

Class: 10

Subject: Accounting

Chapter: 12

(Accounting for Family and Self-Employment Enterprise)

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Important Topics Exposition:

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

1. In the view of accounting system family is – Non-profit making continuous organization
2. In most cases, family transactions take place – In cash
3. The importance of family accounting system is – proper planning, creation of values, family budget, family discipline etc.
4. Through the application of appropriate accounts of income and expenditure – the trend of consumption decrease and the trend of savings increases
5. The numerical expression of future planning is – Budget
6. Based on income it is to be determined – the expenditure of budget
7. To consider when preparing a family budget – there are five things
8. While preparation of budget, these are to take into consideration – family size, income and taste
9. Unsuitable for family budget preparation – calculation of probable income
10. The main goal of family budget – savings
11. Family budget should be – practical & rational
12. Expenditure for food from family income – 20% - 25%
13. 5 – 10% of family income, the expenditure is – clothing
14. The main area/sector of family expenditure – housing
15. The family budget can be spent on the housing sector – 30% - 40%
16. The family budget are spent on the education sector – 10- 15%
17. The family budget can be spent on the transportation sector – from 15% to 20%
18. Step of family financial statement are – three
19. Receipt and payments account, statement of income & expenditure and statement of financial position are made – for family financial statement
20. The receipt and payment account is compared – with the cash book
21. By deducting the opening liabilities from the opening assets, it is calculated – family fund
22. Family fund is generated – by income surplus
23. Closing cash balance/ surplus is created – in receipts and payments account

MCQs for Self-Assessment:

1. By which one the transactions of family are done mostly?
a) By Cheque
b) By Cash
c) By Creditors
d) By Gratis
2. On which does the success of self employment project depend?
a) On money investment
b) On correct accounting system
c) On cost control
d) On huge publicity
3. What percentage of family income should be expended for food?
a) 15-20%
b) 10-20%
c) 20-25%
d) 5-10%

[Considering the following information, answer the question no. 4 & 5.]

Mr. Hassain earned per month as salary Tk. 40,000 and stipend Tk. 21,000. He spent 3% for education of his total income.

4. How much money does Mr. Hossain spend for education?
a) Tk. 570
b) Tk. 2300
c) Tk. 630
d) Tk. 1830

5. Which one is absent in family accounting?
 - a) Accountability
 - b) Control
 - c) Analysis
 - d) Comparison
6. How many steps are there in family budget?
 - a) 8
 - b) 5
 - c) 6
 - d) 7
7. Which balance creates family fund?
 - a) Income
 - b) Expenses
 - c) Assets
 - d) Liabilities
8. Which one is a family capital nature's expense?
 - a) Construction
 - b) Fuel cost
 - c) Educational expenses
 - d) Drivers salaries
9. In which sector will be spend the total amount of his stipend to follow the family budget?
 - a) Clothes
 - b) Foods
 - c) Education
 - d) Housing
10. The followings will be recorded in the financial statement at the side of assets –
 - i) Closing cash balance of income and expenditure statement
 - ii) Closing bank balance of income and expenditure statement
 - iii) Opening cash balance of income and expenditure statement
 Which one is correct?
 - a) i & ii
 - b) ii & iii
 - c) i & iii
 - d) i, ii & iii
11. The necessity of family accounting system is –
 - i) Proper planning
 - ii) Creation of values
 - iii) Family budget
 Which one is correct?
 - a) i & ii
 - b) ii & iii
 - c) i & iii
 - d) i, ii & iii
12. Which one does decrease family fund?
 - a) income over expenditure
 - b) investment
 - c) expenditure over income
 - d) loan received
13. Steps for family financial statement –
 - i) Cash account
 - ii) Received payment account
 - iii) Income expenditure account
 Which one is correct?
 - a) i & ii
 - b) ii & iii
 - c) i & iii
 - d) i, ii & iii
14. Generally 20% to 30% of family budget is spent for which sector?
 - a) Food
 - b) Education
 - c) Clothing
 - d) Transportation
15. For which of the following purpose family spend the most?
 - a) Food
 - b) Accommodation
 - c) Medical
 - d) Clothing
16. Which one of the following institution's account is not audited?
 - a) Family
 - b) Bakery
 - c) Bank
 - d) School
17. Record in receipt and payment account are –
 - i) Revenue nature income
 - ii) Capital nature income
 - iii) Revenue nature payment
 Which one is correct?
 - a) i & ii
 - b) ii & iii
 - c) i & iii
 - d) i, ii & iii
18. To record in family receipt and payment a/c –
 - i) Capital Receipt
 - ii) Revenue Receipt
 - iii) Capital Expenditure
 Which one is correct?
 - a) i & ii
 - b) ii & iii
 - c) i & iii
 - d) i, ii & iii
19. Saving tendency of a family is a –
 - a) Characteristics
 - b) Purposes
 - c) Necessity
 - d) Problem

20. How many steps have been used for preparation of family financial statement?
 a) 2 c) 4
 b) 3 d) 5
21. How much percentage is expensed in transportation sector?
 a) 10-15% c) 15-20%
 b) 20-25% d) 30-40%
22. In which sector 5 – 10% a family income spent for?
 a) Clothing c) Education
 b) Food d) Transportation
23. Which one is prime source of family cost?
 a) Resident c) Food
 b) Medicine d) Education

CQs for Self-assessment:

1. Mr. Babul has served in a private organization, his monthly salary Tk. 24,000. In addition he got Tk. 10,000 honorarium per monthly by giving part time lecture in a college. In 1st January 2018 his cash in hand Tk. 4,00,000 and DPS Tk. 2,00,000; house building loan Tk. 1,00,000.

Following are the transactions of his family of whole year:

purchase of food material Tk. 60,000; house rent Tk. 1,60,000; daily shopping expense Tk. 48,000; furniture purchase Tk. 25,000; grocery and stationery bill Tk. 5,000; gold purchase Tk. 40,000; deposit to DPS Tk. 48,000 and clothes purchase Tk. 22,000.

Requirement:

- a) Calculate family fund of Mr. Babul.
 b) Calculate closing family cash in hand of Mr. Babul.
 c) From the above information calculate family surplus or deficit.
2. Assets and liabilities of Mr. Hasan as on 1st January, 2018 are as furniture Tk. 20,000; investment (10%) Tk. 40,000; creditors Tk. 25,000. His received and payment account of that year are as follows: -

Received and Payment Account

Received	Taka	Payment	Taka
Received from salary	1,90,000	Foods	40,000
House Rent	10,000	stationery	3,000
Interest on investment	2,000	Water, Gas And Electricity	6,000
		Computer Purchase	50,000
		Television Purchase	35,000
		Entertainment	8,000
		Freeze Purchase	42,000
		Cash in hand (31/12/201/)	18,000
Total =	<u>2,02,000</u>	Total =	<u>2,02,000</u>

Other information:

Salary Tk. 10,000 are still due for payment.

Requirement:

- a) Determine the family fund of Mr. Hasan.
 b) Prepare a family income statement.
 c) Prepare financial statement of Mr. Hasan.