Chapter 1- Accounting Terms

Question 1

Mr. Monu began business for dealing with electronic goods with Rs. 10,00,000 as a primary expense. He paid an amount Rs. 5,00,000 for the purchase of electronic goods, Rs. 1,00,000 for Refrigerator and Rs. 1,00,000 for Computer and the remaining amount was deposited to the bank. Monu sold some of the Fan which amounted Rs. 4,00,000 for cash and some electronic goods for Rs. 2,00,000 on credit to Mr. Sam. Accordingly, he purchased some laptop of Rs 3,00,000 from Mr. Nayan. In the second week, a fire broke out in his office and stock of goods worth Rs, 2,00,000 was destroyed. Expenses paid in the same month was Rs.20,000. Mr. Monu debited Rs. 50,000 from his trading for his domestic use.

From the above, answer the following:

1. What is the total expense of money with which Mr. Monu began the business?

2. What are the fixed assets that Mr. Monu bought?

3. What is the cost of electronic goods he purchased?

4. Who is the creditor? What amount is payable to him?

5. Who is the debtor? What amount is receivable to him?

6. What is Monu's total amount of expenses?

7. What is Monu's total drawing amount?

Solutions:

1. Mr. Monu began his electronic goods business with a sum of Rs. 10,00,000.

2. The fixed assets that Monu bought are Refrigerator and Computer. Therefore, total assets he bought: Refrigerator + Computer = Rs. 1,00,000+ 1,00,000= Rs. 2,00,000.

3. The total number of goods he purchased is Purchase of electronic goods+ Purchase of Laptop = 5,00,000 + 3,00,000 = 8,00,000.

4. Mr. Sam is the creditor. The total of Rs. 2,00,000 is payable to him.

5. Mr. Nayan is the debtor. To total amount of Rs. 3,00,000 is receivable from him.

6. The total amount of expenses spend by Monu is Rs. 20,000

7. The total drawing made by Monu is Rs. 50,000

Note: As per this question the total amount of expenses is Rs. 20,000. However, according to the solution the total amount of expenses will be = Rs. 8,00,000 + Rs. 20,000 = 8,20,000/-