**Assignment- Ist**

**1(a). What is money measurement concept?**

**Ans**. Each transaction and event must be expressible in monetary terms. The advantages of monetary expression are that

(a) it provides a simple measuring device to represent many facts in a common denominator and

(b) it is amenable to summarization. If an event cannot be expressed in monetary terms, it cannot be considered for Its Half solved only

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**2. Show the accounting equation based on the following transactions for Kumar, who is dealing in Furniture.**

**(i) Started business with cash Rs. 1,70,000**

**(ii) Goods bought on credit from Ram Rs. 10,000**

**(iii) Purchased Bike for cash Rs. 60000**

**(iv) Paid creditors by cash Rs. 8,000**

**(v) Purchased goods for cash Rs. 20,000**

**Ans**

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| S.no | TRANSACTIONS | CASH | + | STOCK | + | BIKE | = | CRTEDITORS | + | CAPITAL |
| 1 | Started business with cash Rs. 170000 | 170000 | + | 0 | + | 0 | = | 0 | + | 170000 |

**2(b). List the users of accounting information.**

Ans. **Various users of Accounting Information**

Different categories of users need different kinds of information for making decisions. These users can be divided into:

1. Internal Users

2. External Users.

**1. Internal Users:**

These are the persons who manage the business, i.e. management at the top, middle, and lower levels.

**3(a). What is cash discount? How does it differ from the trade discount?**

Ans. A cash discount is a reduction in the amount of an invoice that the seller allows the buyer. This discount is given in exchange for the buyer paying the invoice earlier than its normal payment date.

**Understanding the Cash Discount:-**

There are two reasons

**b. Record the following transactions in three column cash books of ABC Ltd.:**

**2017 Jan Rs.**

**1 Cash in hand 50,000**

**1 Cash at bank 90,000**

**2 Goods sold on credit to Rohini 15,000**

**5 Cheque received from Rohini in full settlement and deposited into bank 14,500**

**6 Cash deposited into bank through cash deposit machine 18,000**

**7 Goods sold to Sridhar for Rs. 12,000. He made the payment of Rs.11,800 by debit card in full settlement by availing a cash discount of Rs. 200**

**10 Money withdrawn from bank for office use 2,000**

**12 Purchased goods from Raja for Rs. 10,000 and paid through credit card in full settlement by availing a cash discount of Rs. 200 for Rs. 9,800.**

**14 Nathiya who owed money made the payment through NEFT 18,000**

**27 Cheque of Rohini dishonoured.**

Answer:

**Assignment- IInd**

**4(a) From the following information, calculate the amount of depreciation and rate of depreciation under straight line method. Purchase price of machine Rs. 1,80,000; Expenses to be capitalized Rs. 20,000; Estimated residual value Rs. 35,000; Expected useful life 8 years**.

Answer:

**ANS:-**

**Calculation of depreciation of amount = (original cost-residual value / expected years of life)**

**Original cast =**

**b) List the subsidiary books maintained by the organisations.**

## Ans. Different Types of Subsidiary Books

**We can divide the subsidiary books into the following types:**

1. Cash book
2. Purchases book

**c) What is Bad Debt?**

**Ans**. Bad debt is an expense that a business incurs once the repayment of credit previously extended to a customer is estimated to be [uncollectible](https://www.investopedia.com/terms/u/uncollected-funds.asp) and is thus recorded as a [charge off](https://www.investopedia.com/terms/c/chargeoff.asp). Bad debt is a

**5. The following trial balance has been extracted from the books of Rajesh on 31st December, 2016.**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Debit Balance**  |  Rs.  |  **Credit Balance**  |  Rs.  |   |
|  Drawings Plant and machinery Opening stock Purchases Wages Salaries Insurance Rent and taxes Sundry debtors Suspense A/c  |  44,000 1,00,000 20,000 2,70,000 62,000 70,000 45,000 17,000 50,000 22,000  |  Capital Cash sales Provision for bad & doubtful debts Bank overdraft Discount received Credit sales Sundry creditors  |  1,76,000 1,72,000 2,000 20,000 6,000 3,00,000 24,000  |   |
|  **7,00,000**  |  **7,00,000**  |   |

**The following adjustments are to be made:**

**(a) Stock on 31st December, 2016 was Rs. 28,000**

**(b) Unexpired insurance was Rs. 15,000**

**(c) Provision for doubtful debts is to be maintained at 5% on sundry debtors.**

**(d) Depreciate plant and machinery at 20%.**

**You are required to prepare trading and profit and loss account for the year ended 31st December, 2016 and a balance sheet as on that date.**

**Answer:**

****

**6(a) Differentiate between income & expenditure account and profit & loss account.**

**Ans.**

|  |  |  |
| --- | --- | --- |
| **Basis** | **Income and Expenditure Account** | **Profit and Loss Account** |
| **Prepared by** | Not-for-Profit Organisations preparethis account. | Business enterprisesprepare this account. |

 **(b) Explain the preparation of a ‘Cash Flow Statement’ as per AS-3.**

**Ans**. **AS – 3 Cash flow statements:-**

Cash flow statement is additional information to user of financial statement. This statement exhibits the flow of incoming and outgoing cash. This statement assesses the ability of the enterprise to

* sh flow statement, as per AS-3