Page No.
Date

Assignment - I

Q. 1 What do you mean by Accounting?

→ Accounting is the process of recording Financial transactions pertaining to a business. The accounting process includes summarizing, analyzing, and reporting these transaction to oversight agencies, regulators, and tax collection entities.

Q. 2 Explain the following terminology.

→ (i) Capital :- The capital means the assets and cash in a business. Capital may either be cash, machinery, receivable accounts, property or houses. Capital may also reflect the capital gained in a business or the assets of the owner in a company.

(ii) Cost :- Costs are the monetary value of expenditures for supplies, services, labor, products, equipment and other items purchased for use by a business or other accounting entity.

(iii) Loss :- The excess of expenses over related revenues is known as loss. It also refers to money or money worth lost without it being beneficial in return. e.g. Cash or goods lost by theft or a fire accident.

(iv) Fund :- A fund is a self-balancing set of accounts with assets, ~~lib~~ liabilities, and a fund balance. Funds show ownership of cash and Fund balance and are distinguished by their Source ~~of~~ of revenue.

(v) Accural :- An accural is a record of revenue or expenses that have been earned or incurred but have not yet been recorded in the Company's financial statements.

(vi) Gains :- A gain is a general increase in the value of an asset or property. A gain arises if the current price of Something is higher than the original purchase price.

(vii) Investment :- An investment is an asset or item acquired with the goal of generating income or appreciation. Appreciation refers to an increase in the value of an asset over time.

(viii) Liability :- Liability is a term in accounting that is used to describe any kind of financial obligation that a business has to pay at the end of an accounting period to a person or a business.

(ix) Expenses :- An expense is a cost that businesses incur in running their operations. Expenses include wages, salaries, maintenance, rent, and depreciation.

(X) Income :- The term "Income" generally refers to the amount of money, property, and other transfers of value received over a set period of time in exchange for services or products.

(xi) Net profit :- Net profit is the amount of money your business earns after deducting all operating, interest, and tax expenses over a given period of time

Q(3) What are the users of Accounting?

→ Internal Users are Owners, Managers, and employees. Internal users are people within a business organization who use financial information.

External users are people outside the business entity (organization) who use accounting information. example of external users are, suppliers, banks, customers, investors, potential investors, and tax authorities.

Page No.
Date

Q.4. Explaing the different types of Accounting?

→ (1) Financial Accounting :- Is the Branch of Accounting which records financial transactions and events, summarises and interprets them before communicating the results to the users.

(2) Cost Accounting :- Is the Branch of Accounting concerning with ascertaining cost of products, operations, processes or activity, with a objective of reducing and controlling cost.

(3) Management Accounting :- Is the Branch of Accounting concern with generating information which helps the management in Decision-Making.

Q. 5. Difference btween financial accounting and management accounting.

Page No.
Date

	Financial Accounting	Management Accounting
Primary User	Outside parties and Manager of the business	Business managers.
Decision criterion	Accounts are based on generally accepted a accounting principles. ~~Concern~~	Comparison of costs and benefits of proposed action concern about reports will effect.
Behaviour implications	Concern about adequacy of disclosoru Behavioural implication are Secondary behaviour.	Concern about reports will effect
Time focus	Past orientation	Future orientation
Report	~~R~~ Summary reports regarding the while entity	Detailed reports on the parts of the entity.

27/9/23.

Page No.
Date

Assignment - 02

(1) Mony Measurement Concep :-

→ We must realise that this concept imposes two ~~serve~~ Severe limitations: Firstly, there are several facts which though very important to the business, cannot be recorded in the books of accounts because they cannot be expressed in mony terms.
As money is accepted not only as a medium of exchange but also as a store of value, it has a very important advantage since a number of assets and equities.

(2) Business Entity Concept :-

→ In accounting we make a distinction between business and the owner. The proprietor is considered as a creditor to the extent of the capital brought in business by him. However it is difficult to show this distinction in the case of sole proprietorship and partnership. Nevertheless, accounting still maintains separation of business and owner. The managers are responsible for the proper use of funds supplied by owners, banks and others.

Page No.
Date

(3) Going Concern Concept :-

→ Accounting assume that the business entity will continue to operate For a long time in the Future unless there is good evidance to the contrary. The enterprise is viewed as a going concern, that is, as continuing in operations, at least in the Foreseeable future. If this concept is not followed, International Accounting Standard requires the disclosure of the fact in the financial statement together with reasons.

(4) Matching Concept :-

→ This concept is based on the accounting period concept. In reality we match revenus and exepenses during the accounting periods. Broadly speaking revenue is the total amount realised From the sale of goods or provision of Services together with earnings From interest, dividend, and other items of income. Cost is not synonymous with exepense since expense is Sacrifice mad, resource Consumed in relation to revenues earned during an accounting period.

Page No.
Date

(5) Cost Concept :-

→ One important variant of management accounting is the cost analysis. Cost accounting makes elaborate cost records regarding various products, operations and functions. It is the process of determining and accumulating the cost of a particular product or activity. Any product, function, job or process for which costs are determined and accumulated, are called Cost Centres. The basic purpose of cost accounting is to provide a detailed break-up ~~to~~ of cost of different department, processes, jobs, products, Sales, territories, etc.

(6) Accural Concept :-

→ It is generally accepted in accounting that the basis of reporting income is accrual. Accrual Concept makes a distinction between the receipt of cash and the right to receive it, and the payment of cash and the legal obligation to pay it. This concept provides a guideline to the accountant as to how he should treat the cash receipts and the right related thereto. Accrual principle tries to evaluate every transaction in terms of its impact on the owner's equity.

Page No.
Date

(7) Convention of Consistency :-

→ The Convention of Consistency requires that once a firm decide on certain accounting policies and methods and has used these for some time, it should continue to follow the same methods or ~~produ~~ procedures for all subsequent similar events and transactions unless it has a sound reason to do otherwise. However, this principle does not forbit introduction of improved accounting techniques. The application of the principle of consistency is neccessary for the purpose of comparison.

(8) Convention of Conservatism :-

→ This concept requires that the accountants must follow the policy of "playing safe" while recording business transactions and events. That is why, the accountant follow the rule anticipate no profit but provide for all possible losses, while recording the business events. According to this concept, revenues or gains should be ~~reo~~ recognised only when they are realised in the form of cash or assets (i.e. debts) the ultimate cash realisation of which can be assessed with reasonable certainty.

Page No.
Date

Assignment :- 03

Q. (1) Explain the accounting process?

→ (1) Collecting and Analyzing Accounting Document :- It is a very important step in which you examine the source documents and analyze them. For Ex → Cash, Bank, Sales and purchase related documents.

(2) Posting in Jounal :- On the basis of the above documents, you pass journal entries using double entry system in which debit and credit balance remains equal

(3) Posting in ledger Accounts :- Debit and Credit balance of all the above accounts affected through journal entries are posted in ledger accounts. A ledger is simply a Collection of all accounts.

(4) Preparation of Trial Balance :- As the name Suggests, trial blance is summary of all the balances of ledger accounts irrespective of whether they carry debit balance of Credit balance.

(5) Posting of Adjustment Entries :- In this Step, the adjustment entries are first passed through the journal, followed by posting in ledger accounts, and finally in the trial balance.

Page No. Date

(6) Adjusted Trial Balance :- Taking into account the above adjustment entries, we create adjusted trial balance.

(7) Preparation of Financial Statements :- Financial Statements are the set of statements like Income and Expenditure Account or Trading and Profit & Loss Account, Cash Flow Statement, Fund Flow Statement, Balance Sheet or Statement of Affairs Account.

(8) Post-Closing Entries :- All the different accounts of revenue and expenditure of the firm are transferred to the Trading and Profit & Loss account.

(9) Post-Closing Trial Balance :- Post-Closing Trial Balance represents the balances of Asset, Liabilities & Capital account. These balances are transferred to next financial year as an opening balance.

Q.2. What do you mean by Voucher?

→ A voucher is a document that shows the details of a transaction for any goods that have been purchased or any service that has been rendered. It can be said to be a written document that supports the entries made in the record books that help in verifying the accuracy of the transactions.

Page No.
Date

Different types of Vouchers:

1. Receipt voucher
2. Payment voucher
3. Journal voucher
4. Supporting voucher

Q.3. Explain the term Journal.

→ Journal is called as book of original entry. Journal is a detail record of business transactions that are made in a date. The word JOUR means a day, so it is a day book or daily book of accounting. Transactions are recorded chronologically, So, journal is called chronological book.

Q.4. Explain the Advantages of Journal.

→ (i) It becomes easy to locate a particular transaction, they are recorded in chronological order.

(2) Journal facilitates posting into the ledger by analysing each transaction into debit and credit aspects.

(3) It helps in cross-checking of the ledger, in case a trial balance does not agree.

(4) From a ~~ledg~~ legal point of view, a journal is

Page No.
Date

more reliable evidence of business transactions than ledger.

Q.5. Explain the types of accounts.

→ (1) Personal Accounts :- Ledger accounts that contain transactions related to individuals or other organizations with whom your business has direct transactions are known as personal accounts. Some ex:- Customers, Vendors, salary accounts of employees, drawings and capital accounts of owners etc.

The Golden rule for personal accounts is
Debit the receiver
Credit the giver

Example :-
Payment of Salary to employees.

The receiver is an employee and the giver will be the business. Hence in the journal entry, the Employee's salary account will be debited and the Cash / Bank account will be Credited.

(2) Real Accounts :- The ledger accounts which contain transactions related to the assets or liabilities of the business are called Real accounts.

Accounts of both tangible and intangible nature fall under this category of accounts. i.e. Machinery, Buildings, Goodwill, Patent rights etc.

The Golden rule for real account is
Debit what comes In
Credit what goes out

Example :-
Payment made for a loan.

In this transaction, Cash goes out and the loan is Settled. Hence, in the journal entry, the Loan account will be debited and the Bank account will be Credited.

(3) Nominal Accounts :- Transactions related income, expense, profit and loss are recorded under this category. These components actually do not ~~exit~~ exist in any physical form but they actually exit.
For exe :- during the purchase and sale of goods, only two components directly get affected i.e. money and stock.
The Golden rule for nominal accounts is
Debit all expenses and losses
Credit all income and gains.

Page No.
Date

Q.6. Explain the rules of Debit and Credit.

Rules of Debits and Credits:

1) Assets are increased by debits and decreased by credits.
2) Liabilities are increased by credits and decreased by debits.
3) Equity accounts are increased by credits and decreased by debits.
4) Revenues are increased by credits and decreased by debits.
5) Expenses are increased by debits and decreased by credits.

Q.7. What do you mean by opening entry?

→ Opening entry is the entry made at the beginning of a financial year to open the books by debiting assets and crediting liabilities and capital, appearing in the Balance sheet of the previous year. The contents of the opening entry typically include the initial funding for the firm, as well as any initial debts incurred and assets acquired.

Q.8 Explain the term

→ (1) Bad Debt :- Bad Debt is a claim made by an organization that the amount cannot be collected from the customer because the customer is unable to pay the amount borrowed by the organization.
It is only agreed on term that the borrowing party pays the amount borrowed with interest on time as discussed by both parties.

(2) Capital :- Capital is the wealth in the form of money or assets that you invest in a business with the motive of generating further income. When you invest capital in a capital it is either to expand the business or to pay off existing debt of a company.

(3) Depreciation :- Depreciation is the deduction in the price of a tangible asset which reduces the asset's monetary value due to a variety of reasons like wear and tear that is caused by a prolonged use of the asset.

(4) Trade Discount :- It is the type of discount that is offered by the seller to the buyer as a reduction in the price of the product. To ensure bulk

Page No.
Date

Sales of the product. At the time the purchase is made Both cash and credit transaction.

(5) Cash Discount :- This discount is offered by the seller to the buyer on the invoice amount at the time of making payment within the stipulated time. To ensure prompt payment for the items purchased.
It is allowed at the time of payment. Only transactions involving cash payment are allowed.

Assignment :- 04

Q.1. What do you mean by Ledger?

→ Ledger is the collection of different accounts of assets, liabilities, Capital, revenue and expenses. When transactions are recorded in the Journal (Book of Original Entry), these are transferred to their respective accounts in Ledgers.

These are called Book of Secondary or Final Entry. Ledger contains all accounts of a business enterprise; irrespective of whether they are personal, real or nominal.

Q.2. Explain the team Trial Balance.

→ At the end of an accounting period all the accounts are balanced and the balances listed. The total on both the side of this, Called the Trial Balance. Because of the duality Concept every debit should have a credit and vice versa. Debit Balances of ledger accounts are entered in the debit column of the statement and credit balances of ledger accounts are entered in the credit column of the statement.

Q.3. Explain the objective of preparing a trial balance.

→ ① Test of arithmetical accuracy :- Trial balance is the means by which the arithmetical accuracy of the book-keeping work is checked. when the totals of the debit column and credit Column in the trial balance are equal.

(2) Basis for preparing final accounts :- Financial statement, namely, trading and profit and loss account and balance sheet are prepared on the basis of a summary of ledger balances obtained from the trial balance.

(3) Location of errors :- When the trial balance does not tally, it is an indication that certain errors have occurred at one or more of the stages of the accounting process, namely, journalizing or recording in subsidiary books.

(4) Summarised information of ledger accounts :- The summary of ledger accounts is shown in the trial balance.

Q. 4. Explain the term.

→ (1) Assets :- Assets are items of value, or resources that a business owns or controls. More technical and precise definitions specify two technicalities: First, assets result from past business activities. Second, they will or are expected to generate future economic value. Assets come in many types and classes. Types include current and noncurrent, ~~and~~.

operating and nonoperating; physical, and intangible.

(2) Profit and Loss Account :- A profit and loss ~~statement~~ account shows a Company's revenue and expenses over a particular period of time, typically either one month or consolidated months over a year.

(3) Balance Sheet :- The balance on an account is the difference between the total of the debit side and the total of the credit side. If the totals on the two sides of an account are equal, the account is said to be squared up and there is no balance left to debit or credit by the end of the period.

(4) Cash book :- A cash book is a financial newspaper which includes all cash receipts and disbursements, including bank deposits and withdrawals. After that, entries in the cash book are added to the general ledger.

(5) Purchase book :- Purchase book is a type of special purpose subsidiary book which is used for recording only credit purchases of goods. Cash purchases of goods are recorded in the cash book. Purchase book

is also called a book or original entry.

(6) Sales book :- Sales book is a book of original entry or a Subsidiary book that is used to record the Credit Sales of the goods. The Sales that are made by cash are recorded in the cash books and Credits sale of any other asset apart from goods are recorded in the journal proper.

(7) Purchases return book :- Purchase return book is a book in accounting where the goods that are returned to the supplier are recorded. It is also known as purchase return day book or return outwards book.

(8) Sales return book :- Sales return book is a book in accounting that records all those transactions related to the returns of goods and items by the customer which were earlier sold to them on credit.

(9) Bills receivable book :- A Bills Receivable Book is designed as a Summary of information regarding a duly accepted bill received by a drawer.

(10) Journal proper :- A Journal proper in the accounting System is a book of original entry in which all types of miscellaneous credit transactions, which usually do not fit in

Page No.
Date

Assignment - 05

Q.1. How will you classify the following into personal, real and nominal accounts?

(1) Real Account :- (i) Investments
(2) Freehold Premises
(3) Loose Tools Accounts.
(4) Purchase Account.
(5) Sales Account.

(2) Nominal Account :- (1) Salary Account.
(2) India Bank Ltd.
(3) Brokerage Account.
(4) Toll Tax Account
(5) Dividend Received Account
(6) Royalty Account
(7)

(3) Personal Account :- (1) Accrued Interest
(2) Punjab Agro Industries Corporation.
(3) Janta Allied Mechanical Works
(4) Capital Account.

Q.2. Prepare Journal in the books of K.K. Co. from the following transaction.

1999			1999		
Dec. 1.	Started business with a capital	50,000	Dec. 15	Purchased goods from Ram	4,000
Dec. 6.	Paid into bank	20,000	Dec. 18	Paid wages to workers.	300
Dec. 8	Purchased goods for cash	4000	Dec. 20	Recd. from Pankaj Allowed him discount Rs. 50	1,000
Dec. 9	Paid to Ram	1,980			
Dec. 9	Discount allowed by him	20	Dec. 22	Withdraw from bank	3,000
Dec. 10	Cash Sales	3,000			
Dec. 12.	Sold to Hari for Cash.	2,000	Dec. 25	Paid Ram by cheque	500
			Dec. 31	Withdrawn for personal use	200

In The Books of K.K. Co.
Journal

Date 1999	Particular	L.F	Dr. Rs.	Cr. Rs.
Dec. 1.	Cash A/c Dr.		50,000	
	To Capital A/c			50,000
	(Being business Started with Capital)			
6.	Bank A/c Dr.		20,000	
	To Cash A/c			20,000
	(Being ~~goods~~ Cash paid into bank)			

Date	Particulars	L.F.	Dr. Rs.	Cr. Rs.
8.	Purchase A/c Dr.		4000	
	To cash A/c			4000
	(Being goods purchased for cash)			
9.	Ram A/c Dr.		2000	
	To Cash A/c			1,980
	To Discount Received A/c			20
	(Being cash paid to Ram and discount received Rs. 20).			
10.	Cash A/c Dr.		3000	
	To Sales A/c			3000
	(Being goods sold for cash)			
12.	Cash A/c Dr.		2000	
	To Sales A/c			2000
	(Being goods sold for cash)			
15.	Purchases A/c Dr.		4000	
	To Ram A/c			4000
	(Being goods purchased from Ram)			
18.	Wages A/c Dr.		300	
	To cash A/c			300
	(Being wages paid)			
20.	Cash A/c Dr.		1000	
	Discount Allowed A/c Dr.		50	
	To Pankaj A/c			1,050

	(Being cash received from Pankaj and allowed him discount Rs-50)			
22.	Cash A/c Dr.		3000	
	To Bank A/c			3000
	(Being cash withdrawn from bank)			
25.	Ram A/c Dr.		500	
	To Bank A/c			500
	(Being paid by cheque)			
31.	Drawing A/c Dr.		200	
	To Cash A/c			200
	(Being withdrawn for personal use)			
	Grand Total		90,050	90,050

Q.3. On 1st April 1998. Singh's assets and liabilities stood as follows;

(1) Assets :- Cash Rs. 6,000; Bank Rs. 17,000, Stock Rs. 3,000; Bills receivable 7,000; Debtors 3000; Building 70,000; Investments 30,000; Furniture 4,000

(2) Liabilities :- Bills payable 5000, Creditors 9000; Ram's loan 13,000.

Pass an opening Journal entry.

Date	Particular		LF	Debit	Credit
1998					
April 1	Cash Account	Dr.		6,000	
	Bank A/C	Dr.		17,000	
	Stock A/C	Dr.		3,000	
	Bills receivable A/C	Dr.		7,000	
	Debtors A/C	Dr.		3,000	
	Building A/C	Dr.		70,000	
	Investment A/C	Dr.		30,000	
	Furniture	Dr.		4,000	
	To Bills payable A/C				5,000
	To Creditor's A/C				9,000
	To Ram's loan A/C				13,000
	To Singh's Capital				1,13,000
	(Being the Opening balance of assets and liabilities)				
				1,40,000	1,40,000

Q.4. Journalise the following transaction, post them in the Ledger and balance the account as on 31st March, 2006.

1. Ram started business with a capital of Rs. 10,000.
2. He purchased goods from Mohan on Credit Rs. 2,000.
3. He paid cash to Mohan Rs. 1,000.
4. He sold goods to Suresh Rs. 2,000.
5. He received Cash from Suresh Rs. 3,000.
6. He further purchased goods from Mohan Rs. 20c
7. He paid cash to Mohan Rs. 1000
8. He further sold goods to Suresh Rs. 2,000.

(9) He received cash from Suresh Rs. 1,000.

Journal

Date	Particular	L.F.	Debit	Credit
	Cash A/C Dr.		10,000	
	To Capital A/c			10,000
	(Being commencement of business)			
	Purchase A/c Dr.		2,000	
	To Mohan			2,000
	(Being purchase of goods on credit)			
	Mohan Dr.		1,000	
	To Cash			1,000
	(Being payment of cash to Mohan)			
	Suresh ~~A~~ Dr.		2,000	
	To Sales			2,000
	(Being goods sold to Suresh)			
	Cash A/c Dr.		3,000	
	To Suresh			3,000
	(Being cash received from Suresh)			
	Purchases A/c Dr.		2,000	
	To Mohan			2,000
	(Being purchase of goods from Mohan)			
	Mohan Dr.		1,000	
	To Cash A/c			1,000
	(Being payment of cash to Mohan)			

Page No.
Date

Suresh . . . Dr.		2,000	
To Sales A/c			2,000
(Being goods sold to Suresh)			
Cash A/c . . . Dr.		1,000	
To Suresh			1,000
(Being cash received from Suresh)			
		24,000	24,000

LEDGER

Dr. CASH A/C Cr.

Date	Particular	Amt	Date	Particular	Amt
	To Capital A/c	10,000		By Mohan	1000
	To Suresh	3000		By Mohan	1000
	To Suresh	100		By Balance c/d	12,000
		14,000	Mar. 31		14,000
April 1	To Balance b/d	12,000			

Dr. CAPITAL A/C Cr.

Date	Particular	Amt	Date	Particular	Amt
Mar. 31	To Balance c/d	10,000		By Cash A/c	10,000
		10,000			10,000
			Apr. 1	By Balance b/d	10,000

PURCHASE A/C

Date	Particulars	Amount	Date	Particulars	Amount
	To Mohan	2,000			
	To Mohan	2,000	Mar. 31	By Balance c/d	4,000
		4,000			4,000
April 1	To Balance b/d	4,000			

MOHAN

Date	Particulars	Amount	Date	Particulars	Amount
	To cash	1000			
	To cash	1000		By Purchases	2000
	To Balance c/d	2,000		By Purchases	2000
		4,000			4000
			Apr. 1	By Balance b/d	2000

SURESH

Date	Particulars	Amount	Date	Particulars	Amount
	To Sales	2000		By Cash A/c	3000
	To Sales	2000		By Cash A/c	1000
		4000			4,000

SALES A/C

Date	Particulars	Amount	Date	Particulars	Amount
Mar. 31	To Balance c/d	4000		By Suresh	2000
				By Suresh	2000
		4000			4000
			Apr. 1	By Balance b/d	4,000

Page No.	
Date	

J. 5

Trading A/C

For the year ended 31^{st} March, 2006

Particular	Amt	Particular	Amt
To Opening stock		By Sales	
To Purchases		Less. Sales Retu	
Less Purchases Returns		By closing Stock	
To Direct Expenses :-		By Gross Loss transferred to P&L A/c	
Carriage Inward			
Wages			
Fuel, Power and Lighting Expenses			
Manufacturing Expenses			
Coal, water and Gas			
Motive Power			
Octroi			
Import Duty			
Custom Duty			
Consumable Stores			
Freight and Insurance			
Royalty on manufactured Goods			
Packing Charge			
To Gross Profit transferred to P&L A/c			

Page No.
Date

Illustration I :-

From the following balance extracted from the books of Mr. Bansi Lal, prepare the Trading A/c for the year ending 31st March 2006.

Purchases	42,500	wages	5,000
Mfg. expenses	1,950	Op. stock	10,000
Sales	67,500	Sales return	50
Carriage inwards	100	Purchases return	200
Freight and duty	5,000		
Store consumed	200		
Power	300		

The value of stock unsold is Rs. 12,000

Solution.

Trading A/C
For the year ended 31st March, 2006.

Particular		Amt	Particular		Amt
To Opening Stock		10,000	By Sales	67,500	
To purchases	42,500		Less (-) returns	50	67,450
(-) Less return	200	42,300			
			By Closing stock		12,000
To manufacturing exp.		1950			
To Carriage Inwards		100			
To Freight and duty		5000			
To Stores Consumed		200			
To Power		300			
To wages		5000			
To Gross Profit transfer		14,600			
To Profit & Loss A/c					
		79,450			79,450