



## IMPORTANT GROUPS

Account/Ledger Name	Group
Opening Stock/Closing Stock	Stock in hand
Purchases/Purchase Returns	Purchases
Sales/Sales Returns	Sales
Salary paid, Rent paid, Interest paid, etc Any item in P&L A/c Dr. side	Indirect Expenses
Commission Recd., Dividend Recd etc. Any item in P&L A/c Cr. Side	Indirect Incomes
Wages paid, Freight Inward, Expenses in Dr. side of Trading A/c	Direct Expenses
A's Capital, B's Capital, Bank of Baroda, PNB, Any other Bank	Capital
Bank A/c	Bank A/c
As Current, As Drawings	Deposits
Security Deposit, Tender Deposit, Earnest Money Deposit	Deposits
Shares, Debentures, FDR (Dr. Balance)	Investments
General Reserves, Reserve for machinery, Any other Reserve	Reserve & Surplus
Bills Payable (B/P), Tax Payable, Overdraft, Outstanding Expenses, Unearned Incomes, Any other short term Liability	Current Liabilities
Bills Receivable (B/R), Accrued Income, Prepaid Expenses, Any other short term Asset	Current Assets
Machinery, Goodwill, Land & Building, Any Asset of fixed nature	Fixed Assets

Term loans, Hypothecation, Loan from Bank, Pledge, Lien Any other Loan Received	Loans (Liability)
Loans given to Staff, Loan given to partners/suppliers, Any other Loan or Advance given	Loans & Advances (Assets)
Provision for Depreciation, Provision for Discount or Debtors, Any other Provision	Provisions
Ram, Seeta, Tata Ltd. Any name on Liability side	Sundry Creditors
Hari, Geeta, Reliance Ltd., Any name on Assets side	Sundry Debtors
Any Branch i.e. Branch of your company	Branch & Divisions
Deferred Advertisement Expenses, Preliminary Exps Deferred Research & Development Expenses	Miscellaneous Expenses (Assets)
Suspense A/c	Suspense



### Golden Rules of Accounting

	PERSONAL A/C	REAL A/C	NOMINAL A/C
	Ram Hari Geeta A's Capital A's Drawings Tata Ltd. Bata Ltd.	Goods <ul style="list-style-type: none"> <li>■ Purchases</li> <li>■ Sales</li> <li>■ Purchases Returns</li> <li>■ Sales Returns</li> </ul> Cash All Assets	Losses Expenses Incomes Gains
<b>Debit</b>	<b>Receiver</b>	<b>In</b>	<b>Expenses/Losses</b>
<b>Credit</b>	<b>Giver</b>	<b>Out</b>	<b>Incomes/Gains</b>

### TRADING A/C

For the year ended on...

<u>Debit</u>		<u>Credit</u>	
Particulars	Amount	Particulars	Amount
To Opening Stock Raw Material Finished Stock Work in Prog Stores To Purchases Less: Purchase Return (Return Outwards)  To Wages To Freight Inwards To Royalty To Factory Expenses To Power & Fuel To Gross Profit c/d		By Sales Less: Sales Return (Return Inwards) By Closing Stock Raw Material Work in Progress Finished Stock Stores  By Gross Loss c/d	

**It is not important where you start,  
Important thing is where you FINISH**



**PROFIT & LOSS ACCOUNT**

For the year ending on..

<u>Debit</u>		<u>Credit</u>	
<u>Particulars</u>	<u>Amount</u>	<u>Particulars</u>	<u>Amount</u>
To Gross Loss b/d		By Gross Profit b/d	
To Staff Welfare		By Rent from Tenants	
To Salaries		By Discount Received	
To Rent, Rates & Taxes		By Commission Received	
To Stationery & Printing		By Interest Received	
To Postage & Telegrams		By Bad Debts recovered	
To Audit Fees		By Income from Investments	
To Legal Charges		By Profit on Sale of Assets	
To Telephone Exp.		By Dividends on Shares	
To Insurance Premium		By Miscellaneous Revenue Gains	
To Repairs & Maintenance		By Income from any other source	
To Depreciation On Assets		By Net loss (transferred to capital a/c)	
To Interest			
To Sundry Trade Exp.			
To Conveyance			
To Charity			
To Bank Charges			
To General Exp.			
To License Fee			
To Brokerage			
To Office Lighting			
To Loss by Fire, Theft			
To Commission			
To Advertisement			
To Freight Outward			
To Export Duty			
To Discount allowed			
To Packing Exp.			
To Bad Debts			
To Net Profit (transferred to Capital a/c)			

**You are a diamond-- Cut, Polish & Shine yourself.**



**BALANCE SHEET OF..**

For the year ending on..

<b>Liabilities</b>	<b>Assets</b>
<p><b>CAPITAL</b>            A's capital            A's current            - A's drawings            B's capital</p> <p><b>RESERVE &amp; SURPLUS</b>            General Reserve            P &amp; L A/C (cr.)            Reserve for Machinery            Foreign Exchange Reserve            Any other reserve</p> <p><b>LOANS</b>            IDBI Loan            Term Loan            Pledge/ Lien/ Mortgage/Hypothecation            Loan from Friend            Advance from Suppliers</p> <p><b>PROVISIONS</b>            Provision for Depreciation            Any other Provision</p> <p><b>CURRENT LIABILITIES</b>            B/P            Sundry creditors            Overdraft            Cash / Credit            Tax Payable            P F Payable            Outstanding Exp.            Unearned Income</p>	<p><b>FIXED ASSETS</b>            Land &amp; Building            Machinery            Furniture &amp; Fittings            Motor Car            Computer            Goodwill            Copyright            Patent            Business Premises            Trade Marks            Livestock            Loose Tools</p> <p><b>INVESTMENTS</b>            Shares &amp; Debentures            NSC/ NSS            KVP            Debentures            FDR</p> <p><b>LOAN &amp; ADVANCES</b>            Loan to Staff            Loan to Suppliers            Any other loan given</p> <p><b>CURRENT ASSETS</b>            Cash in hand            Cash at bank            Closing Stock            B/R            Sundry Debtors            Prepaid Exp.            Accrued Income</p> <p><b>MISCELLANEOUS EXP. ASSETS</b>            Preliminary Exp.            Deferred Res &amp; Development Exp            Deferred Advertisement Exp</p>



## ADJUSTMENT ENTRIES

<p><b><u>OUTSTANDING /Unpaid EXP</u></b> Expenses due but not paid</p> <p><i>Current Year</i> Salary           Dr To Outstanding Salary</p> <p><i>Next Year</i> Outstanding Salary Dr To Cash</p>	<p><b><u>PREPAID EXP / Paid in advance</u></b> Expenses not due but paid in advance</p> <p><i>Current Year</i> Prepaid Insurance Dr To Cash</p> <p><i>Next Year</i>                   Insurance     Dr To Prepaid Insurance</p>
↑. Treated as Current Liabilities	↑. Treated as Current Assets
<p><b><u>UNEARNED INCOME</u></b> Income not due but received In advance</p> <p><i>Current Year</i> Cash A/c           Dr To Unearned Interest</p> <p><i>Next Year</i> Unearned Interest A/c Dr To Interest</p>	<p><b><u>ACCRUED INCOME</u></b> Income due but not received</p> <p><i>Current Year</i> Accrued Interest A/c   Dr To Interest</p> <p><i>Next Year</i> Cash     Dr To Accrued Interest</p>
↑. Treated as Current Liabilities	↑. Treated as Current Assets

5. A's Drawings     Dr  
    To Interest On Drawings

6. Interest On Capital   Dr  
    To A's Capital

7. Baddebts           Dr  
    To Ram

8. Depreciation           Dr  
    To Machinery

9. Loss By Fire/Free Samples/Drawings/Charity   Dr  
    To Purchases

10. Profit & Loss     Dr  
    To Provision For Baddebts

Make Trading A/c, Profit & loss A/c & Balance Sheet from given Trial Balance :



### Trial Balance

Particulars	Debit	Credit
Opening Stock	10000	
Purchases	100000	
Purchase Return/Return Outwards		20000
Sales		200000
Furniture	10000	
Motor Car	50000	
Preliminary Expenses	10000	
Staff Welfare	10000	
Miscellaneous Expenses	10000	
Rent & Taxes	10000	
Depreciation	10000	
Bad Debts Recovered		20000
Share	10000	
Term Loan		50000
Ganesh	10000	
Bank of Baroda	50000	
Bank Overdraft		50000
A's Capital		100000
Land & Building	150000	
Mines	100000	
Foreign Exchange Reserve		100000
A's Current A/c	50000	
Provision for Bad Debts		50000
Return Inwards/Sales Return	10000	
Royalty	10000	
Factory Expenses	5000	
Freight Inward	5000	
Accrued Interest	10000	
Prepaid Insurance	10000	
Unearned Interest		10000
Outstanding Salary		10000
Cash Credit A/c (Loan Against stock)		20000
Loan from X & Sons		50000
Loan to ABC	100000	
Discount		60000
<b>Total</b>	<b>740000</b>	<b>740000</b>
Closing Stock	100000	

**Drill 1 :**

Make Journal, Ledger A/c, Trial Balance, Trading & P & L A/C, Balance Sheet

1. Business started by Ram 5000/-.
2. Goods purchased in cash 500/-.
3. Goods sold to Shyam 800/-.
4. Salary paid 500/-.
5. Bank A/c opened 50/-.

**Drill 2:**

Pass Journal Entries

Business started by Shyam with 5,00,000 cash, 2,00,000 Machinery, 1,00,000 Livestock.

1. Goods purchased from ABC 60,000/-.
2. Goods given in charity 50/-.
3. Salary paid to A Deptt. 5,000/-, B Deptt. 10,000/-, C Deptt. 10,000/-
4. Furniture & Computer bought for office use Rs. 20,000 & 30,000 respectively.
5. T.V. bought 5,000/- and taken at home.
6. Pickle given as free sample 2000/
7. Goods sold 10000/ to ABC cash received 2000/,Cheque received 3000/  
B R received 5000/
8. Broom purchased 10/-
9. Paid to car mechanic 500/-
10. Paid for Postage Stamps 100/-
11. Compensation received from supplier by court order 5000/-
12. Loss by Fire 10000/- Insurance company will pay only 5000/-
13. Partially burnt goods sold as salvage & recovered 3000/-

**Drill 3:** Journalise the following transactions.

1. Business started by AMC with Machinery 30,000/, Hari (Debtor) 20,000, Girish 10,000(Creditor), Cash 30,000.
2. Wood purchased for furniture 7000/-.
3. Advance given to Carpenter 3,000/-
4. Paid for white-wash of building 1000/-
5. Account opened in Bank of Baroda 3000/-
6. Goods purchased 10,000/- & B/P given.
7. Goods sold & Draft received from Garry 7,000/-
8. Amount deposited for Tender 500/-
9. Interest given by Bank 100/- ,Cheque charge 70/-
10. BMC partner joined firm & paid 20,000/-.
11. Refund of EMD received 2000



**Drill 4:** Create a company:

Name : ABCL Corporation .  
 Mailing Name: ABCL Corporation .  
 Address: Shastri Nagar,  
 Ajmer.  
 Statutory compliance for India  
 State: Rajasthan.  
 Pin Code: 305001  
 Telephone No. 011-23282697  
 E-Mail Address: abcl@ yahoo.com  
 Currency Symbol Rs.  
 Maintain: Accounts Only  
 Financial year from: 1-4-2007  
 Books beginning from: 1-4-2007  
 Tally Vault Yes  
 Security Control Yes

**Drill 5:** Learn how to copy Last Year Balance Sheet

**AX & Sons  
 Balance Sheet 2006-2007**

Liabilities	AMT.	Assets	AMT.
Ram's Capital	10,000	Copyright	10,000
Hari's Capital	10,000	Land & Building	10,000
Gen. Reserve	10,000	FDR	5000
Reserve for Machinery	10,000	Shares & Debentures	5,000
IDBI Loan	5,000	Adv to Staff	10,000
B / P	5,000	Adv. To Supplier	5,000
Harry	10,000	Bank of Baroda	3,000
		Garry	2,000
		B/R	10,000
	<b>60,000</b>		<b>60,000</b>

- Select, Shut, alter, Delete a companu.
- Data folder.

**It is better to die for SOMETHING,  
 Than to live for NOTHING.**





**Drill 6:**

**Balance Sheet of Aptech Ltd.  
2006-07**

<b>Liabilities</b>	<b>AMT.</b>	<b>Assets</b>	<b>AMT.</b>
Aptech's Capital	10,000	Machinery	10,000
General Reserve	10,000	Shares	10,000
Overdraft	10,000	Cash	10,000
Girish	10,000	Stock	10,000
P & L	10,000	Staff Advances	10,000
Outstanding Rent	10,000	Harish	10,000
	<b>60,000</b>		<b>60,000</b>

**2007-2008**

1 Apr	Goods purchased from Girish	700	
1 Apr	Goods Sold to Harish	12000	
1 May	Goods returned by Harish	100	
1 May	Goods returned to Girish	200	
1 Jun	Aptech Withdraws	500	
1 Jun	Cash deposited in PNB	2000	
1 Jul	Interest received	3000	
1 Jul	Salary Paid	1000	
1 Aug	Outstanding Rent paid		5000
1 Aug	Depreciate Machinery @ 10%		
1 Sep	Goods purchased	500	
1 Sep	Goods sold	1000	

Check:: Trial Balance, Trading & Profit and Loss, Balance Sheet  
Calcluator

**There are two kinds of people on the road of life :  
Passengers & Drivers**



**Drill 7 :**

**AXY & Sons.  
2006-07**

<b>Liabilities</b>	<b>AMT.</b>	<b>Assets</b>			<b>AMT.</b>
A's Capital	30,000	L's Capital			20,000
X's Capital	20,000	Staff advance			5,000
Gen Reserve	50,000	Shares			10,000
Loan from friends	30,000	NSC / NSS			10,000
CC A/c	20,000	Cash			25,000
B / P	30,000	Prepaid Insurance			20,000
Outstanding Salary	20,000	P & L			5,000
		Def Res. & Dev. Exps.			1,000
		Closing Stock			4,000
		Zenith Ltd.			1,00,000
		B.No. 29	1-1-07/60	30,000	
		B.No. 35	1-2-07/30	20,000	
		B.No. 37	1-3-07/30	50,000	
	<b>2,00,000</b>				<b>2,00,000</b>

- 1<sup>st</sup> Apr. Rs. 10,000 cash received from Zenith against Bill No. 29.  
 1<sup>st</sup> May. Sweets box purchased for Employees 2000/-  
 1<sup>st</sup> June Free samples given 1500/-.  
 1<sup>st</sup> July Goods sold to Zenith Bill No. 138/1-8-07 Rs. 20,000.  
 1<sup>st</sup> Aug. Outstanding salary paid 3000/-.  
 1<sup>st</sup> Nov. Interest charged by bank 5000/-.  
 31<sup>st</sup> Dec. Shares sold for 12000/-.  
 31<sup>st</sup> Mar. Closing stock 10,000.

Check: Balance of Zenith in Statement Of Account  
 Balance of Zenith in Balance Sheet  
 Use Multiple Ledger

**A ship in harbor is safe,  
but that is not ships are built for**



**Drill 8 :**

**Kumar & Sons  
2006-2007**

<b>Capital</b>		<b>Fixed Assets</b>	
A's Capital	50,000	Land & Building	20,000
B's capital	60,000	Computers	10,000
<b>Res. &amp; Surplus</b>		Machinery	10,000
Gen. Res.	30,000	Motor Car	5,000
P & L A/c	40,000	Furniture	5,000
Reserve for Machinery	30,000	Goodwill	10,000
<b>Loans</b>		Patent	10,000
Term Loan	30,000	Copyright	10,000
Loan from friends	30,000	Music Rights	20,000
Mortgage/ Hypothecation	40,000	C's Capital	10,000
<b>Current Liabilities</b>		<b>Investments</b>	
Girish	10,000	FDR	50,000
Ganesh	10,000	Shares	30,000
B/P	10,000	Debentures	10,000
Cc A/c	10,000	Investment in Firm	10,000
Overdraft	10,000	Tender Deposit	10,000
Outstanding Salary	10,000	<b>Loans &amp; Advances</b>	
Unearned Interest	10,000	Loan to Staff	10,000
VAT Payable	10,000	Loan to Supplier	10,000
PF Payable	10,000	Advance Salary	20,000
ESI Payable	10,000	<b>Current Assets</b>	
		Cash	10,000
		Bank of Baroda	10,000
		Stock	10,000
		B/R	10,000
		Prepaid premium	10,000
		Accrued Interest	30,000
		Ram	20,000
		<b>Misc. Exps.</b>	
		Prelim. Exp.	20,000
		Deferred R &D	10,000
		Deferred Advertisement	20,000
	<b>4,10,000</b>		<b>4,10,000</b>

1 Apr	Goods purchased	5,000	1 Oct	Ram will not pay	1000
1 May	Goods sold	7000	31 Mar	Interest on FDR due but not received	500
1 Jun	Salary paid	100	31 Mar	Interest received in advance	100
1 Jul	Interest received	10000	31 Mar	Insurance premium paid in advance	500
1 Aug	Cash deposited	10000	31 Mar	Salary due but not paid for March	100
1 Sep	Salary paid	50	31 Mar	Closing Stock	5000



**Drill 9: (Based on Groups)**

**ABC & Sons.  
2005-2006**

A's Capital	15000	Fixed Assets	<b>Movable</b>	Motor car	10000	30000
				Furniture	5000	
			<b>Immovable</b>	Land and Building	7000	
P & L	-5000			Machinery	8000	
Outstanding Rent	5000	Debtors	<b>Nsbd.</b>	Amar	2000	7000
				Babu	3000	
10% Mortgage	30000			Chanda	2000	
			<b>Bwr.</b>	Reliance	1000	6000
				Tata	4000	
				Hutch	1000	
			<b>Kshg.</b>	Charlie	500	2000
				Johny	700	
				Rony	800	
	<b>45000</b>					<b>45000</b>

- 2<sup>nd</sup> Apr. 1000/- received from Amar.  
 2<sup>nd</sup> May Chanda paid only 1800/-. (discount allowed 200/-)  
 2<sup>nd</sup> Dec. Charlie will not be able to pay his dues.

**2007– 2008**

- 1<sup>st</sup> Apr. Goods sold to Tata 2,000/-.  
 1<sup>st</sup> May Rony paid Rs. 750/- only. (discount allowed 50/-)  
 1<sup>st</sup> June Outstanding rent paid.  
 1<sup>st</sup> Jul Computer purchased from Zenith 10000  
 1<sup>st</sup> Aug Computer Stationary 200/-, printer ribbon 10/-

**Passing Exams & Succeeding in Life  
both are quite different**



**Drill 10:**

**A & M Com.  
2005-2006**

<b>Liabilities</b>	<b>AMT.</b>	<b>Assets</b>	<b>AMT.</b>
A's Capital	10,000	B's Capital	5,000
P & L A/c	10,000	Goodwill	20,000
Tax Payable	6,000	Mines	10,000
PF Payable	10,000	NSC & NSS	5,000
Overdraft	10,000	Investment in M/s ABC	5,000
Outstanding Salary	10,000	Computers	8,000
Unearned Interest	10,000	Stock	2,000
Prov. For Depreciation	4,000	Cash	15,000
CC A/c	10,000	Accrued Interest	5,000
A's Current A/c	10,000	Prepaid Insurance	1,000
		Deferred R & D Exps.	3,000
		Preliminary. Exps.	6,000
		Abhishek	5,000
<b>Total Rs.</b>	<b>90,000</b>	<b>Total Rs.</b>	<b>90,000</b>

**2006-2007**

- 1st Apr Accrued Interest received 5000.  
 2<sup>nd</sup> Apr Interest charged on Abhishek's A/c 1000  
 2<sup>nd</sup> Apr Paid for cartage 30/-.  
 1<sup>st</sup> May Interest charged in CC A/c 100.  
 2<sup>nd</sup> May Goods purchased from Ganesh 7000.  
 1<sup>st</sup> Jul CC A/c paid 10100.  
 1st Oct Goods sold 10,000/- to Abhishek, Cheque received 4,000.  
 1<sup>st</sup> Nov. Tax payable paid 2000/-.  
 1<sup>st</sup> Dec. Preliminary Exps. Written off 3000/-.  
 1<sup>st</sup> Jan Abhishek denied to pay 1000/-, written off as bad debts.

**You should never be too busy to say  
'Please' & 'Thank You'**



**Drill 11:**

**Acoustics & Sons.**  
**2005-2006**  
*(Adjustment Entries)*

Liabilities	Amount	Assets	Amount
Capital of X	1,000	Cash	32,000
Unearned Interest	3,000	Accrued Interest	1,000
Outstanding Rent	32,000	Prepaid Maintenance Charges	1,500
		Prelim. Exps.	500
		Shares & Deb.	1,000
<b>Total Rs.</b>	<b>36,000</b>	<b>Total Rs.</b>	<b>36,000</b>

1. Prepaid charges are related to current year.
2. Goods purchases from Hari 20000.
3. Goods sold to Shyam 25000.
4. Insurance charges paid in Advance for 2007-2008 Rs. 3000/-.
5. Interest is due 2006-07 on FDR Rs. 2000/- but not paid by the bank.
6. Salary due but not paid 3000/-.
7. Write off preliminary expenses using P & L A/c 300/-.
8. Cash deposited in Bank 100/-.
9. Interest received in cash 10000/-.
10. Goods returned to Hari 750/-.
11. Goods returned by Shyam 700/-.
12. Salary related to previous year paid in current year 1000/-.
13. Loan given to supplier Yash Enterprises 3000/-.
14. A consumer last year filed a compensation case for 1000/-. Firm lost the case.

Check:: Cash Flow, Fund Flow & Ratio Analysis

**Zid hogi to Jeetoge**



## Drill 12: Inventory

### Mittal Corporation Ltd. 2006-2007

Liabilities	AMT.	Assets	AMT.
Amit's Capital	1,70,000	Stock: <b>Computers</b>	
P & L A/c	20,000	Desktop 1 @ 15,000 , Vaishali Ngr.	15,000
Overdraft	10,000	Laptop 1 @ 40,000 , Vaishali Ngr.	40,000
		<b>Machines:</b>	
		Drill 3 @ 5000 , Shastri Ngr.	15,000
		Lathe 1 @ 10,000, Shastri Ngr.	10,000
		Cash in hand	1,20,000
	<b>2,00,000</b>		<b>2,00,000</b>

1 Apr	3 Desktop purchased @ 20,000/- Bill No. 23.
1 May	1 Laptop purchased @ 50,000/- Bill No. 25 from Mehta & Co..
1 Jun	Drill purchased 2 @ 5,500/- Bill No. 27 from Kumar Ltd.
1 Jul	4 Desktops sold @ 20,000/- Bill No. 10. to Jain & Sons.
1 Aug	2 Laptops sold @ 60,000/- Bill No. 35.
1 Sep	Deposited in Bank 1,000/-.
1 Oct	Amit withdrew 500/- for personal use.
1 Nov	Lathe sold 1 @ 12,000/- Bill No. 55.
1 Dec	Interest credited in Mehta & Co. account 500/-.
1 Dec	1 Desktop returned by Jain & Sons.

Check: Valuation Option  
Range & Value.

**“Only Courageous people have made the history- interesting”  
Do you have Courage ?**



### Drill 13: Inventory

#### Amitabh & Sons. 2005-2006

Liabilities	AMT.	Assets		AMT.
Ram's Capital	40,000	<b>Stock</b>		
Shyam's Capital	10,000	Cotton :	B12 100 Kg @ 10	1000
			Imported 10 Kg @ 100	1000
		Thread:	Red 10 spindles @ 3000	30,000
			Yellow 10 spindles @ 1500	15,000
		Cloth:	Raw 100 mtrs. @ 30	3000
<b>Total Rs.</b>	<b>50,000</b>	<b>Total Rs.</b>		<b>50,000</b>

- 1 Apr Cotton B-12 purchased from Sandy 500 kg @ 12/-.
- 1 May Thread sold 5 red spindles @ 4000/- to Garry.
- 1 Jun Cloth: Raw sold 50 meters. @ 15/-.
- 1 Jul Cotton: B-12 returned 100 kg. @ 12/- to Sandy.
- 1 Aug 2 Red spindles returned by Garry.
- 1 Sep Ram introduced additional Capital 5000/-.
- 1 Oct Shyam withdraws 3000 for personal use.
- 1 Nov B12 10kg given in charity @ 10.
- 31 Mar Wages paid 1000.

Check:: Tally Audit

- :: Split company wef 1<sup>st</sup> Aug 2007
- :: Exception Report
- :: Go for Backup & Restore

**Goals are Dreams,  
With Deadlines**





**Drill 14:**

**B/S of XYZ Ltd. Jaipur Branch  
2004-05**

<b>Liabilities</b>	<b>AMT.</b>	<b>Assets</b>	<b>AMT.</b>
Jennie's Capital	1,00,000	Motor car	10,000
Gen. Reserves	25,000	Guest house	10,000
10% Secured Loan	25,000	Furniture	20,000
Bank Overdraft	10,000	Vinni's Capital	10,000
Harish	15,000	Tender deposit	10,000
Outstanding rent	5,000	Security deposit	10,000
Unearned Interest	20,000	Bank of Baroda	20,000
		Cash	20,000
		Jodhpur Branch	15,000
		Fixed deposit	10,000
		Stock- Finished	15,000
		Raw material	10,000
		Stores	10,000
		Work in Progress	10,000
		Preliminary Exp.	8,000
		Deferred R & D Exps.	12,000
	<b>2,00,000</b>		<b>2,00,000</b>

**2005-2006**

1. Write off 1000/- from preliminary exp. & 2000/- from Def. R & D Exp.
2. 2000/- bank overdraft paid by Jaipur Branch.
3. 15,000/- transferred from Jodhpur Branch to Jaipur Branch.
4. Charge 10% interest on Vinni's Capital.
5. Finished goods sold 12000/-, scrap sold 2,000/-

**2006-2007**

1. DD made in favour of Jodhpur Branch 15000/- through bank.
2. Furniture sold 22000/-.
3. Vinni paid his capital shortage.
4. Finished stock 7000/-.

Differentiate :: Between Configure & Feature

**Chinta Umer ko kha jaati hai**



**Drill 15:**

**Balance Sheet of Bajaj Ltd.  
As on 31<sup>st</sup> Mar. 2005**

<b>Liabilities</b>	<b>AMT.</b>	<b>Assets</b>			<b>AMT.</b>
Rahul's Capital	1,00,000	P & L A/c			20,000
Gen. Reserve	50,000	Patent			20,000
Foreign Exch. Res.	50,000	Loan to supplier			30,000
10 Yr. IDBI term Loan	1,00,000	Cash			10,000
<b>Sundry Creditors:</b> John	20,000	ICICI Bank			5000
Shane	30,000	Preliminary Expenses			10,000
Kane	50,000	Punjab National Bank			5,000
Overdraft	30,000	Sundry Debtors: Credit:30days	Mumbai	Rock -1/1 BNo -15 Brock -1/3 BNo-.55	7000 3000
Unpaid rent	20,000		Delhi	Jimmy -1/2 BNo-35 Tony -1/3 BNo- 60	7000 13000
Unearned Interest	50,000		Chennai	Niki -1/1 BNo - 20 Vicky -1/2 BNo -40	5000 5000
Bills Payable	40,000	Stock	<b>Cotton-</b> Ram Ngr.	A- 400 Kg. B- 50 Kg.	100000 100000
			<b>Thread-</b> Shas. Ngr.	M- 1000 spindle N- 500 spindle	1,00,000 1,00,000
<b>Total Rs.</b>	<b>5,40,000</b>	<b>Total Rs.</b>			<b>5,40,000</b>

**2005-2006**

- 1 Apr . 6,000/- received from Rock.
- 1 May . Cotton purchased Quality 'A' 50,000/- from Adams. (200 Kg.)
- 1 Jun . 20/- paid for cartage.
- 1 Jul . Loss by fire 10,000. (A- 40 kg.)

**2006-2007**

- 1 Apr . Cotton 'A' sold 200 Kg. @ 300/- per Kg., Sales Tax 10%.
- 1 May Thread 'N' sold 500 spindles @ 300/- each to Brian,  
Sales Tax 1%, Surcharge 2%.
- 1 June Cartage 40/-.

- Check ::1. Comparative Balance Sheet
- 2.Show Quarterly Balance Sheet

**“Survival of the Fittest”  
-Darwin**



**Drill 16:**

**Balance Sheet of KCZ & Sons**  
**2005-2006**

<b>Liabilities</b>	<b>AMT.</b>	<b>Assets</b>		<b>AMT.</b>
Bank Overdraft	20,000	Suspense Account		10,000
Cash Credit A/C	30,000	Cash		60,000
Term Loan	50,000	BOB		20,000
Harry	30,000	PNB		20,000
Garry	20,000	Ram	27 /1-2-2006/ 90 days	10,000
B/P	30,000	Ganesh	29 /1-3-2006/ 60 days	10,000
Unearned Interest	20,000	<b>Furniture</b>		
Outstanding Rent	30,000	Tables	10/ VN	50,000
General Reserve	20,000	Chairs	10/ Kshg	30,000
PF payable	30,000	Stools	50 / VN	50,000
IDBI loan	20,000	<b>Appliances</b>		
Advance from A(supplier)	30,000	Cooler	10 /Kshg	30,000
Advance from B(supplier)	20,000	Ac's	1/ VN	20,000
A's Capital	30,000	BR		10,000
Aptech's Capital	20,000	Advance to Abc		10,000
		Advance Salary		10,000
		Prepaid Insurance		5,000
		Computers		20,000
		Accrued Interest		3,000
		Tender Deposit		2,000
		Fixed Deposit		3,000
		Preliminary Expenses		27,000
	<b>4,00,000</b>			<b>4,00,000</b>

**2006-2007**

- |                     |  |
|---------------------|--|
| 1 <sup>st</sup> Apr | Accrued received                             |
| 1 <sup>st</sup> Apr | Outstanding Paid                             |
| 1 <sup>st</sup> May | Unearned Interest is related to current year |
| 1 <sup>st</sup> May | Prepaid Insurance is related to current year |
| 1 <sup>st</sup> May | Ram won't be able to pay 5000/-              |



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1 <sup>st</sup> Jun	Write off 25% preliminary Expenses
1 <sup>st</sup> Jun	Refund of tender deposit received
1 <sup>st</sup> Jul	Cheque book charges debited by PNB 70/-
1 <sup>st</sup> Jul	Interest credited by PNB 100/-
1 <sup>st</sup> Jul	Advance Salary is related to Current year.
1 <sup>st</sup> Aug	Cheque received from Ganesh 8000/-.
2 <sup>nd</sup> Aug	Ganesh's cheque dishonored & he accepted BR.
1 <sup>st</sup> Sep	It was found out that Harish's a/c was not debited by 10,000/- so Suspense Account was opened.
1 <sup>st</sup> Sep	10,000 transferred from PNB to BOB
1 <sup>st</sup> Sep	Rs 9000 loan installment was paid
1 <sup>st</sup> Oct	Bills payable paid off
1 <sup>st</sup> Oct	Chartered accountant (Jain & Co.) submitted a bill of Rs. 3000/-
1 <sup>st</sup> Nov	9 tables sold @ 7500/- , Charge RST 3%, Surcharge 1%
1 <sup>st</sup> Nov	7 chairs sold @ 4000/-
1 <sup>st</sup> Dec	Interest on Capital to be given @ 10 %
1 <sup>st</sup> Dec	A withdrew 1000/- cash & 1 cooler for personal use
31 <sup>st</sup> Dec	Income tax paid 2000/-
31 <sup>st</sup> Jan	Uniform made for employees 10,000/-
31 <sup>st</sup> Jan	Registers, pen, Carbons, stapler, etc Rs 250/-
31 <sup>st</sup> Mar	Depreciate Computer @ 10%
31 <sup>st</sup> Mar	Computer sold for 15000, cheque received for PNB
31 <sup>st</sup> Mar	Interest paid Rs. 5000 , 2% TDS deducted.

**Leaders don't seek security,  
only opportunities**



**Drill 17:**

**“COST CENTRES”  
Financial Year 2003-04**

Andy started factory by investing	10,00,000.
• Deposited Cash in Bank of India Rs.	400000/-
• Raw Material purchased Rs.	600000/-
• Finished goods sold 800000, DD Received 400000, Cash received 400000/-	
• Salary paid by cheque	100000/-
• Stationery Purchased	30/-
• Power bill Paid	50000/-
• Paid for office cleaning	70/-
• Received a Bank Loan	200000/-
• Tax paid	50/-
• Closing Stock	300000/-

**Cost Centers**

<b>Particulars</b>	<b>Production</b>	<b>Marketing</b>	<b>Finance</b>
Salary	2	1	1
Power	8	1	1

\*Use Petty Cash Book for expenses less than 100/-.

\*Show Cost Centre Detail & ledgerwise Cost details

**Yadi aapne bach-bach kar chalne ki aadat daal lee hai ,  
to nischint roop se aap jeewan mein bahut aage nahi badh paayenge.**



**Drill 18: GROUP COMPANY based exercise**

**2005-2006**

**GROUP: TATA**

**TELCO:**

- Business started by Telco 1000000/-.
- Goods purchased from Ram 300000/-.
- Ram overcharged 20000/-
- Goods sold to Ganesh 10000/-  
Bill no.1/1.4.2005 for 30 Days Credit
- Cash Received from Ganesh 1.7.2005

**TISCO:**

- Business started with Cash 100000/-
- Goods Purchased 100000/-
- Goods Sold 90000/-
- Machine Purchased 30000/-
- Freight & Installation 1500/-
- Room Constructed 8000/-
- Given to Telco 50000/-
- Stock Received From Telco 30000/-

**Instructions:**

1. Use Dr/Cr Note Book
2. Use Group Company
3. Interest Calculation @ 8% p.a

**Explain ::** Post dated,Memorandum,Optional

**Jaanwaron ke jeene ka koi lakshya nahi hota hai.**



**Drill 19:** Accounting of Non Trading organization

**Aryan International College  
2005-2006**

Corpus Fund	1200000	Computer	400000
Reserve Fund	100000	Building	400000
Service Tax	40000	Furniture	100000
Prov. For Computer Depreciation	350000	Deposit with MDS University	200000
Caution Deposit	10000	Endowment Fund Deposit	200000
		Cash	200000
		Cash in PNB Saving A/c	100000
		Cash in PNB Recurring A/c	100000
	<b>1700000</b>		<b>1700000</b>

- 1 Apr Service Tax Deposited
- 1 Apr Fee Collected 1000 and service tax received 10.2 %
- 1 Apr Salary paid 2000 and tax deducted at source 2.1 %
- 1 May Library Caution Deposit 500 from Hari.
- 1 May Fee received 10000 and service tax received. 10.2 %
- 1 Jun Advertisement done by Gupta & Co. 100000
- 1 Jul Paid to Gupta & Co. 100000, TDS 2.1%
- 1 Jul Service Tax deposited.
- 1 Aug Caution deposit received from Seeta 500.
- 1 Aug TDS deposited.
- 1 Sep Computer sold for 40000 (depreciation rate 10 %).
- 1 Oct New Computer purchases 10000.

- \* Create “ Fee Book” for fee.
- \* Prepare Income & Expenditure A/c
- \* Take print outs

**There is no substitute for**

- **preparation**
- **Practice &**
- **Hardwork**



## Drill 20: Cost Category

### XYZ LTD.

Cost Category	Departments	Projects
Cost Center-	Marketing	Residential Building
	Manufacturing	Shopping Complex
	Finance	Hospital

- TV ads to advertise for Residential Building Rs. 50000.
- Bricks purchased worth Rs. 20000 for shopping complex.
- Loan taken Rs. 500000
- Interest @ 10 % .Divided among 3 projects in following ratio-

Residential	Shopping	Hospital
5	3	2

Important Shortcuts :      ALT + D      ALT + C      F2      ALT + F2

## Drill 21: Budget & Control

- Create a budget for travelling (ledger) for the 2006-07 for the amount of 1,20,000 p.a.

Entries –

1.4.06	Paid for travelling	Rs. 12,000
1.5.06	Paid for travelling	Rs. 10,000
1.7.06	Paid for travelling	Rs. 8,000
1.8.06	Paid for travelling	Rs. 9,500

- Create a budget for Advertisement Group for the period 06-07 for Rs. 10,000 p.m.

Advertisement group includes following ledgers

- Banners
- TV Ads
- Hoardings
- Newspaper Ads

Entries –

1.4.06	Paid for Banners	Rs. 12,000
1.5.06	Paid for TV Ads	Rs. 20,000
1.7.06	Paid for Hoardings	Rs. 5,000
1.8.06	Paid for Newspaper ads	Rs. 6,000





**Drill 22:**

**TDS**

Financial Year 2005-2006

Pass the following journal entries:

- Bill submitted by Anil Enterprises (individual/HUF—Non Resident) for Technical Services Rs200000. (Ignore surcharge exemption limit----No)
- TDS on fees for Technical Services due.
- Bill submitted by Creation House (Individual/HUF—Non Resident) for advertisement done by them Rs. 500000 (Ignore surcharge exemption limit---- Yes).
- PNB cheque given to Anil Enterprises.
- TDS on Advertisement due.
- Advance given to Creative Enterprises (Resident Company) for advertisement campaign for Rs. 150000
- Paid due amount to Creation House.
- Advertisement campaign completed by Creative Enterprises
- Paid Amount of TDS to government through BOB cheque.

**Dedicated People have Employment Security.**



## VAT

### What is VAT ?

VAT stands for Value Added Tax. Added means “ The value that a producer(whether a manufacturer, distributor or advertising agent) adds to his raw materials or purchases before selling the new or improved product or service.” VAT in simple terms means “*A tax on the value addition at different stages of manufacturing and distribution of goods and services.*”

### **VAT RATES**

- 1 %: : Articles of Gold , Silver and Precious Metals including Jewellery made from gold, silver and precious metals.  
Precious Stones and Semi Precious Stones etc.
- 4 % : Aluminium Utensils, Bicycles, Tricycles, Rickshaw , Chemical Fertiliser, Computers, Edible Oil, Exercise books, Note books, Hosiery goods, Ice, Industrial Input, Iron and Steel, IT Products, Medicines, Metal, Paper& News print, Pens, Plastic footwear, Readymade Garments, Sewing Machines, Sports goods, Umbrella, Tea etc.
- 12.5 %: Cement, Cooked food, Cosmetics, Domestic Electrical appliances, Furniture, Glasses, Hardware, Kerosene, Lubricating Oil, Mining Machinery, Sanitary fittings, Soft drink, TV, Freezes, Washing Machines, Vehicles, Watches, Footware, LPG, Paint, Soap, Tyres etc.

### **VAT Exempted Items:**

Helmets, Wash Basin, Bath Seats, Commodes, Urinals ,Children’s Special Walker, Hand driven tricycles, Lifts specially designed for disabled persons, Power control wheelchairs, Orthopedic beds, Pressure relief equipments like Ripple Mattresses & Gel Cushions , Speech Synthesizers, Special Computer Keyboards, Long Handled combs, Magnifying Equipments, Talking calculators, Talking Watches and Clocks, Cooking Accessories- Bottle Holders, Openers, Household Equipments – Tap Turners, Key Turners, Kitchen and Feeding Accessories, Special Adapted Cutlery forks- Knives- Spoons, Special Drinking Equipment Mugs and Cups etc.

### **Drill 23:**

## VAT

Following is a company working in Rajasthan is manufacturing Cloth using Thread as a raw material.

1 bundle of cloth consumes 10 spindles of Thread.

- Purchased 100 spindles of Thread @ 150 from Ram VAT @ 4 %
- 20 spindles of thread returned to Ram.
- Manufactured 8 bundles of cloth.
- 4 bundles cloth sold to Shyam @ 1600 each VAT @ 12.5 %.
- 1 bundle cloth returned by Shyam .
- Purchased 100 spindles Thread @ 150 from Puneet of Delhi (Inter state purchases) CST 3%.
- Purchased 50 spindles Thread @ 160 from Pune Branch. CST 4 %.
- Furniture purchased for Rs. 20000 VAT @ 12.5%
- Sold to Geeta 4 bundles of cloth @ 1600 VAT @ 12.5 %.

**Good habits are like Good Servant  
Bad habits are like Bad Masters.**



**Exercise : 24**

**VAT**

The particulars regarding Sales, Purchases etc of Departmental Store of M/s Sharma Bros. are as follows:

Items under VAT			Vat Exempted
Grocery	Cosmetics	General	General
Tea 4%	Soap 12.5%	Pens 4%	Children Equipments
Edible Oil 4%	Shampoo 12.5%	Umbrella 4%	Household Equipments
Soft Drinks 12.5%	Deo 12.5%	Plastic Footwear 4%	Bathroom Equipments
Cooked Food 12.5%			

- 1) Edible Oil purchased 500ltr.@ 30 From Mayank
- 2) Goods purchased from Rajat
  - a. Shampoo 100 Pcs @ 150
  - b. Soap 500 Pcs @ 10.
  - c. Deo 100 Pcs @ 100.
- 3) Goods purchased from Verma Ltd.
  - a. Cooked food 1000 kg @ 100
  - b. Soft Drinks 200 bottles @ 40.
  - c. Tea 400 kg @ 150
- 4) Goods sold to Jain & sons.
  - a. Soap 20 Pcs @ 15
  - b. Shampoo 20 Pcs @ 170
  - c. Deo 10 Pcs @ 110
- 5) Goods purchased from Mehta & Co.
  - a. Pens 300 Pcs @ 10
  - b. Umbrella 100 Pcs @ 50
  - c. Plastic footwears 50 Pcs @ 100
- 6) Goods returned by Jain & sons
  - a. Soap 10 Pcs @ 15
  - b. Deo 5 Pcs @ 110
- 7) Goods purchased from Kumar Ltd
  - a. Children Equipments 100 Pcs @ 100
  - b. Household Equipments 100 Pcs @ 150
  - c. Bathroom Equipments 200 Pcs @ 200
- 8) Goods sold to Garg Bros.
  - a. Pens 50 Pcs @ 12
  - b. Umbrella 50 Pcs @ 70
- 9) Goods returned to Rajat
  - a. Soap 50 Pcs @10
  - b. Deo 10 Pcs @ 100
- 10) Goods sold to Kishore Kumar
  - a. Children Equipments 30 Pcs @ 150
  - b. Household Equipments 25 @ 160



**Drill 25:**

**BATCHES,ALTERNATE UNITS,MULTIPLE GODOWNS-TRANSFER**

Bharat Medicals is wholesaler purchasing following medicines –

<b><u>Group</u></b>	<b><u>Items</u></b>
• Tablets	Crocin, Metacin, Topcid 20, VicksAction 500
• Syrup	Glycodin
• Syrin	Syrin

**Units**

Tablets are sold in 2 Units                      1 Strip = 10 tablets

Syrup is sold in Bottle

Syrin is sold in 2 Units                              1 Box = 10 pieces

**Note :** All items are maintained in batches along with expiry dates

**Godowns –**

- Ajmer – Main Godown after purchase
- Ram Nagar - Transferred after purchase
- Shastri Nagar - Transferred after purchase

**Transactions –**

Purchased following items on following dates –

1.4.05	Crocin	100 strips @ Rs. 10 Bt. Cro
		Expiry after 30 days of purchase
1.4.05	Metacin	50 strips @ Rs. 15 Bt. Meta
		Expiry after 60 days of purchase
1.5.05	Topcid20	55 strips @ Rs. 9.5 Bt. Top
		Expiry after 91 days of purchase
1.5.05	VicksAction500	30 strips @ Rs. 20 Bt. Vic
		Expiry after 61 days of purchase
1.6.05	Glycodin	90 Bottles @ Rs. 70 Bt. Gly
		Expiry after 120 days of purchase
1.6.05	Syrin	10 Boxes @ Rs. 100 per Box.

**Following Sales -**

2.4.05	Crocin	80 strips @ Rs. 11 per strip from Ramnagar Godown
2.4.05	Metacin	40 strips & 5 tab @ Rs. 16 per strip from SN Godown
1.7.05	VicksAction 500	20 strips @ Rs. 23 from SN Godown
1.7.05	85 Bottles Glycodin	@ Rs. 75 per bottle from S N Godown
1.8.05	8 Boxes & 5 pieces Syrin	@ Rs. 110 per box from SN Godown.
31.10.5	Topcid20	10 strips @ Rs. 12 per strip from Ram Nagar Godown