



ACCOUNTS

BOOKS - SULTAN CHAND & SONS ACCOUNTS (HINGLISH)

ACCOUNTING PROCEDURES - RULES OF DEBIT AND CREDIT

Illustrations

- 1. Classify the following accounts into Personal, Real and Nominal
- Accounts:
- (i) Cash
- (ii) Bank
- (iii) Outstanding Salaries
- (iv) Sales
- (v) Accrued Interest
- (vi) Leasehold Property
- (vii) Drawings

(viii) Discount Received (ix) Bad Debts Written off (x) Purchases (xi) Bad Debts Recovered (xii) Plant and Machinery (xiii) Capital (xiv) Interest (Paid) (xv) Bank Overdraft (xvi) Prepaid Rent (xvii) Carriage Inwards (xviii) Goodwill **View Text Solution** 2. State the nature of account (Personal, Real or Nominal) and show which will be credited: (i) Rent received (ii) Machinery purchased

(iii) Goods purchased

- (vi) Capital introduced
- (v) Rent paid
- (vi) Interest received
- (vii) Building sold
- (viii) Discount allowed
- (ix) Goods sold



View Text Solution

3. From the following transactions ,state the nature of accounts and state

which account will be debited and which account will be credited:

₹

- Mohan started business with cash
 Purchased goods for cash
 1,00,000
- 3. Sold goods for cash 1,50,000
- 4. Received interest from Ram in cash 500
- 5. Sold goods to Ashok 60,000
- 6. Purchased furniture for cash 50,000
- 7. Paid wages 20,000



View Text Solution

4. On which side will the increase in following accounts be recorded ?

Also , mention the nature of the account on the basis of Modern

Classification of Accounts:

- (i) Buildings A/c
- (ii) Creditor's A/c
- (iii) Abhishek (Proprietor)
- (iv) Purchase A/c
- (v) Carriage Inwards A/c
- (vi) Cash A/c
- (vii) Rent Received A/c
- (viii) Interest Payable A/c
- (ix) Bills Payable A/c
- (x) Debtors A/c
- (xi) Accrued Commission A/c
- (xii) Bills Receivable A/c



View Text Solution

5. Analyse the following transactions , state the nature of accounts and state which account will be debited and which account will be credited on the basis of Modern Classification of Accounts :

		₹
1.	Dinesh started business with cash	5,00,000
2.	Borrowed from Naresh	1,00,000
3.	Purchased furniture for cash from Raj Furniture House	20,000
4.	Purchased furniture from Delhi Safe	40,000
5.	Purchased goods for cash	15,000
6.	Purchased goods from Mahesh	30,000
7.	Sold goods for cash to Karim	25,000
8.	Sold goods to shyam on credit	30,000
9.	Cash received from Shyam	20,000
10.	Cash paid to Mahesh	10,000



6. Analyse the following transactions, state the nature of accounts and state which account will be debited and which account will be credited:

7.	Paid to a creditor Mahesh by cheque	10,000
8.	Paid salary to staff	20,000
9.	Paid rent by cheque	6,000
10.	Paid interest on loan	5,000
C	View Text Solution	
7. O	pen a 'T' shape account for furniture and	write the following
trans	sactions on the proper side	
	sactions on the proper side ${ m urniture\ purchased} = 50{,}000 \;\; \;\;$	6
1. F		

8. Open a 'T' shape account of a creditor, Mohan, and write the following

transactions on the proper side:

1.

2.

3.

4.
 5.

6.

Anuj started business with cash

Withdrew cash for personal use

Withdrew cash from bank for office use

Received a cheque from debtor Shyam

Deposited Shyam's cheque next day.

Deposited cash into bank for opening an account

₹

1,00,000

50,000

5,000

10,000

5,000

2. Paid to Mohan		30,000	
3. Goods returned to Moha	an	3,000	
4. Repurchased goods from	n Mohan on credi	it 10,000	
View Text Solution			
9. Write the following transactions in Debtor's Account , Creditor's			
Account and Cash Account :			
	₹		
1. Cash sales	50,000 2.	Sold goods to X on credit	
3. Cash received from X	56,000 : 4.	Purchase goods from Y on cr	
5. Paid to Y	30,000 6.	Cash purchases from Y	

Purchased goods from Mohan on credit

₹

50,000



1.

10. From the following particulars, prepare the account of D. Budhiraja, the proprietor of a business:

(i)	Capital introduced	30,000
(ii)	Drawings made by him	6,500
(iii)	Further Capital introduced	22,000
(iv)	Profits for the period	7,500
	ce the same and explain what the	e closing balance indicates .
O	View Text Solution	
Higher	Order Thinking Skills Hots	
1 . To r	ecord a purchase of an asset , wh	ny Asset Account is dehited ?
1. 101	ccord a parenase or an asset, wi	ny reserviced in is desired.
	View Text Solution	
	TOTAL SOLUTION	
2. To r	record an increase in a Liability A	ccount , it must be credited . Why ?
View Text Solution		

₹

3. When an asset is purchased in cash or an expense is incurred in cash , cash in credited . Why ?



4. A liability is met by issuing a cheque . Which account will you credit and why?



5. Rent is paid for the month of April , 2019 in March , 2019 . The accounting year ended on 31st March , 2019 . The accountant has shown it on the assets side of the Balance Sheet. Has he given the correct treatment ? Give reasons.



6. Ajay , a dealer in furniture , received advance against sales of tables and
chairs . In your opinion how should this advance be treated and why ?
View Text Solution
7. Profit earned by the business means an increase in the proprietor's capital . Is it correct ?
View Text Solution
8. A debit balance always signifies a balance in the Assets Account . Is it correct ?
View Text Solution
9. A credit balance always signifies a balance in the Liabilities Account . Is
it correct ?



10. Name the side on which increase in Capital Account is recorded.



11. Why are the rules of debit and credit same for liability and capital?



View Text Solution

Multiple Choice Questions

1. Debit means

A. an increase in asset

B. an increase in liability

C. an increase in the proprietor's equity

D. a decrease in asset
Answer: A
View Text Solution
2. Credit means
A. an increase in asset
B. an increase in liability
C. a decrease in liability
D. a decrease in proprietor's equity
Answer: B
View Text Solution
3. Sale of goods to Ram for cash is debited to

A. Ram B. Cash A/c C. Sales A/c D. None of these **Answer: B View Text Solution** 4. Withdrawal of cash from business by the proprietor is credited to A. Drawings A/c B. Capital A/c C. Cash A/c D. Profit and Loss A/c **Answer: C View Text Solution**

5. Bank account is a
A. Personal Account
B. Real Account
C. Nominal Account
D. None of these
Answer: A
View Text Solution
6. Drawings Account is a

B. Real Account

C. Nominal Account

D. None of these
Answer: A
View Text Solution
7. Goodwill account is a
A. Personal Account
7
B. Real Account
C. Nominal Account
D. None of these
Answer: B
View Test Collection
View Text Solution
8. Which of the following accounts has a credit balance?

A. Carriage Inward B. Discount Received C. Carriage Account D. Discount Allowed **Answer: B View Text Solution** 9. Balance of Capital Account is shown as A. Capital Account **B. Liability Account** C. Revenue Account D. None of these Answer: A **View Text Solution**

10. Sundry Creditors Account is a

- A. Revenue Account
- B. Capital Account
- C. Liability Account
- D. None of these

Answer: C



View Text Solution

11. Sales Account is a

- A. Revenue Account
- **B.** Liability Account
- C. Capital Account

D. None of these
Answer: A
View Text Solution
12. Salaries Account is
A. an Expense Account
B. an Asset Account
C. a Liability Account
D. None of these
Answer: A
View Text Solution
13. Capital Account is a

A. Natural Personal Account B. Artifical Personal Account C. Representative Personal Account D. None of these Answer: A **View Text Solution** 14. An increase in which of the following account will be recorded on the debit side? A. Building Account **B.** Capital Account C. Bills Payable Account D. Rent Received Account Answer: A



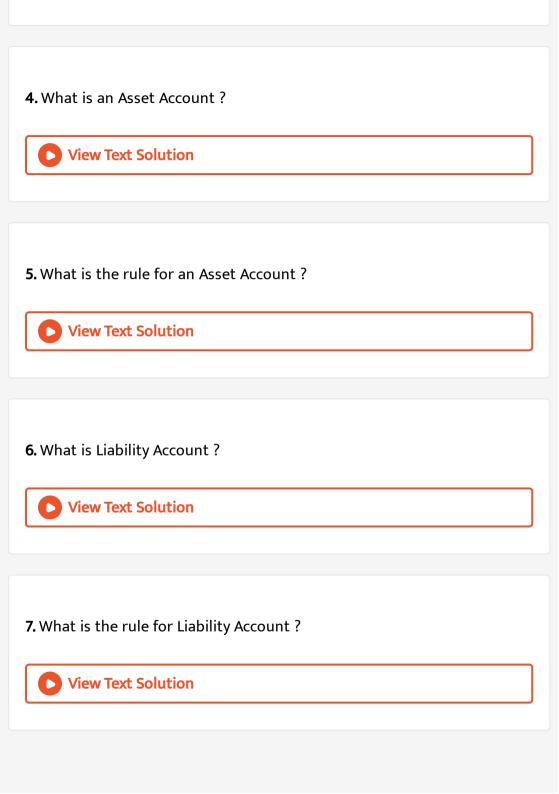
- **15.** Outstanding salary is a
 - A. Real Account
 - B. Personal Account
 - C. Nominal Account
 - D. None of these

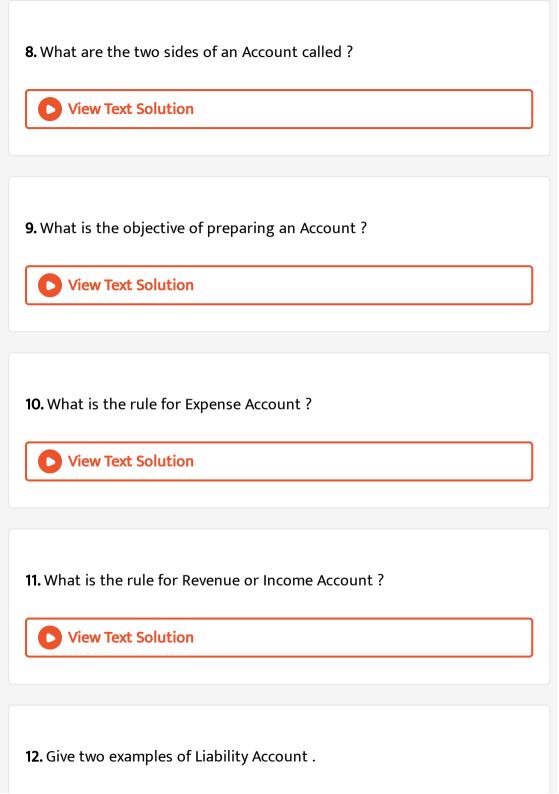
Answer: B



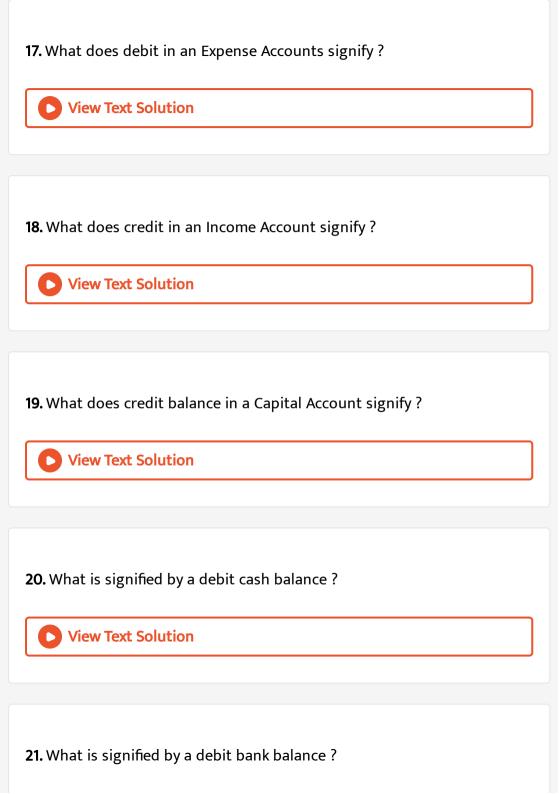
- **16.** Nominal Accounts are related to
 - A. Assets and Liabilities
 - B. Expenses and Revenue
 - C. Debtors and Creditors

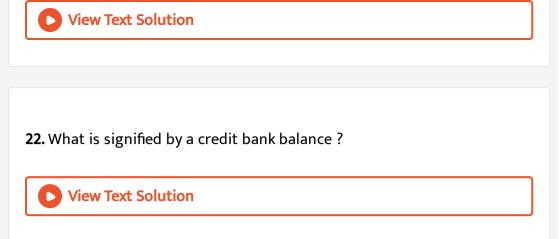
D. None of these
Answer: B
View Text Solution
Very Short Answer Type Questions
1. What is an Account ?
View Text Solution
2. When is Capital Account debited ?
View Text Solution
3. When is Capital Account credited ?
View Text Solution





View Text Solution
13. Give two examples of Asset Account .
View Text Solution
14. Give two examples of Expense Account
View Text Solution
15. What does debit in an Asset Account signify?
View Text Solution
16. What does credit in an Asset Account signify ?
View Text Solution





23. Is Capital Account a Personal Account or a Real Account?



Practical Problems

1. Following accounts are being maintained in the books of Shri Ashok .

Classify them into Personal, Real and Nominal Accounts:

- (i) Land and Building
- (ii) Excise Duty
- (iii) Creditors

(iv) Capital (v) Motor Vehicles (vi) Goodwill (vii) Investments (viii) Salary (ix) Debtors (x) Bad Debts (xi) Depreciation (xii) Wages (xiii) Repairs (xiv) Ramesh, a debtor (xv) Interest Received (xvi) Bank Overdraft (xvii) Purchase Returns (xviii) Drawings (xix) Freight (xx) Return Inwards. **View Text Solution**

- **2.** Classify the following into Assets , Liabilities , Capital , Expenses and Revenue :
- (i) Land, (ii) Investments, (iii) Building, (iv) Interest Received, (v) Salary, (vi) Bank Overdraft, (vii) Debtors, (viii) Creditors, (ix) Bad debts, (x) Capital, (xi) Depreciation, (xii) Motor Vehicles, (xiii) Freight, (xiv) Wages, (xv) Goodwill, (xvi) Repairs.



- **3.** Classify the following into Assets , Liabilities , Capital , Revenue and Expenses :
- (i) Plant and Machinery, (ii) Bank Loan, (iii) Sales, (iv) Rent, (v) Discount Received, (vi) Carriage Inwards, (vii) Carriage Outwards, (viii) Purchases, (ix) Bills Payable, (x) Wages, (xi) Advance Income, (xii) Accrued Income, (xiii) Goodwill, (xiv) Furniture and Fixtures, (xv) Outstanding Expenses, (xvi) Capital.



4. On which side will the increase in the following accounts be recorded?

Also, state the nature of the account:

(i) Furniture A/c (ii) Mohan (Proprietor)

(iii) Furniture A/c (iv) Purchases A/c

(v) Sales A/c (vi) Interest Paid A/c

(vii) Sohan (Creditor) (viii) Ram (Debtor)



View Text Solution

5. On which side will the decrease in the following accounts be recorded?

Also state the nature of the account:

(i) Cash (ii) Bank Overdraft

(iii) Outstanding Salary paid (iv) Outstanding Rent

(v) Prepaid Insurance (vi) Mohan, Proprietor of the business



View Text Solution

6. Open a 'T' shape account for machinery and put the following transactions on the proper side :

		₹
(i)	Machinery purchased	40,000
(ii)	Machinery sold	10,000
(iii)	Machinery purchased	8,000
(iv)	Machinery discarded	14,000
(v)	Depreciation on machinery	1,000



View Text Solution

7. Open a 'T' shape Cash Account with the following transactions:

		₹
(i)	Mohan started business with cash	40,000
(ii)	Purchased goods	20,000
(iii)	Sold goods	24,000
(iv)	Paid rent	400
(v)	Paid salaries	600
(vi)	Drew for personal use	1,000



View Text Solution

8. Open a 'T' shape account of creditor, 'Rakesh' and write the following transactions on the proper side:

		₹
(i)	Goods purchased from Rakesh on credit	50,000
(ii)	Goods returned to Rakesh for	5,000
(iii)	Paid to Rakesh	20,000
(iv)	Purchased goods from Rakesh on credit	10,000



9. Open a 'T' shape account of debtor 'Brij' and write the following transactions on the proper side :

₹

(i) Sold goods tp Brij on credit 25,000 (ii) Cash received from Brij 10,000 Discount allowed to him 500 (iii) Goods returned by Brij 5,000



10. Put the following on the proper side of a Cash Account, a Debtor's Account and a Creditor's Account:

(i)	sold goods to salijay off credit	50,000	
(ii)	Sold goods to Mohan for cash	20,000	
(iii)	Purchased goods from Ram on credit	$25,\!000$	
(iv)	Cash received from Sanjay	19,000	
(v)	Goods returned by Sanjay	2,000	
(vi)	Paid rent	500	
(vii)	Cash paid to Ram	15,000	
View Text Solution			

Sold goods to Sanjay on gradit

₹

50,000

11. From the following particulars, prepare the proprietor's Capital

Account:

(i)

	₹
1st April , 2018 - Commenced business with cash	2,00,000
$31\mathrm{st}$ March , 2019 - Net Loss as per Profit and Loss Account	18,000
31st March, 2019 - Drawings during the period	15,000
Balance the same and explain what the closing balance indicates	



12. From the following particulars , prepare the proprietor's Capital

Account :

use 10,000
55,000
5,000
30,000

