



ACCOUNTS

BOOKS - SULTAN CHAND & SONS

ACCOUNTS (HINGLISH)

ACCOUNTING SOFTWARE-TALLY

Evaluation Question

1. Accounting records business transactions and events which are of financial nature. Is this

a limitation of accounting?



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2. Goods withdrawn by the proprietor for his own use not been recorded in the books of account. Which accounting principle has not been followed?



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3. An accountant always charges depreciation on fixed assets @ 20% p.a .Which principal is followed by the accountant?



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4. Management creates provisions for doubtful debts @ 5% on debtors every year based on its past experience.Name the two accounting principal followed in this process



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5. The Account Manager of Poiner Sports does not want to give previous year amounts, a practice followed by the firm for the past many years. Is it a good decision?



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6. Realisation concept has been formulated to resolve the issues relating to revenue recognition. Do you agree?



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7. Do you think that invoice is a source document?



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8. Why contra entry in two column cash Book is not posted in to ledger?



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9. Imprest system of petty cash is used for easing the work of the Headk cashier .Do you agree?



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10. Cash Book is a principal book and not a subsidiary book.Do you agree?



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11. Balance of petty cash is an asset for the firm. Do you agree?



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12. Profit is earned on sale of fixed asset, what should be the accounting treatment of it?



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13. Which account should be debited for creating provision for doubtful debts?



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14. Bill of exchange is drawn by a debtor .Do you agree?



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15. Promissory Note is prepared by the debtor

.Do you agree?



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16. The payment of promissory note is made by

its maker. Do you agree?



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17. Drawing by the proprietor in cash is debited to drawing account and credited to cash account .Is the accounting entry correct?



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18. At the time of preparing the financial statements, Drawings Account is transferred to capital account .Is it correct?



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19. The accountant feels that since sales book is maintained, there is no need to open sales account. Is he correct in his views?



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20. An accountant has debited the purchases account by the amount of furniture purchase for office use. Which error has been committed by the accountant?



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21. Do you agree that Liabilities side of the balance sheet represent credit balances?



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22. Accrued incomes and income due but not received are two different terms. Do you agree?



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23. Closing stock appearing in the Trial Balance is shown in the Trading accounts only Is it correct ?



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24. Prepaid expenses are assets of the business. Is it correct ?



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25. Accounting books maintained under single Entry system are not as reliable as under Double Entry system .Do you agree?



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26. A statement of Affairs is prepared from incomplete records .Is it correct?



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27. Is it necessary to prepare chart of accounts before implementing computerised accounting



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28. Rakesh has started his business of retail trade at a moderate level on october 1,2018 .He desires that he should prepare first profit and loss account and balance sheet on March 31,2019 and thereafter every year on March 31.

you have to appraise his decision and ascertain whether his decision is justified.



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29. Sunil is an architect and has got a contract in which he has received an advance fee of 100,000. He has shown it as his income for the year. Is he correct in doing so?



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30. Madan, a businessman has employed sujit and has estimated his value at 10,00,000.He has accounted it as an asset in the books of account .Is he correct in doing so?



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31. Inderpal has shown interest earned and interest paid at net amount in the profit and loss account .Is he correct in doing so ?



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32. Shivreet has stationery stock amounting to 500 as at the end of the financial year his accountant has written it off to profit and loss account .But shivreet has asked hin to show it as stock of stationery.Is he right in doing so?



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33. Anuj has prepared the accounts showing closing stock at higher value by valuing them at market price so that higher profits are

shown , which in turn will help getting better loan facility from the bank is it in line with the good business practices?



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34. Due to major loss in the current year, the accountant of the firm has not charged depreciation on fixed tangible assets.

Whether his decision not to charge depreciation is correct ?

What will be the impact of the decision on financial statements?



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35. Proprietor of the firm has taken goods for his personal use. The accountant has accounted it as sale in the books of account. Is he correct in his accounting?



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36. The accountant of a small firm feels that incomplete records system should not be followed. In spite of that it is easy to maintain accounts on single entry basis. The accountant suggests that Double Entry accounting system should be followed. Is the suggestion correct? Give reasons.



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37. Harisharna had started a new mid sized business .He being new to accounting sought advice from a chartered accountant on maintenance of accounts.He was advised that he should follow Double Entry system of accounting maintaining accounts on accrual basis .Some of his friends advised him to maintain accounts on cash basis of accounting.HGe decided to follow the advice of the chartered accountant you have to appraise judge and justify whether the decision of shri hariharn is correct



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38. Avtar established a small business and has not maintained regular books and records his transactions through accounting equation. Whether his decision is correct? What is the effect thereof?



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39. A firm has voluminous transactions and , therefore it records its transaction in cash book , journal and other subsidiary books. The firm follows financial yer for its accounts .It prepares its financial statements by April 15 every year .What does this indicate?



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40. An accountant of a large sized firm records all the transactions in a jornal instead of

maintaining subsidiary books .His view on this are that it will result in better control and also large team of accountants will not be required whether his decision is correct?



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41. The chief accountant of rana motors has taken a decision that adjustments for outstanding expenses and prepaid expenses of the current year should not be made while preparing the financial statement

(i) Whether his decision is correct?

(ii) Which accounting concepts are not being followed?



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42. The chief accountant of grand marketing has taken decision that adjustments for accrued incomes and incomes received in advance of the current year should not be adjusted while preparing the financial statements

(i) Whether his decision is correct?

(ii) Which accounting concepts are not being followed?



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43. In spite of all efforts by the accounting team for the agreement of Trial balance , the difference is palced temporarily in miscellaneous epense account .

Whether the decision is correct? If not , name the account in which the difference should

have been placed explaining the nature of the account?



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44. A firm is maintaining its accounts manually and has decided to shift to computerised accounting .It has purchased computer and also Tally software to maintain the accounts. The chief accountatn has asked his team not to prepare the chart of accounts.According to him it is not required

and appropriate decision will be taken at the time fo preparing financial statements.

You are required to appraise his decision and give your opinion



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