

TEL QUIZ 2

Name:

Roll No.

Total Marks: 20+ 20

Q1. H&H Car Rental is a car rental business founded by two enterprising individuals, Harsh & Hari. The business, located in Kgp area, provides a wide range of rental vehicles, catering to short-term and long-term campus dwellers. To ensure the success of their venture, Harsh and Hari have hired you as their accounting consultant to record the financial transactions for the month of October 2023.

Here are 20 transactions that occurred during October:

- Oct 1. Harsh and Hari invested ₹50,000 each in cash to start the business.
- Oct 3. H&H purchased 10 vehicles on credit for a total of ₹200,000. From Tanish & Co.
- Oct 3. Paid ₹5,000 in rent for the office space for the month. To Hanifa Realtors.
- Oct 4. Collected ₹10,000 in cash from customers for vehicle rentals by H&H representative.
- Oct 5. Paid ₹2,500 for vehicle insurance for the month At Vishal Insurance.
- Oct 5. H&H earned ₹15,000 in rental income, of which ₹7,000 was received in cash.
- Oct 7. Repaid ₹20,000 of the vehicle purchase on credit to Tanish & Co.
- Oct 9. Received a ₹3,000 loan from a Biswa Bank.
- Oct 9. Paid ₹1,200 in utility bills to Jaswanth Associates for the office.
- Oct 10. H&H spent ₹500 on advertising through Somil Associates.
- Oct 11. Incurred ₹3,000 in fuel expenses at Urvi Petroleum.
- Oct 12. Harsh withdrew ₹2,000 in cash for personal use.
- Oct 14. H&H rented out five more vehicles, collecting ₹5,000 in cash.
- Oct 18. Paid ₹1,800 in vehicle maintenance expenses.
- Oct 20. Hari withdrew ₹3,000 in cash for personal use.
- Oct 22. H&H repaid ₹2,000 of the Biswa Bank loan.
- Oct 24. Paid a ₹2,000 dividend to the owners
- Oct 25. Received a ₹4,000 refund from a supplier Akash Limited.
- Oct 27. Earned ₹10,000 in rental income, all received in cash.
- Oct 30. H&H purchased office supplies for ₹800 on credit...

Your task is to prepare journal entries for each transaction, following generally accepted accounting principles (GAAP). Include appropriate accounts and dates for each entry.

Ans:

Date	Particulars	L.F	Debit amount(₹)	Credit amount(₹)
Oct 1.	Cash Capital		1,00,000	1,00,000
Oct 3.	Vehicles/car (Fixed Assets) Tanish & Co. (Creditor)		2,00,000	2,00,000
Oct 3.	Rent Expenses Cash		5,000	5,000
Oct 4.	Cash Revenue from Services		10,000	10,000
Oct. 5.	Insurance Expenses Cash		2,500	2,500
Oct 5.	Cash Account Receivables Revenue from Services		7,000 8,000	15,000
Oct 7.	Tanish & Co Cash		20,000	20,000
Oct 9.	Cash Bank loan		3,000	3,000
Oct 9.	Utility Expenses Cash		1,200	1,200
Oct 10.	Advertising Expenses Cash		500	500
Oct 11.	Fuel Expenses Cash		3,000	3,000
Oct 12.	Drawings Cash		2,000	2,000
Oct 14.	Cash Revenue from Services		5,000	5,000
Oct 18.	Maintenance Expenses Cash		1,800	1,800
Oct 20.	Drawings Cash		3,000	3,000
Oct 22.	Bank loan Cash		2,000	2,000
Oct 24.	Dividend Expenses Cash		2,000	2,000
Oct 25.	Cash Return Outward/Purchase Return*		4,000	4,000
Oct 27.	Cash Revenue from Services		10,000	10,000
Oct 30.	Office Supplies Account Payables		800	800

* When H&H returns any goods (defective) to the supplier, and gets a refund, Purchase return a/c is credited. (Why credited? - as it decreases the Expenses (Purchases).)

Q2. Prepare the accounting equation table; make sure the sum of Assets tally with the sum of Equity and liabilities.

On January 1, 2023, Adrija set up a Fly-by-Night Delivery Company. The following transactions took place during the first month:

- (a) Adrija invested ₹10,000 cash in the company's share capital.
- (b) Bought a car for cash, ₹8,000 from Sanjana Enterprise.
- (c) Filled petrol for ₹1,000 from Renu Petroleum on payment of ₹800; balance to be paid in two weeks.
- (d) Received advance payment from a customer, Rimpa ₹1,000.
- (e) Bought office supplies on credit, ₹3,000 from Shubham Unlimites.
- (f) Received cash for services provided, ₹8,000.
- (g) Billed customer Bhrrat Inc. for services, ₹6,200.
- (h) Paid office rent, ₹4,000 to Kreeti Realtors.
- (i) Paid the amount due in (c).
- (j) Collected payment from customerBharat Inc. billed in (g), ₹4,900.
- (k) Provided services to the customer Rimpa in (d).

Required :

1. Analyze the effect of the transactions on the related asset, liability and equity items.
2. Calculate the profit for January 2023.

	ASSETS						EQUITY AND LIABILITY				
#	Cash	Car	Office Supplies	Trade Receivables			Equity	Trade Payable	Unearned Revenue	Retained Earnings	
a.	10,000						10,000				
b.	-8000	8,000									
c.	-800							200		-1000	
d.	1000								1000		
e.			3000					3000			
f.	8000									8000	
g.				6200						6200	
h.	-4000									-4000	
i.	-200							-200			
j.	4900			-4900							
k.									-1000	1000	
Total	10900	8000	3000	1300			10000	3000	0	10200	
Grand Total						23200					23200

Profit for January 2023 = 10200 (Balance of the Retained Earnings)