Balances c/f	70,600	Purchases (balancing figures)	303,680
	<u>303,680</u>		<u>303,680</u>

**HKDSE (2017, 7)****(Incomplete records)**

Mark started his business as a sole proprietor on 1 January 2015. All purchases were made on credit. On 31 December 2016, a fire broke out in the warehouse. Although many of the records were destroyed in the fire, the following information was available after investigation.

(i) Information on assets and liabilities was confirmed as follows:

	31.12.2015	31.12.2016
	\$	\$
Trade payables	149,700	135,000

(iv) The bank statements of 2016 showed that total payments made to trade suppliers amounted to \$987,970. A cheque of \$1,200 issued in December 2016 for purchase of goods in 2016 was not presented until 10 January 2017.

**REQUIRED:** (a) Find the credit purchases for the year

**Correct payment to suppliers = \$987,970 + \$1,200 = \$989,170**

**\$135,000 = \$149,700 + credit purchase – \$989,170**

**Credit purchases for the year = \$135,000 + \$989,170 – \$149,700 = \$974,470**

**Trade Payables**

	\$		\$
Bank	989,170	Balances b/f	149,700
Balances c/f	135,000	Purchases (balancing figures)	974,470
	<u>1,124,170</u>		<u>1,124,170</u>

## Deduction of credit sales and credit purchases from trade receivables and trade payables (從應收貨款及應付貨款推算賒銷及賒購額)

HKDSE (2020, 8)

(Incomplete Record)

8. (A) Mr Lau is a sole trader engaged in the garment business. Because of a fire in December 2019, some of the accounting records of the business were lost. After reviewing the books, the following information is available:

(i) Some account balances of the business as at 31 December were as follows:

	2019	2018
	\$	\$
Trade receivables	179,000	158,500
Trade payables	120,000	117,700

(ii) Sales and purchases were made both on credit only.

(iii) A summary of all receipts and payments made in the bank account for the year ended 31 December 2019 was verified as below:

<u>Receipts</u>	\$
Receipts from credit customers	950,000
<u>Payments</u>	\$
Payments to suppliers	840,000

(iv) Goods returned by credit customers and the business's returns to suppliers during 2019 amounted to \$24,000 and \$16,500 respectively.

**REQUIRED:** (a) Find the credit sales and credit purchases for the year

$$\text{\$179,000} = \text{\$158,500} + \text{Credit sales} - \text{\$950,000} - \text{\$24,000}$$

$$\text{Credit sales for the year} = \text{\$179,000} + \text{\$950,000} + \text{\$24,000} - \text{\$158,500} = \text{\$994,500}$$

$$\text{\$120,000} = \text{\$117,700} + \text{Credit purchases} - \text{\$840,000} - \text{\$16,500}$$

$$\text{Credit purchases for the year} = \text{\$120,000} + \text{\$840,000} + \text{\$16,500} - \text{\$117,700} = \text{\$858,800}$$

### Trade receivables

	\$		\$
Balances b/f	158,500	Bank	950,000
Sales (balancing figures)	994,500	Returns inwards	24,000
		Balances c/f	179,000
	<u>1,153,000</u>		<u>1,153,000</u>

### Trade Payables

	\$		\$
Bank	840,000	Balances b/f	117,700
Returns outwards	16,500	Purchases (balancing figures)	858,800
Balances c/f	120,000		
	<u>976,500</u>		<u>976,500</u>

**HKDSE (2019, 5)****(Incomplete record)**

5. On 1 January 2018, Mr Lee started City Trading Company. He did not keep proper accounting records for his business but the following information relating to the year 2018 is available:

(i) Information extracted from bank statements for 2018 shows:

	\$	\$
Collection from customers		782,320
Less: Payment to suppliers	202,000	
Dishonoured cheque	28,610	564,540
Balance as at 31 December 2018		<u>217,780</u>

- (ii) All sales and purchases were made on credit. There were no accounting records for outstanding trade receivables and trade payables. Based on the information confirmed by customers and suppliers, total trade receivables and total trade payables as at 31 December 2018 amounted to \$88,100 and \$101,680 respectively.
- (iii) A cheque for \$28,610, received from a customer, was dishonoured in late December 2018 but the confirmation from the customer had not been updated accordingly.
- (iv) A cheque for \$31,080 issued to a supplier in early December 2018 had neither been presented for payment nor updated by the supplier.

**REQUIRED:**

(a) Find the credit sales and credit purchases for the year

$$\text{Closing balance of trade receivables} = \$88,100 + \$28,610 = \$116,710$$

$$\text{Correct collection from customers} = \$782,320 - \$28,610 = \$753,710$$

$$\$116,710 = 0 + \text{Credit sales} - \$753,710$$

$$\text{Credit sales for the year} = \$116,710 + \$753,710 = \$870,420$$

$$\text{Closing balance of trade receivables} = \$101,680 - \$31,080 = \$70,600$$

$$\text{Correct payment to suppliers} = \$202,000 + \$31,080 = \$233,080$$

$$\$70,600 = 0 + \text{Credit purchases} - \$233,080$$

$$\text{Credit purchases for the year} = \$70,600 + \$233,080 = \$303,680$$

**Trade receivables**

	\$		\$
Balances b/f	0	Bank	782,320
Bank: Dishonoured cheque	28,610	Balances c/f	116,710
Sales (balancing figures)	870,420		
	<u>899,030</u>		<u>899,030</u>

**Trade receivables**

	\$		\$
Balances b/f	0	Bank (\$782,320 - \$28,610)	753,710
Sales (balancing figures)	870,420	Balances c/f	116,710
	<u>870,420</u>		<u>870,420</u>

**Trade Payables**

	\$		\$
Bank (\$202,000 + \$31,080)	233,080	Balances b/f	0
Balances c/f	70,600	Purchases (balancing figures)	303,680
	<u>303,680</u>		<u>303,680</u>

**HKDSE (2017, 7)****(Incomplete records)**

Mark started his business as a sole proprietor on 1 January 2015. All purchases and sales were made on credit. On 31 December 2016, a fire broke out in the warehouse. Although many of the records were destroyed in the fire, the following information was available after investigation.

(i) Information on assets and liabilities was confirmed as follows:

	31.12.2015	31.12.2016
	\$	\$
Trade receivables	12,100	13,700
Trade payables	149,700	135,000

- (iii) During 2016, receipts from customers \$1,404,900 were banked, after payments of part-time staff salaries \$89,400 and Mark's drawings \$29,500.
- (iv) The bank statements of 2016 showed that total payments made to trade suppliers amounted to \$987,970. A cheque of \$1,200 issued in December 2016 for purchase of goods in 2016 was not presented until 10 January 2017.

**REQUIRED:**

(a) Find the credit sales and credit purchases for the year

$$\text{Correct receipts from customers} = \$1,404,900 + \$89,400 + \$29,500 = \$1,523,800$$

$$\$13,700 = \$12,100 + \text{Credit sales} - \$1,523,800$$

$$\text{Credit sales for the year} = \$13,700 + \$1,523,800 - \$12,100 = \$1,525,400$$

$$\text{Correct payment to suppliers} = \$987,970 + \$1,200 = \$989,170$$

$$\$135,000 = \$149,700 + \text{Credit purchases} - \$989,170$$

$$\text{Credit purchases for the year} = \$135,000 + \$989,170 - \$149,700 = \$974,470$$

**Trade receivables**

	\$		\$
Balances b/f	12,100	Bank	1,404,900
Sales (balancing figures)	1,525,400	Staff salaries	89,400
		Drawings	29,500
		Balances c/f	13,700
	<u>1,537,500</u>		<u>1,537,500</u>

**Trade Payables**

	\$		\$
Bank	989,170	Balances b/f	149,700
Balances c/f	135,000	Purchases (balancing figures)	974,470
	<u>1,124,170</u>		<u>1,124,170</u>



### Classwork 3

4 Mr Ho commenced business on 1 January 2006 and introduced the following assets into his business:

	\$
Cash at hand	1,560,000
Two motor vehicles (at cost, \$135,000 each)	270,000

Mr Ho did not keep a proper set of books. His summarized business bank account for the year ended 31 December 2006 was as follows:

Bank Account			
	\$		\$
Capital	1,560,000	Purchases	5,604,610
Sales	7,190,880	Salaries	2,096,200
Proceeds from sale of a motor vehicle	100,000	Insurance (from 1 June 2006 to 31 May 2007)	48,000
		Rent (including two months' rental deposit)	420,000
		Balances c/d	682,070
	<u>8,850,880</u>		<u>8,850,880</u>

Additional information is available:

- (i) Stock at 31 December 2006 was valued at a cost of \$1,685,330, but it had a net realizable value of \$1,479,000 on that date.
- (ii) Accrued salaries at 31 December 2006 were \$7,800.
- (iii) During the year, discounts allowed amounted to \$135,787 and discount received amounted to \$153,050.
- (iv) At 31 December 2006, trade debtors and trade creditors amounted to \$737,877 and \$497,120 respectively.
- (v) A rental deposit of \$60,000, amounting to two months' rent, was paid and recorded on 1 January 2006.
- (vi) One of the motor vehicles was sold during the year. All of the proceeds from the sale were paid into the bank immediately with the exception of \$10,000 which was used to pay for the repair to Mr Ho's private motor vehicles.
- (vii) Annual depreciation was to be calculated on motor vehicles at a rate of 25% on cost. No depreciation was to be provided on the motor vehicle disposed of during the year.

#### Required:

Prepare a trading and profit and loss account for the year ended 31 December 2006.

Mr Ho Trading and Profit and Loss Account for the year ended 31 December 2006			
	\$		\$
Sales (\$7,190,880 + \$135,787 + \$737,877)			8,064,544
Less Cost of goods sold:			
Purchases (\$5,604,610 + \$497,120 + \$153,050)	6,254,780		
Less Closing stock	(1,479,000)		(4,775,780)
Gross profit			3,288,764
Add Other revenues			
Discounts received			153,050
			3,441,814
Less Operating expenses:			
Insurance (\$48,000 × 7/12)	28,000		
Rent and rates (\$420,000 – \$60,000)	360,000		
Salaries (\$2,096,200 + \$7,800)	2,104,000		
Discount allowed	135,787		
Depreciation (\$135,000 × 25%)	33,750		
Loss on disposal (\$135,000 – \$110,000)	25,000		(2,686,537)

### 17.3.4 Deduction of cost of goods sold and gross profit (銷貨成本和毛利的推算)

#### Deducting from Mark-up

Net sales = Cost of goods sold  $\times$  (1 + Mark-up)  $\Rightarrow$  Cost of goods sold = Net sales / (1 + Mark-up)

Gross profit = Net sales – Cost of goods sold

#### Deducting from Margin (Gross profit ratio)

Gross profit = Net sales  $\times$  Margin (Gross profit ratio)

Cost of goods sold = Net sales – Gross profit

#### Classwork 4

1 Given the information for the year ended 31 March 2011:

Sales	\$356,200
Uniform mark-up	25%

Find the cost of goods sold and the gross profit

$$\text{Cost of goods sold} \times (1 + 25\%) = \$356,200$$

$$\text{Cost of goods sold} = \$356,200 \div 125\% = \$284,960$$

$$\text{Gross profit} = \$356,200 - \$284,960 = \$71,240$$

2 Given the information for the year ended 31 March 2011:

Sales	\$400,000
Margin	20%

Find the cost of goods sold and the gross profit

$$\text{Gross profit} = \$400,000 \times 20\% = \$80,000$$

$$\text{Cost of goods sold} = \$400,000 - \$80,000 = \$320,000$$

3 Given the following information for the year ended 31 December 2010:

Opening inventory	\$14,320
Purchases	\$210,540
Closing inventory	\$15,680

Additional information: All goods were sold at a uniform mark-up of 40%.

Find the cost of goods sold and the gross profit

$$\text{Cost of goods sold} = \$14,320 + \$210,540 - \$15,680 = \$209,180$$

$$\text{Gross profit} = \$209,180 \times 40\% = \$83,672$$

#### HKDSE (2020, 8)

#### (Incomplete Record)

8. (A) Mr Lau is a sole trader engaged in the garment business. Because of a fire in December 2019, some of the inventory and accounting records of the business were lost. After reviewing the books, the following information is available:

- (i) Sales were \$1,180,050. All goods were sold at a uniform mark-up of 50% in 2019.
- (ii) Goods returned by credit customers during 2019 amounted to \$24,000.

Find the cost of goods sold and the gross profit

$$\text{Net sales} = \$1,180,050 - \$24,000 = \$1,156,050$$

$$\text{Cost of goods sold} \times (1 + 50\%) = \$1,156,050$$

$$\text{Cost of goods sold} = \$1,156,050 / (1 + 50\%) = \$770,700$$

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$$\text{Gross profit} = \$1,156,050 - \$770,700 = \$385,350$$

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**HKDSE (2017, 7)****(Incomplete records)**

Mark started his business as a sole proprietor on 1 January 2015. All purchases and sales were made on credit. On 31 December 2016, a fire broke out in the warehouse. Although many of the records were destroyed in the fire, the following information was available after investigation.

(iii) Sales were \$1,525,400 during the year.

(v) Sales were made at a gross profit margin of 30% in 2016, except for some outdated goods, costing \$50,000, which were sold at cost.

Find the gross profit and the cost of goods sold

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$$\text{Sales with gross profit margin} = \$1,525,400 - \$50,000 = \$1,475,400$$

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$$\text{Gross profit} = \$1,475,400 \times 30\% = \$442,620$$

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$$\text{Cost of goods sold} = \$1,525,400 - \$442,620 = \$1,082,780$$

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**HKDSE (2014, 6)****(Incomplete)**

Peter started his business on 1 January 2012. A fire on 31 December destroyed some accounting records. The following information relating to the year ended 31 December 2013 was also available:

(i) All goods were sold on credit with \$510,000. All goods were sold all the uniform margin of 60% on sales.

Find the gross profit and the cost of goods sold

---

$$\text{Gross profit} = \$510,000 \times 60\% = \$306,000$$

---

$$\text{Cost of goods sold} = \$510,000 - \$306,000 = \$204,000$$

---

**HKDSE (2013, 5)****(Incomplete record)**

Mr Luk is a retailer who does not keep proper accounting records for his business. On 31 December 2012, his accountant disappeared suddenly. Some of the accounting records were also missing. After investigation, the following information is available:

(i) All sales were made on cash basis with \$1,335,320 at a uniform mark-up of 40% for the year 2012.

Find the cost of goods sold and the gross profit

---

$$\text{Cost of goods sold} \times (1 + 40\%) = \$1,335,320$$

---

$$\text{Cost of goods sold} = \$1,335,320 / (1 + 40\%) = \$953,800$$

---

$$\text{Gross profit} = \$1,335,320 - \$953,800 = \$381,520$$

---

**HKDSE (Practice, 9)****(Limited company and Incomplete records)**

BC Ltd was incorporated and commenced its business selling imported tiles on 1 January 2010. The following information was available:

(ii) Total sales for 2011 were \$3,600,000. All goods were sold at a gross profit margin of 50%.

Find the gross profit and the cost of goods sold

---

$$\text{Gross profit} = \$3,600,000 \times 50\% = \$1,800,000$$

---

$$\text{Cost of goods sold} = \$3,600,000 - \$1,800,000 = \$1,800,000$$

---

### 17.3.3 Deduction of inventories loss (存貨損失的推算)

The inventory loss (貨品損失) can be determined from the information of cost of goods sold:

**Cost of goods sold = Opening + (Purchases + Carriage inwards – Returns outwards) – Inventory loss – Closing**

**HKDSE (2020, 8)**

**(Incomplete Record)**

8. (A) Mr Lau is a sole trader engaged in the garment business. Because of a fire in December 2019, some of the inventory were lost. After reviewing the books, the following information is available:

(i) Some account balances of the business as at 31 December were as follows:

	2019	2018
Inventory	\$65,000	\$40,000

(ii) Purchases for the year was \$858,800 and cost of goods sold for the year was \$770,700.

(iii) The business's returns to suppliers during 2019 amounted to \$16,500.

Find the inventory loss for the year.

$$\text{\$770,700} = \text{\$40,000} + (\text{\$858,800} - \text{\$16,500}) - \text{Inventory loss} - \text{\$65,000}$$

$$\text{Inventory loss} = \text{\$40,000} + (\text{\$858,800} - \text{\$16,500}) - \text{\$65,000} - \text{\$770,700}$$

$$\text{Inventory loss} = \text{\$46,600}$$

#### Statement of calculation of inventory loss

	\$	\$
Cost of goods sold		
Opening inventory	40,000	
Add: Purchases	858,800	
Less: Returns outwards	(16,500)	
	882,300	
Less: Inventory loss (Balancing figure)	(46,600)	
	835,700	
Less Closing Inventories	(65,000)	770,700

**HKDSE (2014, 6)**

**(Incomplete)**

Peter started his business on 1 January 2012. A fire on 31 December destroyed some accounting records. The following balances as at 31 December were extracted from the remaining records:

	2013	2012
Inventory	\$65,000	\$75,000

The following information relating to the year ended 31 December 2013 was also available:

(i) All goods were sold on credit with \$510,000. All goods were sold all the uniform margin of 60% on sales.

(iii) Purchases for the year was \$225,000.

(a) Find the gross profit and the cost of goods sold

(b) Find the inventory loss for the year.

(a)  $\text{Gross profit} = \text{\$510,000} \times 60\% = \text{\$306,000}$

$$\text{Cost of goods sold} = \text{\$510,000} - \text{\$306,000} = \text{\$204,000}$$

(b)  $\text{\$204,000} = \text{\$75,000} + \text{\$225,000} - \text{Inventory loss} - \text{\$65,000}$

$$\text{Inventory loss} = \text{\$75,000} + \text{\$225,000} - \text{\$65,000} - \text{\$204,000} = \text{\$31,000}$$

#### Statement of calculation of inventory loss

	\$	\$
Cost of goods sold		
Opening inventory	75,000	
Add: Purchases	225,000	
	300,000	
Less: Inventory loss (Balancing figure)	(31,000)	

	269,000	
Less Closing Inventories	(65,000)	204,000

### HKDSE (2016, 9)

(Incomplete)

On 1 January 2015, Mr Hong and Mr Kong formed a partnership, HK Company, by investing cash of \$650,000 each.

Additional information:

- (v) A physical inventory count on 31 December 2015 showed that inventory included 45 computers costing \$8,000 each and 25 printers costing \$720 each.

On the same day, right after the physical inventory count, a fire broke out in the warehouse and inventory costing \$4,320 was destroyed; the insurance company agreed to compensate 80% of the loss. The compensation was to be received by the company on 30 January 2016.

- (a) Find the closing inventory as at 31 December 2015.  
 (b) Find Inventory loss expenses

(a)  $\text{Closing inventory} = 45 \times \$8,000 + 25 \times \$720 - \$4,320 = \$373,680$

(b)  $\text{Inventory loss expenses} = \$4,320 \times 20\% = \$864$

### HKDSE (2017, 7)

(Incomplete records)

Mark started his business as a sole proprietor on 1 January 2015. On 31 December 2016, a fire broke out in the warehouse. All inventory, except some goods costing \$15,000, was destroyed. Although many of the records were destroyed in the fire, the following information was available after investigation.

- (i) Information on assets and liabilities was confirmed as follows:

	31.12.2015	31.12.2016
	\$	\$
Inventory	143,000	15,000

- (ii) Purchases for the year was \$974,470.  
 (iii) Sales were \$1,525,400 during the year.  
 (iv) Sales were made at a gross profit margin of 30% in 2016, except for some outdated goods, costing \$50,000, which were sold at cost.

- (a) Find the gross profit and the cost of goods sold  
 (b) Find the inventory loss for the year

(a)  $\text{Sales with gross profit margin} = \$1,525,400 - \$50,000 = \$1,475,400$

$\text{Gross profit} = \$1,475,400 \times 30\% = \$442,620$

$\text{Cost of goods sold} = \$1,525,400 - \$442,620 = \$1,082,780$

(b)  $\$1,082,780 = \$143,000 + \$974,470 - \text{Inventory loss} - \$15,000$

$\text{Inventory loss} = \$143,000 + \$974,470 - \$15,000 - \$1,082,780 = \$19,690$

#### Statement of calculation of inventory loss

	\$	\$
Cost of goods sold		
Opening inventory	143,000	
Add: Purchases	974,470	
	1,117,470	
Less: Inventory loss (Balancing figure)	(19,690)	
	1,097,780	
Less Closing Inventories	(15,000)	1,082,780

### 17.3.5 Deduction of cash / cash at bank (推算現金/銀行存款餘額)

The cash/cash at bank amount can be deduced from other relevant figures.

**Closing balances = Opening balances + Cash/Bank Receipts – Cash/Bank Payment – Cash/Bank Loss**

#### Classwork 5

1 Given the following information on the cash at bank for the year ended 31 December 2010:

Cash at bank balance as at 1 January 2010	\$187,500
Total receipts from trade customers	\$404,900
Total payments to trade suppliers	\$287,970
Cash at bank balance as at 31 December 2010	\$61,800

Find loss from the bank.

$$\text{\$61,800} = \text{\$187,500} + \text{\$404,900} - \text{\$287,970} - \text{Loss from the bank}$$

$$\text{Loss from the bank} = \text{\$187,500} + \text{\$404,900} - \text{\$287,970} - \text{\$61,800} = \text{\$242,630}$$

Cash at bank			
	\$		\$
Balances b/f	187,500	Trade payables	287,970
Trade receivables	404,900	Loss from the bank (balancing figures)	242,630
		Balances c/f	61,800
	<u>592,400</u>		<u>592,400</u>

2 Given the information on the cash at bank for the year ended 31 December 2010:

Cash at bank balance as at 1 January 2010	\$21,520
Total receipts from trade customers	\$180,000
Total payments to trade suppliers	\$18,570

Find the cash at bank balance as at 31 December 2010

$$\text{Cash at bank balance as at 31 December 2010} = \text{\$21,520} + \text{\$180,000} - \text{\$18,570} = \text{\$182,950}$$

Cash at bank			
	\$		\$
Balances b/f	21,520	Trade payables	18,570
Trade receivables	180,000	Balances c/f	182,950
	<u>201,520</u>		<u>201,520</u>

3 Given the following information for the year ended 31 March 2010:

Cash at bank balance as at 1 January 2010	\$14,120
Total payments to trade suppliers	\$17,560
Cash at bank balance as at 31 December 2010	\$163,160

Find the receipt from trade customers for the year

$$\text{\$163,160} = \text{\$14,120} + \text{Receipt from trade customers} - \text{\$17,560}$$

$$\text{Receipt from trade customers} = \text{\$163,160} + \text{\$17,560} - \text{\$14,120} = \text{\$166,600}$$

Cash at bank			
	\$		\$
Balances b/f	14,120	Trade payables	17,560
Trade receivables (balancing figures)	166,600	Balances c/f	163,160

**HKDSE (2020, 8)****(Incomplete Record)**

8. (A) Mr Lau is a sole trader engaged in the garment business. Because of a fire in December 2019, some of the accounting records of the business were lost. After reviewing the books, the following information is available:

(i) Some account balances of the business as at 31 December were as follows:

	2019	2018
	\$	\$
Bank	?	187,500
Cash	8,050	6,000

(ii) Sales were made both on credit and in cash.

(iii) A summary of all receipts and payments made in the bank account for the year ended 31 December 2019 was verified as below:

<u>Receipts</u>	\$
Cash deposits	120,000

(iv) During the year, all cash receipts were from cash sales and the following payments were made in cash:

	\$
Drawings	42,000
Administrative expenses	21,500

**REQUIRED:** (a) Find the cash sales for the year

$$\text{\$8,050} = \text{\$6,000} + \text{Cash sales} - \text{\$120,000} - \text{\$42,000} - \text{\$21,500}$$

$$\text{Cash sales for the year} = \text{\$8,050} + \text{\$120,000} + \text{\$42,000} + \text{\$21,500} - \text{\$6,000} = \text{\$185,550}$$

Cash			
	\$		\$
Balances b/f	6,000	Bank	120,000
Sales	185,550	Drawings	42,000
		Administrative expenses	21,500
		Balances c/f	8,050
	191,550		191,550

**HKDSE (2016, 9)****(Incomplete record)**

On 31 December 2015, a summary of receipts and payments for 2015 was on the bank statements as follows:

<u>Receipts</u>	\$
Contribution from partners	1,300,000
Collection from customers' repayment of accounts	2,104,000
Deposits received from customer for goods to be delivered in January 2016	22,400
4% bank loan	300,000
<u>Payments</u>	\$
Office equipment purchased on 1 January 2015	76,000
Office rent (for 13 months) [note (iii)]	792,300
Salaries of employees [note (iv)]	700,900
Payments to suppliers	950,250
Withdrawals of partners	334,800

Additional information:

(ii) The bank reconciliation statement as at 31 December 2015 showed that unpresented cheques for 2015 purchases and uncredited deposits for 2015 sales were \$14,800 and \$21,520 respectively.

(iii) The monthly office rent increased by \$5,800 as from 1 January 2016. The rent for January 2016 was paid in December 2015.

(iv) Salaries of employees for December 2015 amounting to \$44,750 were to be paid on 3 January 2016.

Find the balance of cash at bank account as at 31 December 2015

$$\text{Cash at bank receipts} = \text{\$1,300,000} + \text{\$2,104,000} + \text{\$22,400} + \text{\$300,000} + \text{\$21,520} = \text{\$3,747,920}$$

**Cash at bank payment = \$76,000 + \$792,300 + \$700,900 + \$950,250 + \$334,800 + \$14,800 = \$2,869,050**

**Cash at bank balance as at 31 December 2015 = \$3,747,920 – \$2,869,050 = \$878,870**

### HKDSE (2017, 7)

### (Incomplete records)

On 31 December 2016, a fire broke out in the warehouse. Although many of the records were destroyed in the fire, the following information was available after investigation.

(i) Information on assets and liabilities was confirmed as follows:

	31.12.2015	31.12.2016
	\$	\$
Trade receivables	12,100	13,700
Trade payables	149,700	135,000
Cash at bank	61,800	?

- (ii) During 2016, receipts from customers \$1,404,900 were banked, after payments of part-time staff salaries \$89,400 and Mark's drawings \$29,500.
- (iii) The bank statements of 2016 showed that total payments made to trade suppliers amounted to \$987,970. A cheque of \$1,200 issued in December 2016 for purchase of goods in 2016 was not presented until 10 January 2017.
- (iv) A 2% term deposit was made by transferring \$20,000 from the cash at bank account on 1 July 2016. The term deposit will mature on 1 July 2019.
- (v) The payment for rent and rates of \$127,750 in 2016 included a rental deposit of \$8,000 for a short-term tenancy agreement.
- (vi) During 2016, full-time staff salaries and sundry expenses of \$129,000 and \$42,800 respectively were paid.
- (vii) In 2016, Mark injected \$10,000 cash into the business bank account and withdrew \$70,000 from the bank for his personal use.

Find the amount in cash at bank account as at 31 December 2016

**Cash at bank receipts = \$1,404,900 + \$10,000 = \$1,414,900**

**Cash at bank payment = \$987,970 + \$1,200 + \$20,000 + \$127,750 + \$129,000 + \$42,800 + \$70,000 = \$1,378,720**

**Cash at bank balance as at 31 December 2016 = \$61,800 + \$1,414,900 – \$1,378,720 = \$97,980**

### Cash at bank

	\$		\$
Balances b/f	61,800	Trade payables (\$987,970 + \$1,200)	989,170
Trade receivables	1,404,900	2% term deposit	20,000
Capital	10,000	Rent and rates	119,750
		Rental deposit	8,000
		Staff salaries	129,000
		Sundry expenses	42,800
		Drawings	70,000
		Balances c/f	97,980
	<b>1,476,700</b>		<b>1,476,700</b>



**HKDSE (2013, 5)****(Incomplete record)**

Mr Luk is a retailer. On 31 December 2012, his accountant disappeared suddenly and all cash in hand was stolen. Some of the accounting records were also missing. After investigation, the following information is available:

- (i) All sales were made on cash basis at a uniform mark-up of 40% for the year 2012.
- (ii) A summary of receipts and payments based on the cash at bank account for the year ended 31 December 2012 showed the following:

<u>Receipts</u>	\$
Cash deposit	1,203,000
<u>Payments</u>	\$
Payments to suppliers	987,900
Drawings (by Mr Luk)	120,850
Selling expenses	310,350

- (iii) During 2012, selling expenses of \$44,000 were paid in cash.
- (iv) The cost of goods sold for the year was \$953,800.
- (v) Balances of the business as at 31 December were as follows:

	2011	2012
	\$	\$
Cash at bank	392,100	?
Trade payables	149,000	102,800
Cash in hand	10,900	? (before stolen)

**REQUIRED:**

- (a) Find the cash loss
- (b) Find the balance of cash at bank account as at 31 December 2012

(a)  $\text{Cash sales} = \text{Cash receipts from customer} = \$953,800 \times (1 + 40\%) = \$1,335,320$

$\text{Cash payment} = \$1,203,000 + \$44,000 = \$1,247,000$

$\text{Cash loss} = \$10,900 + \$1,335,320 - \$1,247,000 = \$99,220$

**Cash**

	\$		\$
Balances b/f	10,900	Cash at bank	1,203,000
Sales	1,335,320	Selling expenses	44,000
		Cash loss	99,220
	<u>1,346,220</u>		<u>1,346,220</u>

(b)  $\text{Cash at bank payment} = \$987,900 + \$120,850 + \$310,350 = \$1,419,100$

$\text{Cash at bank balance as at 31 December 2012} = \$392,100 + \$1,203,000 - \$1,419,100 = \$176,000$

**Cash at bank**

	\$		\$
Balances b/f	392,100	Trade payables	987,900
Cash	1,203,000	Drawings (by Mr Luk)	120,850
		Selling expenses	310,350
		Balance c/f	176,000
	<u>1,595,100</u>		<u>1,346,220</u>

## Classwork 6

1. Glory Company commenced trading on 1 January 2004 and the balance sheet of the business as at 31 December 2004 was as follows:

	\$	\$
<u>Current Assets</u>		
Bank		21,250
Cash		<u>10,000</u>
		94,650
Less: <u>Current Liabilities</u>		
Creditors		<u>56,700</u>
		<u>132,950</u>

On 31 March 2005, there was a burglary and a safe was stolen. The safe contained some accounting records and all the cash in hand. The following information relating to the three months ended 31 March 2005 was obtained:

- (i) Debtors paid in cash only and the amount of cash receipts from debtors was \$210,000.  
(ii) The only cash payments made were as follows:

	\$
Creditors	9,000
General expenses (including \$36,000 for rent of the shop for the four months ended 30 April 2005)	57,300

- (iii) Cash in hand was banked regularly. An analysis of the bank statement for the three months ended 31 March 2005 showed the following:

2005		DR (\$)	CR (\$)
Jan 1	Balance b/f		21,250
Jan – Mar	Cash deposits		112,100
Jan – Mar	Payments	130,000	
Mar 31	Balance c/f		3,350

A cash deposit of \$6,400 made on 30 March 2005 remained uncredited by the bank on 31 March 2005.

### REQUIRED:

- (a) Find the balance of cash at bank account as at 30 March 2015  
(b) Compute the cash loss.  
(c) Prepare a statement to calculate the cash loss.

(a)  $\text{Bank Receipts} = \$112,100 + \$6,400 = \$118,500$

$\text{Bank Payment} = \$130,000$

$\text{Cash at bank balance as at 30 March 2015} = \$21,250 + \$118,500 - \$130,000 = \$9,750$

(b)  $\text{Cash Receipts} = \$210,000$

$\text{Cash Payment} = \$9,000 + \$57,300 + \$112,100 + \$6,400 = \$184,800$

$\text{Cash stolen} = \$10,000 + \$210,000 - \$184,800 = \$35,200$

(c)

### Calculation of the cash loss as at 31 March 2005

	\$	\$
Balance as at 31 December 2004		10,000
Add Cash receipts from debtors		210,000
		220,000
Less Payment to creditor	9,000	
General expenses	57,300	
Cash deposits	112,100	
Uncredited cash deposits	6,400	(184,800)

Cash loss from burglary			35,200
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2. Daisy is the manager of a retail shop. On the morning of 26 January 2010, she discovered that her shop had been burgled while it was closed during the Chinese New Year holiday. All cash and a computer, which contained all of the accounting data from 1 to 21 January 2010, were lost.

The following balances were extracted from the final accounts for the year ended 31 December 2009:

	\$
Trade payable	87,206
Bank	512,373
Cash	85,888

The following information was also given for the period 1 to 21 January 2010:

- (i) All goods were sold in cash. The total cash sales amounted to \$478,600.  
(ii) Some cash had been banked except the following:

	\$
Cleaning expenses	360
Telephone bill	3,138
Trade payable	10,080
Management fee	2,000
Salaries of part-time salespersons	6,200
Drawings	10,000

- (iii) Credit purchases for the period amounted to \$331,310. On 21 January 2010, the shop had outstanding trade payable of \$255,770.  
(iv) Bank balance as at 26 January 2010 amounted to \$712,331.

**REQUIRED:**

- (a) Find the cash banked.  
(b) Compute the cash loss.  
(c) Prepare a statement to calculate the cash loss.

(a)  $\text{Cash and bank payment for trade payable} = \$87,206 + \$331,310 - \$255,770 = \$162,746$

$\text{Cash payment for trade payable} = \$10,080$

$\text{Bank payment for trade payable} = \$162,746 - \$10,080 = \$152,666$

$\text{Cash banked} = \$712,331 + \$152,666 - \$512,373 = \$352,624$

(b)  $\text{Cash receipt} = \$478,600$

$\text{Cash payment} = \$352,624 + (\$360 + \$3,138 + \$10,080 + \$2,000 + \$6,200 + \$10,000) = \$384,402$

$\text{Cash loss} = \$85,888 + \$478,600 - \$384,402 = \$180,086$

(c)

**Calculation of the cash loss as at 26 January 2010**

	\$	\$
Balance as at 1 January 2010		85,888
Add Cash sales		478,600
		564,488
Less Cash expenses (\$360 + \$3,138 + \$10,080 + \$2,000 + \$6,200 + \$10,000)	31,778	
Cash banked	352,624	(384,402)
Cash loss from burglary		180,086

3. K Leung has not kept a full set of accounting books for his retail store. The only information he can provide for the year ended 31 December 2010 is as follows:

- (a) Goods were sold on credit only at a uniform margin of 25%. Returns inwards totaled \$2,400 during the year.
- (b) Goods were also purchased on credit only. Creditors were paid \$72,000 during the year. No returns outwards were made.
- (d) Expenses paid during the year included: rent \$2,000 and general expenses \$1,800.
- (e) K Leung made drawings of \$100 cash per week for his personal use.
- (f) Current assets and current liabilities consisted of the following only:

	31 Dec 2009	31 Dec 2010
Accounts receivable	\$11,100	\$13,200
Inventory	\$5,400	?
Cash and bank	\$12,100	\$10,600
Accounts payable	\$14,000	\$16,500
Rent owing	\$400	\$500

- (h) Non-current assets consisted of furniture and fixtures only. They were brought forward with a net book value of \$8,000 as at 1 January 2010. Depreciation was to be charged at 10% per annum on a reducing-balance basis. There were neither acquisitions nor disposals of non-current assets during the year.

**REQUIRED:**

Prepare for K Leung's business an income statement for the year ended 31 December 2010 and a balance sheet as at that date.

**K Leung**  
**Income Statement for the year ended 31 December 2010**

	\$	\$
Sales (W1)	84,000	
Less Returns inwards	(2,400)	81,600
Less Cost of goods sold:		
Opening inventory	5,400	
Add Purchases (W6)	74,500	
	79,900	
Less Closing inventory (Balancing figure)	(18,700)	(61,200)
Gross profit (W3)		20,400
Less Expenses:		
Rent (\$2,000 – \$400 + \$500)	2,100	
General expenses	1,800	
Depreciation: Furniture and fixtures (\$8,000 x 10%)	800	(4,700)
Net profit		15,700

W1: Bank payment = \$72,000 + \$2,000 + \$1,800 + \$100 x 52 = \$81,000

Bank receipts from customers = \$10,600 + \$81,000 – \$12,100 = \$79,500

Net credit sales = \$79,500 + \$13,200 – \$11,100 = \$81,600

Credit sales = \$81,600 + \$2,400 = 84,000

W2: Credit purchases = \$72,000 + \$16,500 – \$14,000 = \$74,500

W3: Gross profit = \$81,600 x 25% = \$20,400

**K Leung**  
**Balance Sheet as at 31 December 2010**

	\$	\$	\$
<b>Non-current assets</b>			
Furniture and fixtures (\$8,000 – \$800)			7,200
<b>Current Assets</b>			
Inventory		18,700	
Account receivable		13,200	
Cash and bank		10,600	
		42,500	
<b>Less: Current Liabilities</b>			
Accounts payable	16,500		
Accrued rent	500	(17,000)	
<b>Net current assets</b>			25,500
			32,700
<b>Financed by:</b>			
Capital as at 1 January 2010 (Balancing figure)			22,200
<i>Add</i> Net profit for the year			15,700
			37,900
<i>Less</i> Drawings			(5,200)
			32,700