

B

P-1

~~~~~  
**\* Accounting \***  
~~~~~

what is accounting? what is the relation between Accounting and Engineering?

~~\* Accounting:~~ Accounting has been defined as the art of summarising, classifying and recording in significant manner and in terms of money. It makes possible to determine profit and loss of the business of a life.

⇒ Accounting and Engineering: while accounting is most closely related to economics, it has many points in common with engineering and with public administration. Engineering involves cost of construction and cost of operation. Those cost arise from business transactions. Engineering is, therefore, related to general accounting and in particular to cost accounting. Engineering projects are carried out by many and varied business transactions that need to be accounted accurately.

what is the advantages of accounting?

⇒ In modern world the advantages of accounting is vast. such as:-

- i) Accounting collects a permanent record of all business activities.
- ii) It makes possible to determine the profit and loss of business.

- iii) It helps to make comparative study of assets and liabilities.
- iv) It used to determine the accurate sale of price.
- v) It makes possible to determine total financial position of a business.
- vi) It helps to indicate debtors and creditors.
- vii) It is used to determine income tax and sales tax.

\* Define debit and credit. Explain the following statement " Every debit must have its corresponding credits."

- ⇒ Debit: The process by which a person or firm receives benefit from another person or firm is called debit and the receiver of benefit known as debtor.
- ⇒ Credit: The process by which a person or firm gives benefit to another person or firm is known as credit and the giver of the benefit is called creditor..
- ⇒ In double entry system records of every business transaction in money and money's worth in its double aspect. In a transaction the receiver is called debtor and the giver is called creditor.  
Transaction is a double sided affair. If some one receives something there must be another one who gives it. Say, Mr. X sells goods there must be someone who buys goods from Mr. X. So we can conclude that every debit must have its corresponding credits.

\* What is transaction? Mention the characteristics of transaction.

⇒ Transaction: The events which alter the financial position are called transaction.

ex. B brought a computer to ka - 50000/-

⇒ Business transaction: The term "business transaction" has been defined as 'Any event' that alters the financial position where such alteration can be measured in terms of money.

Examp: Purchased a computer for cash TK 15000/- It is transaction because it makes the financial change.

Again, 20 bags purchased. This is not transaction because it does not alter the financial position.

⇒ Characteristics of transaction: The characteristics of transaction are given below:

i) Event must be measurable in terms of money.

ii) Financial change must be bought by the event.

iii) There must have two accounts or parties in each transaction (double aspect of transaction).

iv) Three elements must be involved, hence, such as: asset, capital and liability.

v) Transaction must be independent.

vi) It also have some invisible event (Depreciation, goodwill)

vii) It have historical events.

~~Explain - "Every transaction are event but every event are not transaction."~~

⇒ There are two types of events in our life -

- i) financial events and
- ii) non-financial events

Among them the financial events are called transaction. In a transaction the financial condition must be changed. Such as Mr. X buys goods for cash Tk 3000.

From the characteristics of transaction we get, transaction must be measured in terms of money. If an event can measure in terms of money, it is called transaction. Otherwise it will not be a transaction. Thus it is called that, every transaction are event but every events are not transaction.

For example:

- i) Mr. X sells goods in Tk 10000 - It is a transaction.
- ii) Mr. X will buy a share - It is not a transaction.

~~Q what is the double entry system? write down the advantages of double entry system.~~

⇒ Double entry system: The double entry system of book keeping every is a system in which two fold aspects of each and every merchantile transaction in money and money's worth is recorded. Two aspects are -

- i) receive of benefit and
- ii) surrender of a similar benefit

Advantages of Double entry system: The advantages of double entry system of book keeping are as follows :

- i) It makes the record of both aspects of every transaction as possible.
- ii) It furnishes most complete and variable information from day to day.
- iii) It supplies reference to the details of any account.
- iv) It enables to have an easy comparison of the vital business data.
- v) It determines the trader's financial position by the preparation of balance sheet.

~~\* P.E.~~ Describe the double aspect of transaction.

→ According to the condition of transaction it is clear that any event will be a transaction if two properties are involved in that event and that must be related to the financial condition. No transaction can be made without two parties. One of the parties receives benefit and other party has to be the giver of the benefit. In this way a financial change is occurred.  
From the above explanation, we can say that every transaction behaves double aspects.

What is accounting cycle? Discuss various steps of accounting cycle.

⇒ Accounting Cycle: The order or sequences process by which accounting procedures are performed is known as accounting cycle.

There are five steps —

- i) Recording: Recording the transaction in the journal or books of original entry.
- ii) Classifying: Transferring the entries from the journals to the ledger.
- iii) Summarising: Preparing a trial balance from the debit and credit balance of ledger accounts.
- iv) Preparing financial statements: By ~~T-hose~~ accounts such as a) Preparing the trading account  
b) Profit and loss account c) The balance sheet also taking into account all adjustments affecting the period concerned.
- v) Analysis and Interpreting: Giving requisite information to the interested group by calculating accounting ratios and by interpreting the performance of the company concerned.

The accounting cycle is a continuous process and its continuity is maintained by an opening entry at the beginning of a year.

⇒ Accounting Equation:

$$\text{Assets} + \text{Expense} = \text{Capital} + \text{Liability} + \text{Income}$$

~~\*~~ What is accounting equation?

⇒ The debit and credit sides of an account, the increases and decreases are shown in accounting equation.

~~Q~~ Explain the definition and classification of account.

✓ Account: The record of each individual classification is called an account.

Or, An account is a simple place where similar transactions are summarised and accumulated.

❖ Classification of Account: Generally accounts are three types such as

- i) Personal account
- ii) Real or asset account
- iii) Nominal account

i) Personal Account: Accounts related to persons or firm are known as personal accounts.

For example: Rahim's account, debtor, creditor, etc are the personal accounts.

ii) Real or asset Account: Accounts related to property or possessions are known as real or asset accounts. For example: cash account, building account, furniture A/c, goodwill, investments, etc are real or asset accounts.

iii) Nominal Account: Accounts related to gains and incomes or expenses and losses of business are known as nominal accounts. For example: purchase account, sell account, interest A/c, depreciation, rent, advertisement, etc are nominal accounts.

~~Q~~ Some Examples of various account

<u>Example</u>	<u>Account</u>
wages	Nominal
Salaries	Nominal
rent	Nominal
Printing	Nominal
stationary	Nominal
carriage	Nominal
Interest	Nominal
Discount	Nominal
commission	Nominal
Advertisement	Nominal
Depreciation	Nominal
Purchase	Nominal
Sale	Nominal
computer	Asset
Goodwill	Asset
Bills receivable	Asset
Investment	Asset
Machinery	Asset
Debtor	personal
Creditor	personal
Mr X	personal
Rupali Bank	personal

~~Q~~ Mention the modern rules to determine the debit and credit.

→ Increase of asset, expenses, capital, liability, income are debit and decreases of these are credit.

e.g. A computer is bought by cash TK 40,000.

Hence, Computer A/C → Debit → Asset increase  
Cash A/C → credit → Decrease cash

\* Some examples of various accounts :

<u>Example</u>	<u>Account</u>
i) computer	Asset / real
ii) Goodwill	Asset / real
iii) Advertisement	Nominal
iv) Depreciation	Nominal
v) Debitor	personal
vi) Creditor	personal
vii) Bills receivable	Real / Asset
viii) Investment	Real / Asset
ix) purchase	Nominal
x) Sale	Nominal
xi) Salary	personal / Nominal

\* Mention the rules for the determination of debit and credit of a transaction (Golden rules)

⇒ The following rules are -

For personal Account :

Receiver of benefit - debit

giver of the benefit - credit

Ex. Chase paid to Mr. X TK 3000 from Mr. Y

Here debit - Mr. X's account TK 3000

credit - Mr. Y's account TK 3000

For real account :

what comes in - Debit

what goes out - credit

Ex. Bought computer for cash TK 30000.

Here debit - computer account TK 30000

credit - cash account TK 30000

## 1. Nominal account:

Expenses, losses — debit  
gain and income — credit

Ex. cash paid Tk 5000 for rent.

debit — Rent A/C Tk 5000  
credit — cash A/C Tk 5000



\* What is meant by Journal? State its functions.

⇒ Journal: A journal means a daily register containing a complete record of every day transactions. It is a place where transaction chronologically enter.

⇒ Its functions: Its functions are two such as—

- I) To analyse each transaction into debit and credit so as to facilitate their transference into ledger.
- II) To arrange transaction chronologically i.e. in order of date.

The book in which these two functions are fulfilled is said to be a journal.

## Sub-division of Journal

- I) Cash Journal — only cash transaction
- II) Sales Journal — credit sales
- III) Purchase Journal — credit purchase
- IV) Return Inward — sales return
- V) Return Outward — purchase return
- VI) Bills Receivable Journal
- VII) Bills Payable Journal
- VIII) General Journal

\* Journalise the following Transactions -

2006

- Jan-1: Mr.X started business with cash TK-75000
- " -2: Purchased office furniture for cash TK 15000
- " -4: " goods for cash TK 10000 from Mr.Y
- " -5: " goods from Mr.Ronoy TK 5000
- " -7: sold goods to Mr.Hanif TK 5000/-
- " -8: " for cash TK 500/-
- " -13: paid for stationary TK 500/-
- " -14: Rent paid TK 1200/- by cheque.
- " -15: Interest received TK 700/-
- " -16: Received from Ali TK 4500/- on account
- " -17: Paid salaries TK 8,7500/-
- " -18: Sold goods on credit to Ali TK 2555/-
- " -19: Received interest on investment TK 2000/-
- " -20: Bought office furniture from 'BIDH' credit for TK 12000/-

→

Date	Particulars	Dr amount	Credit Amount
	LF		
2006			
Jan-1	Cash A/c Dr Mr.X capital A/c Cr (Mr.X brought capital)	75000/-	75000/-
Jan-2	Furniture A/c Dr Cash A/c Cr (Fur. Goods purchased )	15000/-	15000/-
Jan-4	Purchase A/c Dr Cash A/c Cr (Goods purchased for cash)	10000/-	10000/-
Jan-7	Mr. Hanif A/c Dr Sales A/c Cr (Sold goods for Mr. Hanif)	5000/-	5000/-
Jan-8	Cash A/c Dr	300/-	

	stationary A/c	- Dr		5000/-	
-13	cash A/c	- Cr		5000/-	
	(Paid for stationary)				
	Rent A/c	- Dr		1200/-	
Jan-14	BH&H A/c	- Cr		1200/-	
	(Rent paid by cheque)				
Jan-15	Cash A/c	- Dr		200/-	
	Interest A/c	- Cr		200/-	
Jan-16	Cash A/c	- Dr		4500/-	
	Ali's A/c	- Cr		4500/-	
	(Cash received from Ali)				
Jan-18	Ali's A/c	- Dr		2555/-	
	Sales A/c	- Cr		2555/-	
	(sold goods on credit Ali)				
Jan-19	Cash A/c	- Dr		2000/-	
	Interest on investment A/c	- Cr		2000/-	
	(Received interest on account)				
Jan-20	Office furniture A/c	- Dr		12000/-	
	Bills A/c	- Cr		12000/-	
Jan-5	Purchase A/c	- Dr		5000/-	
	Mr Rony's A/c	- Cr		5000/-	
Jan-17	Salary A/c	- Dr		87500/-	
	Cash A/c	- Cr		87500/-	

~~Ques.~~ Finalise the following transactions -

On 1st June 2006 Mr. Akram started business with a capital of taka 35000. During this month he performed the following transactions -

- June - 2 : Purchased furniture TK 4000  
 - 3 : Opened a bank account with TK 5000  
 - 4 : Purchased goods for cash TK 2500  
 - 13 : Sales for cash TK 3000  
 - 19 : Withdrawn from bank TK 1300  
 - 21 : Purchased goods from Abedin & Co. TK 18000  
 - 28 : Received cheque from Sonoyed TK 1600  
 - 30 : Paid house rent by cheque TK 2200  
 - 26 : Paid for conveyance TK 200.

Date	Particulars	L.F	Dr Account	Cr Account
2006 June-1	Cash A/c — Dr Capital A/c — Cr (cash brought in as capital)		15000/-	15000/-
June-2	Furniture A/c — Dr Cash A/c — Cr (for purchasing furniture by cash)		4000/-	4000/-
June-3	Bank A/c — Dr Cash A/c — Cr (Opening a bank account with cash)		5000/-	5000/-
June-4	Purchase A/c — Dr Cash A/c — Cr (cash purchase)		2500/-	2500/-
Jun-13	Cash A/c — Dr Sales A/c — Cr (for cash sales)		3000/-	3000/-
June-19	Cash A/c — Dr Bank A/c — Cr (withdraw cash from Bank)		1300/-	1300/-
Jun-24	Purchase A/c — Dr Abedin & Co. A/c — Cr (for credit purchase)		1800/-	1800/-

	Particulars	L.F	Dr Account	C/ amount
June-26 Date	Conveyance A/C cash A/C (Conveyance paid at cash)	— Dr — Cr	2001-	2001-
June-28	Cash A/C Zonayed A/C (receiving a cheque from zonayed)	— Dr — Cr	1600/-	1600/-
Jun-30	House Rent A/C Bank A/C (Paid House rent for cheque)	— Dr — Cr	2200/-	2200/-



### Transactions

Feb-1: Mr X started business with Cash TK 100000.

Feb-2: Purchased furniture for Cash TK 20,000.

Feb-3: " computer for Cash TK 30,000.

Feb-4: Purchased goods TK 10,000 on credit from Mr X.

Feb-5: Sold goods to Mr Ali TK 8000 on credit.

Feb-6: Sold " for Cash TK 15,000.

Feb-7: Paid salary for Cash TK 5,000.

Feb-8: Received from Mr Y TK 5,000

Feb-9: Paid Mr X TK 10,000. Cash

Feb-10: Opened a current account into sonali bank TK 50,000  
Cash.

Feb 11: Purchased goods from Mr Roy TK 15000

Feb-12: Sold goods to Mr Y for Cash TK 30,000

Feb-13: Sold goods to Mr Habib for 15000/-

- Feb-14: Goods return to Mr Roy TK 500  
 $\frac{C}{D}$
- Feb-15: Salary paid by cheque TK 10,000. ~~Bank~~  
 $\frac{D}{C}$
- Feb-17: Rent paid TK 500. Cash  
 $\frac{D}{C}$
- Feb-18: commission received TK 1500. Cash  
 $\frac{D}{C}$
- Feb-19: Discount allowed to Mr X cash TK 500  
 $\frac{D}{C}$
- Feb-20: Bought Goods work TK 10000 for cash from X.  
 $\frac{D}{C}$
- Feb-21: Paid X TK 12000 on account. Cash  
 $\frac{D}{C}$
- Feb-22: Received interest from Y TK 1200.  $\xrightarrow{\text{means cash}}$   
 $\frac{C}{D}$
- Feb-23: Paid TK 5000 into Bank from office Cash.  
 $\frac{D}{C}$
- Feb-24: Paid for office stationary TK 1000 Cash  
 $\frac{D}{C}$
- Feb-25: Paid received interest on investments TK 2000  
 $\frac{C}{D}$
- Feb-26: Paid electric charges TK 500. Cash  
 $\frac{D}{C}$

\* \* \* 0 \*

Define ledger and balances. Distinguish between ledger and Journal.

⇒ Ledger: Ledger is the distinction for all entries made in subsidiary books or journals.

Or, The book in which a trader's transactions are recorded in a classified permanent form is called ledger. (individual classification).

Or, Ledger is a permanent book that contain all financial record in a classification wise.

Or, Ledger is the permanent store house of all transaction.

Ledger has two sides —  
 i) Debits / Left sides  
 ii) credit / Right sides

⇒ Balances: Balance is the difference between debit credit in ledger account. Balances can not be negative.

⇒ Differences between Ledger and Journals:

### Journal

- i) Transactions are entered first in the journal for the systematic analysis of their two-fold aspect.

- ii) It is a subsidiary book.

- iii) Journal is called "book of original entry".

- iv) In journal transactions are recorded chronologically immediately after their occurrence.

### Ledger

- i) Transactions are analysed chronologically in journal and classified and transferred for permanent records in the ledger.

- ii) It is a principal book

- iii) Ledger is called "King of all books."

- iv) In ledger a condensed and classified records of transactions are maintained.

P-14

Draw the specimen or structure of Ledger account.

Date	Particulars	J.F	Amount	Date	Particulars	J.F	Amount	Cr

- # Total Debit > Total Credit = Debit Balance
- # Total Debit < Total credit = Credit Balance
- # Total Debit = Total credit = Nil Balance.

(b) Mn. Habib started business with a capital of Tk 9000 on June-2006. He had the following transactions:

- June-1: Deposit into Bank Tk 4000  
 -4: Purchased goods for cash Tk 2500  
 -5: Sold goods for cash Tk 3500  
 -7: Purchased from Z. Abedin & Co. Tk 2000  
 -9: Paid salary Tk 700  
 -12: Purchase Furniture 5000  
 -15: Sold goods to Mr. Hafiz 1300  
 -19: Received cheque from Mr. Hafiz 1100

Transfer the above transactions to Mr. Habib's Ledger book.

Dn  $\Rightarrow$  Mr. Habib's Capital Account

Date	Particulars	J.F	Amount	Date	Particulars	J.F	Amount	Cr
2006				2006				
June-19	Balance B/d		9000	June-1	Cash A/c		9000/-	
			9000				9000/-	
				June-20	Balance B/d		9000/-	

8-15

Cash Account

Date	Particulars	J.F	Amount	Date	Particulars	J.F	Amount
2006 Jun-1	capital A/c		9000/-	2006 Jun-1	Bank A/c		4000/-
-5	Sales A/c		3500/-	-4	Purchase A/c		2500/-
				-9	Salary A/c		700/-
				-12	Furniture A/c		3000/-
					Balance c/d		1400/-
Jun-20	Balance b/d		13600				13600
			1400				

 $\Rightarrow$  Bank Account

Date	Particulars	J.F	Amount	Date	Particulars	J.F	Amount
2006 Jun-1	Cash A/c		4000	2006 Jun-19	Balance c/d		4000
			4000				4000
Jun-20	Balance b/d		4000				

 $\Rightarrow$  Purchase Account

Date	Particulars	J.F	Amount	Date	Particulars	J.F	Amount
2006 Jun-4	Cash A/c		2500/-	2006 Jun-19	Balance c/d		4500/-
-7	s-Abedin & Co. A/c		2000/-				4500
			4500				

 $\Rightarrow$  Sales Account

Date	Particulars	J.F	Amount	Date	Particulars	J.F	Amount
2006 Jun-19				2006 Jun-3	Credit A/c		3500/-
	balance c/d.		4800/-	15	Mr. Hafiz A/c		1300/-
			4800/-				4800

Abedin & co. Account

Date	Particulars	J.F	Amount	Date	Particulars	J.F	Amount
<u>2006</u>				<u>2006</u>			
Jun-19	Balance c/d			Jun-19	Purchase A/c		
			2000/-				2000/-
			<u>2000/-</u>				<u>2000/-</u>
				Jun-20	Balance b/d		200,01.

⇒ Salary Account ↴

Date	Particulars	J.F	Amount	Date	Particulars	J.F	Amount
<u>2006</u>				<u>2006</u>			
- Jun-9	Cash A/c		5000/-	Jun-19	Balance c/d		5000/-
			<u>5000/-</u>				<u>5000/-</u>
- Jun-20	Balance b/d		12000/-				

①  
↓  
⇒ Furniture Account

Date	Particulars	J.F	Amount	Date	Particulars	J.F	Amount
<u>2006</u>				<u>2006</u>			
- Jun-12	Cash A/c		700/-				
			<u>700</u>				

⇒ Mrs. Hafiz Account

Date	Particulars	J.F	Amount	Date	particulars	J.F	Amount
<u>2006</u>				<u>2006</u>			
- Jun-15	Sales A/c		1300/-	Jun-19	Cash A/c		1100/-
			<u>1300/-</u>	" " 19	Balance c/d		200/-
- Jun-20	Balance b/d		200/-				<u>1300/-</u>

What do you meant by Cash Book? Discuss different types of Cash Book.

⇒ Cash Book: The book in which the transactions of each purchase and cash sales are included by regular and make a balance sheet is called Cash Book. All receipts and payment of money in coins, currency notes, cheques, bank drafts etc. are recorded in cash book.

⇒ Types of Cash Book: There are difference type of cash Books such as—

- i) Single column cash book (only cash transaction)
- ii) Double column cash book (cash and bank transaction)
- iii) Triple column cash book (cash, bank and discount)

i) Single Column Cash Book: The cash book in which only cash transactions/ columns has been found is called single column cash book.

The difference between debit balance and credit balance is called cash in hand.

ii) Double Column Cash Book: The cash book in which cash and bank balance columns have been found is called double column cash book

iii) Triple Column Cash Book: The cash book in which cash, bank and discount has been found is called triple column cash book.

If discount goes, then it will written on debit side. When discount comes, then it will be written on credit side. There is no need of balance of discount Account.

~~Make a single column cash book for following transactions -~~

Jun-1 : Balances - 1000/-

-2 : cash sales of goods TK 3000

-3 : cash purchases , , TK 2000

-4 : cash deposited into bank TK 500

Dr  $\Rightarrow$  single column cash book

Date	Receipts	V no	Amount	Date	Payments	V no	Amount
Jun-1	Balances A/c		1000/-	Jun-3	Purchase A/c		2000/-
Jun-2	Sales A/c		3000/-	Jun-4	Bank A/c		500/-
			4000		Balance c/d		1500/-
			2500				2,000

~~Make a double column cash book for following transactions -~~

Feb-1: balances : cash TK 1000/-

: Bank TK 5000

2: cash sales 5000 TK and cash purchase 3000 TK

4: sold goods to Mr. Y TK 3000. not include

5: cash deposited into bank TK 1000 C

6: cash withdraw from bank for personal uses TK 1000.

7: cash withdraw from bank 500 TK C

8: salary paid by cheque TK 1000.

10: A cheque received from Mr. Y of TK 2000.

12: A cheque received from Mr. Y of TK 1000 and deposited into Bank on same day.

## double column cash book

Cr	Receipts	V no	Cash	Bank	Date	Payments	V no	Cash	Bank
-	Balance b/d		1000/-	5000/-	Feb-3	purchas e A/c		3000/-	-
-3	Sales A/c		5000/-	-	-5	BANK A/C (C)		1000/-	-
-5	Cash A/c (C)		-	1000/-	-7	Cash A/c (C)		-	500/-
-7	Withdrawal A/c (C)		500/-	-	-8	withdrawn A/c		-	500/-
-10	M.h.y A/c		2000/-	-	-8	Salaries A/c		-	1000/-
-12	M.h.y A/c		-	2000/-		Balance c/d		4500/-	6000/-
			8500	8000				8500	8000
	Balance b/d		4000	2000					

Make a triple column cash book for following transaction.

- July-1: Balance: cash 2500/- and bank 1000/- (Dr) 1-

-2: A chqk received from Mr.Y of Jaka 3000/- and allowed him discount 200/- 1-

-4: Paid to Mr. Rony tak 2000 and discount received 100k. 1-

-6: Discounted a cheque of 3000/- from bank which was received from Mr.Y. 1/-

-8: A chqk dishonoured by the bank which was received from Mr.Y. 1/-

make a cash book (one column) for following transaction-

2006

- Jan-1 : Balance - cash Tk 30000/-  
 -2 : Cash sales of goods 15000/-  
 -3 : Purchased goods for cash 13000/-  
 -5 : Cheque received of 400/- from Mr. Rohmuth  
       and deposit into Bank.  
 -7 : Rent paid cash 1200/-  
 -8 : Salary paid cash 800/-  
 -10 : Received discount Tk 200/-  
 -13 : Received cash Tk 500 from Mr. Rokib.  
 -14 : A cheque given to Rohim as credit Tk 300/-  
 -15 : Deposited into Bank 200/-  
 -18 : Cheque received from Mr. Karim cash Tk 800/-  
 -20 : withdraw from Bank for personal use  
       Tk 100/-  
 -25 : withdraw from Bank for business Tk 700.  
 -30 : Advertisement cost of cash Tk 300/-

D/P	Receipts	V.no	Amount	Date 2006	Payments	V.no	Cr Amount
2006							
Jan-1	Balance		30000/-				
-2	Sales A/c		15000/-	Jan-3	Purchase A/c		13000/- 10
-5	Mr. Rohmuth A/c		400/-	-5	Bank A/c		400/- 10
-10	Discount A/c		200/-	-7	Rent A/c		1200/- 00
-13	Rokib A/c		500/-	-8	Salary A/c		800/-
-14	Bank A/c (C)		300/-	-14	Rohim A/c(C)		300/-
-18	Karim A/c		800/-	-15	Bank A/c		200/-
-20	Bank A/c		100/-	-20	withdraw A/c		100/- 0
-23	Bank A/c		700/-	-30	Advertisement A/c		300/- 00
					Balance Ad		
			48,000/-				2000/-
			46000/-				48000/-

~~✓~~ For the following transactions in a cash book with Cash and Bank column.

2006

- March—1 : Cash in hand TK 5000  
— : Cash at bank TK 1000.  
— 4 : Cash sales TK 20,000.  
— 5 : Deposited into Bank TK 18000.  
— 8 : Received from Serani TK 15000 by cheque and  
the same deposited into Bank.  
— 12 : Paid Salary to Dulu TK 6000.  
— 15 : Paid Halal TK 27500 by a cheque.  
— 20 : Paid Zia TK 4000 by cheque and TK 500 in cash  
— 24 : Received Loan from Hasan of TK 5000 by cheque  
and the same deposited into Bank.  
— 26 : Draw from Bank for office use TK 10,000.  
— 31 : Purchase Furniture for TK 7500.

Dr

Date	Particulars	V no	Cash	Bank	Date	Particulars	V no	Cash	Bank
2006 1/1/00-1	Balance b/d		5000/-	1000/-	2006 -5	Bank A/c (C)		18000	
-4	Sales A/c		20000/-		-12	Salary A/c		6000	
-5	Cash A/c (C)		18000/-	18000/-	15	Halal A/c			27500
-8	Senani A/c			15000/-	20	Zia A/c		500	4000
24	Hasan A/c (C)			5000/-	24	Cash A/c (C)			10000
26	Bank A/c		10000/-		31	Furniture A/c		7500	
	Balance c/d			6500/-		Balance d		2000	
			30000/-	11000/-				35000/-	91000
			3000						34500

✓ take a triple column cash book for following transactions -

Started a business on 1st Jan 2006 with Bank balance  
5000/-

Jan-1: withdraw from bank HK 1500 and paid current bill HK 120 by cheque.

-4 : Purchased goods Tk 3000 by cheque.

-5 : Sales goods cash + Tk 270 and deposited into Bank in no time.

- 8: Purchased a typewriter by a cheque sk 1120.

- 11: Sales goods to 'Y' by a cheque TK 7,00 and with 10% cash discount.

- 14 : Paid salary cash & K 150.

- 15% Purchased goods costing ₹ 500 from 'G' with 10% discount.

- 18: Received TK 1300 from 'L' and deposited into Bank same.

-21: Purchased goods from 'R' with Cheque Tk 250.

- 25: Paid 'B' JK 100 by a cheque as credit.

- 26: Paid current bill TK 100 in this month.

- 27: Received a cheque TK 190 from 'L. for minimising credit TK 200 and same deposited into Bank.

- 28 : Dishonour a cheque that is received from

- 30: Paid transport cost 5k to and other 30k.

~~What is trial balance? Explain.~~

⇒ Trial Balance: A trial balance may thus be defined as a statement of all debit and credit balances extracted from the ledger with a view to testing the arithmetical accuracy of the books.

Or, A trial balance is a list or schedule of balance both debit and credit extracted from the account in the ledger and including the cash and bank balances from the cash book.

⇒ Explanation: Under double entry system, for every debit entry there is a corresponding credit entry of the same amount. Consequently, the total amount of all debit entries should be equal to the total of all credit entries. In order to verify whether the two totals are equal, a statement is prepared periodically showing the debit items in one column and the credit items in another column. This statement is called the trial balance.

If the books are arithmetically correct the total of debit balance must be agree with the credit balances.

~~Mention the method of preparation of trial balance.~~

⇒ The method of preparation of trial balance are given below:

- i) All transactions recorded in the journal first.
- ii) From the journal the transactions are transferred in the ledger according to their respective etc.
- iii) Sometimes the transactions are directly transferred into the ledger.

- iv) After the particular times ledger balances are worked out and debit balances are recorded on the debit sides of the ledger and credit balances are recorded on the credit side of the ledger.
- v) Then these balances are transferred into a separate paper showing all debits in debit side and credits in credit side.
- vi) Besides the balance from the ledger, the cash balance from the cash book and the bank balance of that particular date is also included in the trial balance.
- vii) Then the debits and credits are summed up.
- viii) If the debit and credit is equal then the journal, ledger and trial balance are correct.

⇒ Limitation of trial balance & Limitation of trial balance are as follows-

- i) Error of omission
- ii) Error of commission
- iii) Error of misposting
- iv) Compensating errors

~~x~~ Prepare a specimen of trial balance.

⇒

Trial balance

Trial balance			
Particulars	Amount	Particulars	Amount
<u>Assets:</u> Cash, Bank Balance, Investment, S/ Debtors, Bills Receivable, Opening Stock, Furniture, Machinery, Motor & Car, Land Building, Good will, Office Equipment, Fixed Assets.		<u>Capital</u> ..	
<u>Expenses:</u> Purchase, wages, carriage in, Import duty, Fuel, salaries, Rent, Interest paid, Bad Debts Commission, general expens., Advertisement, carriage out, Lighting, Telephone bill, Legal charges, office expens., Insurance, Discount, Electricity, Freight charges, Travelling etc.		<u>Liabilities:</u> S/ creditors, Bills payable, Bank overdraft, loan, Mortgage loan, Debenture, <u>Outstanding Liability:</u> Salary due, Rent due etc	
<u>Others:</u> Sales return/Return in, Drawing		<u>Income</u> :: Sales, interest received, Commission received, Discount received, Premium received.	
		<u>Others:</u> Purchase return/return out Reserve funds/provisions	

\* closing stock will not be included in the trial balance.

From the following balances prepare a Trial Balance.

<u>Particulars</u>	<u>Taka</u>	<u>Particulars</u>	<u>Taka</u>
Building	80000/-	Plant & Machinery	60000
Salaries & wages	9000	Bad Debts	1240
Purchases	160000	Sales	295000
Carriage Dt's count-received	900 300	Discount on purchase	1500
Apprenticeship premium	1200	Opening stock	35000
Bills receivable	300	Sundry debtors	30000
Capital	150000	Sundry creditor	22000
Sales return	1700	Purchase return	1400
Cash at bank	70000	Closing stock	21700
		Cash in hand	4760
Dr			

<u>Particulars</u>	<u>Amount</u>	<u>Particulars</u>	<u>Amount</u>
Building	80000/-	Discount received	300/-
Salaries and wages	9000/-	Apprenticeship premium	1200/-
Purchase	160000	Sales	295000/-
Carriage	900/-	S/c creditor	22000/-
Bills receivable	300/-	Purchase return	1400/-
Sales return	1700/-	Discount on purchas	1500/-
Cash at Bank	70000/-	Capital	150000
Plant and Machinery	60000/-		
Bad Debts	1240/-		
Opening stock	35000/-		
S/debtors	30000/-		
Cash in hand	4760/-		
Maz chinay	21700		
	<u>471400</u>		<u>471400</u>

~~What is final Account? what are the requirement to make a final account?~~

⇒ Final Accounts: To determine the final result of a business after a particular time, some accounts are made which are called final accounts or financial statement.

⇒ Requirement: To make final account we need three accounts such as -

- i. Trading account / manufacturing / nominal account
- ii. Profit and loss account
- iii. Balance sheet.

i) Trading Account: Trading account includes direct expense / cost & indirect income.

ii) Profit and Loss Account: It includes indirect cost / expenses & indirect cost, income.

iii) Balance sheet: Balance sheet includes Asset, capital and liability.

④ At first trading account is drawn with the help of trial balance, then the other accounts prepared.

Make specimen / structure of Trading Account, Profit and Loss Account and Balance sheet.

Dr  $\Rightarrow$  Trading Account

⇒ Profit and Loss Account

Particulars	Amount	Particulars	Amount
Salary	***	Gross profit b/d	***
Add: due	***	Interest on investment	***
General expenses	***	Commission	***
Less: prepaid	***	Discount	***
Commission	***		
Discount	***		
Advertisement	***		
Office expenses	***		
Rent	***		
Insurance	***		
Telephone bills / Electric	**		
Stationary	***		
Postage	**		
Interest	**		
Carrying out	**		
Bad debts	**		
Reserve for bad debts	**		
Depreciation	**		
Export duty			
N/I profit →	**		**
	**		

## Balance Sheet

Cr -

Pital & Liabilities	Amount	Assets	Amount
S/ creditors	***	Cash	***
Loans	***	Bank	***
Bank over draft	***	Investment	***
Mortgage loan	***	S/ Debitors	***
Debenture	***	Closing stock	***
<u>Outstanding liabilities</u>	***	Bill receivable	***
Capital	***	Furniture	***
Add: Net profit	***	Machinaries	***
	***	Motor, cos, bus etc	***
Less: Drawing	***	Land, building	***
	***	Good will	***
		Prepaid expenses	***
			***
			***

Ques From the following Trial Balance of M/S Moon, prepare  
a Trading Account and Profit and Loss Account  
for the year ended 31st December 2003 and  
Balance sheet as at that date-

Dr	T/B	Cr	
Particulars	Amount	Particulars	Amount
Drawing	3000/-	Sales	80500/-
Buildings	50000/-	100m	10000/-
Furniture	10000/-	S/credtors	17500/-
Stock (1-1-03)	15000/-	Discount	500/-
S/ Debitors	18000/-	Return out	500/-
Cash at Bank	5000/-	Capital	88000/-
Purchases	55500/-		
Wages	5500/-		
Carriage inward	1500/-		
Rent	2000/-		
Salaries	3500/-		
Insurance	1000/-		
Investment	10,000/-		
Return In	1000/-		
Bad - debts	500/-		
Commission	200		
Good will	15000		
Total	197000	Total	197000

adjustments:

- i) closing stock was valued at TK 31000/-
- ii) Salaries outstanding TK 1500 and rent prepaid TK 500.
- iii) Make a reserve for bad debts 5% on Sundry Debtors
- iv) Depreciate furniture by 10% and building by 7.5%.

Dr

## ⇒ Trading Account

Particulars	Amount	Particulars	Cr
			Amount
Opening stock	15000/-	Sales	80500/-
Purchase 55500/-		Less return in	1000/-
Less: Returnout 500/-	55000/-	Closing stock	79500/-
Wages	5500/-		31000/-
Carrying in	1500/-		
Gross profit →	33300/-		
	110500/-		
			110,500/-

## ⇒ Profit and Loss Account

Dr

Particulars	Amount	Particulars	Cr
			Amount
Salary 3500/-		Gross profit	33500/-
Add: due 1500/-	5000/-	Discount →	300/-
Rent 2000/-	1500/-		
Less: prepaid 500/-			
Insurance	1000/-		
Bad debts 500/-			
Add: reserves 11900/-			
Commission	1400/-		
Depreciation	500/-		
furniture - 1000/-			
building - 3750	4750/-		
Net profit →	19850/-		
	34000/-		

Balance sheet

Capital & Liabilities	Amount	Assets	Amount
Lone	10000/-	Cash at bank	5000/-
S/creditor	17500/-	Investment	10000/-
outstanding liabilities		S/ Debtors	18000/-
Salary	1500/-	Less: Reserves	900/-
Capital	88000/-	Closing stock	31000/-
Add: Net profit	19850/-	Furniture	10000
	107850/-	Less - Depreciation	1000
Less: drawing	3000/-	Building	50000
	104850/-	Less: Depreciation	3750
		Good will	15000/-
		Prepaid rent	7500/-
	133850		118,450