

**Class: 10**

**Subject: Accounting**

**Chapter: 05 (Account)**

**Date: 05-10-2020**

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### **Important Topics Exposition:**

*[The important information of this chapter has been provided here at a glance.]*

- 1.** The regular changing and net amount of every sources of an organization can be known – By creating.
- 2.** Classified and brief report of an exchange means – Account.
- 3.** Account is – one table or report.
- 4.** The monetary balance of an account can be known – By running balance table.
- 5.** It does not need time to know the balance of an account – in running balance table.
- 6.** To decide the debit-credit correctly it is necessary – to classify the account.
- 7.** Liability account – creditor.
- 8.** Rent arrears account and loan account – liability account.
- 9.** Elevation is – Ownership account.
- 10.** Earning of a business organization will increase – Earning, asset and ownership.
- 11.** If the expenses of business are repaid by the owner, creditor will be - capital account.
- 12.** If the owner takes cash, product, asset or any advantage for his personal needs from the company, it will be counted as Elevation account.
- 13.** Debtor – Asset account.
- 14.** If the obtained cheque is rejected, it will be counted as – debtor account.
- 15.** Bill payment and bill rejection are related to – payable bill account.
- 16.** Receiving bill and selling by the bill are counted as – owing bill account.
- 17.** Stock product means – unsold products at the end of the year.
- 18.** Invest is – asset account.
- 19.** If the idle cash of a company is invested or broke for temporary or long term share, stockpile, prize bond etc. are counted as – invest account.
- 20.** To act the administrative works, buying papers, pen, pencils, scale, file cover, pin, clip etc. are counted as – accessories account.
- 21.** If the rent of factory, office, showroom etc. are returned or not, there will be open – rent account.
- 22.** The interest on investment – earning account.
- 23.** Advance obtained earnings are counted as – uncontained earning.
- 24.** Buying products with dues are counted as – creditor account.
- 25.** Product can be bought – in cash, cheque or in dues.
- 26.** Buying watch, stapler, calculator, paper weight and punching machine are counted as office supplies account.
- 27.** Reputation is – asset account
- 28.** Supplier account – liability account.
- 29.** The meaning of the word ‘Credit’ – Left.
- 30.** Accommodate in ownership – Capital.
- 31.** In free product distribution, credit will be – purchase account.
- 32.** Debit balance is for – asset and expense account.

## CQs for Self-assessment:

1. Mr. Riad started a business on 01 July 2018 by cash Tk. 1,00,000; furniture Tk. 50,000. The following transactions are as follows of the month:-

July – 01	Purchase 200 story books costing tk. 150 each. Trade discount 5%.
July – 05	Sold story books of Tk. 18,000 to Safi in cash.
July – 10	Purchase a shelf on credit for placing story books amounted to Tk. 10,000.
July – 15	Expenses for publicity of library Tk. 2,000.
July – 20	Use library books of Tk. 500 for personal purpose.
July – 31	Sale of Novel to Jabel for Tk. 10,000 at 5% discount.

### **Requirement:**

- Determine the amount of opening capital.
  - Show the accounts classification for the transactions.
  - Show the effects of the transaction on accounting equation.
2. Md. Nazrul started his business with tk. 5,00,000 of cash, tk. 2,00,000 of goods and tk. 1,00,000 of bank deposit. He has the following transactions:-

March – 01	Goods purchase on cheque tk. 50,000.
March – 05	Goods sold on account tk. 70,000.
March – 07	Free goods distribution to customer's tk. 5,000.
March – 09	Withdraw from bank for personal use tk. 10,000.
March – 18	Bank allowed interest tk. 1,200.

### **Requirement:**

- Determine the amount of opening capital.
  - Show the classification of the accounts following modern method from these transactions.
  - Determine the amount of equity for Mr. Nazrul at the end of the month.
3. Mr. Karim starts his business at 1<sup>st</sup> January 2016 with cash tk. 1,00,000 and loan from bank tk. 80,000. Other transactions of his business are as follows:-

January-02	Purchase merchandise at 2% discount tk. 10,000.
January-04	Life insurance premium paid tk. 5,000.
January-08	Bad debt written off tk. 500.
January-10	Salary paid to the office employee's tk. 10,000.
January-12	Purchase computer for office use tk. 40,000.
January-20	Goods withdrawn for personal use tk. 5,000.
January-25	Purchase a delivery van for the business tk. 1,00,000.

### **Requirement:**

- How much is the amount of total drawing of Mr. Karim.
  - Show the accounts classification for the transactions.
  - Give journal entries of transactions of January 2, 4, 12 & 25.
4. Mr. Shajib started business on 1 march 2016 with cash t5k. 50,000 and furniture tk. 30,000. During the month the others transactions were completed as follows:-

March-02	Purchase furniture tk. 8,000 in cash.
March-05	Purchased supplies on account tk. 7,000.
March-10	Completed service rendered for tk. 16,000 of which cash received tk. 6,000.
March-15	Paid advertisement expenses tk. 5,500.
March-20	Paid the amount for supplies purchased on account date on 5.
March-25	Received interest on investment tk. 4,000.

### **Requirement:**

- Determine opening capital.
- Prepare journal entries from transaction dated of 15, 20, 25 & 30.
- Show the effect on accounting equation.

5. The balance of accounts of Rashed Traders on 30<sup>th</sup> June 2016 are as follows:  
cash tk. 25,000; accounts receivable tk. 40,000; machinery tk. 40,000; furniture tk. 25,000  
and accounts payable tk. 20,000. In the month of July the following transactions were  
occurred in his business:-

July-05	Goods purchased in cash tk. 20,000 and on account tk. 50,000.
July-06	Paid prepaid insurance for one year tk. 24,000.
July-10	Goods sold in cash tk. 50,000 and on account tk. 20,000.
July-14	Half of opening accounts receivable realized.
July-20	Goods used for advertisement tk. 5,000 from business.
July-31	Salary is unpaid Tk. 10,000.

**Requirement:**

- Give the opening journal entry.
- Calculate the owner's equity of Rashed Traders on July 31.
- Identify Debit – Credit of above transaction with reason.

**MCQs for Self-Assessment:**

- Which type of account is scale and clip purchase?
  - Office supplies
  - Office equipment
  - Stationery
  - Purchase
- Account of moving balance format -
  - To know prompt balance of account
  - To know total debit balance
  - Unnecessary balance of C/D & B/D
 Which one is correct?
  - i & ii
  - ii & iii
  - i & iii
  - i, ii & iii
- Time is not needed for which account balance of the following?
  - Statement form
  - Moving balance form
  - 'T'-form
  - Preparing worksheet

**[Considering the following information, answer the question no. 4.]**

Reza operating his normal financial work, rest of additional money he purchase renowned companies share and purchase savings certificate for 10 years.

- What type of account should be indicated for the above transaction according to the stem?
  - Loan account
  - Capital account
  - Investment account
  - Accounts receivable
- Which account affects the owner's account?
  - Goodwill
  - Withdrawal
  - Furniture
  - Loan
- Purchased watch and calculator for the office uses will be recorded in which account?
  - Stationery
  - Purchase
  - Office supplies
  - Office equipment
- The item that will be recorded in rent account is -
  - Paid office rent
  - Paid rent for showroom
  - Paid rent for car
 Which one is correct?
  - i & ii
  - ii & iii
  - i & iii
  - i, ii & iii
- Left side of account is debit and right side of account is credit – what it means for accounting?
  - Convention
  - Advantage
  - Characteristics
  - Necessities
- 'Creditors' are classified as –
  - Liabilities
  - Ownership
  - Assets
  - Income
- Which one is prepared to know the continuous change and net amount of every field of an organization?
  - Account
  - Cash book
  - Journal
  - Trial balance

11. 'General reserve' is under which type of account?  
a) Asset  
b) Liability  
c) Income  
d) Equity
12. Which one of the following is not a liability?  
a) Bills payable  
b) Unearned revenue  
c) Outstanding salary  
d) Prepaid rent
13. What type of account is interest on investment receivable?  
a) Expense  
b) Liability  
c) Income  
d) Asset
14. What type of account is receivable –  
a) Expense  
b) Asset  
c) Income  
d) Equity
15. Which one is increased for interest on bank overdraft?  
a) Revenue  
b) Expense  
c) Asset  
d) Liability
16. 'Creditors' – what type of account?  
a) Asset  
b) Equity  
c) Liability  
d) Revenue
17. 'Charge depreciation' – which one is affected of the following?  
a) A and E  
b) A and D  
c) A and L  
d) A, L and E