

**PUNJAB PATWARI EXAMINATION
ACCOUNTS
LECTURE-2**

TOPICS

- 1. ACCOUNTING CONCEPTS AND CONVENTIONS**
- 2. ACCOUNTING STANDARDS**
- 3. ACCOUNTING POLICIES**
- 4. SYSTEM OF ACCOUNTS**
- 5. TYPES OF ACCOUNTS**
- 6. GOLDEN ACCOUNTING RULES**

1. ACCOUNTING CONCEPTS AND CONVENTIONS

- (a) Business entity concept
- (b) Money measurement concept
- (c) Accounting period concept
- (d) Going concern concept
- (e) Cost concept
- (f) Accrual concept
- (g) Realisation concept
- (h) Dual concept
- (i) Matching concept
- (j) Conservatism concept
- (k) Full disclosure & materiality concept

2. Accounting standards (FASB & ICAI)

Accounting standards are authoritative standards for financial reporting and are the primary source of generally accepted accounting principles (GAAP). Accounting standards specify how transactions and other events are to be recognized, measured, presented and disclosed in financial statements.

3. Accounting policies

Accounting policies are the procedure & policies which are implemented by management of a business which has to be followed while preparing financial statement.

4. System of accounting

- (a) double entry system - debit & credit
- (b) Single entry system - either debit or credit

5. Types of accounts

1. Personal Account

- (a) Natural (mr . XYZ)
- (b) Artificial (sbi bank , loan , company)
- (c) Representative (o/s exp , accrued income, prepaid exp)

2 Impersonal Account

- (a) Real- Assets
- (b) Nominal - nominal day to day expenses and income and loss

6. Golden rules of Accounting

1. Personal account

Debit - Reciever
Credit - Giver

2. Nominal account

Debit all expenses
Credit all gains and loss

3 .Real Account

Debit what comes in
Credit what goes out

EXAMPLES

1. PURCHASE OF GOODS FROM MR.A FOR BY BANK Rs 1000

Purchases a/c dr. 1000

To Bank cr. 1000

2. Paid Rent Rs 500

Rent a/c dr. 500

To cash cr. 500

3. Received Rs 1000 from debtors

Cash a/c dr. 1000

To debtors

1000

ACCOUNTS	NATURE
CASH	REAL
BANK	PERSONAL
CREDITORS	PERSONAL
PURCHASES	REAL
SALE	REAL
BILL R/C & BILL PAY	PERSONAL
INVENTORY/ STOCK	REAL
PREPAID EXPENSES	PERSONAL
LAND & BUILDING	REAL
PLANT & MACHINERY	REAL
OUTSTANDING EXPENSES	PERSONAL
DEPRECIATION	NOMINAL
INTEREST PAID	NOMINAL
BANK OVERDRAFT	PERSONAL
STATIONARY	NOMINAL
LOAN	PERSONAL
ACCURED INCOME	PERSONAL
INCOME R/C ADVANCE	PERSONA

Q.1 Income tax of the sale trader paid is shown

- (a) Debited to P&L Account (b) Debited to Trading Account
(c) Debited to his Capital Account (d) none

Q.2 Which of the following is an example of Personal Account?

- a) Machinery b) Rent (c) Cash (d) Creditor

Q.3 Current Liabilities means

- a) Liabilities which are payable within 12 months
- b) Liabilities which are payable immediately
- c) Liabilities which payable after one accounting year
- d) Liabilities which are readable within 3 months

Q.4 P & L Account is prepared for period of one year by following

- (a) Consistency Concept
- b) Conservatism concept
- (c) Accounting Period Concept
- d) Cost Concept

Q.5 Fixed Assets and Current Assets are categorized as per concept of

- a) Separate Entity
- (b) Going Concern
- (c) consistency
- (d) Time period

Q.6 The determination of expenses for an accounting period is based on the concept of

- (a) Objectivity
- (b) Materiality
- (c) Matching
- (d) periodicity

Q.7 Which of the following is a Current Asset?

- (a) Building
- (b) Bank balance
- (c) Plant
- (d) Goodwill

Q.8. Gross Profit is the difference between

- (a) Net Sales and Cost of goods sold
- (b) PAT and Dividends
- (c) Net Sales and Cost of production
- (d) Net Sales and Direct costs of productions

Q.9 The basic concepts related to Balance Sheet are

- (a) Cost Concept
- (b) Business Entity Concept
- (c) Accounting Period Concept
- (d) Both (a) and (b) above

Q.10 Recording of Fixed Assets at cost ensures adherence of

- (a) Conservatism Concept
- (b) Going Concern Concept
- (c) Cost Concept

(d) Both (a) and (b) above