

ACCOUNTANCY

1. What is meant by accounting ? Give any two objectives of accounting.
2. Name the branch of commerce, which keeps a record of monetary transactions in a set of books.
3. Differentiate between book keeping and accounting.
4. Meena is owner of a restaurant. She paid son's fee from personal bank account Rs 2,000. Whether this constitutes her business transaction. Give details .
5. What is the first and last step of accounting ?
6. Mr . Ganpati , the proprietor of a business , sold his residential house for Rs 50 Lac. Will it be recorded in the books of accounts.
7. Distinguish between profit and gain .
8. Godrej Ltd. Imported from Germany one machinery for sale in India and another machinery for production purpose. Will you treat them good or Fixed Assets?
9. Mr. Dinanath who owed us Rs 50,000 became insolvent and paid only 40 % of this amount. What is the term used for the amount not received?
10. According to which concept , depreciation is to be charged as per one particular method year after year?
11. Why closing stock is valued at cost price or realisable value whichever is less?
12. Under which principle the calibre or quality of the management is not disclosed in the balance sheet?
13. Why the entire life of the business is divided into time intervals?
14. In which basis of accounting, outstanding expenses are not recorded?
15. Expand the term GAAP
16. Differentiate between cash and accrual basis of accounting .
17. What is Debit and Credit ?
18. Name the side on which increase in capital is recorded .
19. Why are the rules of debit and credit same for both capital and liability?
20. What is the rule of recording in
 - a) Nominal Transactions
 - b) Personal Transactions
21. Goods withdrawn by the proprietor for his personal use has not been recorded in the books of accounts. Which accounting concept has been violated.
22. Why fixed assets are not shown in the books at market value ?
23. What is Journalising ?
24. What is opening entry ?
25. Distinguish between trade and cash discount .
26. Why is Ledger called the book of final entry ?
27. Should a transaction be first recorded in Journal or Ledger ?Why?
28. What are Personal , Real and Nominal accounts.
29. Explain the following :
 - a) Money Measurement Concept
 - b) Accrual Concept
 - c) Full Disclosure
 - d) Going Concern
30. Fill in the blanks :
 - a) Amount which the firm owes to outsiders is known as _____
 - b) ----- refers to those liabilities which are to be paid normally within one year.
 - c) The person who owes amount to the business are termed as _____
 - d) Outstanding rent will be debited to _____ a/c

- e) Salary paid to Mohan will be debited to _____ a/c.
- f) Loss of goods by fire should be credited to _____ a/c.
- g) Premium paid on the life insurance policy of the proprietor will be debited to _____ a/c.
- h) Cash is a _____ asset.
- i) The person who is to receive the amount from the firm is called _____
- j) The assets which can't be seen or touched are called _____

31. Calculate total equity if:

- a. Owner's equity is Rs1,80,000
- b. Creditors equity is ` Rs 1,50,000
- c. Revenue earned during the period ` Rs 2,00,000
- d. Expenses during the period , ` Rs 80,000.

32. Use the information below to answer the questions that follow :

- a) Mohan started a business on 1st April, 2011 with capital of ₹7,50,000 and a loan of ₹ 2,00,000 taken from Punjab National Bank . On 31st March , 2012 his assets were ₹ 15,00,000. Find out his capital on 31st March ,2012 and profits made or losses incurred during the year 2011-2012.

ACCOUNTING = ACT + COUNT + THINK !

- b) If in the above Question , the proprietor had introduced additional capital of ₹1,25,000 and had withdrawn ₹ 40,000 for personal purposes, find out the profit .

Ans. (closing capital- Rs 13,00,000 ; profit – 5,50,000 Profit – 4,65,000)

33. Use the information below to answer the questions that follow :

- a) Yogesh started a business on 1st April, 2011 with capital of ₹5,00,000 and a loan of ₹ 1,00,000 taken from Punjab National Bank . On 31st March , 2012 his assets were ₹ 8,00,000. Find out his capital on 31st March ,2012 and profits made or losses incurred during the year 2011-2012.
- b) If in the above Question , the proprietor had introduced additional capital of ₹40,000 and had withdrawn ₹ 10,000 for personal purposes, find out the profit .

Ans. (closing capital- Rs 7,00,000 ; profit – 2,00,000 Profit – 1,70,000)

34.

Create an accounting equation on the basis of following transactions

- i. Pratap Singh commenced a business with cash Rs. 2,00,000, goods Rs. 60,000, Machinery Rs. 1,50,000 and furniture Rs. 70,000
- ii. 1/3 rd of the above goods sold at a profit of 10% on cost and half of the payment is received in cash
- iii. Depreciation on machinery is provided at 20 %.
- iv. Cash withdrawn for personal use Rs. 10,000
- v. Interest on drawings charged at 5 %.
- vi. Goods sold to Gupta for Rs. 20,000 and received a Bill Receivable of the same for 2 months.
- vii. Received Rs. 20,000 from Gupta against the Bill Receivable on its maturity.

35.

Pass necessary journal entry for the following transactions

- i. Sold to Mohan goods costing Rs. 20,000 plus CGST and SGST @6% each.
- ii. Bad debt amounted to Rs. 9,000
- iii. Received from Ganesh Rs. 10,000 in full settlement of Rs. 15,000 balance is a Bad debt
- iv. Recovered an old bad debt Rs. 200
- v. Bank charged interest on overdraft Rs.1,000
- vi. Rs. 500 cash & Rs. 2,000 goods withdraw by proprietor for personal use.
- vii. Place on fixed deposit account at bank by transfer from current account Rs. 5,000
- viii. Free samples are distributed among the customers Rs. 1,000
- ix. Paid rent Rs.500 plus CGST and SGST @ 6% each.

36.

Journalise the following transactions in the books of Ram :

- i. Beena who owed Rs. 1,500 is declared insolvent and 65 paise in a rupee is received as final dividend from her estate.
- ii. Sold goods to Leela list price Rs. 2,000, trade discount 10% and cash discount 5%. She paid the amount on the same day.
- iii. Rent due to landlord Rs. 500.
- iv. Goods worth Rs. 10,000 were destroyed by fire.
- v. Commission received in advance Rs 13000.

37.

Journalise the following transaction & post them into ledger accounts:

- a. Withdrew goods for personal use(Cost Rs.5,000 +IGST @12%; Sale Price Rs.6,600)
- b. Rs. 200 due from Hari are bad debts
- c. Goods costing Rs. 3,000 were destroyed by fire. They were not insured
- d. Goods damaged by fire Rs. 1,000 and insurance company accepted claim of Rs. 800
- e. Goods costing Rs. 500 given as charity. These goods were purchased paying CGST and SGST @6% each.
- f. Paid landlord Rs.1,500 for rent. One third of the premises is occupied by the proprietor for his own residence
- g. Sold household furniture for Rs. 5,000 + IGST @ 12% in cash and paid the money into business

38. The following entries have been passed by a student. You have to state whether these entries are correctly passed. If not so, pass the correct journal entries.

		L. F.	₹	₹
(i)	Cash Account To Interest Account (Being interest paid) Dr.		7,000	7,000
(ii)	Mohan To Purchases Account (Being purchase of goods from Mohan) Dr.		10,000	10,000
(iii)	Hari To Sales Account (Being cash sale of goods to Hari) Dr.		5,000	5,000
(iv)	Mukesh To Bank Account (Being salary paid to Mukesh) Dr.		1,000	1,000
(v)	Freight Account To Cash Account (Being freight paid) Dr.		1,000	1,000
(vi)	Repairs Account To Cash Account (Being charges paid for overhauling an old machine purchased) Dr.		1,000	1,000

39. Journalise the following transactions :

- 1) Paid Rs 450 for refreshment of a customer
- 2) Old newspaper sold for Rs 340
- 3) Paid Rs 500 for speed post
- 4) Paid cartage on furniture purchased Rs 800
- 5) Paid cartage on goods Rs 300
- 6) Bought a horse for Rs 1,30,000
- 7) Cash of Rs 5,000 embezzled by an employee

- 8) Invested Rs 5,000 in government bonds and payment made by cheque.
 9) Purchased machinery for Rs 3,40,000 plus IGST @ 18% by taking a loan of Rs 2,00,000 from SBI bank and balance by cash.
 10) Paid to Anish Rs 18,400 by bank draft to settle his account of Rs 18,000 Rs 400 being interest for late payment.) bank charges Rs 220 as draft commission.

ACCOUNTANTS ARE NOT BORING, STOP BY AND I WILL TELL YOU WHY!

SURROUND YOURSELF WITH ASSETS, NOT LIABILITIES !!

40. Journalise the following transactions :

- 1) Sold goods for Rs.10,000.
- 2) Sold goods to Sachin for Rs.20,000.
- 3) Sold goods to Amit for Rs.30,000 and payment made by cheque.
- 4) Sold goods to Atul of the list price of Rs.30,000 at a trade discount of 10%.
- 5) Sold goods to Sunil of the list price of Rs.1,25,000 less 20% trade discount and received a cheque under a cash discount of 2%.
- 6) Sold goods to Sahil of the list price of Rs.1,25,000 less 20% trade discount and 2% cash discount and paid 40% by cheque.
- 7) Sold goods costing Rs.40,000 to Anita for cash at a profit of 25% on cost less 20% trade discount and charged 8% sales tax and paid cartage Rs.100 (not to be charged from customer)
- 8) Sold goods costing Rs.40,000 to Anil at a profit of 20% on sales less 20% trade discount and charged 8% sales tax and paid cartage Rs.100(to be charged from customer)
- 9) Sachin rejected and returned 10% of goods.
- 10) Bought goods of the list price of Rs.2,50,000 from Mohan less 20% trade discount and 2% cash discount and paid 40% by cheque.
- 11) Purchased machinery from Rajiv for Rs.5,000 and paid him by means of a bank draft purchased from bank for Rs.5020.
- 12) Paid rent of building Rs.12,000. Half of the building is used by the proprietor for residential use.
- 13) Paid life insurance premium Rs.2,000.
- 14) Charge depreciation on furniture @10% p.a. for one month(furniture Rs.12,000).
- 15) Provide interest on capital (Rs.60,000) at 15% p.a. for six months.
- 16) Charge interest on drawings (Rs.10,000) at 18% p.a. for six months.
- 17) Brokerage due to us Rs.500.
- 18) Proprietor withdrew for private use Rs.1,000 from office and Rs.800 from bank.
- 19) Purchased a cow for business Rs.20,000.
- 20) Paid Rs.250 in cash as wages on installation of a machinery.

QII) Pass the opening entry in the journal of Ram(as on 1st April 2011)

	Rs.
Cash in hand :	1,000
Cash at Bank:	5,000
Stock:	20,000
Land and building:	1,00,000
Plant and machinery:	50,000
Furniture and fixtures:	25,000

41. Journalise the following transactions of Rajat, Delhi for April 2018, post them into ledger and prepare trial balance.

2018		Rs.
April 1	Rajat started business with Cash	1,00,000
April 10	Paid wages & salaries	15,000
April 12	Bought goods for Cash	55,000
April 15	Sold goods to Rohan ,Delhi on credit	40,000
April 19	Bought goods from Surya,Luknow (UP)on credit	30,000
April 21	Goods returned to Surya	3000
April 21	Received cash from Rohan	20,000
April 25	Purchased Stationery for cash	6,000
April 27	Paid to Surya by cheque in full settlement.	25,000

CGST and SGST is levied @6% each on intra-state transactions and IGST @12% on Inter-state transactions.

42. Show the accounting equation on the basis of the following transactions :
- Started business with cash ₹ 60,000, Goods ₹ 30,000 and Furniture ₹ 10,000.
 - Purchased goods for cash ₹ 40,000 and on credit ₹ 25,000.
 - Goods costing ₹ 48,000 sold at a profit of $33\frac{1}{3}\%$. Three-fourth payment received in cash.
 - Goods costing ₹ 20,000 sold at a loss of 5%, out of which ₹ 12000 received in cash.
 - Nitin who was a debtor of ₹ 6000 was declared insolvent and only 50% could be recovered from his estates.
 - Stationary purchased for ₹ 200.
 - Provide 10% depreciation on furniture.
 - Withdrew goods for personal use casting ₹ 5000.
 - Rent outstanding ₹ 2000.
 - Advance commission received ₹ 500.

43. Journalise the following transactions, post them into Ledger, balance the accounts

2016		₹
March 1	Narender commenced business with cash	80,000
2	Purchased goods for cash	36,000
3	Machinery purchased for cash	4,000
4	Purchased goods from : Raghu	22,000
	Dilip	30,000
6	Returned goods to Raghu	4,000
8	Paid to Raghu, in full settlement of his account	17,500
10	Sold goods to Mahesh Chand & Co. for ₹ 32,000 at 5% trade discount	
13	Received cash from Mahesh Chand & Co.	19,000
	Discount allowed	200
15	Paid cash to Dilip	14,850
	Discount received	150
20	Sold goods for cash	25,000
24	Sold goods for cash to Sudhir Ltd.	18,000
25	Paid for Rent	1,500
26	Received for Commission	2,000
28	Withdrew by Proprietor for his personal use	5,000
28	Purchased a fan for Proprietor's house	1,200

44.

Following balances appeared in the books of Radha Raman on January 1, 2016.

Assets : Cash in hand ₹ 30,000; stock ₹ 36,000; Lal Chand ₹ 7,600; Mukesh Khanna ₹ 16,200; Furniture ₹ 8,000.

Liabilities : Shiv Das ₹ 6,000; Vinod ₹ 8,000.

Following transactions took place during Jan. 2002 :

2016

- Jan. 2 Purchased Typewriter for ₹ 7,500.
- 4 Sold goods for Cash of the list price of ₹ 25,000 at 20% trade discount and 5% Cash discount.
- 6 Sold goods to Gopal Seth for ₹ 10,000.
- 8 Gopal Seth returned goods for ₹ 1,500.
- 12 Purchased goods from Arun ₹ 12,000; and from Varun ₹ 15,000.
- 13 Settled Arun's account in full after deducting 5% as discount.
- 14 Paid cash to Shiv Das in full settlement of his account.
- 16 Received ₹ 7,500 from Lal Chand in full settlement of his account.
- 17 Purchased a Scooter for office use ₹ 18,000.
- 20 Sold goods for cash ₹ 20,000.
- 22 Received from Gopal Seth ₹ 4,850 and discount allowed ₹ 150.
- 26 Paid for Wages ₹ 7,000 and Salaries ₹ 3,000.
- 28 Withdrew goods for ₹ 2,000 and Cash ₹ 1,500 for private use.
- 29 Paid for Life Insurance Premium of the Proprietor ₹ 1,600.

Journalise the above transactions, post them into Ledger, balance them.