@ Sabrina.trishita

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What is accounting? What is the relation between accounting and engineering.

Accounting:

Accounting is the process of identifying, measuring, recording and communicating the economic events of an organization to the interested users of the organization. It can be defined as the art of summerising, classifying and recording in significant manner and in terms of money. It makes possible to determine profit and loss of the business of life.

Accounting and engineering:

While accounting is most closely related to economics, it has many points in common with engineering and public administration. Engineering involves cost of construction and cost of operation. Those cost arises business transactions. Engineering is, therefore, related to general accounting and in particular to cost accounting. Engineering projects are carried out by money. and varies business [illegible] that need to be accounted ~~for~~ currently.

What are 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.

It is used to determine accurate rate of price.

(v) It makes possible to determine total financial position of a business.

(vi) It helps to determine debitors and creditors.

(vii) It is used to determine income tax and sales tax.

Accounting cycle:

The order or sequence in which accounting procedures are performed is called accounting cycle. Its continuity is maintained by opening an entry, at the beginning of a year.

There are five steps in accounting cycle.

They are —

1. Preparation of journal
2. Preparation of ledger
3. Preparation of trial balance
4. Financial statement
5. Analysis or interpretations of financial statement.

1. Preparation of journal:

The accounting process begins with analyzing transactions. The company first looks at the transactions source documents which describes the transactions and events. After analyzing the transactions events and source documents, the company is now ready to journalize. When the company journalizes the accountant applies the rules of double entry accounting. Double entry accounting means that each transactions must be recorded in at least two accounts or that the debits must be equal to credits. After applying the rules of debits and credits, the accountant should then record the transactions in a journal, or journalize. A journal is a complete record of each transactions.

2. Preparation of ledger:

The next step of accounting cycle is to post. Posting involves transferring information from the journal to ledger. A ledger is simply a collection of all accounts - it shows all of the number detail about a company's accounts. Simply, it is a transfer of debits and credits from the journal to ledger.

3. Preparation of trial balance:

Trial balance is prepared to verify the sum of debit is equal to the sum of credit. It is the summery of debit and credit balances of ledger.

4. Preparation of financial statement:

The financial statement must be prepared in a very specific order. The order of the financial statement is –

i. Income statement:

Prepared from the revenue, expenses, gains and losses.

ii. Balance sheet:

Prepared from the assets, liabilities and equity accounts.

iii. Statement of retained earnings:

Prepared from net income and dividend information

iv. Cash flow statement:

Derived from the other financial statements using either the direct or indirect method.

5. Analysis of financial statements:

Giving requisite information to the interested groups by calculating accounting ratios and interpreting the performance of the company concerned.

Principles of accounting:

1. Historical cost principle:

It states that –

1. Once a transaction is recorded at its acquisition price it is subsequently not changed. This is deemed to be more reliable than other variation methods.

ii. Applies to assets and liabilities.

iii. Prepares and users find current fair value information to be useful as well.

2. Revenue recognition principle:

(i) Revenue is recognized when it is realized and earned.

(ii) Revenue normally recognized at the time of sale with exceptions.

3. Matching principles:

i. When there will be revenue, there ~~will~~ ~~be~~ must be ~~or~~ expense against it and vice versa.

ii. Revenue and expense will be at the same time period.

6. Full disclosure principles:

(i) To report what a reasonable person would need to know, to make an informed decision.

(ii) The informations should be true and fully clear.

(iii) Disclosure may be achieved within the body of financial statement.

(iv) No information should hide about the organization to the users.

Basic assumptions in accounting:

1. Economic entity / separate entity assumptions:

(i) The economic entity can be identified with a particular unit of accountability.

(ii) The business is separate and distinct from its owners.

(iii) Departments or divisions of an entity may be considered separate entities.

(IV) Accounting assumptions not necessarily a legal one.

2. Going concern assumption:

(i) That the business will be in business tomorrow.

(ii) Implies accrual, historical accounting should be followed.

(iii) Liquidation accounting is not followed unless indicated.

3. Monetary unit:

(i) Money is the common unit of measure of economic transactions.

(ii) Use of a monetary unit is more relevant, simple, available, understandable and useful.

(iii) The dollar is assumed to remain relatively stable in value.

4. Periodicity (Time Period) assumption:

1. Economic activity of an entity must be artificially divided into time periods for reporting purposes.

(ii) Adjusting entries must be done to bring books up to date at the end of the time period.

(iii) Shorter time period more subject to revision but more timely.

Limitations and constraints of accounting.

1) Cost and benefit relationship:

It is always expected that benefit will be more than the cost. But in practical it doesnot always happen. So it is considered as a limitation. Sound judgement must be used.

2. Materiality:

i) Relates to an items importance to a firms overall financial operations.

An item must make a difference to be material and be disclosed.

(iii) Materiality has both quantitative and qualitative characteristics.

3. Industrial practice:

Different organisations have different activities and procedures. So, their record process also differs. It is regarded as an obstacle.

4. Conservatism:

When informations are recorded then extra asset and less liability should be shown. Rather less asset and more liability can be shown.

Users of accounting information:

There are two types of users.

1. External users
2. Internal users

Internal users:

Internal users of accounting information are those individuals inside a company who plan, organize and run the business. These include marketing managers, production supervisors, finance directors and company officers.

External users:

External users are individuals and organizations outside a company who want financial information about the company. The two most common types of external users are investors and creditors. Investors (owners) use accounting information to make decisions to buy, hold or sell ownership shares of a company. Creditors (such as suppliers and bankers) use accounting information to evaluate the risks of gaining credit or lending money.

Define transaction and its characteristics.

Transaction:

Transaction means the dealings of a trader in terms of money or money's worth. The term business transaction has been defined as any act, that alters the financial position where such alternation can be measured in terms of money.

In short, an event which brings financial changes is called transaction.

Characteristics:

(i) Events must be measurable in terms of money.

(ii) Financial change must be brought by the event.

(iii) There must be two parties or accounts in each transaction.

(iv) Transaction may be past or historical.

(v) Transaction also have some ~~may be~~ invisible. event such as depreciation, good will.

(vi) It must have future events.

Every transaction is an event but every event is not a transaction.

There are two types of events in our life. (i) financial events and the other is (ii) non-financial events. Between them the financial events are called transaction. Financial events must be charged in a transaction. Such as — Mr. X buys goods for cash tk 3000.

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

For examples:

(i) Mr. X sells goods in Tk 1000 → It is a transaction.

(ii) Mr. X will buy a share → It is not a transaction.

Every debit must have corresponding credit

In accounting system, we know the benefit recieved is called ~~be~~ debit and the benefit given is called credit. A benefit can not be recieved without giving it. So a debtor cannot be found without a creditor.

On the contrary, a benefit cannot be given without a recizver of it. So it is clear that every debit must have a corresponding credit.

For example, if a producer wants to sell his products, a buyer must buy these. If the buyer is not willing to buy then the producer can't sell. So for a transaction

a ~~b~~ debtor and a creditor is must and it proves the given statement.

Important terms:

Liabilities:

Probable future sacrifies of economic benefits arising from presents obligations of a particular entity to transfer assets or provide servics to other entities in the future as a result of past transactions or events.

There are two types of liabities.

(I) Internal liability
(II) External liability

Asset:

Assets are resources owned by a business. They are used in carrying out such activities as production, consumption and exchange.

Asset = cash + equipment.

Owner's equity:

Residual interest in the assets of an eq entity that remain after deducting the liabilities.

Owner's equity = Assets − Liabilities.

Revenues:

Revenue is the inflow of assets resulting from the sale of goods and services in the ordinary course of business and it increases capital.

Expenses:

Expenses are costs incurred while earning revenues which result in a decrease ~~x~~ in assets or increase in liabilities. Examples of expenses are the cost of goods sold, wages, salaries of employees, usage of fixed assets, rent of building etc.

Basic accounting equation:

Asset = Liabilities + owners equity

The relationship of assets, liabilities and owner's equity can be expressed ~~in~~ through an equation which is known as basic accounting equation. In this equation, ~~th~~ assets must be equal to the sum of liabilities and owner's equity. Liabilities appear before owner's equity in the basic accounting equation. because they are paid first if a business is liquidated.

Types of transaction:

There are two types of transaction. They are —

1. Capital transaction or expenditure
2. Revenue expenditure

Capital expenditure:

Capital expenditure consists of expenditure the benefit of which is not consumed on accounting period but spread over several period. It is therefore non recurrent in nature.

Example: Expenses incurred for acquiring fixed asset.

Revenue expenditure:

Revenue expenditure consists of expenditure the benefit of which is fully consumed within one year or a same period. It is therefore recurrent in nature.

Example: Expenses incurred for acquiring asset for resale.

What is account?? Discuss various types of accounts with examples:

Account:

The record of each individual classification is called account. An account is simply a place where similar transactions are recorded and accumulated. It is an element in accounting system which is used to classify and summarise the measurements of business activities.

There are three types of accounts. They are discussed below: —

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(i) Personal account:

This type of account is related to persons and firms. For example: Rahim's account, debtor, creditors etc are the personal accounts.

(ii) Real or ~~assist~~ asset or property account:

The account which records dealing with property, asset or possessions is known as real account. For example: cash, furniture, land, good will etc.

(III) Nominal account:

Accounts related to gains and incomes or expenses and losses of business are known as nominal accounts. For example: accounts for wages, rent, salaries, stationary etc are nominal account.

Define journal and describe its functions.

Journal:

Journal means the daily register. It is the book of only original entries in which transaction first entered chronologically. It is also called primary book of account. Journal means daily register, a book, contains complete record of everyday's transactions.

Functions:

(i) To analyse each transaction into debit and credit.

(ii) To arrange transaction in order of date or chronologically.

(iii) To entry the transaction in the ledger.

A journal makes several contributions to recording process:—

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(i) It discloses in one place the complete effect of a transaction.

(ii) It provides a chronological record of transactions.

(iii) It helps to prevent or locate ~~e~~ errors because debit and credit amounts for each entry can be compared.

What is journalising?

Journalising:

Entering transaction data in the journal is known as journalising. Separate journal entries are made for each transaction.

Simple journal entries:

If an entry involves only two accounts, one debit and one credit, it is considered as a simple entry.

Date	Account title and Explanations	Ref	Dr	Cr
	Cash		20000	—
2005	K. Browne	—	—	20000
Jan 1	(Invested cash in the business)			

Compound journal entries:

When more than two accounts are required in one journal entry, the entry is referred to as a compound entry.

Date	Accounts title and explanations	Ref	Dr.	Cr.
	Delivery equipments		14000/-	
2005	Cash			8000/-
July 1	Accounts Payable			6000/-
	(Purchased truck for cash with balance on account)			

The Dr. should be entered before the credit otherwise it will be wrong.

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Write down the rules of journalising.

The rules for journalising are given below:-

(i) One line is used to separate the two aspects of transaction record.

(ii) Debit and Credit are written on the line above.

(iii)

Describe the advantages of journalising:

The advantages of journalising are given below:-

I. As similar transactions are journalised with details in chronological order, it becomes easy to trace a particular transaction, subsequently.

II. Enough time is saved in posting the transactions into the ledger from the journal.

(iii) It makes oppourtunity to classify and make desired analysis.

What is ledger?

The individual accounts are normally maintain in a book referred as ledger.

Ledger is a book in which the transaction are transferred from journal. According to L.C Croper -

" The book in which a trader's transactions are recorded in a classified permanent form is called the ledger."

According to Arthur Fieldhouse.

" Ledger is the permanent storehouse of all the transactions."

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Difference between journal and ledger.

Journal	Ledger
(i) All transactions are classified in debit and credit before recording in journal.	(i) Similar transaction are placed under definite headings in ledger.
(ii) It is the book of original entry.	(ii) It is called king of all books.
(iii) There is a short description of transaction in journal.	(iii) No description of transaction is available in ledger.
(iv) Objective of journal is to prepare a ledger.	(iv) Objective of ledger is to prepare final account.
(v) Profit or loss can be determined from journal.	(v) Profit or loss can't be determined from ledger.
(vi) Journal is an temporary book.	(vi) Ledger is a permanent book.

What is double entry system? What are the advantages of this system and conditions.

Double entry system:

There are two ways of business transaction. The double entry system indicates recording of every business transaction in money or money's worth in its double aspect i.e the recieve of benefit by one account and the surrender of benefit by another account. The benefit reciever is called debitor and the giver is called creditor.

Advantages:

1. It makes the record of both aspects of every transaction possible.
2. It furnishes most complete and reliable information from day to day.

3. It supplies references of the detail of any account.

4. It ensures the arithmatic accuracy of the books.

5. It enables the trader to find out how to prepare a tracing balance.

Conditions for double entry system:

(i) It must have two sides - one debit and one credit.

(ii) Debit account must be equal to credit account.

(iii) But the items of debit account and credit account may not same.

Define balance and cash in hand.

Balance:

The difference ~~of~~ between debit amount and credit amount is called balance,

If debit amount > Credit amount, the balance is debit balance.

If credit amount > debit amount, the balance is credit balance.

Cash in hand:

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

Define final account. and mention its requirements.

Final account:

Final account is defined as the account with which the net loss or profit of a company can be determined and a financial statement is prepared after a certain period of time.

Requirements of a final account:

To make a final account, we need three account.

(i) Trading account
(ii) Profit and loss account
(iii) Balance sheet account

What is the importance of final account.

(i) To determine production cost of a product.

(ii) To determine profit and loss after a certain period of time.

(iii) To show the condition of a business after a period of time by preparing a balance sheet.

(iv) To provide information to the interested groups.

(v) To make future plan of the business.

Define trading account with general form.

Trading account:

The purpose of trading account is to ascertain the gross profit for the trading period under review. Gross profit represents the ~~cost price~~ difference between the cost price of goods sold or services rendered and sale price of those goods ~~and~~ or serices.

General form:

"X" company

Trading Account

For the year ended 31^{st} Dec, 2014

Dr		Cr

Particulars		Amount	Particulars		Amount
Opening Stock →		XX	Sales →	XX	
purchases →	XX		(-) Sales return/ return in →	XX	
(-) return/ returnout →	XX	XX	→		XX
wages →	XX		Closing Stock →		XX
(+) Due →	XX				
→		XX			
Carriage inwards →		XX			
Gross profit →		XX			
		XXX			XXX

Direct expenses

Define Profit and loss account with general form.

Profit and loss account:

The account which is prepared to determine the amount of net loss or net profit after a certain period of time is called profit and loss account.

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General form:

X company

Profit and loss account

For the year ended 31st Dec, 2014

Dr | | | Cr

Particulars	Amount	Particulars	Amount
Carriage outwards →	XX	Gross Profit →	XX
Salary → XX		Discount recieved →	XX
(−) Advance → XX		Interest recieved →	XX
→	XX	Commission tesss →	XX
Rent →	XX	net loss →	XX
Insurance →	XX		
Tax →	XX		
Electric Bill →	XX		
Depreciation:			
Building → XX			
Furniture → XX			
Machinery → XX			
→	XX		
Bad debts → XX			
(+) Bad debts provision → XX			
→	XX		
Net profit →	XX		
	XXX		XXX

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** Can be included in debit side:

* Gross loss

(transferred from trading account)

* Advertisement

* Discount allowed

* Interest allowed

* Commission allowed

* Stationary

* General expenses

* Office "

* Lighting expenses

* Telephone Bill

Define Balance sheet with its general form.

Balance sheet:

Balance sheet is defined as the statement which is prepared in order to determine the actual financial condition of a business on a specific date.

According to R.N. Carter,

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" The statement prepared on the end date of a financial period with all the asset and liability of that date is called balance sheet."

General form:

"X" company

Balance Sheet

On the date 31st Dec, 2014

Define trial balance and its limitations.

Trial balance:

Trial balance is defined as ~~a~~ the list or schedule of both balances debit and credit extrac from ledger account with a view to test arithm accuracy of the accounts.

Limitations of trial balance:

A trial balance does not guarantee freedom from recording errors, however numerous errors may exist even though the trial balance column agree. For example, the trial balance may balance even when:

(i) a transaction is not journalized.

(ii) a correct journal entry is not posted.

(iii) a journal entry is posted twice.

(iv) incorrect accounts are used in journalizing or posting, or

(v) offsetting errors are made in recording the amount of a transaction.

Mention the accounting equations.

Accounting equation is —

Assets = Equity

Assets = Liability + Owner's equity

Assets = Liability + capital + Income − Expenses

Assets + Expenses = Liability + capital + Income

$A + E = L + C + I$

This is the basic accounting equation.

Explain double aspect of transaction.

From the definition of transaction we know transaction is the dealing of a trader, which ~~is~~ e will change the financial position of that trader. Such a dealing will exist if and only if there is another party who will participate in that dealing. So, a transaction needs two parties. For example, Mr x sells a pen to

Mr. Y for tk 10. If Mr. Y does not want to buy that pen for tk 10, it will ~~b~~ not be a transaction. Similarly, if Mr. X does not want to sell that pen at tk 10, it will not also be a transaction. So it is clear that an event must have two parties to be a transaction. This is the double aspect of transaction.

Distinguish between transaction and event, with example.

Transaction	Event
(i) All transaction are event.	(i) All events are not transactions.
(ii) All transactions bring financial change.	(ii) All events do not bring financial change.
(iii) All transaction are measurable in terms of money.	(iii) All events are not measurable in terms of money.
(iv) A transaction must have two parties	(iv) An event may occur for a single party.
(v) All transactions are recorded in account books.	(v) All events are need not to be recorded.

Example:

Mr. X sells a pen for tk 10 to Mr. Y. It is both a transaction and an event. It has two parties; Mr. X and Mr. Y. It is measurable in terms of money (tk 10) and it brings financial change.

But "Mr X eats rice" is an event but not a transaction.

Define debit and credit. State the rules for debit and credit.

Debit:

The process by which a person or a firm receives benefit from another person or a firm is called debit. and the reciever of benefit is called debitor.

Credit:

The process by which a person or a firm ~~rece~~ gives benefit f to another person or firm is known as credit and the giver of the benefit is called creditor.

Golden rules:

The process of debting and crediting of an account for recording double aspect of transactions under double entry system maintains a rule called golden rule.

Personal account:

If a person or firm recieves benefit, then it is debit.

If a person or firm gives benefit, then it is credit.

Cash paid to Mr."X".

∴ Here, Mr. X account is debit and the cash account is credit.

Real/asset account:

Debit is what comes in and credit is

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what goes out.

Mr. "x" purchased a machine for cash tk 30k.

Here, machinery Account is debit and cash account is credit.

Nominal account:

Debit is all expenses and losses and credit is all incomes and revenues.

Salary paid to workers in cash tk 10k.

Here salary account is debit and cash account is credit.

Modern rule:

Asset + Expenses = Capital + Liability + Income

when asset and expense increase and capital, liability and income decreases, then it is debit.

when asset and expense decrease and capital, liability and income increase, then it is credit.

Asset account:

If ~~assest~~ asset increaes then debit.

If asset decreases then credit.

Expense account:

increase → debit

decrease → credit

Liability

increase → credit

decrease → debit

revenue:

increase → credit

decrease → debit

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Define cash book and its different types.

Cash book:

Cash book is defined as the book, where all recording of cash transaction i.e all reciepts payment of money in coin, cheque, postal order, bank draft, currency notes etc are recorded and a balance sheet is prepared.

There are three types of cash books.

(i) Single column cash book:

The cash book where there is one and only a cash column is found is called a single column cash book.

(ii) Double column cash book:

The cash book containing two columns i.e cash and bank transaction, is called double column cash book.

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(iii) Triple column cash book:

The cash book in which cash, bank balance, and discount is found in three separate column is called triple column cash book.

What is cost accounting ?? What are objectives of it.

Cost accounting:

Cost accounting is a type of accounting process that aims to capture a company's cost of production by assessing the input costs of each step of production as well as fixed costs such as depreciation of capital equipment. Cost accounting will first measure and record these costs individually, then compare input results to output or actual results to aid company management in measuring financial performance.

Objectives:

(i) To determine product cost.

(ii) To facilate the planning and control of regular activities.

(iii) To supply information for short run and long run decision.

What is cost?

Cost:

Cost is considered as the monetary value of any sacrifice which is given up to recieve some benefit.

Classification of cost:

On the basis of production there are two types of costs —

(i) Manufacturing / product cost

(ii) Non manufacturing / periodic cost

Manufacturing / product cost:

Manufacturing costs are the costs incurred during the production of a product.

Example: Price of raw material, labour cost.

Non manufacturing / period cost:

~~They~~ This cost is associated with accounting periods, they are not included in the cost of manufacturing the product. (Elements of profit and loss accoun

Example: salary, office rent.

Manufacturing costs are of three types. They are—

1. Direct material
2. Direct labour
3. Manufacturing overhead

1. Direct material:

Direct materials are those materials that become an integral part of the finished product and whose costs can be conveniently traced to the finished product.

Example: tiny electric motor panasonic uses in its DVD players.

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Direct labour:

Direct labour consists of labour costs that can be easily (i.e physically or conveniently) traced to individual units of product.

Example:

Manufacturing overhead:

The costs associated with operating the factory are included in manufacturing overhead.

Non manufacturing costs are of two types. They are —

i. Administrative cost

ii. Selling cost

1. Administrative cost:

The cost which is related to administrative tasks of an organisation is called administrative costs.

Example: executive compensation, general accounting etc.

(ii) Selling cost:

This cost include all costs that are incurred to secure customer orders and get the finished product to the customer.

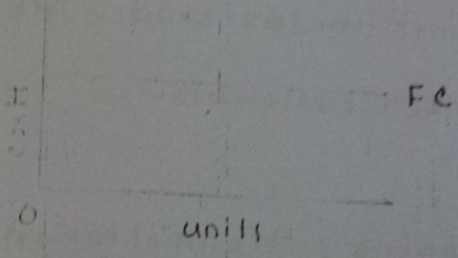
Example: packaging, transportation costs, Salesman salary, carriage outwards, Advertisement.

On the basis of production unit cost are of two types. They are —

i. Fixed cost
ii. Variable cost

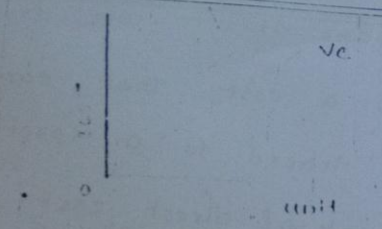
(i) Fixed cost:

The cost that remains fixed in total upto a relevent range whatever the activity ~~lea~~ level is, is considered as fixed cost.

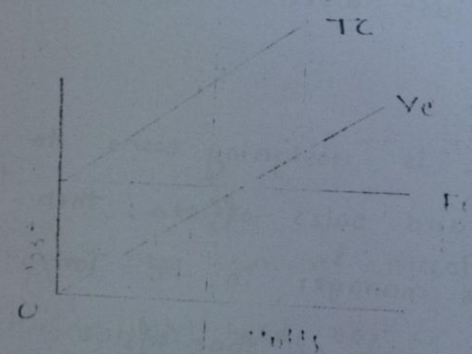


(ii) Variable cost:

The cost that varies in total in direct proportion to the change of level of activity is considered as variable cost.



Total cost = variable cost + fixed cost



Oppourtunity cost:

Oppourtunity cost is considered as a potential benefit which is given up when one alternative is selected over another.

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Direct cost:

A direct cost is a cost that can be easily and conveniently traced to a specified cost object. The concept of direct cost extends beyond just direct materials and direct labour.

Example:

If Reebok is assigning costs to its various regional and sales offices, then the salary of the sales manager in its Tokyo office would be direct cost of that office.

Indirect cost:

An indirect cost is a cost that cannot be easily and conveniently traced to a specified cost object.

Example:

A campbell soup factory may produce dozens of varieties of canned soup. The factory manager's salary would be an indirect cost of particular variety such as chicken noodles soup.

Prime cost:

Prime cost is the sum of direct materials cost and direct labour cost.

Conversion cost:

Conversion cost is the sum of direct labour cost and manufacturing over head cost.

Differential cost; and revenue:

A difference in costs between any two alternatives is e known as differential cost.

A difference in revenue between any two alternatives is known as differential revenue.

Sunk cost:

A sunk cost is a cost that has already been incurred and that cannot be changed by any decision made now or in future.

Cost sheet:

The statement by which the costs related to produce a product of a company ~~is~~ can be represented is called cost sheet.

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MD. ROKNUZZAMAN RONI
060007

ACCOUNTING
Year solution

PROBLEM: 2006

(c) Journalise the following transactions:

2006

January 1 Mr.X. Started business with cash Tk. 500000
" 2 Purchased furniture for cash Tk. 30000
" 3 Purchased goods for cash Tk. 50000
" 4 Sold goods for cash Tk. 40000
" 7 Sold goods to M/S Hazi Tk. 30000
" 10 ~~Paid for stationary~~ Tk. 5000
" 12 Salary paid in cash Tk. 3000 and by cheque Tk. 5000.
" 12 Interest received Tk. 2000.

SOLVE:

Roni 060007 Roni 060007
Roni 060007

Mr. X
Journal

Date	Particulars	L.F	Dr. Amount	Cr. Amount
2006 January 1	Cash A/C… … … … … … … … . Dr To Mr. X. Capital A/C… … …Cr (Mr. X. started business with cash.)		500000	500000
January 2	Furniture A/C… … … … … .. ..Dr To Cash A/C… … … …. … ..Cr (Furniture purchased for cash)		30000	30000
January 3	Purchase A/C… … … … … … .Dr To Cash A/C… … … … ….Cr (Purchased good for cash)		50000	50000
January 4	Cash A/C…………………….Dr To Sales A/C……………..Cr (Good sold for Cash)		40000	40000
January 7	M/S Hazi A/C………………….Dr To Sales A/C……………...Cr (Sold goods to M/S Hazi)		30000	30000
January 10	Stationary A/C………………..Dr To Cash……………………...Cr (paid for stationary)		5000	5000
January 12	Salary A/C…………………………Dr To Cash A/C…………………...Cr To Bank A/C…………………...Cr (Salary paid by cash & cheque)		8000	3000 5000
January 12	Cash A/C……………………………..Dr To Interest A/C………………..Cr (Interest received)		2000	2000
	Total		665000	665000

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060007

PROBLEM: 2004

Journalise the following transactions in the books of Mr. Sen:

Jan 1, Mr. Sen started business with cash Tk.30000 and furniture Tk.10000

Jan 3, Purchased goods for cash Tk.10000 from Mr. Roy

Jan 4, Purchased goods from Mr. Ahmed of Tk.20000.

Jan 6, Purchased a computer for cash Tk.15000.

Jan 10, Sold goods to Mr. Rony of Tk.30000.

Jan 13, Sold some office furniture for cash Tk.3000.

Jan 15, Received from Mr. Roy Tk.25000.

Jan 20, Interest received Tk.500.

Roni 060007 Roni 060007
Roni 060007

SOLVE:

Mr. Sen
Journal

Date	Particulars	L.F	Dr. Amount	Cr. Amount
2004 January 1	Cash A/C… … … … … … … … … . Dr		30000	
	Furniture A/C……………………….Dr		10000	
	To Mr. Sen Capital A/C… … ..Cr			40000
	(Mr. Sen. started business with cash & furniture.)			
January 3	Purchase A/C… … … … … … … .Dr		10000	
	To Cash A/C… … … … … ..Cr			10000
	(Purchased good for cash)			
January 4	Purchase A/C… … … … … … … .Dr		20000	
	To Mr. Ahmed A/C… … … ..Cr			20000
	(Purchased good from Mr. Ahmed)			
January 6	Computer A/C……………………Dr		15000	
	To Cash A/C……………….Cr			15000
	(Good sold for Cash)			
January 10	Mr. Rony A/C……………………Dr		30000	
	To Sales A/C……………….Cr			30000
	(Sold goods to Mr. Rony)			
January 13	Cash A/C……………………….Dr		3000	
	To Furniture A/C………….Cr			3000
	(Furniture sold by Cash)			
January 15	Cash A/C…………………………….Dr		25000	
	To Mr. Roy A/C …………….Cr			25000
	(Cash received from Mr. Roy)			
January 20	Cash A/C…………………………….Dr		500	
	To Interest A/C………………..Cr			500
	(Interest received)			
	Total		143500	143500

MD. ROKNUZZAMAN RONI
060007

PROBLEM: 2001

Journalize the following transactions in the Book of Mr. Ispahani,

(i) Sales: Cash Tk. 10,000 and Credit Tk. 5,000

(ii) Purchase Furniture on credit Tk. 2,500

(iii) Purchase Good from Mr. y for cash Tk. 3,000

* (iv) Discount allowed Tk. 300 [Discount দেয়া হচ্ছে, Debit]

* (v) Cash withdraw from Bank for personal use Tk. 5,000 [withdraw হচ্ছে debit]

(vi) Interest received Tk. 100

* (vii) Paid rent by cheque Tk. 500 [rent nominal a/c খরচ হচ্ছে ∴ Debit]

SOLVE:

Mr. Ispahani
Journal

Date	Particulars	L.F	Dr. Amount	Cr. Amount
(i)	Cash A/C……………………….Dr		10000	
	Creditor A/C……………………….Dr		5000	
	To Sales………………………Cr			15000
	(sales for cash & credit.)			
(ii)	Furniture A/C……………………Dr		2500	
	To Creditor A/C……………Cr			2500
	(Furniture purchased on credit)			
(iii)	Purchase A/C……………………Dr		3000	
	To Cash A/C……………………Cr			3000
	(Purchased good for cash)			
(iv)	Discount A/C……………………Dr		300	
	To Cash A/C……………………Cr			300
	(Good sold for Cash)			
(v)	Withdrawn A/C……………………Dr		5000	
	To Bank A/C……………………Cr			5000
	(withdrawn for personal use from bank)			
(vi)	Cash A/C……………………………Dr		100	
	To Interest A/C………………Cr			100
	(Interest received)			
(vii)	Rent A/C…………………………Dr		500	
	To Bank A/C ……………Cr			500
	(Cash received from Mr. Roy)			
	Total		26400	26400

PROBLEM: 2007

From the following Trial Balance of M/S Raju & Sons prepare a Trading Account and Profit & Loss Account for the year ended 31st December 2006 and a Balance Sheet as on that data.

Trial Balance

dr Particulars	Amount	Particulars	cr Amount
Drawings	10,000	Loan from Bank	50,000
Buildings	50,000	Bank overdraft	20,000
Furniture	20,000	S/ Creditors	23,000
S/ Debtors	20,000	Discount	3,000
Stock (1-1-06)	15,000	Return out (Purchase return)	3,000
Purchases	1,45,000	Sales	2,04,000
Cash at Bank	10,000	Capital	1,00,000
Wages	15,000		
Carriage out (P&L A/c)	5,000		
Carriage in (Trading A/c)	7,000		
Salaries	13,000		
Motors & Car	50,000		
Insurance	5,000		
Bad debts	1,000		
Return in (Sales return)	2,000		
Good will	30,000		
Stationary	3,500		
Interest on loan	1,500		
Total	4,03,000	Total	4,03,000

Adjustments

(i) Closing stock was valued at Tk. 75000
(ii) Salary outstanding Tk. 3000 and insurance prepaid Tk. 2000
(iii) Depreciate furniture by 10%, motor & car by 10% and building by 5%
(iv) Make a reserve for bad debts 5% on S/ Debtors

SOLVE:

M/S Raju & Sons
Trading Account
for the year ended 31st December 2006

Dr. | Cr.

Particular	Amount (Tk)		Particular	Amount (Tk)	
Opening stock		15000	Sales	204000	
Purchases	145000		Less: Return in	2000	
Less: Return out	3000				
		142000	Closing stock		202000
Carriage in		7000			75000
Wages		15000			
Gross profit		98000			
		277000			277000

M/S Raju & Sons
Profit & Loss Account
for the year ended 31st December 2006

Dr Particular	Amount (Tk)		Particular	Amount (Tk) Cr	
Carriage out		5000	Gross profit		98000
Salary	13000		Discount		3000
Add: due	3000	16000			
Insurance	5000				
Less: Pre-paid	2000	3000			
Bad debt	1000				
Add: New bad debt	(20000 × 5%) 1000	2000			
Stationary		3500			
Interest		1500			
Depreciation:					
Furniture	20000 × 10%	2000			
Motor & Car	50000 × 10%	5000			
Building	50000 × 5%	2500			
Net profit		60500			
		101000			101000

M/S Raju & Sons
Balance Sheet
On 31st December 2006

Capital & Liabilities	Amount (Tk)		Asset & Properties	Amount (Tk)	
Capital	100000		Building	50000	
Add: Net profit	60500		Less: Depreciation	2500	47500
	160500		Furniture	20000	
Less: Drawing	10000	150500	Less: Depreciation	2000	18000
Liabilities:			Motor & Car	50000	
Bank overdraft		20000	Less: Depreciation	5000	45000
S/ Creditor		23000	S/ Debtor	20000	
Outstanding salary		3000	Less: Bad debt	1000	19000
Loan from bank		50000	Cash in bank		10000
			Goodwill		30000
			Closing stock		75000
			Insurance prepaid		2000
		246500			246500

PROBLEM: 2006

From the following Trial Balance of M/S Ranju & Brother's prepare Trading Account and Profit & Loss Account for the year ended 31st December 2006 and a Balance sheet as on that date.

Trial Balance

Dr Particulars	Amount	Particulars	Cr Amount
Salaries	1,200	Sales	6,46,000
Purchases	5,99,200	Loan from Bank	1,00,000
Investment	1,00,000	Capital	70,000
Drawings	1,500	Return out	500
Wages	10,000	Discount	500
Carriage inward	900	S/Creditors	20,000
Carriage outward	500	Bank overdraft	7000
Furniture	6,000		
Lighting	300		
Building	30,000		
Insurance	400		
S/Debtors	8,000		
Cash at Bank	3,000		
Stock (01-01-06)	60,000		
Stationary	4,000		
Motor car	17,000		
Return in	1,000		
Bad Debts	1,000		
Total	8,44,000	Total	8,44,000

Adjustments:

(i) Closing stock was valued at Tk. 70,000

(ii) Depreciate furniture by 10% and building by 5% .

(iii) Salaries outstanding Tk. 1200 and stationary prepaid Tk. 2000

SOLVE:

M/S Ranju & Brothers
Trading Account
for the year ended 31st December 2006

Dr. Particular	Amount (Tk)		Particular	Amount (Tk)	Cr.
Opening Stock		60000	Closing stock		70000
Purchase	599200		Sales	646000	
Less: Return out	500		Less: Return in	1000	
		598700			645000
Wages		10000			
Carriage in		900			
Gross profit		45400			
		715000			715000

M/S Ranju & Brothers
Profit & Loss Account
for the year ended 31st December 2006

Dr | | | | Cr

Particular	Amount (Tk)		Particular	Amount (Tk)
Salaries	1200		Gross profit	45400
Add: Due	1200	2400	Discount	500
Carriage out		500		
Lighting		300		
Insurance		400		
Stationary	4000			
Less: Pre-paid	2000	2000		
Bad debt		1000		
Depreciations:				
Furniture	6000 · 10%	600		
Building	30000 × 5%	1500		
Net profit		37200		
		45900		45900

M/S Ranju & Brothers
Balance Sheet
On 31st December 2006

Capital & Liabilities	Amount (Tk)		Asset & Properties	Amount (Tk)	
Capital	70000		Investment		100000
Add: Net profit	37200		Furniture	6000	
	107200		Less: Depreciation	600	5400
Less: Drawing	1500	105700	Building	30000	
			Less: Depreciation	1500	28500
Liabilities:					
Loan from bank		100000			
S/ Creditor		20000	S/ Debtor		8000
Bank overdraft		7000	Cash in bank		3000
Outstanding salary		1200	Motor car		17000
			Closing stock		70000
			Stationary pre-paid		2000
		233900			233900

MD. ROKNUZZAMAN RONI
060007

BLEM: 2002 11.67

2 From the following Trial Balance of Delta & Co., prepare a Trading Account, Profit and Loss A/C for the year ended 31st Dec. 2001 and a Balance sheet as that date:

Mr. Delta's Capital		25,000
Drawing	2,000	
Machinery	10,000	
Furniture & Fitting	2,200	
Stock (1-1-2001)	10,000	
Purchases & Sales	36,500	59,000
Premium received		1,750
Salary	1,500	
General expenses	2,200	
Rents	250	
Wages	1,000	
Printing & Stationary	450	
Legal charges	800	
Return	500	700
Carriage Inward	200	
Carriage Outward	300	
Cash in hand	550	
S/Debtors & Creditors	30,000	12,000
Balance	98,450	98,450

The following adjustments are necessary:

(i) Closing Stock was valued at Tk. 13,500

(ii) Depreciation: Furniture at 25%, Machinery at 5%

(iii) General expenses outstanding Tk. 200.

SOLVE:

Delta & co.
Trading Account
for the year ended 31st December 2001

Dr. Particular	Amount (Tk)		Particular	Amount (Tk)	Cr.
Opening Stock		10000	Closing stock		13500
Purchase	36500		Sales	59000	
Less: Return out	700		Less: Return in	500	
		35800			58500
Wages		1000			
Carriage in		200			
Gross profit		25000			
		72000			72000

Delta & co.
Profit & Loss Account
for the year ended 31st December 2001

Cr

Particular	Amount (Tk)		Particular	Amount (Tk)	
Salaries		1500	Gross profit		25000
Carriage out		300	Premium received		1750
General expense	2200				
Add: Outstanding	200				
		2400			
Rent		250			
Printing & Stationary		450			
Legal charges		800			
Depreciations:					
Furniture	2200 × 25%	550			
Machinery	10000 × 5%	500			
Net profit		20000			
		26750			26750

Delta & co.
Balance Sheet
On 31st December 2001

Capital & Liabilities	Amount (Tk)		Asset & Properties	Amount (Tk)	
Capital	25000		Furniture	2200	
Add: Net profit	20000		Less: Depreciation	550	
	45000				1650
Less: Drawing	2000		Machinery	10000	
		43000	Less: Depreciation	500	
Liabilities:					9500
S/ Creditor		12000	S/ Debtor		30000
Outstanding general expense		200	Cash in hand		550
			Closing stock		13500
		55200			55200

PROBLEM: 2001

Q.4. Prepare a Trading account and profit & loss account for the year ended June 2000 and a bal nce sheet as at that date:

	Dr.		Cr.
Plant Machiney	50,000	Interest on Investment ..	1,500
Furniture	10,000	Return Out	1,000
Stock (1-1-2000) ...	5,500	Loan @ 5% (1-1-2000).	20,000
Sundry Debtors	30,000	Sundry Creditors	4,500
* 10% Investment	20,000	Sales	60,000
Purchases	31,000	Capital	77,000
Wages...............	5,000	Provision for Bad debt..	500
Salary	3,500		
* Rent (2/3 for factory) .	1,500		
Carriage Inward.........	500		
Carriage Out	300		
Bad debts	1,000		
Advertisement	4,000		
Insurance	1,500		
Rent	200		
	1,64,500		1,64,500

SOLVE:

Delta & co.
Trading Account
for the year ended 31st December 2001

Dr. Cr.

Particular	Amount (Tk)		Particular	Amount (Tk)
Opening Stock		5500	Sales	60000
Purchase	31000			
Less: Return out	1000			
		30000		
Wages		5000		
Carriage in		500		
Gross profit		19000		
		60000		60000

Delta & co.
Profit & Loss Account
for the year ended 31st December 2001

Cr

Particular	Amount (Tk)		Particular	Amount (Tk)	
Salaries		3500	Gross profit		19000
Carriage out		300	Interest		1500
Rent		200			
Rent(2:3 for factory)	1500				
Add: Due	$(1500 \div \frac{2}{3} \cdot \frac{1}{3})$ 750				
		2250			
Bad debt	1000				
Less: Provision	500				
		500			
Advertisement		4000			
Insurance		1500			
Net profit		8250			
		20500			20500

Delta & co.
Balance Sheet
On 31st December 2001

Capital & Liabilities	Amount (Tk)		Asset & Properties	Amount (Tk)	
Capital	77000		Plant machinery		50000
Add: Net profit	8250		Furniture		10000
		85250	Sundry Debtor	30000	
Liabilities:			Less: Provision for Bad debt	500	
S/ Creditor		4500			29500
Loan (5%)	20000		10% Investment	20000	
Add	1000		Add: due 2000 1500	2000	22000 20000
		21000			
Factory rent(1/3)		750			
		111500			111500