

IVC Course Code : 213

OFFICE ASSISTANTSHIP (O.A.)

First Year

(w.e.f. 2018-19)

Intermediate Vocational Course

Paper I : Business Organisation

Paper II : Accountancy & Computers

**Paper III : Fundamentals in Short hand &
Typewriting Omit**



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ANNUAL SCHEME OF INSTRUCTION AND EXAMINATION FOR

1st YEAR OFFICE ASSISTANTSHIP COURSE

Part A	Theory		Practicals		Total	
	Periods	Marks	Periods	Marks	Periods	Marks
1. General Foundation Course	162	50	-	-	162	50
2. English	162	50	-	-	162	50
PART B						
3. Paper – I Business Organisation & Typewriting	135	50	135	50	270	100
4. Paper – II Accountancy – I & Computers	135	50	135	50	270	100
5. Paper – III Shorthand	135	50	135	50	270	100
PART C						
Field Practices / OJT					(363)	100
T o t a l					1134	500

EVALUATION OF ON THE JOB TRAINING:

The “On the Job Training” shall carry 100 marks for each year and pass marks is 50. During on the job training the candidate shall put in a minimum of 90 % of attendance.

The evaluation shall be done in the last week of January.

Marks allotted for evaluation:

S.No	Name of the activity	Max. Marks allotted for each activity
1	Attendance and punctuality	30
2	Familiarity with technical terms	05
3	Familiarity with tools and material	05
4	Manual skills	05
5	Application of knowledge	10
6	Problem solving skills	10
7	Comprehension and observation	10
8	Human relations	05
9	Ability to communicate	10
10	Maintenance of dairy	10
	Total	100

NOTE: The On the Job Training mentioned is tentative. The spirit of On the Job training is to be maintained. The colleges are at liberty to conduct on the job training according to their local feasibility of institutions & industries. They may conduct the entire on the job training periods of I year and (450) II year either by conducting classes in morning session and send the students for OJT in afternoon session or two days in week or weekly or monthly or by any mode which is feasible for both the college and the institution. However, the total assigned periods for on the job training should be completed. The institutions are at liberty to conduct On the Job training during summer also, however there will not be any financial commitment to the department.

INSURANCE & MARKETING

Paper - I

BUSINESS ORGANISATION

INDEX

Unit - 1	Basic Concepts	2
Unit - 2	Sole Trader	8
Unit - 3	Partner Ship	12
Unit - 4	Joint Stock Company	17
Unit - 5	Incorporation of Joint Stock Company	23
Unit - 6	Co-Operative Societies	30
Unit - 7	Banking and Insurance Services	36
Unit - 8	Transport, Ware Housing and Advertisement	44

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UNIT-1

Basic Concepts

Business organization and its scope – Business, Profession, Industry, Trade, types of trade and aids to trade, Classification of Industries, Forms of Business organization.

Business Organisation

Meaning

A business organisation is an entity aimed at carrying on commercial enterprise by providing goods or services to meet needs of the customers. Some business organisations are formed to earn income for owners, other business organisations called non-profits, are formed for public purposes.

All business organisations have the common features such as formal structure; aim to achieve objectives, use of resources, and requirement of direction and legal regulations controlling them.

Business organization and its scope

The scope of business organization has largely expanded after the industrial revolution. The process of production is needed to determine what each person will do and how much authority each will have.

Business

Meaning

The term 'Business' means to be 'busy' or 'occupied'. Business refers to a set of organized activities for production and exchange of goods and services with the purpose of selling them at a profit. It includes activities concerned with manufacturing, trading, transportation, insurance, warehousing, banking, finance etc.

Definition

Business may be defined as human activity directed towards producing or acquiring wealth through buying and selling goods.

– L. H. Haney.

Business may be defined as an activity in which different persons exchange something of value whether goods or services, for mutual gain or profit.

- Peterson and Plowman

Characteristics of Business

The basic features common to all business enterprises are:

- **Entrepreneur:** There must be someone to take initiative for establishing a business. The person who recognises the need for a product or service is known as entrepreneur. He visualises a business, combines various factors of production and puts them into going concern.

- **Economic Activities:** Business includes only economic activities. All those activities relating to the production and distribution of goods and services are called economic activities. These activities are undertaken with economic motive. Business is carried on with a profit motive. Maximisation of profit and minimisation of the costs and expenses of earning it are the dual aims which guide all business enterprises.

- **Exchange of Goods and Services:** A business must involve exchange of goods and services. The goods to be exchanged may be produced or procured from other sources. The exchange of goods and services is undertaken with a profit motive.

- **Continuity of Transactions:** A single transaction shall not be treated as business. An activity is treated as business only when it is undertaken continually or at least recurrently. For example a person builds a house for himself but later on sells it on profit. We will not call it business. On the other hand, if a house-building society builds houses and sells them, this is called business.

- **Profit Motive:** Earning profit is the primary motive of business. Profits are essential to enable the business to survive, to grow, expand and to get recognition. The profit motive does not entitle a businessman to start exploiting the consumers. The business activity will flourish more when the business serves the society.

(6) Element of Risk: In every business, there is a possibility of incurring loss. This possibility of incurring loss is termed as risk. There are two kinds of risks:

- Risks whose probability can be calculated and can be insured. Ex: Losses due to fire, floods, thefts, etc.

- Risks whose probability cannot be calculated and cannot be insured. Ex: Changing technology, fall in demand, changing fashions, short supply of raw materials, etc.

Profession

A profession is the systematized body of knowledge, which is studied in specialized institutions and practiced in the real life situations. A profession is an occupation which involves the rendering of personal services of a specialized nature. Services rendered by doctors, lawyers, chartered accountants, tax consultants etc., come under this category.

Important Professional Bodies in India

S.No	Profession	Profession Body/Association
1.	Accountancy	The institution of Chartered Accountants of India
2.	Company Secretary	The institution of Company Accountants of India.
3.	Cost Accountancy	The Institution of Cost and Work Accountants of India
4.	Legal	Bar Council of India
5.	Medical	Medical Council of India

Industry

Industry refers to an activity which converts raw materials into finished goods or useful products. It is concerned with raising, producing, processing or manufacturing of products.

The products are consumer goods as well as producer goods. Consumer goods are goods which are used finally by consumers. Ex. Food grains, textiles, cosmetics etc. Producer goods are the goods used by manufacturers for producing some other goods. Ex. Machinery, tools, equipment etc.

Expansion of trade and commerce depends on industrial growth. It represents the supply side of market.

Trade

Trade refers to buying and selling of goods and services for money or money's worth. It involves transfer or exchange of goods and services for money. The producer produces the goods then moves on to the wholesaler then to retailer and finally to the ultimate consumer.

Trade has taken birth with the beginning of human life and shall continue as long as human life exists on the earth. It enhances the standard of living of consumers. Thus, we can say that trade is a very important social activity.

Types of Trade

- **Internal Trade**

Internal trade is also known as Home trade. It is conducted within the political and geographical boundaries of a country. It can be at local level, regional level or national level. Hence, trade carried on among traders of Delhi, Mumbai etc., is called home trade.

Internal trade can be further sub-divided into two groups, viz.

- Wholesale trade
- Retail trade

- **Wholesale Trade:** It involves buying in large quantities from producers or manufacturers and selling in lots to retailers for resale to consumers. The wholesaler is a link between manufacturer and retailer. A wholesaler occupies prominent position since manufacturers as well as retailers both are dependent upon him. Wholesaler acts as an intermediary between producers and retailers.

A wholesaler is generally specialised in one line of product and maintains large stocks.

- **Retail Trade:** Retailing means the sale of goods in small quantities to the final consumers. A person engaged in retail trade is called a 'retailer'. Retailers buy goods from the wholesaler and sell them in relatively smaller quantities to the consumers. Retailers establish link between wholesalers and consumers.

A retailer deals in a variety of good and makes purchases from different wholesalers.

2. External Trade: External trade also called as Foreign Trade. It refers to exchange of goods and services between two or more countries. External trade can be further sub divided into three groups.

- Export trade
- Import trade
- Entrepot trade

a. Export Trade: When a trader from home country sells his goods to a trader located in another country it is called as export trade. For ex. a trader from India sells his goods to a trader located in china.

b. Import Trade: When a trader in home country obtains or purchases goods from a trader located in another country, it is called as import trade. For ex. a trader from India purchases goods from a trader located in Canada.

c. Entrepot Trade: When goods are imported from one country and then re-exported after doing some processing, it is called as entrepot trade. In brief, it can be also called as re-export of processed imported goods. For example an Indian trader from India purchases some raw material or spare parts from a Japanese trader from Japan then assembles it i.e. converts into finished goods and then re-export to an American trader in U.S.A.

Aids or Auxiliaries to Trade

A great deal of difficulties are experienced in course of exchange of goods and services. The activities or agencies which helps in overcoming those difficulties or hindrances are called Aids to Trade. The examples of aids - to - trade are banking, insurance, warehousing, transport and advertising.

- **Banking:** Banks help in overcoming the financial problems of the business enterprise. Banks provide finance for holding stock between the time of purchase to the time of sale. Commercial banks and financial institutions help trade in the form of overdraft, loans or cash credits.

- **Warehousing:** Goods are generally produced in the anticipation of demand. All the goods produced are not consumed at the same time, warehousing provides suitable arrangement for storing the goods. Agricultural products are produced seasonally, but they are required throughout the year. So, there is a need to store them, so that they may be supplied according to demand.

- **Insurance:** It is the best means of reducing risks of the business. Insurance covers the risks of loss to goods in transit and in warehouse on account of theft and fire. The insurance companies provide a coverage for all types of losses of goods, not only to the national trade but also to the international trade.

- **Transport:** It creates place utility of the products. It helps in carrying the goods from the place of production to the place of consumption and thereby create place utility for the products. The various modes of transport i.e., road, rail, sea, air have helped the growth of commerce and industries.

- **Advertisement:** Consumers are unaware of the new products, availability of various goods in the market, their advantages, features, price etc. Advertisement and

publicity helps to know the availability and usefulness of various goods to the notice of the consumer.

Hindrances to Trade and Aid-to-trade for removing these Hindrances

Hindrances to Trade	Aids-to-Trade
• Personal contact	Traders and Mercantile agents
• Place or distance	Transport and communication
• Time	Warehousing
• Risk	Insurance
• Finance	Banking
• Information or knowledge	Advertising and salesmanship

Types of Industries

There are various types of industries. 1. Primary Industry 2. Genetic Industry 3. Extractive Industry 4. Manufacturing Industry 5. Construction Industry 6. Service Industry.

- **Primary Industry:** Primary industry is concerned with production of goods with the help of nature. It is a nature oriented industry, which requires very little human efforts. Ex. agriculture, farming, forestry, fishing, horticulture etc.

- **Genetic Industry:** Genetic industry are engaged in reproduction and multiplication of certain species of plants and animals with the object of sale. The main aim is to earn profit from such sale. Ex. Plant nurseries, Cattle rearing, poultry, Cattle breeding etc.

- **Extractive Industry:** Extractive industry is concerned with extraction or drawing out goods from the soil, air or water. Generally products of extractive industries are used by manufacturing and construction industries for producing finished products. Ex: mining industry, coal mineral, oil industry, iron ore, extraction of timber and rubber from forests etc.

- **Manufacturing Industry:** Manufacturing industries are engaged in transforming raw material into finished products with the help of machines and man power. The finished goods can either consumer goods or producer goods. Ex. Textiles, chemicals, sugar industry, paper industry etc.

- **Construction Industry:** Construction industries take up the work of construction of buildings, bridges, roads, dams, canals etc. This industry is different from all other types of industry because in case of other industries goods can be produced at one place and sold at another place. But goods produced and sold by constructive industry are executed at one place.

- **Service Industry:** In modern times service sector plays an important role in the development of the nation and therefore it is named as service industry. Service industry supplements the activities of primary and secondary industries. Service sector deals with all those activities (like banking, transport, insurance, warehousing, and advertising) which smoothen the flow of goods and services from the manufacturers to the consumers. Hotel industry, tourism industry, entertainment industry etc., also falls under this sector.

Short answer type questions

- Define the term Business Organisation.
- Define the term Business.
- Define the term Profession.
- What is an Industry?
- Define Trade.

Long answer type questions

- Explain briefly about different types of Trade.
- Briefly describe the various Aids to Trade.
- What are the different types of Industries? Explain them in brief with examples.

UNIT-2

Sole trader

Sole Trader-Characteristics of Sole Proprietorship form or organization.-Merits of Sole trading concern.-Demerits of Sole trading concern.-Joint Hindu Family-Merits of Joint Hindu Family Firm.-Demerits of Joint Hindu Family Firm

Sole Trader

The person who manages the sole proprietorship firm is called 'Sole Proprietor' or 'Sole trader'. He is the sole trader is the sole owner, controller, financier, organiser, manager, decision-maker and risk bearer.

Definition

A sole proprietor is a person who carries on business exclusively by and for him. He is not only the owner of the capital of the undertaking, but it is usually the organiser and manager and takes all the profits or responsibility for losses.

- **James Stephenson**

Characteristics of Sole Trader

- **Single Ownership** : The sole trader is the sole owner of the firm. He fully owns the business.
- **Management and Control** : the proprietor independently manages and controls the business without any interference from others. He is solely responsible for the decisions taken by him.
- **Undivided risk** : The sole trader takes all profits and bears losses if any. Nobody shares his profits or losses.
- **Unlimited Liability** : The liability of the proprietor is unlimited. If he makes a heavy loss, he may lose his capital and even his entire private property.
- **Limited area of operation** : The sole trade business has generally a limited area of operation. The reason being the limited resources and managerial abilities of the sole-trader.
- **Free from Government Regulations** : There is no special act governing the work of a sole proprietor. He will be subject to the general laws of the country. The business is free from government regulations.
- **Registration**: since there is no separate Act for governing the sole trading concerns in India, it doesn't require any registration like a partnership firm or a company. He just has to obtain a licence from a local authority like municipality or panchayat.

Merits of Trading Concern

- **Easy to form :** It is very easy and simple to form a sole trading concern. Registration is not required. Anyone with necessary capital and skill can start any lawful business he likes.
- **Direct Motivation :** The sole proprietor takes keen interest in the working of the business. He manages the business to the best of his ability. There is direct relationship between efforts and reward. The more the efforts, the higher the rewards will be. The proprietor is, therefore, inspired, induced and motivated to give his best of efforts and skills in running the business.
- **Promptness in Decision Making :** The sole trader can take quick and clear decisions. He can also execute his decisions promptly. Quick decisions and prompt execution are very essential for the success of business.
- **Maintenance of Secrecy :** Secrecy is of vital importance for the success of a small scale concern. A sole trader can maintain strict secrecy of his business conditions and methods.
- **Personal contact with customers :** The sole trader can establish and maintain personal contact with his customers. He can easily study the tastes and requirements of the customers. Personal contact with customers results in high sales and good will of the firm.
- **Social Utility :** Sole trading concern has also great social utility. It creates employment opportunities to many people. It suits best those who want to be their own masters. Hence, sole proprietorship is socially desirable.
- **Effective control:** in sole trading concern, all decisions are centralised by the sole trader himself. Thus, sole trader himself plans all the important activities, executes and control them.

Demerits of Trading Concern

- **Limited Capital and Credit :** A sole trader finds it difficult to provide necessary capital for the development of his business. Therefore, the size of the business must remain small. Small business means small profits.
- **Limited Managerial Ability :** The managerial ability of the sole proprietor is also limited. He may not be an expert in each and every function of the business. He has to depend upon paid employees. He may find it difficult to manage and supervise efficiently as business expands.
- **Unlimited liability :** The liability of a sole trader is unlimited. It extends to his private property also. Hence, the sole trader tries to be cautious in taking risks. Unlimited liability is a thorn on the side of the sole trader.
- **No Continuous Existence :** The life of the business is limited to the life of the proprietor. The business may suddenly come to an end with the death of the proprietor. So a sole trading concern has no stability or continuity.
- **Absence of Specialisation :** The sole trader is overburdened with a number of duties. He may not be efficient in all these activities. As a result, the management may not be efficient. So, this type of business organization cannot enjoy the benefits of specialisation.

- **More risks Involved :** A sole trader is the supreme and sole master of his business. He need not consult anyone while taking decisions. So, there is a possibility of taking wrong decisions. Wrong decisions may at times result in heavy losses.
- **No large Scale Economics:** a small scale concern cannot economise in purchase, production and marketing. In a sole trade concern overhead expenses are also more so sole trading concern cannot enjoy the benefits of large scale economies.

Joint Hindu Family

Joint Hindu family business is a unique kind of business organisation, possible only in India, among Hindu families only. The origin of the joint hindu family business lies in the principles of inheritance under the mitakshara school of Hindu law. In this form of business ownership, all members of a Hindu Undivided family do business jointly under the control of the head of the family. The head of the family is called as 'Karta'. The firm is owned by the members of an undivided Hindu family who have inherited an ancestral property. The property inherited by a Hindu from his father, grandfather and great grandfather is regarded as ancestral property.

The members of the family are known as co-partners. The joint Hindu family firm comes into existence by the operation of Hindu Law and not out of contract. Thus the joint Hindu family firm is a business owned by co-partners of a Hindu undivided estate.

Hindu Schools of Thought

There are two schools of thought regarding Joint Hindu Family system:

- Dayabhaga
- Mitakshara

Dayabhaga: dayabhaga system of community is prevalent in West Bengal, Assam and parts of Odisha. This system allows both male and female members as co- parceners.

Mitakshara: this system is prevalent in whole of India except West Bengal, Assam and parts of Odisha. In this system only male members are allowed to be co-parceners. However, an amendment in Hindu succession Act, in 2005, the daughter is allowed as a co-parcener.

Merits of Joint Hindu Family

- **Centralized Management:** The management of a Hindu Joint Family firm is centralised in the hands of one man known as 'Karta'. Karta takes all decisions and gets them implemented with the help of other members.
- **Quick Decisions:** As karta is the only decision maker, he takes quick decisions. The Karta takes not only quick decisions but his decision is final and unchallengeable.
- **Economy:** In a business, for its success, economy is a must. It is well balanced and maintained in joint Hindu family firm. Karta spends money with great caution and economy.
- **Limited Liability:** This is a great advantage of joint Hindu family firm. The liability of all the members of the family is limited. However, Karta's liability is unlimited.

- **Utmost Secrecy:** Karta is the great master of the grand show. He alone manages the business affairs. He can keep a thing secret even from the members of the firm. Secrecy is very vital for small-scale concerns.
- **Natural love between Members:** Members of the joint Hindu family firm are having natural love and affection for each other. Due to this they ignore the short-comings of each other and help to run the business move smoothly and efficiently.

Demerits of Joint Hindu Family

- **Limited Capital:** The investments are limited only upto the resources of one family. They may not be sufficient to meet business requirements for expansion.
- **Limited Management skill:** Only the karta is to manage the family business, He performs the functions of the management. Limited managerial skill of karta will hinder the growth of the concern.
- **No Reward for Efficiency:** All the members of the family are provided with basic needs and other facilities. The persons who work more efficiently and dedicatedly are not rewarded for their work. So efficient workers are also tempted to work less.
- **Suspicion:** The karta is empowered with vast power of secrecy. He can keep things secret even from the members of the firm. But there is no restriction on him that he cannot disclose anything to any person whom he loves. This leads to suspicion among the members.

Short Answer Type Questions

- Define the term Sole Trader.
- What is Joint Hindu Family firm?
- Define 'Karta'?
- Mitakshara
- Dayabhaga

Long Answer Type Questions

- State the characteristics of Sole Proprietorship firm ?
- State the merits of sole trading business ?
- State the demerits of sole trading business ?
- State the merits of 'Joint Hindu Family Firm' ?
- State the demerits of 'Joint Hindu Family Firm'?

UNIT-3

Partner Ship

Partnership - Characteristics of a Partnership Firm-Merits of Partnership-Demerits of Partnership-Partnership Deed-Types of Partners-Rights of Partners-Duties of Partners

Meaning

A partnership is an association of two or more persons to carry on, as co-owners, a business and to share its profits and losses. The partnership may come into existence either as a result of the expansion of the sole-trading concern or by means of agreement between two or more persons desirous of forming a partnership.

Definition

The Indian partnership Act 1932 defines partnership as “The relation between persons who have agreed to share the profits of a business carried on by all or any one of them acting for all”.

Characteristics of a Partnership Firm

- **Association of Two or more persons:** There must be at least two persons to form a partnership firm. The maximum limit on the number of partners is ten in case of banking business and twenty in case of other types of business.
- **Contractual relation:** The relation of partnership is created by contract and not by status as in case of joint Hindu family firm. The contract may be oral or written. There must be an agreement between two or more persons to enter into partnership business.
- **Lawful business:** The agreement between partners must be to carry on some lawful business.
- **Sharing of profits:** The purpose of the business should be to make profits and distribute them among partners.
- **Unlimited liability:** The liability of each partner is unlimited, joint and several. In other words, each partner is jointly and severally responsible for the debts of the firm.
- **Utmost good faith:** A partnership agreement is based on mutual confidence and trust of the partners. Every partner should act honestly and give proper accounts to other partners.
- **Dissolution:** the partnership can be dissolved at any time if all the partners agree to do so. Dissolution of partnership does not necessarily mean dissolution of the firm. The remaining partner may continue the firm after meeting the claims of outgoing partner.

Merits of Partnership

- **Facility of Formation**

Like the sole proprietorship, a partnership can be formed without much expense and legal formalities. A simple agreement among partners is sufficient to start a partnership firm.

2. Larger Financial Resources

The resources or savings of more than one person are available for the business. Since, larger capital resources are available there is greater scope for expansion of business.

3. Benefits of Division of Labour

Division of labour can be introduced in the management of the partnership. Work may be distributed among the partners according to their abilities.

4. Promptness in Decision Making

The partners meet frequently and they can take prompt decisions. The decisions taken by partners are usually quite balanced.

5. Relationship between Reward and Work

The partners try to put more labour to earn more and more profits. There is direct relationship between reward and work. The more they work, the more they be benefited.

6. Sharing of Risk

The risk or loss of business will be shared by all partners. Hence, the burden of every partner will be less as compared to the burden of sole trader.

7. More Possibility of Growth & Expansion: as compared to a sole-trade business, partnership concern has more possibilities for expansion and growth of business activities. The partner can contribute more and manage the activities more systematically.

Demerits of Partnership**1. Unlimited Liability**

Partners are liable to the debts of the firm to an unlimited extent. Every partner is jointly and severally liable for the entire debts of the firm.

2. Continuity is Uncertain

The continuity of the business of the firm is uncertain. Death, insolvency, incapacity of one of the partners may lead to dissolution of the firm. Thus, instability is the worst disadvantage of partnership.

3. Lack of Harmony

Partnership implies collective as well as individual liability and responsibility. Mutual conflicts and lack of team spirit among partners may lead to loss of reputation and finally closure of business.

4. Restriction on Transfer of Interest

No partner can transfer his interest or share in the firm to outsiders without the unanimous consent of all other partners.

5. Lack of Public Confidence

The accounts of partnership concerns are not published. So public is unaware of the exact position of business. So, partnership concerns lack public confidence.

6. Inadequate Capital

A partnership firm can raise more capital than a sole trader. But it may not be able to raise or secure adequate capital for expansion beyond a certain limit.

Partnership Deed

Partnership is the result of an agreement. The agreement may be expressive or implied. It may be oral or written. It is always derivable to have the agreement in writing for the following reasons.

- Partnership is an agreement based on utmost good faith. Each partner should know clearly what he can do and what his duties and responsibilities are.
- The rights and duties of partners are determined by agreement. The partnership act also defines the rights and duties of partners, but these will come in to operation only when there is no agreement.
- Banks and other financial institutions insist on the production of written agreements for granting loans and advances to firms.

The agreement in writing containing the terms and conditions of the partnership is called 'partnership deed'. The deed has to be stamped as per the Indian stamps act. Each partner should have a copy of the deed with him. It is desirable to entrust the preparation of the deed to an experienced lawyer.

Types of Partners

Partners of a firm may be of different types with different rights and obligations.

1. Active Partners

Every partner has a right to take part in the management of partnership business. A few commitment partners manage the business on behalf of others. Such partners are called managing partners or active partners.

2. Sleeping Or Dormant Partners

Partners who agree not to take part in the management of the firm are called sleeping or dormant partners. They contribute capital. They are entitled for the agreed share in the profits of the firm.

3. Nominal Partners

A nominal partner is one who lends his name to the firm. He does not contribute any capital nor does he shares profits of the business. He is known as a partner to the third parties.

4. Partners in Profit Only

These are partners who by agreement are exempted from bearing losses of the firm. However, they are entitled for their share of profit.

5. Secret Partners

A secret partner is one, who does not want to be known as partner to the outsiders, though in reality he is a partner.

6. Minor Partner

A minor is not competent to enter into contract. Therefore, he cannot be a partner of a firm. But he can be admitted to the benefits of partnership with the consent of all the other partners.

7. Partner by Estoppel or Holding Out: When a person is not a partner but poses himself as a partner, either by words or in writing or by his acts, he is called a partner by estoppel or by holding out. A partner by estoppel does not shares the profits and losses of the firm and is not liable for the debts of the firm.

Rights of Partner

The following are the rights of partners in the absence of an agreement.

- Every partner has a right to take part in the management of the firm.
- Every partner has a right to inspect books of account and records and take a copy of them.
- Every partner has a right to recover any amount spent by him in the ordinary and proper conduct of the business.
- Every partner has a right to receive interest on loans advanced to the firm over and above the capital at the rate of six percent per annum.
- Every partner has a right to share the profits of the firm equally along with other partners.
- A partner is not entitled for any remuneration or salary for taking part in the conduct of the business.

Duties of Partners

- All the partners must be faithful to one another and to the firm.
- Partners should give full and correct information and render true account of the firm to one another.

- Every partner must diligently carry on the business of the firm to the maximum advantage of all the partners and the firm.
- Every partner has a duty to work hard and conduct the business in the best common interest of the firm.
- No partner should make any profit for himself by way of secret commission or sales or purchases made on behalf of the firm.
- Every partner has to share losses equally along with other partners.
- No partner shall engage himself any business which competes with that of the firm.

Short Answer Type Questions

- Define partnership.
- What is partnership deed?
- Minor partner.
- Secret partner.
- Partner by Estoppel / Holding out.

Long Answer Type Questions

- What are the essential characteristics of partnership firm?
 - What are the merits of partnership form of organisation ?
- What are the demerits of partnership form of organisation ?
- What are the duties of partners?
- What are the rights of partners?

6.Explain the various types of partner.

UNIT-4

Joint Stock Company

Joint Stock Company – Characteristics-Merits of Joint Stock company-Demerits of Joint stock company-Kinds of companies-promoter

Joint Stock Company

A company is an association of many people. It is registered and has a capital of fixed amount. The capital is divided into small units called 'shares'. A person who holds or buys a share in a company is known as shareholder. Shareholders are the members of the company. As the capital of a company is contributed jointly by large number of persons a company is called a Joint Stock Company.

Definitions

Prof. L.H. Haney, "A joint stock company is a voluntary association of individuals for profit, having a capital divided into transferable shares, the ownership of which is the condition of membership".

Section 2(20) of the companies Act, 2013 provided that "Company means a company incorporated under this Act or under any previous Company Law".

Characteristics of Joint Stock Company

1. Association of Persons

A company is a voluntary association of many persons. The association must be registered or incorporated under companies act. A private limited company must have at least two persons and a public limited company must have at least seven persons to get it registered.

2. Separate Legal Entity

A company is created under law. It has separate legal entity apart from its members. It is an independent person in the eyes of law. It can buy, sell and hold property in its own name like an individual. It can have a bank account in its own name.

3. Artificial Legal Person

A company is an artificial person created by law. It is an artificial person, because it does not come into existence through natural birth. Like a natural person it has certain rights and obligations in terms of law.

4. Perpetual Existence/ Perpetual succession

A company has a continuous or uninterrupted existence. Its life is not affected by the death, insolvency of its members or directors. On account of its stable nature, a company is best suited for such type of business which requires long periods of time to mature and develop.

5. Limited Liability

Liability of shareholders of a limited company is limited to the face value of shares they have purchased. He is not personally liable for the debts of the company.

6. Common Seal

A company being an artificial person cannot sign for itself. Therefore, the law requires every company to have a seal and get its name engraved on it. The common seal thus serves as the official signature of the company. It is kept under lock and key.

7. Business

A company can conduct only such business as stated in memorandum of association. It cannot go beyond the powers given to it by its memorandum of association.

Merits of Joint Stock Company

1. Large Financial Resources

A joint stock company is able to collect a large amount of capital through small contributions from a large number of people. In a public limited company, shares can be offered to the general public to raise capital. The companies can also accept deposits from the public and issue debentures to raise funds.

2. Limited Liability

In case of a joint stock company the liability of its members is limited to the value of shares held by them. This advantage attracts many people to invest their savings in the company and it encourages the company to take more risks.

3. Transferability of Shares

The shares of a company can be transferred by its members. A shareholder can sell his shares in the open market. Under Articles of Association, the company can put certain restrictions on the transfer of shares, but it cannot altogether stop it. However, private companies can put more restrictions on transferability of shares, virtually making it zero.

4. Continuity or Stability in Existence

A company enjoys continuous or uninterrupted business life. As a body corporate it continues exist even if all its members die. The stability of business is of great importance to the society as well as to the nation.

5. Professional Management

Management of a company is in the hands of the directors, who are elected democratically by the members or share holders. These directors are known as 'Board of Directors'. They manage the affairs of the company and are accountable to all the investors. So, the investors elect capable persons who can manage the company efficiently.

6. Large-Scale Production

Since there is an availability of large financial resources and technical expertise, it is possible for the companies to have "large scale" production. This enables the company to produce more efficiently and at a lower cost.

7. Research and Development

Only in joint stock company form of business it is possible to invest a lot of money on research and development so that new design better quality products can be achieved.

Demerits of Joint Stock Company**1. Difficult to Form**

The formation and registration of Joint Stock Company involves a long and complicated procedure. A number of legal documents and formalities have to be completed before a company can start business.

2. Excessive Government Control

Joint stock companies are regulated by government through the companies act and other economic legislations. Especially, public limited companies are required to complete various legal formalities as provided in the companies act and other legislations. This affects the smooth functioning of the companies.

3. Delay in policy Decisions

Generally policy decisions are taken at the 'Board of Directors' meetings of the company. Further, the company has to fulfil certain procedural formalities. These procedures are time consuming and therefore, may delay action on the decisions.

4. Undue Speculation in Shares

Joint stock companies facilitate speculation in shares at stock exchanges. Illegitimate speculation in shares of a company is injurious to the interests of share holders. It may weaken the confidence of investors and may lead to financial crisis. The management of joint stock companies also sometimes encourage speculation in shares for their personal gains.

5. Lack of Secrecy

The management of company remains in the hands of many persons. Everything is discussed in the meetings of board of directors. Hence, the trade secrets cannot be maintained.

6. Social Evils

The company form of organisation leads to large-scale production. The evil of factory system like insanitation, air pollution, congestion of cities are attributed to joint stock companies. Joint stock companies facilitate formulation of business combinations which ultimately lead to the monopolistic control and exploitation of consumers.

7. Conflict of Interests

Company form of organisation gives rise to conflict of interest between various sections namely management, shareholders, employees, creditors etc. It becomes difficult for the company to reconcile the interest of various stakeholders.

Kinds of Companies**1. Chartered Companies**

A company which is created by special charter granted by the monarch is called a 'chartered company'. The East India Company, the Chartered Bank of India and Australia were incorporated by the grant of a special Royal charter. These companies are no longer formed in any country.

2. Statutory Company

A company which is created by a special act of the legislature is called a 'Statutory company'. The objects, powers, rights and responsibilities of such a company are clearly defined in the Act. Generally, companies for public utility services are formed under special statutes. These companies may or may not use the word 'Limited'. Ex: R.B.I, IDBI, L.I.C, U.T.I, S.T.C etc.

3. Registered Companies

A company registered under the provisions of companies Act is called "Registered" or incorporated company. Most of the companies in India are registered under the Indian companies Act, 2013. Registered companies may be limited by shares, limited by guarantee or unlimited companies. For example Tata Iron and Steel Industry, Bharat Sanchar Nigam Limited etc.

4. Company Limited by Shares

The companies limited by shares have a share capital divided into shares. The shareholders are not liable to pay anything more than the value of the shares held by them, whatever be the liabilities of the company. Ex: L&T and Reliance Industries

5. Company Limited by Guarantee

The liability of members in such a company is limited to a specific amount as they agreed to contribute to the assets being wound up. A guarantee company is formed generally to promote education, art, science, culture, sports etc. Example Trade association, chambers of commerce, stock exchanges, sports clubs etc., are often organised as companies limited by guarantee.

6. Unlimited Company

The companies registered without limiting the liability of members to the value of shares are called 'unlimited company'. These companies are rarely formed. Ex: Amway India Enterprises Private Limited, GE Capital Services India.

7. Private Company

Private company is a company which by its articles of association restricts the right of members to transfer shares, limits the number of its members to 200, and prohibits any invitation to the public to subscribe its shares. The number of members required to form a private company is two. Such a company must use the word 'private' in its name. Ex: TCS, Wipro, ITC, HLL, etc.

8. Public Company

A public company means a company which is not a private company. In other words a public company is one which lays down no restriction on the transfer of its shares, does not limit the maximum number of members and can invite public for subscribing to its shares and debentures. Ex: HPCL, Central Bank of India, Oil India Limited, Indian Railways, etc.

9. Government Company

A Government company is a company in which 51 percent or more of the paid up share capital is held by central or state government. The remaining 49 or less of the paid up capital may therefore be held by private parties or financial institutions. Hindustan steel limited, Air India, State Trading Corporation of India are examples of a government company.

10. Indian Companies

A company incorporated in India under the companies Act, whether operating in India or outside is called 'Indian company'.

11. Foreign Companies

A company incorporated outside India but has a place of business located in India through its branches or agencies. Such companies have to furnish some information as required by the Registrar of Companies in India.

12. One Person Company

One person company (OPC) has been allowed, for the first time in Companies Act, 2013. A one person company is a one shareholder corporate entity, where legal and financial liability is limited to the company only. One person subscribes his name to a memorandum and comply with the requirements of the Act in respect of registration.

Promoter

Promoter conceives an idea for setting up of a particular business at a given place and performs various formalities required for starting a company. A promoter may be an individual, firm, association of persons or a company. The persons who assist the promoter in completing various legal formalities are professional people like Counsels, Solicitors, Accountants etc., and not promoters.

Characteristics of a promoter

- A promoter conceives an idea for the setting up of a business.
- He makes preliminary investigations and ensures about the future prospects of the business.
- He brings together various persons who agree to associate with him and share the business responsibilities.
- He prepares various documents and gets the company incorporated.
- He raises the required finances and gets the company going.

Short Answer Type Questions

- Define Joint Stock Company?
- Define a private company?
- Define a public company?
- What is a government company?
- OPC.
- Who is a promoter?

Long Answer Type Questions

- What are the characteristics of a joint stock company?
- What are the merits of a joint stock company?
- What are the demerits of a joint stock company?
- Discuss various kinds of companies briefly?

chapter – 5**INCORPORATION OF JOINT STOCK COMPANY**

Procedure of promotion and incorporation of Joint stock company – Memorandum of Association – Articles of association – Prospectus – Golden rule of framing prospectus.

The Basic procedure for incorporation.

For a company to be incorporated, it must be registered with the “Register of Companies” (ROC). After the company is registered it receives a “certificate of incorporation” after which the company becomes a legal entity.

Registration of the Company.

The following documents must be filed for the registration of company.

1. The Memorandum of Association.
2. The Articles of Association.
3. An agreement, if any, which the company proposes to enter into with any individual for appointment as its managing director or whole time director or manager.
4. A statutory declaration in form 1 by an advocate, attorney or pleader entitled to appear before the high court or a company secretary or chartered Accountant in whole time practice in India who is engaged in the formation of the company or by a person who is named as a director or manager or secretary of the company that the requirements of the companies Act have been complied with in respect of the registration of the companies and matters precedents and incidental thereto.

In addition to the above, in case of a public company the following documents must also be filed;

- Written consent of directors in Form 29 to act as directors.
- The complete address of the registered office of the company in Form 18.
- Details of the directors, managing director and manager of the company in Form 32.

What is Memorandum of Association:

The Basic document to be filed for incorporation of the company is Memorandum of Association. This is called as “Charter” or “Life giving of document” of the company. It

containing the right privileges and powers of the company. It regarded as the constitution of the companies.

Content of the Memorandum.

According to section 13 of the companies Act the Memorandum of every company must contain some clauses. These clauses are also known as the “conditions or contents” in the memorandum.

1. **Name Clause:-**

This is the first clause in the memorandum. This clause contains the name of the company. The name must be approved by the central Government.

- a) The proposed name should not be identified to the name of an existing company.
- b) The proposed name should not suggest any connection or link with a government department.
- c) The proposed name should not be objectionable under the provisions of the Emblems and names Act, 1950.
- d) The name of a public company limited by shares should end with the word “Limited” while that if a private company should end with the word. “Private Limited”.

2. **Situation Clause:-**

This clause is also known as “domicile clause”. This clause containing the name of the state in which the registered office of the company is to be situated or located. In practice the address of the registered office is given along with the name of the state.

3. **Objects Clause:-**

This clause defines or states the powers of the company and scope of its activities. The objects clause is of crucial importance for the company as well as the persons who deals with it. The objects should not be against the provision of the companies Act and the public policy.

4.Liability Clause:-

This clause states the nature of liability of the members. The liability may be limited by shares or by guarantee.

5. Capital Clause:-

The capital clause indicate the total amount of share capital with which the company is to be registered. The registered capital is also called as “authorized capital” or “nominal capital”. This registered capital is divided into various kinds of shares and number of shares and these are also mentioned under this clause.

6.Subscription or Association clause:-

This clause contains the names, addresses and signatures of the persons who invited in this association. Seven persons should be signed in case of public limited company and atleast two persons in case of private limited company.

Articles of Association:-

The article of association containing the rules and regulations for the administration of the company. It includes byelaws relating to the management of the company.

All the above stated documents have to be sent to the Registrar along with the registration fee, filling fee, stamp duty, as specified. The registration on receipt of the documents, undertake a scrutiny and if he finds nothing objectionable, issues under his seal and signature, the “Certificate of Incorporation”.

The certificate needs to be collected from the Registrar’s Office. After obtaining the certificate of incorporation, the secretary of the company must send the notice to registered address of the company, if it was not sent earlier, within 30 days of registration.

On obtaining the incorporation certificate a “Private Company” is eligible to transact business but a public company however cannot transact business unless it obtains the trading certificate.

If public limited company wish to raise the capital, it needs to prepare the document known as “Prospectus”. Public companies that are confident of raising capital on their own need to prepare a document known as “Statement in lieu of prospectus.”

Contents of Articles of Association:

1. Nature of the company.
2. Number and value of shares and different classes of shareholders.
3. Rules regarding the rights of different classes of shareholders.
4. Rules regarding transfer and transmission of shares forefeature of shares.
5. Rules regarding the appointment, power and duties of the directors and offices of the company.
6. Rules regarding the notice of the meeting, voting rights, quorum, poll, property etc., of the shareholders.
7. Rules regarding the audit of accounts, declaration of divided etc.
8. Rules regarding the issue of share certificates.
9. Rules regarding recognition of share capital.
10. Rules regarding the winding up of the company.

Certificate of Incorporation:-

Promoters should pay the necessary filling and registration fees. The registrar will examine the documents. If they are found to be correct and in order, he will enter the name of the company in the register. After that he will issue a certificate known as “Certificate of Incorporation”. This certificate is popularly known as the ‘birth certificate’ of the company.

Certificate of Commencement of Business:-

A private limited company can start it’s business soon after receiving the certificate of incorporation. But a public company cannot do any business and cannot exercise any borrowing powers. It can do so only after obtaining another certificate called “Certificate of Commencement of Business”.

To obtain the certificate o commencement of business the promoters should make the prospectus for the company. This prospectus needs to be published in the daily news paper. The promoters should submit the following documents to registrar.

- A copy of prospectus.
- Name, address, designation, occupation, etc of the directors.
- Directors written letter of agreement that they want to work as director of the company.
- Declaration that the directors have fully paid the minimum amount of sponsor share.
- Declaration by the company secretary or other authorized persons that the above affairs have maintained all rules and regulations of company Act, 1994.

The registrar being satisfied on the paper submitted for the proposed company issue certificate of commencement. On setting this certificate the public limited company can start its business.

Prospectus:-

Companies Act, 1956 defines the prospectus as “It is an invitation to the public for subscribing to the share capital and debentures”. This prospectus may be issue in the form of a circular, notice, advertisement or any other form of invitation to the general public. It bring to the notice of the public that a new company has been formulated.

Objects of Prospectus:-

The objects of prospectus are as follows:

1. To bring to the public that a new company has been launched.
2. To raise the interest of the public to make investments in the company.
3. This prospectus should be written form.
4. The company directors must accept the responsibility of the company.
5. The directors must sign on the prospectus and with seal.
6. It should be an invitation by the company.

Contents of Prospectus:-

The prospectus should contain the following.

1. **General information:** The directors names addresses, designations and their signatures in the memorandum of Association.
2. **Issue of share capital:-** The classification of share capital, number of shares and minimum subscription of the share capital.

3. **Application for shares**:- The application method for the issued shares, their allotment and commission to the agents.
4. **Company management**:- Appointments of managers, agreements, their names and addresses, remuneration to the entrepreneur, obtaining the assets, and appointments and agreements of Bankers, lawyers and Auditors.
5. **Company objects**:- If the company is going on, the present results of the company and future estimates to develop the business.
6. **Subsidiary Companies**:- If the companies having any subsidiary companies their information.
7. **Future estimates**:- The estimates of Future sales and profits.
8. **Rate of Share**:- The rate of issue of share, how that is fixed.
9. **Disputes of share holders**:- If any disputes arises in the share holders, how they will be cleared.

Business suitable for Joint stock company:

A joint stock company form of business organization is formed to be suitable where the volume of business is large and huge financial resources are needed.

Since members of Joint stock company have limited liability it is possible to raise capital from the public without much difficulty. This form of organization is also suitable for business which involve heavy risks.

Again, for business activities which require public support and confidence, joint stock form is preferred as it has a separate legal status.

Certain types of businesses, like production of pharmaceuticals, machine manufacturing information technology, iron and steel, aluminum fertilizers, cement etc., are generally organized in the form of Joint Stock Company.

Statement in lieu of prospectus:-

If the public limited company invites private people to subscribe the capital will not issue prospectus. That means public company directors obtain the share capital without issue of prospectus, the company may issue the statement will be send to the company registrar three day in advance. If the directors issue the statement in lieu of prospectus to the private people without notice of the company registrar they will be punished by the court accordingly to companies Act schedule III.

Short answer type questions:

1. What is Memorandum of Association?
2. What is Articles of Association?
3. What is Prospectus?
4. What is Certificate of Incorporation?
5. What is Certificate of commencement of business?
6. What are the businesses suitable for Joint stock Companies?
7. What is statement in lieu of prospectus?

Long answer type questions:

1. Explain about basic procedure and documents to be submitted for the incorporation of Joint Stock Company?
2. What do you understand by “Memorandum of Association” describe its contents?
3. Define Articles of Association? Describe its contents?
4. Define Prospectus? Briefly discuss the Objects of Prospectus.
5. Explain the contents of Prospectus.

CHAPTER - 6

CO-OPERATIVE SOCIETIES

Characteristics – Types of co-operative societies – merits and demerits

Co-operative:

A cooperative is “an autonomous association of persons united voluntarily to meet their common economic, social and cultural needs and aspirations through a jointly owned and democratically controlled enterprise.

A word co-operative means working together and with others for a common purpose.

Co-operative society

The co-operative society is a voluntary association of persons who join together with the motive of welfare of the members. They join to protect themselves from the possible exploitation at by middlemen who desire to earn greater profits.

The co-operative society is compulsorily require to be registered under the co-operative societies Act, 1912. For setting up a co-operative society the consent of atleast ten adult persons to form a society is required. The capital of a society is raised from its members, through issue of shares. The society acquires a distinct legal identity after its registration.

Characteristics of Co-operative Societies.

1. Voluntary Membership.
2. Legal Status.
3. Limited Liability.
4. Control
5. Service Motive
6. Democratic management
7. Distribution of surplus
8. Cash trading

1. Voluntary Membership:-

The membership of a co-operative society is voluntary. A person is free to join in a co-operative society and is free to leave at any time as per his desire. But a member is desire to leave, he has to submit a notice before leaving the society. The membership is open to all, irrespective of their religion, caste and gender.

2. Legal Status:-

Registration of co-operative society is compulsory as per the co-operative societies Act, 1912. This gives separate identity to the Society. The society can enter into contracts and hold property.

3. Limited Liability:-

The Liability of the members of a co-operative society is limited to the extent of the amount contributed by them as capital.

4. Control:-

The right to vote gives the members a chance to choose the members of managing committee that gives the co-operative society a democratic character. Every members has right to give one vote.

5. Service Motive:-

The co-operative society follows the values of mutual help and welfare. The motive of service dominates its working.

6. Democratic Management:-

Co-operative societies are managed on democratic lines. Money has no influence every one has equal voice in management of a co-operative society.

7. Distribution of Surplus:-

The co-operative societies earn surplus from their services. In case of consumer co-operatives, the surplus is distributed according to purchases made by the members. Any surplus arises from the members and is spent on their welfare.

8. Cash Trading:-

The main principle of a co-operative society is trading on cash basis. There is no credit sales.

Types of Co-operative Societies:-

1. Consumers co-operative societies.
2. Producer's co-operative societies.
3. Marketing co-operative societies.
4. Credit co-operative societies.
5. Farmer's co-operative societies.
6. Co-operative housing societies.

1. Consumer's Co-operative Society:

The Consumer's Co-operative Societies are formed to protect the interests of consumers. The consumers who want to obtain good quality products at reasonable prices. The society eliminates middlemen to achieve economy in operations by purchasing goods in bulk directly from the wholesalers and selling those goods to its members.

2. Producers co-operative societies:-

These societies are set up to protect the interests of small producers. The society fights against the big capitalists and enhance the bargaining power of small producer's by supplying raw materials, equipment and other inputs to the members and buying their output for sale. The members are producers who want to procure inputs for production of goods to meet the demands of consumers.

3. Marketing co-operative Societies:

This type of societies are established to help small producers in selling their products. The members consists of producers who want to obtain reasonable prices to their products. To eliminate middle men and improve competitive position of its members in the market for the products.

4. Credit Co-operative Societies:-

Credit co-operative societies are established for providing easy credit on reasonable terms to the members. The members are the persons who want financial help in the form of loans. The societies protects the members from exploitation of many leaders who charge high rate of interest on loans. The society provides loans to members out of the amount collected as capital and deposits from the members and charge low rate of interest.

5. Farmer's co-operative Societies:

To protects the interests of farmers by producing better inputs at reasonable costs, this type of co-operative society are established. The farmers get together as members and they form a society to gain the benefits of large scale, farming are increased the productivity such societies to provide better quality seeds, fertilizers, machinery and other modern technology for use in cultivation of crops. This helps in improving the yield and returns to the farmers.

6. Co-operative housing societies:

Co-operative housing societies are established to help people with limited income to construct houses at reasonable costs. This aims to solve the housing problems of the members by constructing houses and giving the options of paying in installments.

Merits of co-operative societies:

1. Democratic principles
2. Limited Liability.
3. Stable existence.
4. Economy in operations.
5. Support from government.
6. Ease of formation.

1. Democratic Principles:-

The principle of 'One man one vote' governs to cooperative society. Irrespective of the amount of capital contribution by a member each member is entitled to equal voting rights.

2. Limited Liability:-

The liability of members of a Co-operative society is limited to the extent of their capital contribution. The personal assets of the members are safe from being used to repay business debts.

3. Stable existence:-

Death, bankruptcy or Insanity of the members do not affect continuity of a co-operative society. A society is unaffected by any change in the membership.

4. Economy in operations:-

The members generally offer honorary services to the society. As there is elimination of middlemen, it results in reducing costs. The customers or producers themselves are members of the society and hence the risk of bad debts is lower.

5. Support from government:-

The co-operative society follows democratic and hence funds support from the government in the form of low taxes, subsidies, and low interest rates on loans.

6. Ease of Formation:-

The co-operative society can be started with a minimum of ten members and is governed by provisions of co-operative societies Act, 1912. The registration procedure is simple involving a few legal formalities.

Demerits:

1. Limited resources
2. Inefficiency in management
3. Lack of secrecy
4. Government control
5. Possibility of conflicts
6. Political interference

1) Limited resources:-

The resources of co-operative society should be limited because the members can contribute low investments and they would not depend on profits. If the society need high range of capital than the society offers more members.

2) Inefficiency Management:-

The members who offered honorary services on a voluntary basis. The members generally not professionally sound to handle the management. So, the society may not appoint experts because of their inability to pay high salaries.

3) Lack of Secrecy:-

The members discuss all operations of a co-operative society in the open meetings. So, the operators of the Business should not kept in secret.

4) Government Control:-

The co-operative societies have to follow the rules and regulations related to auditing of accounts, submission of accounts as per the co-operative Societies Acts.

5) Possibility of Conflicts:-

There would be internal quarrels between members in taking decisions, personal dominations may causes to damage the society.

6) Political Interference:-

There should be a political interference in co-operative society, because they are governed and controlled by government regulations. In that case the welfare of the society may damage.

Formation of Co-operative Society:

The application for forming a society must have the following information.

1. Name and address of the society.
2. Aims and objects of the society.
3. Names and addresses of members of the society.
4. Share capital and its division.
5. Mode of admitting new members.
6. A copy of the bye laws of the society.

Short answer type questions:

1. Define Co-operative society?
2. What is Consumer co-operative society?
3. What is Co-operative housing society?
4. What is Producer's Co-operative society?
5. What is Farmer's Co-operative society?

Long answer type questions:

1. What are the important characteristics of Co-operative societies?
2. What are the Merits of Co-operative societies?
3. What are the Demerits of Co-operative societies?
4. Explain various types of Co-operative societies?
5. What is the major information required for formation of Co-operative society?

CHAPTER - 7

BANKING AND INSURANCE SERVICES

Definition of bank and insurance – Different types of banks – Functions of commercial banks – Advantages of insurance – Principles of insurance – Types of insurance

Banking:

During the past nationalization era there was a change in the banking sector. Private Banking came into being and new milestones are observed after that. The introduction of ATM machines are great help to the people as they can make transactions from any where across the country.

The next change in the field of Banking was mobile Banking that upgrades the clients through the SMS facility. The Banking sector is one of the greatest sector that can bring a change and a revolution in the economy of India. The another next stage in the banking is online Banking that you can pay bills super fast and your account is automatically credited and debited for each deposit and payment making it easier to stay on.

The name Bank is derived from the Italian word banco “desk or bench” used during the Renaissance by Florentine bankers. These bankers used to make their transactions above a desk covered by a green table cloth.

Definition:

Under the Indian Law Banking regulations Act of India, 1949 “Accepting for purpose of lending or investment of deposits of money from the public repayable on demand or otherwise and withdrawal by cheque, drafts and order or otherwise” (Section 56).

Types of Banks:-

1. Commercial Banks.
2. Industrial Banks.
3. Agriculture Banks.
4. Exchange Banks.
5. Central Banks.
6. Co-operative Banks.
7. Nationalized Banks.
8. Regional Rural Banks.
9. NABARD.

1. Commercial Banks :-

Commercial Banks are established with an objective to help businessmen. These Banks collect money from General public and give short term loans to businessmen by way of cash credits, over drafts etc. In India commercial Banks are established under companies Act, 1956.

2. Industrial Banks:-

Financial Institutions with a limited scope of service. Industrial banks sell certificates that are labeled as investments shares and also accepts customer deposits. Lending activities can be performed either directly or indirectly through the capital market.

3. Agriculture Banks:-

Agricultural banks provide facility to the farmers to meet the cost of cultivation and working capital activities for farming and allied activities. They also offer term loans for buying cattle, purchase of equipment for irrigation and other agriculture requirements.

4. Exchange Banks:-

Exchange Bank is a community bank offering personal and business banking services including home loans. These banks deal with Foreign exchange and specialize in financing Foreign trade.

5. Reserve Bank of India:-(RBI)

Reserve Bank of India was established on April, 1st, 1935 in accordance with the provisions of the Reserve Bank of India Act, 1934. It acts as a central Bank of India. The Governor of Reserve Bank of India sits in central office where policies are formulated and Finalized. The RBI regulates the issue of Bank notes, and operates the credit and currency system of the country.

6. Co-operative Banks:-

Co-operative Banks in India have came into existence under the Agriculture Credit Co-operative Societies Act 1904. Co-operative banks mobilize deposits for upliftment of weaker sections, particularly carrying out of the subsidy programmes for the poor.

7. Nationalised Banks:-

Banking sector in India is dominated by nationalized banks. The nationalization of 14 Private banks in India were nationalized on 19th July 1969 and another 6 banks were nationalized on 15th April 1980. State bank of India is the only Public Sector bank nationalized in 1955 under SBI act, 1955.

8.Regional Rural Banks:-

On the recommendations of Narasimham Committee the concept of Regional rural Banks was introduced in India in 1975. The share capital of an RRB is subscribed by Central Government, the State Government and sponsoring bank in the ratio of 50:15:35 respectively. These are specialised rural financial institutions to fulfill the credit requirement of the Rural poor.

9.NABARD:-

Nationalized Bank for Agriculture and Rural development Bank (NABARD) is established in 12th July 1982 as an Apex bank for Agriculture and Rural development. It concerns policy planning and operations in the field of credit for agriculture and other economic activities in rural areas.

Functions of commercial Banks:-

1. Accepts various types of deposits from public including saving account, recurring account and fixed deposits.
2. Providing loans and advances of various forms of facilities like over drafts, cash credit, bills discounting and money at call etc.,
3. Collect and clear cheques, dividends and interest
4. Make payment of rent, insurance premiums.
5. Deal in foreign exchange transactions.
6. Purchase and sell securities.
7. Act of a trustee, attorney, correspondent and executor.
8. Accepts tax proceeds and Tax returns.
9. Provide safety locker facility to customers.
10. Provide money transfer facility.
11. Issue Traveler cheques.
12. Provide various cards i.e. debit cards, credit cards and smart cards.

Insurance

Insurance sector is growing rapidly from its inception during 1818, and it is at race with other competitive sectors that enhances the economy. Apart from LIC there are different private organizations come into existence. It helps people during their trouble period and provide them money that were invested money by them in policies.

Definition:

“Insurance is a contract in which sum of money is paid by the insured in consideration of the insure’s incurring the risk of paying a large sum upon a given contingency”.

Types of Insurance:

There are three main types of Insurance.

They are;

1. Life Insurance
2. General Insurance
3. Social Insurance.

1) **Life Insurance**:- Life Insurance is a contract where by the insurer undertakes to pay in consideration for premium a certain sum of money to the legal heir or nominee of an insured person on his/her death or to the insured after the lapse of a certain period of time. Life Insurance includes whole life policy, endowment policy, group insurance policy money back policy etc.

2) **General Insurance**:-

General Insurance or non-life insurance policies including automobile and home owners policies provide payments depending upon the losses from a particular financial event. It covers fire, marine theft and other losses.

3) **Social Insurance**:-

Social Insurance means government provisions for unemployed, injured or aged people financial by contributions from employers and employees as well as by government revenue.

Example: Health Insurance, Employees state Insurance, unemployment insurance etc.

Principles of Insurance:-

1. Insurance is a General contract against person, asset, vehicles, cattle’s etc.
2. The insured and insurer must observe utmost good faith in a contract of insurance.
3. In insurance contract the underwriter agrees to indemnify the insured against losses by see to the extent of the amount insured.
4. The principles of subrogation and contribution are applicable to fire insurance and marine insurance.

5. Every person must have the insurable interest in the subject matter of insurance. How much they wanted to insure when they need money, how much they require for the future needs.
6. The insured can take two or more than two policies on the same property. The insured is entitled to recover only the actual loss and nothing more.

Characteristics of Insurance:-

All insurance contract has the following characteristics, which are generally observed in case of all kinds of insurance contracts whether life, marine, fire or miscellaneous insurance.

- 1) **Risk sharing and risk transfer:-** Insurance is a device to share the Financial losses, which occurs to an individuals or his family on the happening of a specified events. The event may be the death of earning member of the family.
- 2) **Co-operative device:-** A group of persons who agree to share the financial losses may be brought together voluntarily through publicity or through solicitations of the agents. An insurer by insuring large number of persons is able to pay the amount of loss.
- 3) **Payment of claim at the occurrence of contingency:-** The payment is made an happening of a certain contingencies insured. The life insurance claim is a certainty because the contingency of death or the expiry of term, will certainly occur and the payment is certain.
- 4) **Calculate risk in advance:-** Risk is calculated on the basis of probability theory before insuring since the premium payable on the policy is to be determined. “Probability theory” is that body of knowledge, which is concerned with measuring the likely hood that something will happen and making estimates on the basis of this likely hood.
- 5) **Amount of payment:-** In life insurance the purpose is not to make good the financial loss suffered. Moreover one cannot estimates the value of human being. A person is no doubt precious to his/her family. The insurer promises to pay a fixed sum of money on the happening of an event i.e. death or permanently disabled.
- 6) **Large number of insured persons:-** The price of insurance is basically linked to the cost of claims, which is only known subsequent. In the beginning, it is unknown factor and an estimate is made on the basis of past claims experience.

- 7) **Insurance is not a gambling:-** A family is protected against losses on death and damage with the help of insurance. The insurance contract is essentially non speculative and insurance is also not gambling

Salient features of Insurance:-

Some of the features of life insurance are mentioned below:

- 1) Instrument of savings.
- 2) Provide social security.
- 3) Risk coverage starts from date of accepting of proposal.
- 4) Beneficiary nominee/legal heir stands to gain.
- 5) Policy can be assigned and mortgaged.
- 6) Policy holders can seek loans against the policy.
- 7) Certain policies cover up for treatment to certain serious diseases.
- 8) Income tax benefits on the amount of premium paid.
- 9) Money can be set aside for children marriage and education.
- 10) Provision for old age.

Advantages of Insurance:

- (1) **Financial assistance for developing industry:-**

Insurance companies mobilize the savings of the public, Large funds are collected by way of premium. These funds are invested in shares and debentures in different companies.

- (2) **Developing a habit of saving money:-**

Now a days saving money is the main object of the public to lead the life in a critical conditions. So insurance develops a habit of saving money by paying premium.

3 . Protection against risk of loss:-

Insurance provides protection against the risk of loss. It makes business operations very secured by providing against all probable losses and dangers. Insurance gives security to individually through accidents, health, sickness, old age etc

4. **Employment opportunities:-**

The scope of activities of insurance is very wide. No.of people joining as agents gaining self respect and earning lakhs of rupees in self employment. Thousands of people getting employment in insurance companies.

5. **Providing loan facilities:-**

Insurance companies are providing loan facility to the insurers on their policies paid up premiums.

6. **Social Welfare:-**

Insurance companies provide finance to the government. investments of insurance companies in the development plans of the nation lead to the national prosperity of the company.

Short answer type questions:

1. Define Bank?
2. Define Insurance?
3. What is Commercial Bank?
4. What is Exchange Bank?
5. Explain NABARD?
6. What is Reserve Bank of India?

Long answer type questions:

1. Write briefly different types of Banks?
2. Write the important functions of commercial banks?
3. What are the characteristics of Insurance?
4. What are the principles of Insurance?
5. Explain briefly the types of Insurance?
6. What are the salient features of Insurance?
7. What are the advantages of Insurance?

CHAPTER - 8

Transport, warehousing and advertisement

Transport- Advantages of transport – Types of transport –Importance of warehousing – types of warehousing – Need and importance of advertisement – Print media – outdoor media

Transport;

Transport means take and carry (people or goods) from one place to another by means of a vehicle, aircraft or ship.

Transportation plays a major role in the economy. It increases the production efficiency and it links to the logistic system. Vehicle should have some characteristics which are used to easy transport of goods and services.

Types of Transport:

1.Road Transport: Road transport is the commonly used method to transport goods from one place to another place. It transport limited goods to limited areas. Road transport systems have high maintenance costs both for vehicles and infrastructures. It leads to reach ultimate location of goods to destination.

Advantages:

1. High flexibility and ability to move the vehicles fastly.
2. Use different routes to reach the destination quickly.
3. Does door to door services.
4. High safety for the cargo.
5. Chance to select the carrier which is suitable for carrying the goods.

Disadvantages:

1. It mostly depends on claimatical conditions.
2. High cost for long distances.
3. Productivity is low.
4. Subject to traffic delays, breakdowns, and driving regulations.

2.Rail Transport:- Rail transport is ideal for heavy goods and has a wide range of applications safe mode of transport, fast delivery, cost effective and reliable. Heavy

industries are traditionally linked with rail transport systems. It is very useful for coal steel and heavy goods.

Advantages:

1. Ability of loading and unloading goods and services is more.
2. Frequency of delivering the goods over long distances is more.
3. Climatic conditions have no effect.
4. No traffic or congestion easy movement of the vehicle.
5. It encourages mobility of labor and thereby provides a great scope for employment.

Disadvantages:

1. Capital and initial investments are more
2. High material usage for the construction and even the fuel consumption.
3. The routes and timings cannot be adjusted to individual requirements.

3.Air transport: The mobility of men and material by air is called Air transport. Air transport has been accommodations growing quantities of high value of freight and is playing a growing role in global logistics. Air transport is used by companies who want to deliver goods in short time to long distance with safe mode.

Advantages:

1. Highest speed with minimum costs.
2. Even delivers goods to remote places.
3. High reliability for costly and light weight goods.
4. Free from physical barriers.

Disadvantages:

1. Highest cost of transportation.
2. Even adverse weather conditions affect the transportation.
3. Material and fuel consumption is costly.

4. Water Transport:

Water transport is the cheapest and the oldest mode of transport. It operates in a natural track and hence does not require huge capital investment in the construction and maintenance of its track except in case of canals. The cost of operation of water transport

is also very less. It has the largest carrying capacity and is most suitable for carrying bulky goods over long distances.

Advantage:

1. It is economical mode for transporting heavy loads and even in cargo.
2. It is the safest mode which provides convenience to the people without accidents.
3. Cost of construction and maintenance is very low.
4. It even provides international transport.

Disadvantages:

1. It is highly affected by the weather conditions.
2. It requires large initial investment.
3. It is a slow process.

Warehousing:

A warehouse is a commercial building for storage of goods. Warehouses are used by manufacturers, importers, exporters, wholesalers, transport businesses, customs etc. They are usually large plain buildings in industrial areas of cities, towns and villages.

Types of Warehousing:

1) **Public Warehouses:**

Public warehouses are established for providing storage facilities to retailers, wholesalers, manufacturers or even the general public in consideration for storage charges, public warehouses are licensed by the Government.

2) **Private Warehouses:**

Private warehouses are those which are owned by large business houses or wholesalers for the storage of their own stock. Private ware houses are found in very small numbers due to their heavy cost of construction.

3) **Bonded Warehouses:**

A Bonded Warehouse is established under a bond with the customs authority for safe keeping of dutiable goods till the payment of import duty. It is licensed by the Government.

4) **Government Warehouses:**

The Warehouses are established by the central and state Governments and

corporations. Ex. Godowns of the food corporation of India, Central warehousing corporation of India, State Warehousing corporations.

5) **Cold Storages:**

These warehouses are used to store perishable goods such as Vegetables, Milk products, fruits, Fishes, Eggs etc., for a long time without getting spoiled.

6) **Special Commodity Warehouses:**

Warehouses which are specially constructed for storage of particulars commodity such as wool, cotton, tobacco etc., are called special commodity warehouses.

Functions of Warehouses:

1. **Receiving:**

Orderly receipt of all materials coming into warehouses providing assurance that the quantity and quality of such materials are as ordered.

2. **Prepackaging:**

When products are received in bulk from suppliers and subsequently packaged in merchandisable quantities or combinations with other parts to form kits or assortments.

3. **Put away:**

Act of placing merchandisable in storage includes material handling location, verifications and product placement.

4. **Storage:**

Physical containment of merchandise while it is awaiting demand. Storage method depends on its size, quantity of items in inventory and handling characteristics of the products.

5. **Order picking:**

Process of removing items from storage to meet specific demand.

6. **Packaging and/or pricing:**

individual items may be available for sale pricing is current at the time of sale.

7. **Sortation:**

This activity is undertaken when an order has more than one item and accumulation is not done in picks.

Advertisement:

Advertising is an audio or visual form of marketing communication that employees an openly sponsored, non-personal message to promote or sell a product, service or idea.

Sponsor of advertising are often businesses wishing to promote their products or services.

According to American Marketing Association. “Advertising is any paid form of non-personal presentation and promotion of ideas goods and services of an identified sponsor.”

Importance of Advertising:

- 1) Introducing new product
- 2) Increase the sale
- 3) Create steady demand
- 4) Helps in meeting competition
- 5) Increase the good will
- 6) Increase the morale
- 7) Facilities mass production

1. **Introducing New Product:**

Advertising helps in introducing new products. A business organization can introduce itself and its products to the public through advertising. It is essential for the organization to introduce its products through advertising.

2. **Increase the sale:**

Advertising leads to increase the sale of existing products entering into new markets and attracting new customers. The increase in the selling activities helps increment of sales in the market.

3. **Create steady demand:**

Advertising helps to create the steady demand for the products. For example a drink may be advertised during summer as a product necessary to fight trendiness caused by heat and during winter as essential things to resist cold.

4. **Helps in meeting Competitions:**

Advertising helps a meeting the forces of competition in the market place. If a product is not advertised continuously, the competitors may snatch its market through increased advertisements. Therefore advertising is necessary to remain in the market and remind the customer about its reputation in the market.

5. **Increase the goodwill:**

Advertising helps to increase the goodwill of a firm by promoting improved

quality to the customers. It is necessary for an organizations to increase its goodwill to sustain in the market.

6. **Increase the moral:**

Advertising helps to increase the moral of the employees of the firm. The salesmen feel happier because their task becomes easier if the product is advertised and unknown to the public.

7. **Facilitates mass production:**

Advertising helps to facilitates mass production of goods in the market. It enables the manufacturers to achieve lower cost per unit of products. Distribution costs and also lowered when the manufacturers sells the product directly to the customers.

Types of advertising:

- 1) Online advertising.
- 2) Outdoor and transit.
- 3) Magazine
- 4) Direct mailing
- 5) Television
- 6) Newspaper
- 7) Radio

(1) **Online Advertising:-**

A well designed website can entertain customers on internet to buy products. Advertising on the internet can be a cost effective way to attract new customers you can reach a global audience at a low cost.

(2) **Outdoor and Transit:-**

Outdoor billboards can be signs by the road or boarding's at sport stadiums. Transit advertising can be posters on buses, Taxis and bicycles. Large bill boards can get your messages across with a big impact.

(3) **Magazines:-**

Advertising in a specialists magazine can reach your target market quickly and easily. Readers tend to read magazine at their leisure time and keep them for longer. Magazines generally serve customers and trade direct.

(4) **Mailing:-**

Direct mail means writing to customers directly. A direct mail approach is

more personal as you can select your audience and plan the timing to suit your business.

(5) **Television:-**

Advertising through television is ideal. If you cater to large market in a large area. Television Advertisement have the advantage of sight, sound, movement and color to persuade a customer to buy from you.

(6) **News papers:-**

Newspaper advertising can promote your business to a wide range of customers. Display advertisement are placed throughout the paper while classified listings are under subject headings in a specified section.

(7) **Radio:-**

Advertising on the radio is a great way to reach your target audience. If your target market listens to a particular station, then regular advertising can attract new customers.

Print Media:-

Any kind of material in written form which gives you knowledge is called Print media.

Ex., yellowpages, news papers, business directories , books magazines, posters etc.

Out door Media:-

Out of home advertising is focused on marketing to consumers when they are 'on the go' in public places in transit, waiting, and in specific commercial locations.

Out door advertising formats fall into four main categories: bill boards, street furniture, transit and subway ceilings etc.,

Short answer type questions:

1. What is meant by Transport?
2. What is meant by Warehouse?
3. What is meant by Advertisement?
4. What is Print Media?
5. What is Outdoor Media?

Long answer type questions:

- 1. What are the advantages and disadvantages of Road Transport?**
- 2. Explain the advantages and disadvantages of Rail Transport?**
- 3. Explain the functions of Warehousing?**
- 4. Explain the different types of Warehousing>**
- 5. Describe the importance of advertisement?**
- 6. Write about the various types of advertisement?**

INSURANCE & MARKETING

Paper - II

ACCOUNTANCY & COMPUTERS

INDEX

Unit - 1	Introduction of Accountancy	53
Unit - 2	Journal & Ledger	67
Unit - 3	Subsidiary Books	88
Unit - 4	Cash Book	96
Unit - 5	Bank Reconciliation Statement	109
Unit - 6	Trial Balance	117
Unit - 7	Final Accounts	127
Unit - 8	Basic Fundamentals of Computers	157

BOARD OF INTERMEDIATE EDUCATION, ANDRAPRADESH

ACCOUNTANCY AND COMPUTERS

**(REVISED w.e.f. 2018-19)
(FOR 1st YEAR VOCATIONAL STUDENTS)**

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UNIT-1**INTRODUCTION OF ACCOUNTANCY**

Introduction to Accountancy – Definition of Accountancy and Book keeping – Objectives- Merits and demerits – Accounting concepts – Conventions – Single entry system – Double entry system –Advantages

1.1. INTRODUCTION:

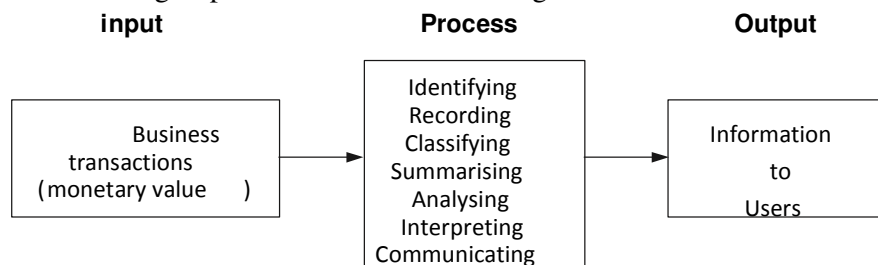
Accountancy or Accounting is the science of recording business transactions in a systematic manner. Accounting is considered as a system which collects and processes financial information of a business. This information is reported to the users to enable them to make appropriate decisions. Accounting helps in communicating the financial information of an organisation to various parties interested in it.

Definition:

- **The American Institute of Certified Public Accountants (AICPA)** defines accounting as: “the art of recording, classifying, and summarizing in a significant manner and in terms of money, transactions and events which are, in part at least of financial character, and interpreting the results thereof.”
- **The American Accounting Association (AAA)** defined accounting as 'the process of identifying, measuring and communicating economic information to permit informed judgments and decisions by users of information'

1.2. ACCOUNTING PROCESS:

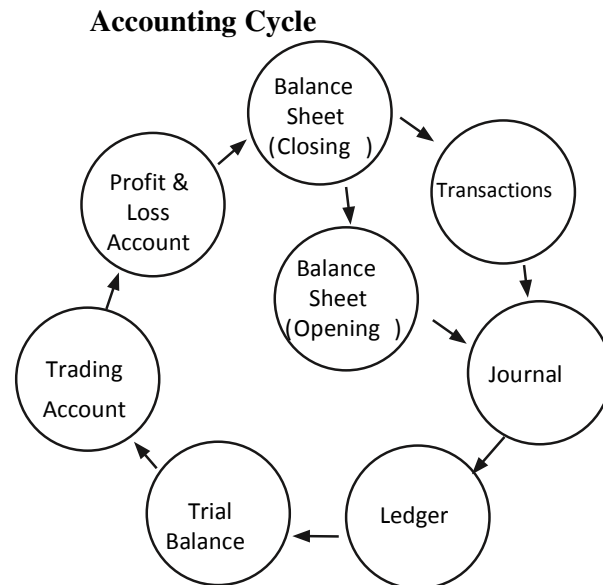
The process of accounting as per the above definition is given below:



- i. Identifying:** Identifying the business transactions from the source documents.
- ii. Recording:** The next function of accounting is to keep a systematic record of all business transactions, which are identified in an orderly manner, soon after their occurrence in the journal or subsidiary books.
- iii. Classifying:** This is concerned with the classification of the recorded business transactions so as to group the transactions of similar type at one place. i.e., in ledger accounts. In order to verify the arithmetical accuracy of the accounts, trial balance is prepared.
- iv. Summarising:** The classified information available from the trial balance are used to prepare profit and loss account and balance sheet in a manner useful to the users of accounting information.
- v. Analysing:** It establishes the relationship between the items of the profit and loss account and the balance sheet. The purpose of analysing is to identify the financial strength and weakness of the business. It provides the basis for interpretation.
- vi. Interpreting:** It is concerned with explaining the meaning and significance of the relationship so established by the analysis. Interpretation should be useful to the users, so as to enable them to take correct decisions.
- vii. Communicating:** The results obtained from the summarised, analysed and interpreted information are communicated to the interested parties.

1.3. Meaning of Accounting Cycle:

An accounting cycle is a complete sequence of accounting process, that begins with the recording of business transactions and ends with the preparation of final accounts.



When a businessman starts his business activities, he records the day-to-day transactions in the Journal. From the journal the transactions move further to the ledger where accounts are written up. Here, the combined effect of debit and credit pertaining to each account is arrived at in the form of balances.

To prove the accuracy of the work done, these balances are transferred to a statement called trial balance. Preparation of trading and profit and loss account is the next step. The balancing of profit and loss account gives the net result of the business transactions. To know the financial position of the business concern balance sheet is prepared at the end.

These transactions which have completed the current accounting year, once again come to the starting point – the journal – and they move with new transactions of the next year. Thus, this cyclic movement of the transactions through the books of accounts (accounting cycle) is a continuous process.

1.4. OBJECTIVES OF ACCOUNTING:

- To maintain full and systematic records of business transactions
- To ascertain profit or loss of the business

- To ascertain financial position of the business
- To provide accounting information to the interested parties

1.5. Need and Importance of Accounting:

When a person starts a business, whether large or small, his main aim is to earn profit. He receives money from certain sources like sale of goods, interest on bank deposits etc. He has to spend money on certain items like purchase of goods, salary, rent, etc. These activities take place during the normal course of his business. He would naturally be anxious at the year end, to know the progress of his business. Business transactions are numerous, that it is not possible to recall his memory as to how the money had been earned and spent. At the same time, if he had noted down his incomes and expenditures, he can readily get the required information. Hence, the details of the business transactions have to be recorded in a clear and systematic manner to get answers easily and accurately.

1.6. BOOK KEEPING – ACCOUNTANCY:

Accountancy refers to a systematic knowledge of accounting which covers rules, regulations, principles, concepts, conventions and standards that govern the accounting process.

Book Keeping is a part of accounting and is concerned with record keeping or maintenance of books of accounts. It is often routine and clerical in nature.

1.7. MERITS AND DEMERITS OF ACCOUNTING:

Advantages of Accounting:

- Accounting helps to maintain the business records in a systematic manner.
- It helps in the preparation of financial statements.
- Accounting information is also used to compare the result of current year with the previous year to analyze the changes.

- It helps the managers in the decision-making process.
- It provides information to other interested parties such as shareholders, creditors, investors, customers, government, employees, regulatory bodies etc.
- It helps in taxation matter
- Accounting information can be produced as evidence in the legal matter.
- It helps in valuation of business.

Limitations of Accounting

- The items expressed in monetary terms are recorded in the accountings where as the items which are nonmonetary nature not recorded.
- Sometimes accounting data are recorded on the basis of estimates and which could be inaccurate.
- Fixed assets are recorded as the original cost.
- Value of money does not remain stable, so accounting value does not show true financial results.
- Accounting can be manipulated and biased.

1.8. Basic Accounting Terms

The understanding of the subject becomes easy when one has the knowledge of a few important terms of accounting. Some of them are explained below.

Transactions

Transactions are those activities of a business, which involve transfer of money or goods or services between two persons or two accounts. For example, purchase of goods, sale of goods, borrowing from bank, lending of money, salaries paid, rent paid, commission received, and dividend

received. Transactions are of two types, namely, cash and credit transactions.

Cash Transaction is one where cash receipt or payment is involved in the transaction. For example, When Ram buys goods from Kannan paying the price of goods by cash immediately, it is a cash transaction.

Credit Transaction is one where cash is not involved immediately but will be paid or received later. In the above example, if Ram, does not pay cash immediately but promises to pay later, it is credit transaction.

Proprietor

A person who owns a business is called its proprietor. He contributes capital to the business with the intention of earning profit.

Capital

It is the amount invested by the proprietor/s in the business. This amount is increased by the amount of profits earned and the amount of additional capital introduced. It is decreased by the amount of losses incurred and the amounts withdrawn. For example, if Mr. Anand starts business with Rs.5,00,000, his capital would be Rs.5,00,000.

Assets

Assets are the properties of every description belonging to the business. Cash in hand, plant and machinery, furniture and fittings, bank balance, debtors, bills receivable, stock of goods, investments, Goodwill are examples for assets. Assets can be classified into tangible and intangible.

Tangible Assets: These assets are those having physical existence. It can be seen and touched. For example, plant & machinery, cash, etc.

Intangible Assets: Intangible assets are those assets having no physical existence but their possession gives rise to some rights and benefits to the owner. It cannot be seen and touched. Goodwill, patents, trademarks are some of the examples.

Liabilities

Liabilities refer to the financial obligations of a business. These denote the amounts which a business owes to others, e.g., loans from banks or other persons, creditors for goods supplied, bills payable, outstanding expenses, bank overdraft etc.

drawings

It is the amount of cash or value of goods withdrawn from the business by the proprietor for his personal use. It is deducted from the capital.

debtors

A person (individual or firm) who receives a benefit without giving money or money's worth immediately, but liable to pay in future or in due course of time is a debtor. The debtors are shown as an asset in the balance sheet. For example, Mr.Arul bought goods on credit from Mr.Babu for Rs.10,000. Mr.Arul is a debtor to Mr.Babu till he pays the value of the goods.

Creditors

A person who gives a benefit without receiving money or money's worth immediately but to claim in future, is a creditor. The creditors are shown as a liability in the balance sheet. In the above example Mr.Babu is a creditor to Mr.Arul till he receive the value of the goods.

Purchases

Purchases refers to the amount of goods bought by a business for resale or for use in the production. Goods purchased for cash are called **cash purchases**. If it is purchased on credit, it is called as **credit purchases**. Total purchases include both cash and credit purchases.

Purchases return or returns Outward

When goods are returned to the suppliers due to defective quality or not as per the terms of purchase, it is called as purchases return. To find net purchases, purchases return is deducted from the total purchases.

Sales

Sales refers to the amount of goods sold that are already bought or manufactured by the business. When goods are sold for cash, they are **cash sales** but if goods are sold and payment is not received at the time of sale, it is **credit sales**. Total sales include both cash and credit sales.

Sales return or returns inward

When goods are returned from the customers due to defective quality or not as per the terms of sale, it is called sales return or returns inward. To find out net sales, sales return is deducted from total sales.

Stock

Stock includes goods unsold on a particular date. Stock may be opening and closing stock. The term opening stock means goods unsold in the beginning of the accounting period. Whereas the term closing stock includes goods unsold at the end of the accounting period. For example, if 4,000 units purchased @ Rs. 20 per unit remain unsold, the closing stock is Rs.80,000. This will be opening stock of the subsequent year.

revenue

Revenue means the amount receivable or realized from sale of goods and earnings from interest, dividend, commission, etc.

expense

It is the amount spent in order to produce and sell the goods and services. For example, purchase of raw materials, payment of salaries, wages, etc.

income

Income is the difference between revenue and expense.

voucher

It is a written document in support of a transaction. It is a proof that a particular transaction has taken place for the value stated in the voucher. It may be in the form of cash receipt, invoice, cash memo, bank pay-in-slip etc. Voucher is necessary to audit the accounts.

invoice

Invoice is a business document which is prepared when one sell goods to another. The statement is prepared by the seller of goods. It contains the information relating to name and address of the seller and the buyer, the date of sale and the clear description of goods with quantity and price.

receipt

Receipt is an acknowledgement for cash received. It is issued to the party paying cash. Receipts form the basis for entries in cash book.

Account

Account is a summary of relevant business transactions at one place relating to a person, asset, expense or revenue named in the heading. An account is a brief history of financial transactions of a particular person or item. An account has two sides called debit side and credit side.

1.9. ACCOUNTING CONCEPTS:

1. **Business entity concept:** A business and its owner should be treated separate legal entities as far as their financial transactions are concerned. As a result, transactions should be recorded in the books of accounts with such persons and individuals together with the owners. It becomes necessary that accounting records of the business must be maintained in a manner which is free from any bias to any particular section of people related to it.
2. **Money measurement concept:** Only business transactions that can be expressed in terms of money are recorded in accounting, though records of other types of transactions may be kept separately.
3. **Cost concept:** The fixed assets of a business are recorded on the basis of their original cost in the first year of accounting. Subsequently, these assets are recorded minus depreciation. No rise or fall in market price is taken into account. The concept

4. **Realization concept:** According to this concept, profit is recognised only when it is earned. An advance or fee paid is not considered a profit until the goods or services have been delivered to the buyer.
5. **Going concern concept:** In accounting, a business is expected to continue for a fairly long time and carry out its commitments and obligations. This assumes that the business will not be forced to stop functioning and liquidate its assets at “fire-sale” prices. applies only to fixed assets.
6. **Dual aspect concept:** For every credit, a corresponding debit is made. The recording of a transaction is complete only with this dual aspect. This concept suggests that every transaction has dual aspect or two sides.
 - (a) Receiving of benefit.
 - (b) Giving of benefit. These two benefits, when measured in terms of money are equal.

$$\text{Benefit received} = \text{Benefit given}$$

Whenever we purchase an asset, we pay it out of our capital or accept a liability or pay. Therefore:

1.10. Accounting Conventions:

Conventions mean custom or tradition. Accounting conventions are related to Accountancy records. These conventions provide useful guidance in preparing accounts or financial statements.

There are four main conventions in practice in accounting: conservatism; consistency; full disclosure; and materiality.

1. **Conservatism** is the convention by which, when two values of a transaction are available, the lower-value transaction is recorded. By this convention, profit should never be overestimated, and there should always be a provision for losses.

2. **Consistency** prescribes the use of the same accounting principles from one period of an accounting cycle to the next, so that the same standards are applied to calculate profit and loss.
3. **Materiality** means that all material facts should be recorded in accounting. Accountants should record important data and leave out insignificant information.
4. **Full disclosure** entails the revelation of all information, both favourable and detrimental to a business enterprise, and which are of material value to creditors and debtors.

1.10. Accounting Standards:

To promote world-wide uniformity in published accounts, the **International Accounting Standards Committee) IASC** (has been set up in June 1973 with nine nations as founder members. The purpose of this committee is to formulate and publish in public interest, standards to be observed in the presentation of audited financial statements and to promote their world-wide acceptance and observance. IASC exist to reduce the differences between different countries' accounting practices. This process of harmonization will make it easier for the users and preparers of financial statement to operate across international boundaries. In our country, the **institute of Chartered Accountants of India** has constituted **Accounting Standard Board** (ASB) in 1977. The ASB has been empowered to formulate and issue accounting standards, that should be followed by all business concerns in India.

1.11. SINGLE ENTRY SYSTEM:

A single-entry system records each accounting transaction with a single entry to the accounting records, rather than the vastly more widespread double entry system. The single-entry system is centered on the results of a business that are reported in the income statement. The core information tracked in a single-entry system is cash disbursements and cash receipts. Asset and liability records are usually not tracked in a single-entry system; these items must be tracked separately. The primary form of record keeping in a single-entry system is the cash book, which is essentially an expanded

form of a check register, with columns in which to record the particular sources and uses of cash, and room at the top and bottom of each page in which to show beginning and ending balances.

1.12. DOUBLE ENTRY SYSTEM:

Double entry system was introduced to the business world by an Italian merchant named Luca Pacioli in 1494 A.D. Though the system of recording business transactions in a systematic manner has **originated in Italy, it was perfected in England** and other European countries during the 18th century only i.e., after the Industrial Revolution. Many countries have adopted this system today.

There are numerous transactions in a business concern. Each transaction, when closely analysed, reveals two aspects. One aspect will be “receiving aspect” or “incoming aspect” or “expenses/loss aspect”. This is termed as the **“debit aspect”**. The other aspect will be “giving aspect” or “outgoing aspect” or “income/gain aspect”. This is termed as the **“Credit aspect”**. These two aspects namely “Debit aspect” and “Credit aspect” form the basis of Double Entry System. The double entry system is so named since it records both the aspects of a transaction.

In short, the basic principle of this system is, for every debit, there must be a corresponding credit of equal amount and for every credit, there must be a corresponding debit of equal amount.

Definition:

According to **J.R.Batliboi** “Every business transaction has a two-fold effect and that it affects two accounts in opposite directions and if a complete record were to be made of each such transaction, it would be necessary to debit one account and credit another account. It is this recording of the two-fold effect of every transaction that has given rise to the term Double Entry System”.

Features:

- i. Every business transaction affects two accounts.
- ii. Each transaction has two aspects, i.e., debit and credit.
- iii. It is based upon accounting assumptions concepts and principles.

- iv. Helps in preparing trial balance which is a test of arithmetical accuracy in accounting.
- v. Preparation of final accounts with the help of trial balance.

Advantages: Double entry system is acknowledged as the best method of accounting in the modern world. Following are the main advantages of double entry system:

1. Under this method both the aspects of each and every transaction are recorded. So it is possible to keep complete account.
2. Since both the aspects of a transaction are recorded, for each debit there must be a corresponding credit of an equal amount. Therefore, total debits must be equal to total credits. In fact, it is possible to verify the arithmetical accuracy of the books of accounts by ascertaining whether the two sides become equal or not through a process known as trial balance.
3. Under this system profit and loss account can be prepared easily by taking together all the accounts relating to income or revenue and expenses or losses and thereby the result of the business can be ascertained.
4. A balance sheet can be prepared by taking together all the accounts relating to assets and liabilities and thereby the financial position of the business can be assessed.
5. Under this system mistakes and deflections can be detected - this exerts a moral pressure on the accountant and his staff.
6. Under this system necessary statistics are easily available so that the management can take appropriate decision and run the business efficiently.
7. All the necessary details about a transaction can be obtained quickly and easily.
8. The total amount owed by debtors and the total amount owed to creditors can be ascertained easily.
9. Sale, purchase of goods, stock, revenue, expenses and profit or loss of different years can be compared, and the success or failure of the business measured. Thereafter the causes of failure can be found out and necessary remedial measures taken to ensure success of the

business.

Disadvantages: Despite so many advantages of the system, double entry system has some disadvantages which are as follows:

1. Under this method each transaction is recorded in books in two stages (journal and ledger) and two sides (debit and credit). This results in increase of number and size of books of account and creation of complications.
2. It involves time, labor and money. Hence, it is not possible for small concerns to keep accounts under this system.
3. It requires expert knowledge to keep accounts under this system.
4. As the system is complex, there is greater possibility of committing errors and mistakes.
5. It is clear from the above discussion that the advantages of double entry system far outweigh its disadvantages. So, it is regarded as the best system in the modern world.

SHORT QUESTIONS (2 marks)

1. Define Accountancy?
2. What is Book Keeping?
3. Who is Debtor?
4. What is Capital?
5. What is Drawings?
6. What is Single Entry System?
7. What Double Entry System?
8. What is invoice?

ESSAY TYPE QUESTIONS (6 marks)

1. What are the merits of accounting?
2. Write about accounting concepts?
3. What are the advantages of double entry system?
4. What are the conventions of accounting?

UNIT-II**JOURNAL& LEDGER**

Journal & Ledger –Types of Accounts – Rules of Debit and Credit – Journal – Journal entries (including Problems) -Meaning Classification of Ledger – posting the transactions into Accounts –Balancing the Accounts (including Problems)

1.1. Meaning: A journal is a record of financial transactions in order by date. A journal is often defined as **the book of original entry**. The definition was more appropriate when transactions were written in a journal prior to manually posting them to the accounts in the general ledger or subsidiary ledger. Manual systems usually had a variety of journals such as a sales journal, purchases journal, cash receipts journal, cash disbursements journal, and a general journal.

With today's computerized bookkeeping and accounting, it is likely to find only a general journal in which adjusting entries and unique financial transactions are entered. The recording and posting of most transactions will occur automatically when sales and vendor invoice information is entered, checks are written, etc. In other words, accounting software has eliminated the need to first record routine transactions into a journal.

1.2. PROFARMA OF JOURNAL:

Date	Particulars	L.F.	Debit Amount Rs.	Credit Amount Rs.

1.3. Account:

Every transaction has two aspects and each aspect has an account. It is stated that ‘an account is a summary of relevant transactions at one place relating to a particular head’.

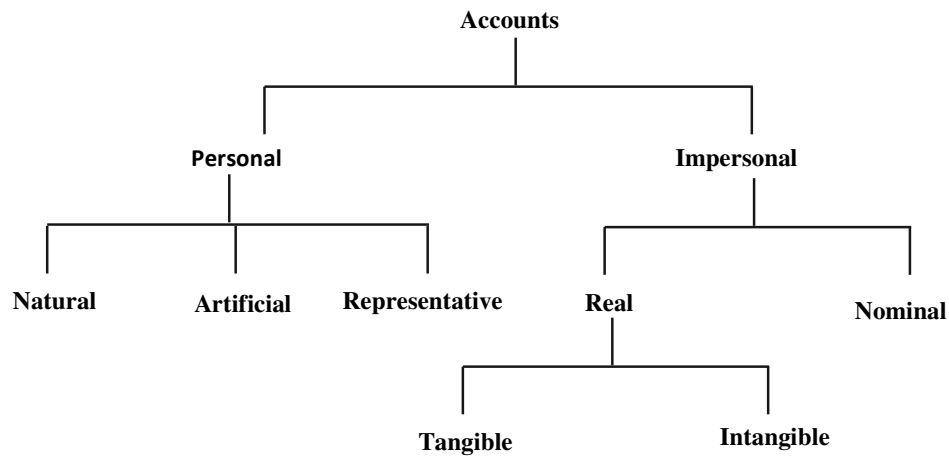
1.3.1 Classification of Accounts

Transactions can be divided into **three** categories.

- i. Transactions relating to individuals and firms
- ii. Transactions relating to properties, goods or cash
- iii. Transactions relating to expenses or losses and incomes or gains.

Therefore, accounts can also be classified into Personal, Real and Nominal.

The classification may be illustrated as follows:



i. **Personal Accounts :** The accounts which relate to persons.

Personal accounts include the following.

- i. **Natural Persons :** Accounts which relate to individuals. For example, Jyothirmai A/c, Krishnaveni A/c etc.
- ii. **Artificial persons :** Accounts which relate to a group of persons or firms or institutions. For example, HMT Ltd., Indian Overseas Bank, Life Insurance Corporation of India, Cosmopolitan club etc.
- iii. **Representative Persons:** Accounts which represent a particular person or group of persons. For example, outstanding salary account, prepaid insurance account, etc.

The business concern may keep business relations with all the above personal accounts, because of buying goods from them or selling goods to them or borrowing from them or lending to them. Thus, they become either Debtors or Creditors.

The proprietor being an individual his capital account and his drawings account are also personal accounts.

- ii. **Impersonal Accounts:** All those accounts, which are not personal accounts. This is further divided into two types viz. Real and Nominal accounts.
 - i. **Real Accounts:** Accounts relating to properties and assets which are owned by the business concern. Real accounts include tangible and intangible accounts. For example, Land, Building, Goodwill, Purchases, etc.
 - ii. **Nominal Accounts:** These accounts do not have any existence, form or shape. They relate to incomes and expenses and gains and losses of a business concern. For example, Salary Account, Dividend Account, etc.

1.3.2. ACCOUNTING PRINCIPLES:

- 1. Personal Accounts –
 - a) Debit the receiver
 - b) Credit the giver
- 2. Real Accounts –
 - a) Debit what comes in
 - b) Credit what goes out
- 3. Nominal Accounts –
 - a) Debit all expenses and losses
 - b) Credit all incomes and gains

1.3.3. Rules for debiting and Crediting

In actual practice, the individual transactions of similar nature are recorded, added and subtracted at one place. Such place is customarily the meaning of debit and credit, it is essential to understand the meaning and form of an account.

An account is a record of all business transactions relating to a particular person or asset or liability or expense or income. In accounting, we keep a

separate record of each individual, asset, liability, expense or income. The place where such a record is maintained is termed as an 'Account'.

All accounts are divided into two sides. The left-hand side of an account is called Debit side and the right hand side of an account is called Credit side. In the abbreviated form Debit is written as Dr. and Credit is written as Cr. For example, the transactions relating to cash are recorded in an account, entitled 'Cash Account' and its format will be as given below:

Debit (Dr.)	Cash Account	Credit (Cr.)

In order to decide when to write on the debit side of an account and when to write on the credit side of an account, there are two approaches. They are:

1) Accounting Equation Approach, 2) Traditional Approach.

Illustration: 1

Classify the following items into Personal, Real and Nominal Accounts.

- | | |
|-----------------------------|-----------------------|
| 1. Capital | 2. Sales |
| | 4. Outstanding salary |
| 3. Drawings | |
| 5. Cash | 6. Rent |
| 7. Interest paid | 8. Indian Bank |
| 9. Discount received | 10. Building |
| 11. Bank | 12. Chandrasekhar |
| 13. Murugan Lending Library | 14. Advertisement |
| 15. Purchases | |

Solution:

- | | |
|---------------------|--------------------------------------|
| 1. Personal account | 2. Real account |
| 3. Personal account | 4. Personal (Representative) account |

- | | |
|----------------------|----------------------------------|
| 5. Real account | 6. Nominal account |
| 7. Nominal account | 8. Personal (Legal Body) account |
| 9. Nominal account | 10. Real account |
| 11. Personal account | 12. Personal account |
| 13. Personal account | 14. Nominal account |
| 15. Real account | |

1.3.4. Accounting equation

The source document is the origin of a transaction and it initiates the accounting process, whose starting point is the accounting equation.

Accounting equation is based on dual aspect concept (Debit and Credit). It emphasizes on the fact that every transaction has a two-sided effect i.e., on the assets and claims on assets. Always the total claims (those of outsiders and of the proprietors) will be equal to the total assets of the business concern. The claims are also known as equities, are of two types: i.) Owners equity (Capital); ii.) Outsiders' equity (Liabilities).

$$\begin{aligned}
 \text{Assets} &= \text{Equities} \\
 \text{Assets} &= \text{Capital} + \text{Liabilities} (A = C + L) \\
 \text{Capital} &= \text{Assets} - \text{Liabilities} (C = A - L) \\
 \text{Liabilities} &= \text{Assets} - \text{Capital} (L = A - C)
 \end{aligned}$$

Illustration 1

If the capital of a business is Rs.3,00,000 and other liabilities are Rs.2,00,000, calculate the total assets of the business.

Solution

$$\begin{aligned}
 \text{Assets} &= \text{Capital} + \text{Liabilities} \\
 \text{Capital} + \text{Liabilities} &= \text{Assets} \\
 \text{Rs. 3,00,000} + \text{Rs.2,00,00} &= \text{Rs.5,00,000}
 \end{aligned}$$

Illustration 2

If the total assets of a business are Rs.3,60,000 and capital is Rs.2,00,000, calculate liabilities.

Solution

$$\begin{array}{lcl}
 \text{Assets} & = & \text{Capital} + \text{Liabilities} \\
 \text{Liabilities} & = & \text{Assets} - \text{Capital} \\
 \text{Assets} - \text{Capital} & = & \text{Liabilities} \\
 \text{Rs. 3,60,000} - \text{Rs. 2,00,000} & = & \text{Rs. 1,60,000}
 \end{array}$$

S. No.	Transactions	Accounts Affected	
		Assets	Capital & Liabilities
1.	Capital brought in	Cash increases (comes in)	Capital increases (created)
2.	Cash purchases	Stock increases Cash decreases	—
3.	Credit purchases	Stock increases	Creditors increase
4.	Furniture bought	Cash decreases Furniture increases (comes in)	—
5.	Rent paid	Cash decreases	Capital decreases (Rent is an expenses it results in a loss)
6.	Cash Sales	Cash increases Stock decreases	—
7.	Payment to creditors	Cash decreases	Creditors decrease
8.	Withdrawal of cash for private use (Drawings)	Cash decreases	Capital decreases
9.	Salaries paid	Cash decreases	Capital decreases (Salary is an expense - Loss)
10.	Credit Sales	Stock decreases Debtors increase	—

1.3.5. Steps in Journalising

The process of analysing the business transactions under the heads of debit and credit and recording them in the Journal is called **Journalising**. An entry made in the journal is called a '**Journal entry**'.

Step 1 → Determine the two accounts which are involved in the transaction.

Step 2 → Classify the above two accounts under Personal, Real or Nominal.

Step 3 → Find out the rules of debit and credit for the above two accounts.

Step 4 → Identify which account is to be debited and which account is to be credited.

Step 5 → Record the date of transaction in the date column. The year and month is written once, till they change. The sequence of the dates and months should be strictly maintained.

Step 6 → Enter the name of the account to be debited in the particulars column very close to the left hand side of the particulars column followed by the abbreviation Dr. in the same line. Against this, the amount to be debited is written in the debit amount column in the same line.

Step 7 → Write the name of the account to be credited in the second line starts with the word '**To**' a few space away from the margin in the particulars column. Against this, the amount to be credited is written in the credit amount column in the same line.

Step 8 → Write the narration within brackets in the next line in the particulars column.

Step 9 → Draw a line across the entire particulars column to separate one journal entry from the other.

Important Points to be Noted in writing an Account

1. Every transaction has two sides a debit side and a credit side, so whenever a transaction is completed it is recorded in two different accounts. One account is debited, and the other account is credited.

2. Each transaction should be considered independently and then it should be recorded. Suppose we purchase goods worth Rs. 100 from Ram on credit and then on the due date we make its payment. In this case the purchase of goods should be considered as one transaction and its payment should be considered as another transaction. So, when purchases are made it should be recorded into two accounts and when its payment is made it should also be recorded into two accounts. In other words, purchases from Ram and its subsequent payment should be treated as two separate transactions.

Illustration: 1

Journalise the following transactions:

2018		
Jan		
1	Lakshmi commenced business with cash	Rs. 100000
		5000
2	Cash sales	2000
3	Cash purchases	1500
5	Paid rent	500
6	Received commission	50000
9	Bought furniture	9000
12	Goods sold to Srinivas on credit	2000
15	Drawings	

SOLUTION:**Journal entries in the books Lakshmi**

Date	Particulars	j.f.no.	Debit amount	Credit amount
------	-------------	---------	--------------	---------------

2018 Jan 1	Cash a/c .....Dr To Capital a/c (being business commenced with cash)		100000	100000
Jan 2	Cash a/c .....Dr To Sales a/c (being goods sold for cash)		5000	5000
Jan 3	Purchases a/c .....Dr To cash a/c (being goods purchased)		2000	2000
Jan 5	Rent a/c .....Dr To Cash a/c (being rent paid)		1500	1500
Jan 6	Cash a/c .....Dr To Commission a/c (being commission received)		500	500
Jan 9	Furniture a/c .....Dr To Cash a/c (being furniture purchased)		50000	50000
Jan 12	Srinivas a/c .....Dr To Sales a/c (being goods sold on credit)		9000	9000

LEDGER

1.MEANING:

It is also known as the principal book of accounts as well as **the book of final entry**. It is a book in which all ledger accounts are maintained in a summarized and classified form. All accounts combined together make a ledger and form a permanent record of all transactions.

It is the most important book of accounting as it helps in the creation of trial balance which then acts as a base for the preparation of financial statements.

Example: An account can be either an Asset, Liability, Capital, Revenue or an Expense account. Few examples of each are Furniture, Cash, Creditors, Bank Loan, Capital, Drawings, Sales, Rent, etc.

1.2. PURPOSE OF LEDGER ACCOUNTS:

1. Separate accounts for each transaction: There are separate ledger accounts for different parties and heads, so the information regarding every

account is collected at one place. For example, if we prepare Ram's A/c, information regarding Ram's purchases, sales, payments and bills drawn and accepted etc. will be brought to Ram's A/c from purchases book, sales book, cash book, bills payable book and bills receivable book etc.

1. **Requisite information at a glance:** The correct position and status of every account can be ascertained at a glance by going through it. In case of personal accounts, we know what we have to receive or pay the particular party. Information regarding purchases, sales and returns are easily available from their ledger accounts.
2. **Preparation of trial balance:** Ledger accounts facilitate the preparation of trial balance, which is a test of examining arithmetical accuracy in the books of accounts. Trial balance is prepared with the balances of ledger accounts.
3. **Facilitating the preparation of financial statements:** Ledger Accounts supply information for preparation of Trading, Profit & Loss A/c and Balance Sheet. They also help in identifying adjustments, which are incorporated in Final Accounts.

1.3. FORM OF LEDGER ACCOUNT

Dr				Cr			
Date	Particulars	l.f.n o.	amount	Date	Particulars	l.f.n o.	amount

Explanation:

- i. Each ledger account is divided into two parts. The left-hand side is known as the debit side and the right hand side is known as the credit side. The words 'Dr.' and 'Cr.' are used to denote Debit and Credit.
- ii. The name of the account is mentioned in the top (middle) of the account.
- iii. The date of the transaction is recorded in the date column.

- iv. The word 'To' is used before the accounts which appear on the debit side of an account in the particulars column. Similarly, the word 'By' is used before the accounts which appear on the credit side of an account in the particulars column.
- v. The name of the other account which is affected by the transaction is written either in the debit side or credit side in the particulars column.
- vi. The page number of the Journal or Subsidiary Book from where that particular entry is transferred, is entered in the Journal Folio (J.F) column.
- vii. The amount pertaining to this account is entered in the amount column.

1.4. Important points to be noted in Ledger posting:

1. All those accounts which are mentioned in journal should be opened in ledger.
2. The accounts which are debited in journal are also debited in ledger. In the same way the accounts, which are credited in journal are also credited in ledger.
3. In the debit side of an account, the names of those accounts appear which are its creditors. Word 'To' be added to each account. It denotes that the amount is payable to the account.
4. In the credit side of an account, the names of those accounts appear, which are its debtors. Word 'By' is added to each account. This denotes that the amount is payable by the account.

Illustration: 1

			Rs.
2018			
Jan	1	Capital borrowed into business	..... 20,000
,,	2	Deposited cash into bank	..... 8,000
,,	3	Purchases from Krishna	..... 2,000
,,	4	Salary paid to Gayatri	..... 500
,,	5	Rent paid to Ramabraham	..... 300
,,	6	Cash withdrawn from bank	..... 8,000
,,	7	Deposited cash into bank	..... 600

Rs.

jan	8	Cash sales to Satish	..... 800
,,	9	Cash purchases from Ram	..... 200
,,	10	Payment to Ram	..... 2,000

Date	Particulars	L.F.	Debit Amount Rs.	Credit Amount Rs.
2018				
Jan. 1	Cash A/c Dr. To Capital A/c - (Being Capital invested)	- - -	10,000 - -	- 10,000 -
,, 2	Bank A/c Dr. To Cash A/c - (Being Cash deposited in bank)	- - -	8,000 - -	- 5,000 -
,, 3	Purchases A/c Dr. To Krishna - (Being credit purchases)	- - -	3,000 - -	- 3,000 -
,, 4	Salary A/c Dr. To Cash A/c - (Being payment of salary)	- - -	500 - -	- 500 -
,, 5	Rent A/c Dr. To Cash A/c -	- - -	300 - -	- 300 -

		(Being rent paid)			
„	6	Cash A/c Dr.	-	8,000	-
		To Bank A/c -	-	-	8,000
		(Being cash drawn from bank)			
„	7	Bank A/c Dr.	-	600	-
		To Cash A/c -	-	-	600
		(Being cash drawn from bank)			

Date	Particulars	L.F.	Debit Amount Rs.	Credit Amount Rs.
2018				
Jan. 8	Cash A/c Dr.	-	800	-
	To Sales A/c -	-	-	800
	(Being cash sales to Satish)			
„ 9	Purchases A/c Dr.	-	200	-
	To Cash A/c -	-	-	200
	(Being cash purchases from Ram)			
„ 10	Ram Dr.	-	2,000	-
	To Cash A/c -	-	-	2,000
	(Being cash paid to Ram)			

Dr. CASH ACCOUNT Cr.

Date	Particulars	Amount	Date	Particulars	Amount
2018			2018		
Jan 1	To Capital	20,000	Jan. 2	By Bank	8,000
„ 6	To Bank	8,000	„ 4	By Salary	500
„ 8	To Sales	800	„ 5	By Rent	300
			„ 7	By Bank	600

„ 9	By Purchases	200
„10	By Ram	2000

Dr. CAPITAL ACCOUNT Cr.

Date	Particulars	Amount	Date	Particulars	Amount
			2018 Jan. 1	By Cash	20,000

Dr. BANK ACCOUNT Cr.

Date	Particulars	Amount	Date	Particulars	Amount
2018 Jan. 2	To Cash	8,000	2018 Jan. 6	By Cash	8,000
„ 7	To Cash	600			

Dr. PURCHASES ACCOUNT Cr.

Date	Particulars	Amount	Date	Particulars	Amount
2018 Jan. 3	To Ram	2,000			
„ 9	To Cash	200			

Dr. SALES ACCOUNT Cr.

Date	Particulars	Amount	Date	Particulars	Amount
			2018		

		Jan. 3	To Cash	800
--	--	--------	---------	-----

Dr. RAM'S ACCOUNT Cr.

Date	Particulars	Amount	Date	Particulars	Amount
2018 Jan.10	To Cash	2,000	2018 Jan. 3	By purchases	2,000

Dr. SALARY ACCOUNT Cr.

Date	Particulars	Amount	Date	Particulars	Amount
2018 Jan.4	To Cash	500			

Dr. RENT ACCOUNT Cr.

Date	Particulars	Amount	Date	Particulars	Amount
2018 Jan.5	To Cash	300			

From the above entries it is clear that in ledger we open all those accounts, which are mentioned in journal. Then we sort out the journal entries and post them in their concerned accounts in the ledger.

Balancing of Accounts

At times to find, whether a particular account is a debtor or a creditor we balance it. For this we total the debit and the credit side of the account separately and find their difference. If the total of the debit side is more than the total of the credit side, then the difference is called the 'Debit balance'. On the other hand, if the total of the credit side is more than the total of the debit side, the difference is called the 'Credit balance'.

After finding the balance in an account, we insert it in the lesser side of the account, with the words 'Balance carried down' (c/d). Then with this balance we total the two sides of the account and they will be equal. This is called **Balancing of Account**. After balancing the account, the balance is again brought down on the next date to the appropriate side of the account. In other words, we bring the debit balance to the debit side and the credit balance to the credit side of the account, with the words 'Balance brought down' (b/d).

The debit balance in a personal account shows that the person is a debtor and the credit balance show that the person is a creditor.

Debit balance in a real account shows, the present value of the asset. In real account there can be no credit balance. It is because an asset cannot have minus value.

Debit balance in a nominal account shows, excess of expenses over income and credit balance excess of income over expenses.

SHORT QUESTIONS (2 MARKS)

1. What is Journal?
2. What is an Account?
3. What is ledger?
4. Write any two advantages for preparation of ledger accounts?

ESSAY TYPE QUESTION (6 MARKS)

1. Classify and Write the principles of accounts?

EXCERSISES (JOURNAL)

1. Journalise the following transactions in the books of Mr. S.L. Srinivas:

DATE	PARTICULARS	AMOUNT
1 st January 2018	Business commenced with cash	100000
2	Cash Sales	9000
3	Cash purchases	5000
4	Paid rent	1500
5	Received commission	1000
6	Drawings	1000

2. Journalise the following:

i Siri commenced business with cash Rs. 50000

ii Goods sold to Kiran Rs. 5000

iii Bought furniture Rs. 2000

iv Paid salaries Rs. 5000

v Rent received Rs. 2000

vi Goods purchases for cash Rs. 1000

3. Journalise the following transactions:

DATE	PARTICULARS	AMOUNT
1 st April 2018	Business commenced with cash	90000
2	Cash Sales to Mr. Raja Rao	18000
3	Goods purchases	9000
4	Paid rent to Ramana Kumar	2500
5	Received commission from Bhanu	1000
6	Paid electricity bill by cheque	1000

4. Journalise the following transactions: On 1st May , 2018

Mr. Christopher commenced business with cash Rs. 75000 and remaining

transactions are given below:

DATE	PARTICULARS	AMOUNT
1 st May, 2018	Business commenced with cash	90000
2	Cash Sales to Mr. Raja Rao	18000
3	Goods purchases	9000
4	Paid rent to Raman Kumar	2500
5	Received commission from Bhanu	1000
6	Paid electricity bill by cheque	1000

5. Journalise the following transactions:

DATE	PARTICULARS	AMOUNT
1 st March, 2018	Brought capital	100000
2	Goods Sold to Mr. Venkat	18000
3	Goods purchases	9000
4	Paid commission	500
5	Machinery sold	10000
6	Drawings	1000

EXERCISES (LEDGER)

1. Journalise the following transactions and post them in ledger accounts

Date			Rs.
Jan			
2018	1	Amount invested into business	25,000
	2	bought Furniture	1,000
	3	Purchases	8,000
	4	Sales	3,000
	5	Sales to Radha	1,000
	6	Sales to Mohan	1000
	7	returns from Mohan	100
	8	Sales returned by Radha	200
	9	Furniture purchased	800
	10	Sales	300
	11	Purchases	1,000
	12	Received cash from Mohan	800
	13	Paid cash to Raman	1,000
	14	Purchases from Vijaya Sai	400
	15	Sales to Sravanthi	1,000

„ 16 Sale of old furniture 10000

2. Prepare Prasad a/c in the books of Saibaba from the following particulars
2018

April 1 goods sold to Prasad Rs. 28000
2 cash received from Prasad Rs. 2500
5 goods returned by Prasad Rs. 600
6 cheque received from Prasad Rs. 14400
7 sales to Prasad Rs. 1000
8 goods sold to Prasad Rs. 3500
9 cash sales to Prasad Rs. 2000

(ANS: 15000)

3. Prepare Sarala a/c in the books of Sujatha from the following particulars.
2018

May 1 purchases from Sarala Rs. 20000
2 cash paid to Sarala Rs. 3000
3 returns to Sarala Rs. 1000
5 paid to Sarala through cheque Rs. 8000
7 cash received from Sarala Rs. 500
9 purchases from Sarala Rs. 4000
10 purchases from madhu Rs. 2000

(ANS: 11500)

4. Prepare Furniture a/c.
2018

June 1 bought furniture from woodland Rs. 25000
5 bought furniture for cash Rs. 5000
7 cash paid to woodland Rs. 20000
9 sold furniture Rs. 5000
12 depreciation on furniture Rs. 1000
15 goods purchases from srikanth Rs. 10000

(ANS: 24000)

5. Prepare Bhanu a/c in the books of Rajarao from the following particulars.
2018

July 1 amount due from Bhanu Rs. 10000

2 goods sold to Bhanu Rs. 12000

4 cash received from Bhanu Rs. 5000

6 goods returned from Bhanu Rs. 2000

8 cheque received from Bhanu Rs. 10000

9 A/C Settled by Bhanu with 10% discount.

(ANS: DUE 5000. DISCOUNT 500, CASH 4500)

UNIT-III

SUBSIDIARY BOOKS

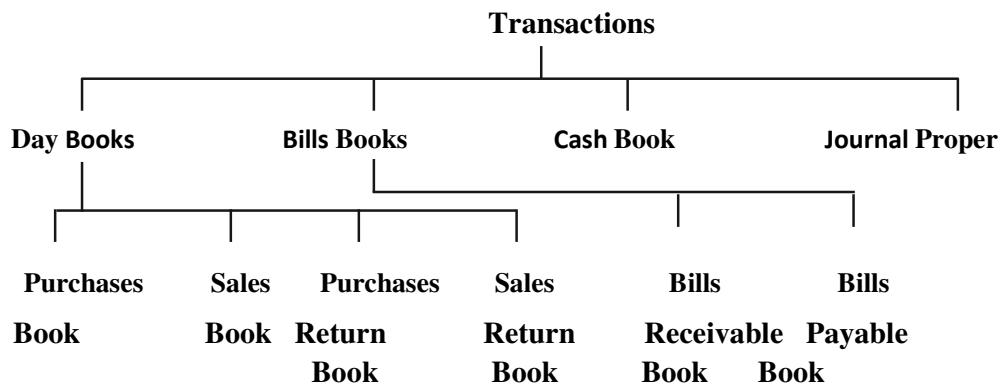
Subsidiary books – Types of subsidiary books – Purchase book – purchase returns book – Sales book – Sales returns book – Bills receivable book – Bills payable book- Journal proper (including Problems)

1.0. MEANING:

Subsidiary book is the sub division of Journal. These are known as books of prime entry or books of original entry as all the transactions are recorded in their original form. In these books the details of the transactions are recorded as they take place from day to day in a classified manner.

1.2. Types of Subsidiary Books:

The number of subsidiary books may vary according to the requirements of each business. The following are the special purpose subsidiary books.



1. **Purchases Book:** The purchases book can be utilized to record the purchases of goods on credit only.
2. **Sales Book:** The sales book or sales day book is written up just like

the purchases book. It is employed to record only the sale of goods on credit.

3. **Purchases Return Book:** The purchases return book (also referred to as Bought Returns Book or Returns Outwards Book) records the details of the goods returned by the business to the suppliers.

i)Debit note: This is a statement sent to the person to whom products are returned. This report informs him that his account has been debited to the extent of the amount of the items returned. It is based on the debit note that the entry is made in the purchases returns book or returns outward book

4. **Sales Return Book:** The sales returns book (or Returns Inward Book) can be employed to record the products returned to the business by the customers, as the goods might not be as per the order, or because they were faulty, damaged or otherwise unacceptable.

i)Credit note: When the products are sent back by the customers combined with the debit note, the seller acknowledge the same with a document called the credit note.

ii)Trade Discount: It is the reduction in the retail price of products that arises from bulk sales or purchases. Trade discounts are often granted to wholesalers who buy in high volumes.

Trade discount is **not** separately shown in the books of accounts, and all amounts recorded in a purchases or sales book are done in the net amount only.

5. **Cash Book:** The cash transactions should be recorded instantly as far as possible in order to avoid errors, omissions or frauds. This may also help the trader to find out at once the position of cash in time.

6. **Bills Receivable Book:** This book can be used to document the details of bills receivable on which the business will get the amounts from other parties in future. The entries to be made in this book are the name of the acceptor (debtor), the terms, due date, the amount and other details.

7. **Bills Payable Book:** This is also a book of original entry and is utilized to record the particulars of all the 'bills payable' accepted by the business for the intention of paying at a future date the amounts due by it (the organization or the trader) to its creditors. The entries to be made in this book relate with the name of the drawer, the name of the payee, the period, the due date and other particulars. Then the acceptance is duly returned to the drawer.
8. **Journal Proper:** This book records all those transactions for which there are no separate subsidiary books. In other words, in journal proper we record, residual transactions.

1.3. PROFARMA OF PURCHASE BOOK

DATE	PARTICULARS	L.F.NO.	INVOICE NO,	AMOUNT

Illustration:1

Prepare Purchase book from the following transactions and prepare purchase ledger.

2018

January, 1 goods bought from Ramesh Rs. 5000

2 purchases from Srinivas Rs. 500

3 goods purchases from Pallavi Rs. 1000

4 purchases from Rajani Rs. 2000

5 purchases from sudha Rs. 1500

SOLUTION:

PURCHASE BOOK

DATE	PARTICULARS	L.F.NO.	INVOICE NO	AMOUNT
------	-------------	---------	------------	--------

2018				
January 1	Ramesh			5000
2	Srinvas			500
3	Pallavi			1000
4	Rajani			2000
5	Sudha			1500
	TOTAL			10000

PURCHASE ACCOUNT

DR

CR

DATE	PARTICULARS	L.F. NO.	AMOUNT	DATE	PARTICULARS	L.F. NO.	AMOUNT
2018 JANUARY 5	TO Sundries		10000				

PURCHASE RETURNS BOOK**Proforma of purchase return book**

Date	Particulars	l.f.no.	Debit note	Amount

Illustration:2

Record the following transactions in purchase return book. Prepare ledger.

2018

Jan 2 goods returned to Ratna Rs. 400

4 goods returned to Kiran Rs. 200

SOLUTION:

Purchase Return Book

Date	Particulars	l.f.no.	Debit note	amount
2018				
Jan 1	Ratna			400
4	Kiran			200
	Total			600

SALES BOOK

PROFARMA OF SALES BOOK

DATE	PARTICULARS	L.F.NO.	INVOICE NO,	AMOUNT

Illustration: 3

Prepare sales book from the following transactions and prepare sales ledger.
2018

feb, 1 goods sold to Laasya Rs. 15000

2 sales to Raju Rs. 5000

3 goods sold to Siri Rs. 10000

4 sales to Ramana Rs.12000

5 sales to Santhi Rs. 1500

SALES BOOK

DATE	PARTICULARS	L.F.NO.	INVOICE NO	RUPEES
2018				
february 1	lasya			15000
2	raju			5000
3	siri			10000
4	ramana			12000
5	santhi			1500
	TOTAL			43500

SALES ACCOUNT

DR				CR			
DATE	PARTICULARS	L.F.NO.	AMOUNT	DATE	PARTICULARS	L.F.NO	AMOUNT
				2018 FEB 5	BY SUNDRIES		43500

It should be noted, that the subsidiary books are written in different ways to suit the particular needs. But the basic principles remain the same.

SHORT QUESTIONS (2MARKS)

1. How many types of Subsidiary books? What are they?
2. what is debit note?
3. what is credit note?
4. what is trade discount?

ESSAY TYPE QUESTIONS(6MARKS)

1. Explain about different types of subsidiary books?

EXERCISES

1. Record the following transactions in purchase book.

2018 Jan 5 goods purchased from rama Rs. 1300

7 purchases from Giri Rs, 1000

10 goods purchased from shiva Rs. 1200

15 purchases from Satish Rs. 1500

25 purchases from Prasad Rs. 2000

(ANS: 7000)

2. Record the following transactions in purchase book.

2018 Mar 1 goods purchased from Siri Rs. 5000 (Trade Discount 5%)

7 purchases from Vikram Rs, 2000

8 goods purchased Rs. 500

10 purchases from Sekhar Rs. 1500 (trade discount 10%)

17 cash purchases from Vijaya Rs. 1000

25 purchases from Hari Rs. 3000

(ANS: 11100)

3. Record the following transactions in sales book.

2018 march 1 goods sold to Balakrishna Rs. 5000

2 sales to Sonu Rs. 2000

4 goods sold to Appa rao Rs. 1000

5 goods sold to suchi Rs. 2000

6 cash sales Rs. 1000

(Ans: 10000)

4. Record the following transactions in sales book.

2018

April 1 goods sold to saibaba Rs. 10000

2 goods sold to Prasad Rs. 9000 (trade discount 5%)

3 goods sold to Sarala Rs. 5000 (trade discount Rs. 500)

4 goods sold to Sujatha Rs. 1000

5 goods sold for cash Rs. 1000

Ans: (24050)

5. Record the following transactions in suitable subsidiary books.

2018

April 5 goods purchases from bheemesh Rs. 2000

7 goods purchases from Mahesh Rs. 1000

9 returns to bheemesh Rs. 500

10 goods sold to krishna rao Rs. 1000

12 returns to Mahesh Rs. 100

15 goods sold to aji Rs. 1000 (trade discount Rs. 10%)

18 returns from krishna rao Rs. 100

20 returns from ajeet Rs. 200

(Ans: purchase book Rs. 3000; sales book Rs. 900; purchase return book Rs. 600; sales return book Rs. 300)

UNIT-IV CASH BOOK

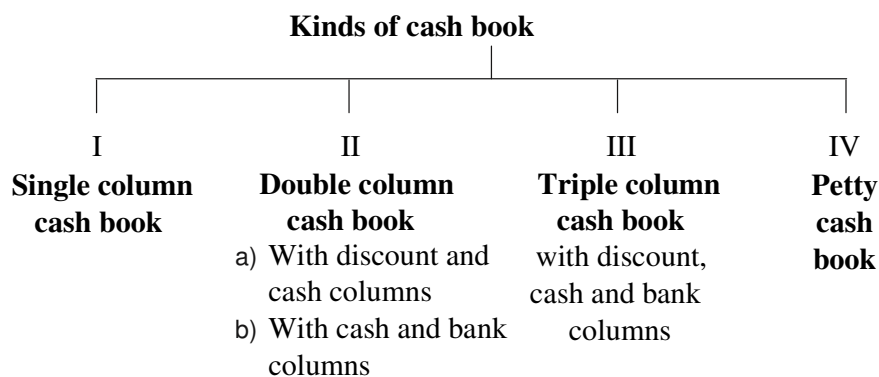
Cash Book – Types of cash book – Simple or single column cash book – Two column cash book – Three column cash book – Petty cash book - (including Problems)

1.1. INTRODUCTION:

A **cash book** is a special journal which is used to record all cash receipts and cash payments. The cash book is a book of original entry or prime entry since transactions are recorded for the first time from the source documents. The cash book is a ledger in the sense that it is designed in the form of a cash account and records cash receipts on the debit side and cash payments on the credit side. **Thus, the cash book is both a journal and a ledger.** **Cash Book will always show debit balance**, as cash payments can never exceed cash available. In short, cash book is a special journal which is used for recording all cash receipts and cash payments.

1.2. Kinds of Cash Book:

The various kinds of cash book from the point of view of uses may be as follow:



Single Column Cash Book

Single column cash book (simple cash book) has one amount column in each side. All cash receipts are recorded on the debit side and all cash

payments on the credit side. In fact, this book is nothing but a Cash Account. Hence, there is no need to open cash account in the ledger. The format of a single column cash book is given below.

DR					Single Column Cash Book of CR				
Date	Particulars	R.N.	L.F.	Amount Rs.	Date	Particulars	V.N.	L.F.	Amount Rs.

Illustration 1:

Enter the following transactions in a single column cash book of Mr.Surendra

2018 Jan 1 Started business with cash Rs.1,000

3 Purchased goods for cash Rs.500

4 Sold goods Rs. 1,700

5 Cash received from Siva Rs. 200

12 Paid to Bala Rs. 150

14 Bought furniture Rs. 200

15 Purchased goods from Kala on credit Rs. 2,000

20 Paid electric charges Rs.225

24 Paid salaries Rs. 250

28 Received commission Rs. 75

SOLUTION: Single column cash book of Mr. Surendra

Date	Particulars	l.f. no	Amount	Date	Particulars	l.f.no	amount
						.	

2018				201			
Jan				8			
1	To capital		1000	Jan	By		500
4	To sales		1700	3	purchases		
					By bala		150
5	To siva		200	12	By		200
				14	furniture		
28	To commission		75		By		
				20	electricity		225
					charges		
					By salaries		250
				24	By		1650
					balanceC/		
					D		
			2975				2975

Note : The transaction dated January 15th will not be recorded in the cash book as it is a credit transaction.

DOUBLE COLUMN CASH BOOK

The most common double column cash books are

- i book with discount Cash and cash.
- ii Cash book with cash and bank columns.

i. Cash Book with discount and cash columns

On either side of the single column cash book, another column is added to record discount allowed and discount received. The format is given below.

Proforma of double column cash book

Date	Particulars	l.f	dis	Cash/	Dat	particulars	l.f	disc	Cash
		.n	ou	bank	e		.n	ount	/bank

		o.	nt				o.		

Two Column Cash Book

Two column cash book records not only receipts and payments of cash but also the cash discount. So, the two-column cash book is also called “Cash Book with Cash and Discount columns”.

i)Cash discount: A cash discount is a reduction in price that is given to a purchaser who pays in cash or before a particular date. Cash discounts are offered in order to persuade credit customers to pay their bills faster – they are not meant as an incentive to make the purchase in the first place.

Illustration:2. Enter the following in two column cash books and balance it.

2018

AUG 1 cash in hand Rs. 4500

2 rreceived cash from gopi Rs. 2800, discount allowed Rs. 200

3 interest received Rs. 900

4 cash paid to Narayana Rs. 980, discount received Rs. 20

5 rent paid Rs. 400

6 furniture purchased Rs. 1600

7 paid into bank Rs. 820

8 cash received from Murali Rs. 4500, discount allowed Rs.500

9 paid cash to bujji Rs. 1800, discount received Rs. 200

10 purchased goods Rs. 1000

TWO COLUMN CASH BOOK

cash sales Rs. 2000 Date	Particulars	l. f. no.	Disc ount	amount	Date	Particulars	L F no	discount
2018 Aug	To balance			4500	2018 Aug 4	By narayana By		20

1			200	2800	5	Rent		
2	To Gopi							
3	To interest			900				
8	To Murali		500	4500	6	By furniture		
11	To sales			2000				
					7	By bank		
						By bujji		200
					9	By purchases		
					10			
						By balance(c/d)		8100
					10			
				<u>14700</u>				<u>14700</u>
10	To balance(b/d)			8100				

THREE COLUMN CASH BOOK

In Three column cash book we enter transactions relating to not only cash, but also, cash, discount and bank. So this cash book is also called “Cash Book with Cash, Bank and Discount columns”.

Need and Importance of Three Column Cash Book:

- It helps to record cash receipts and also receipts through cheques
- It helps to record cash payments and also payments by cheques
- It helps to record large number of cash and bank transactions of different nature
- It is useful to record Contra Entries

In this cash book there are separate columns on the debit and the credit side for cash, discount and bank transactions.

Three column cash book is also balanced like any other account. But here we have to find two balances, the cash balance in the cash column, and the bank balance, in the bank column.

Contra Entry:

An entry which appears on both sides of the three column cash book (debit side as well as credit side) is called Contra Entry. It effects two accounts on the opposite side of cash book. For contra entries letter "C" is written in L.F. Column on each side of the cash book.

Contra Entries are recorded in the following cases:

- When cash is deposited into bank
- When cash is withdrawn from bank for office use
- When an account is opened with bank
- When the cheque received on one day and deposited on another day

Note : cash withdrawn from bank for personal use is not a contra entry. And when cheque received and deposited on same day is also not a contra entry

Illustration: 3

Enter the following transactions in cash book, with cash, bank and discount columns:

2018

Jan 1 Cash in hand Rs. 8000, cash at bank Rs. 12000

5 purchases Rs. 1500

8 paid into bank Rs. 3000

11 received from apparao Rs. 1800, discount allowed Rs. 200

12 sold goods for cash Rs. 2700

13 purchased stationary Rs. 600

14 issued cheque to mukund Rs. 3800, discount received Rs. 200

15 furniture purchased and paid by cheque Rs. 2000

16 paid office expenses Rs. 800

17 interest received Rs. 400

18 withdrawn from bank for office use Rs. 3500

19 paid rent Rs. 1000

Three column cash book

Date	Particulars	L F n o	Dis cou nt	Cash	Bank	date	Particulars	L F n o	dis count	Cash	Bank
2018						2018					
Jan 1	To balance			8000	12000	Jan 5	By purchases			1500	
8						8	By Bank			3000	
					3000	16	By Stationery	C		600	
11	To cash					20	By Mukund		200		3800
	To apparao	C	200	1800		24	By				
12				2700		30	Furniture				2000
17	To sales			400		31	By				
18	To interest			3500			Office exp			800	
	To bank	C					By				3500
							Cash	C			
							By rent			1000	
							By			9500	5700
							Balance c/d				
				<u>16400</u>	<u>15000</u>					<u>16400</u>	<u>15000</u>
				9500	5700						
Feb 1	To balance b/d										

PETTY CASH BOOK

In every business, of whatever size, there are many small cash payments such as conveyance, carriage, postage, telegram, etc. These expenses are generally repetitive in nature. If all these small payments are recorded in the cash book, it will be difficult for the cashier to maintain the records all by himself. In order to make the task of the cashier easy, these small and recurring expenses are recorded in a separate cash book called **“Petty Cash Book”** and the person who maintains the petty cash is called the **“Petty Cashier”**. The petty cash book analyses the payments by its various columns. So it is called **“Analytical Petty Cash Book”** or **“Columnar Petty Cash Book”**.

Imprest System:

imprest means ‘money advanced on loan’. Imprest System is a system in which an estimated amount for petty expenses is determined and handed over in advance to petty cashier. Out of which, all petty expenses are paid and total of such expenses paid is readvanced to petty cashier, so as to make it equal to imprest amount. All the payments are supported by vouchers.

Illustration: 5

Enter the following transactions in an analytical petty cash book and post in them in ledger accounts.

2018

Jan 1 cheque received from head cashier Rs. 400

2 auto charges Rs. 20

2 postage Rs. 25

3 carriage Rs. 35

4 refreshments Rs. 44

5 telegram charges Rs. 26

6 bus charges Rs. 12

6 courier charges Rs. 55

7 tea expenses Rs. 28.

Analytical petty cash book

Cash	L	date		Voucher		Analysis of Cost
------	---	------	--	---------	--	------------------

Recei ved	F N o		Particulars		amount	Tra vell ing exp	Post age	Cou rier	Ref resh ment	tele gram	carr iag e	re ma rks
400		2018										
		Jan										
		1	To bank									
		2	By auto fare		20	20						
		2	By postage		25		25					
		3	By carriage		35						35	
		4	By refreshment		44				44			
		5	By telegram		26					26		
		6	By bus charges		12	12						
		7	By courier char		55			55				
		7	By tea exp		28				28			
		7	By balance c/d		155							
					400							
400												
155		8	To balance b/d									

SHORT QUESTIONS (2MARKS)

1. What is Cash book?
2. How many types of cash books? What are they?
3. What is contra entry?
4. What is imprest system?
5. What is Cash discount?

Exercises

1. Prepare simple cash book of Sri Ramana Kumar from the following particulars.

2018

Jan 1 brought capital Rs. 4000

Jan 2 cash purchases Rs. 1500

Jan 4 cash sales Rs. 2200

Jan 5 advertisement exp Rs. 600

Jan 7 commission received Rs. 450

Jan 10 cash paid to kiran Rs. 500

Jan 12 drawings Rs. 300

Jan 13 cash deposited into bank Rs. 250

Jan 18 office exp Rs. 375

Jan 21 interest received Rs. 800

Jan 25 salaries Rs. 900

Jan 31 rent paid Rs. 500

(ANS: Cash balance Rs. 2525)

2. Prepare simple cash book of Sri Rajarao as on 1.2.2018.

2018

Feb 1 brought cash into business Rs. 8000

Feb 4 cash sales Rs. 2000

Feb 6 received commission Rs. 550

Feb 9 cash deposited into bank Rs. 800

Feb 11 cash purchases Rs. 4800

Feb 16 paid to varun Rs. 1000

Feb 18 office exp Rs. 450

Feb 20 drawings Rs. 400

Feb 24 advertisement exp Rs. 220

Feb 26 interest received Rs. 400

Feb 28 paid rent 500

Feb 31 salaries Rs. 900

(ANS: Cash balance Rs. 1880)

3. Record the following transactions in two column cash book.

2018

Mar 1 cash balance Rs. 5500

Mar 2 paid to nagarjuna Rs. 1250, discount received Rs. 250

Mar 4 cash sales Rs. 1000
Mar 6 cash purchases Rs. 900
Mar 10 received cash from chaitanya Rs. 850, discount allowed Rs.150
March 16 paid cash to Samantha Rs. 650, discount received Rs. 150.
Mar 18 paid stationary Rs. 600
Mar 20 received cash from Praveen Rs. 800, discount allowed Rs.200
Mar 24 paid repairs Rs. 400
Mar 27 sold old newspapers Rs. 200
Mar 29 received cash from Bhanu Rs. 325, discount allowed Rs. 75
Mar paid salaries Rs. 750.
(ANS: Cash Rs. 4125, discount allowed Rs. 425, discount received Rs. 400.)

4. Prepare double column cash book from the following.

2018

April 1 cash in hand Rs. 9500
April 3 deposited into bank Rs. 3000
April 5 drawings Rs. 1500
April 10 withdrawal cash from bank 1400
April 12 paid cash to Prasad Rs. 350, discount received Rs.50
April 13 received cash from Rs. Saibaba Rs. 475, discount allowed Rs. 125
April 16 sold old furniture Rs. 300
April 20 cash received from gopal Rs. 1500, discount allowed Rs. 100.
April 24 office exp Rs 600
April 26 stationary Rs. 450
April 28 rent paid Rs. 950
April 29 paid cash to vinod Rs. 250, discount received Rs.50
April 30 paid salaries Rs. 600

(ANS: Cash Rs. 5475, discount allowed Rs.225. Discount received Rs.100)

5. Prepare three column cash book of the following particulars.

2018

June 1 cash Rs. 8000, bank Rs. 5800
June 4 cash sales Rs. 3200
June 6 cheque issued to Surendra Rs. 2950, discount Rs.50
June 7 cheque received from Raja Rs. 1200, cheque Rs.2500,
Discount allowed Rs. 100(this cheque deposited on same day)
June 12 cash withdrawan from bank for office use Rs. 800
June 20 salaries paid through cheque Rs. 1000

(ANS: Cash Rs.13200, bank Rs. 3550, discount allowed Rs. 100, discount received Rs. 50)

6. Prepare three column cash book.

2018

June 1 cash Rs. 1700, bank Rs. 1300

June 4 paid to janardhan Rs.650, discount received Rs. 150

June 6 cash sales Rs. 1000

June 8 cash paid to murty Rs. 350, discount received Rs.50

June 10 cheque received from Maha Rs. 450, discount allowed Rs. 100

June 12 postal charges Rs. 100

June 14 Maha cheque deposited

June 16 paid to prabhakar through cheque Rs.575, discount received Rs.125

June 20 cash deposited Rs. 500

June 24 interest received Rs. 450

June 26 general expenses Rs. 150

June 29 salaries paid through cheque Rs. 400

June 30 cash withdrawn for office use Rs. 600

(ANS: Cash Rs. 2000, bank Rs. 675, discount allowed Rs.100, discount received Rs.325)

7. Prepare Analytical petty cash book.

2018

July 1 advance received from head cashier Rs. 350

July 7 bus charges Rs. 10

July 8 paid stationary Rs. 5

July 10 auto charges Rs. 20

July 15 Labour charges Rs. 30

July 18 telephone Bill Rs. 10

July 21 papers, ink charges Rs. 15

July 23 Tea charges Rs. 6

July 25 speed post charges Rs.

July 27 Tiffin charges Rs. 25

July 31 transport charges Rs. 15

(ANS: 199)

8. Prepare pettu cash book.

2018

Aug 1 cash balance Rs. 75, advance received Rs. 125

Aug 3 Tiffin charges Rs. 10

Aug 5 postal charges Rs. 5

Aug 9 bus charges Rs. 8

Aug 11 tea charges Rs. 6

Aug 14 auto charges Rs. 10

Aug 18 tea charges Rs. 6

Aug 21 paid to cooli charges Rs. 20

Aug 25 mobile recharge Rs. 15

Aug 27 Tiffin charges Rs. 20

Aug 29 phone repairs Rs. 10

Aug 31 postal stamps Rs. 10

(ANS: Rs. 80

UNIT-V
BANK RECONCILIATION STATEMENT

Bank Reconciliation Statement – Meaning – Need – Cash book vs. Pass book – Favorable balance – Un- favorable balance (over draft) – including problems.

INTRODUCTION:

Bank Reconciliation Statement is a statement prepared to reconcile the difference between the balances as per the bank column of the cash book and pass book on any given date.

A bank reconciliation is the process of matching the balances in an entity's accounting records for a cash account to the corresponding information on a bank statement. The goal of this process is to ascertain the differences between the two, and to book changes to the accounting records as appropriate. The information on the bank statement is the bank's record of all transactions impacting the entity's bank account during the past month.

Need of preparing Bank Reconciliation Statement:

It is neither compulsory to prepare Bank Reconciliation Statement nor a date is fixed on which it is to be prepared. It is prepared from time to time to check that all transactions relating to bank are properly recorded by the businessman in the bank column of the cash book and by the bank in its ledger account. Thus, it is prepared to reconcile the bank balances shown by the cash book and by the bank statement. It helps in detecting, if there is any error in recording the transactions and ascertaining the correct bank balance on a particular date.

REASONS FOR THE DIFFERENCES BETWEEN PASSBOOK AND CASH BOOK:

1. Cheques issued by the firm but not yet presented for payment
2. Cheques deposited into bank but not yet collected
3. Amount directly deposited in the bank account
4. Bank Charges, interest etc., debited in pass book only
5. Interest and dividend received by the bank
6. . Direct payments made by the bank on behalf of the customers
7. Dishonour of Cheques/Bill discounted

8. Errors committed in recording transactions by the firm
9. Errors committed in recording transactions by the Bank

PREPARATION OF BRS WITH FAVOURATE BALANCE:

Favourable balances

(a) Debit balance as per cash book is given and the balance as per pass book is to be ascertained.

(b) Credit balance as per pass book is given and the balance as per cash book is to be ascertained.

REASON	SOLUTION
1 Cheques issued by the firm but not yet presented for payment	i) as per cash book – addition ii) as per pass book – subtraction
2 Cheques deposited into bank but not yet collected	i) as per cash book – subtraction ii) as per pass book – addition
3 amount directly deposited in the bank account	i) as per cash book – addition ii) as per pass book – subtraction
4 Bank Charges, interest etc., debited in pass book only	i) as per cash book – subtraction ii) as per pass book – addition
5 Interest and dividend received by the bank on behalf of	i) as per cash book

customers	– addition ii) as per pass book – subtraction
6 irect payments made by the bank on behalf of the customers	i) as per cash book – subtraction ii) as per pass book - addition
7 .Dishonour of Cheques/Bill discounted	
8. Errors committed in recording transactions by the firm	
9. Errors committed in recording transactions by the Bank	

Procedure for preparation of bank reconciliation statement

(Favourable Balance)

Particulars	Amount	Amount
Balance as per cash book		xxx
ADD:		

1. cheques issued but not presented for payment	xxx	
2. amount directly deposited by the customer	xxx	
3. dividends, interest etc., credited only PB	xxx	xxx
		xxx
LESS:		
1. cheques sent for collection but not collected		
2. bank charges, commission etc., debited only in PB	xxx	
3. bank directly paid on behalf of customer	xxx	
	xxx	xxx
Balance as pass book		xxx

PREPARATION OF BRS WITH UNFAVOURABLE(OVERDRAFT) BALANCE:

An overdraft facility allows you to write cheques or withdraw cash from your current account up to the overdraft limit approved. It is a short-term (usually up to 12 months) standby credit facility which is usually renewable on a yearly basis. It is repayable on demand by the bank at any time.

Unfavorable(Overdraft) balances:

(a) credit balance as per cash book is given and the balance as per pass book is to be ascertained.

(b) debit balance as per pass book is given and the balance as per cash book is to be ascertained.

REASON	SOLUTION
1. Cheques issued by the firm but not yet presented for payment	i) as per cash book – subtraction ii) as per pass book - addition
2. Cheques deposited into bank but not yet collected	i) as per cash book – addition ii) as per pass book - subtraction
3. Amount directly deposited in the bank account	i) as per cash book – subtraction ii) as per pass book - addition
4. Bank Charges, interest etc., debited in pass book only	i) as per cash book – addition ii) as per pass book - subtraction
5. Interest and dividend received by the bank on behalf of customers	i) as per cash book – subtraction ii) as per pass book - addition
6. Direct payments made by the bank on behalf of the customers	i) as per cash book – addition ii) as per pass book - subtraction
7. Dishonour of Cheques/Bill discounted	
8. Errors committed in recording transactions by the firm	
9. Errors committed in recording transactions by the Bank	

Procedure for preparation of bank reconciliation statement

(Overdraft Balance)

Particulars	Amount	Amount
Overdraft Balance as per pass book		xxx
ADD:		
1. cheques issued but not presented for payment	xxx	
2. amount directly deposited by the customer	xxx	
3. dividends, interest etc., credited only PB	xxx	xxx
		xxx
LESS:		
1. cheques sent for collection but not collected		
2. bank charges, commission etc., debited only in PB	xxx	
3. bank directly paid on behalf of customer	xxx	
	xxx	xxx
Overdraft Balance as per cash book		xxx

SHORT QUESTIONS(2MARKS)

1. What is Bank Reconciliation Statement?
2. Write any two differences between Cash book and Pass book ?

EXERCISES (FOURABLE BALANCE)

1. From the following particulars prepare Bank Reconciliation Statement as 31st march, 2018
 - a. Balance as per Cash Book as on 31st December 2006 was Rs.15000
 - b. Cheques deposited but not collected before the date of reconciliation Rs.1500
 - c. Cheques issued but not presented for payment Rs. 1000
 - d. Bank charges debited only in pass book Rs. 50
 - e. Interest credited in pass book only Rs. 500
 - f. A debtor directly deposited into our a/c Rs.1000
 - g. (Ans. 15950)
2. Prepare BRS as on April,28, 2018 from the following particulars.
 - a. Balance as per pass book Rs. 10000.
 - b. Interest on loan debited only in pass book Rs 500
 - c. Bank collected dividend on behalf of Customer Rs. 1000. This transaction recorded in pass book only.
 - d. Rs. 1000 worth of Cheque issued on Feb, 25,2018. But not presented for payment
 - e. Rs. 2000 worth of Cheque deposited. But this cheque was dishonoured
 - i. (Ans: 10500)

Exercises (overdraft balance/negative balance)

1. Prepare BRS of Sri. A.V.Rao as on April 15, 2018 from the following particulars.
 - i. Overdraft balance as per cash book Rs. 5000
 - ii. Cheques issued for payment but not presented for payment Rs 500
 - iii. A customer directly deposited into a.v.rao a/c Rs. 1000
 - iv. Interest on overdraft Rs. 100 debited in PB only.
 - v. A cheque Rs. 500 sent for collection but dishonoured.

(ANS:4100)

2. Prepare BRS of Sri Satyanarayana as on April 30, 2018.
- i. Overdraft balance as per pass book Rs. 9000
 - ii. Bank charges Rs. 150 not entered in cash book.
 - iii. Cheque Rs. 500 entered in cash book but forgot to sent to bank for collection
 - iv. Chque issued for payment Rs. 500. But not payment before the date of reconciliation.
 - v. Commission debited only in pass book Rs. 100

(ANS: 8750)

UNIT – VI**TRIAL BALANCE**

Trial balance & Rectification of errors – Importance of trial balance – Preparation of trial balance – Rectification of Errors – errors Before preparation of trial balance and After preparation of trail balance (including Problems).

INTRODUCTION: A **trial balance** is a list of all the general ledger accounts (both revenue and capital) contained in the ledger of a business. The purpose of a trial balance is to prove that the value of all the debit value balances equal the total of all the credit value balances. If the total of the debit column does not equal the total value of the credit column then this would show that there is an error in the nominal ledger accounts. This error must be found before a profit and loss statement and balance sheet can be produced.

Features of a Trial Balance:**(a) Statement only:**

A Trial Balance is merely a statement and not at all an account.

(b) Proof of arithmetical accuracy:

A Trial Balance proves the arithmetical accuracy of transactions so posted/recorded. In addition, financial result (i.e., from Profit and Loss Account and the Balance Sheet) can also be prepared from it.

(c) Prepared in a separate sheet:

It is prepared in a sheet of paper since it is neither a journal nor a ledger.

(d) Prepared at the end of the period:

Usually, a Trial Balance is prepared at the end of a certain period—say, monthly, quarterly, biannually, annually.

(e) Contains list of balances:

A Trial Balance contains the balances of different ledger accounts for the particular period as per requirements of the users,

(f) Helps to prepare final accounts:

It is not possible to prepare the final accounts of a concern without a Trial Balance, since the balances of all ledger accounts are contained in it.

MERITS:

- To test the arithmetical accuracy;
- To help in locating/detecting errors
- To summaries information about ledger accounts;
- To help in preparing final accounts.

The Trial Balance can be prepared in two ways:

- (1) By taking the balances of each of the ledger accounts.
- (2) By taking the debit and the credit totals of each of the ledger accounts.

KEY POINTS:

CAPITAL		CREDIT
LIABILITIES		CREDIT
ASSETS (cash, debtors, buildings, machinery, investments, stock, Goodwill, patents, copyrights, trademarks, bills Receivables etc.,)	Debit	
Purchases	Debit	
Sales		Credit
Purchase returns		Credit
Sales returns	Debit	
All expenses, losses (salaries, wages, electricity charges, depreciation, interest on Capital, bad debts, rent, commission etc.,)	Debit	
All incomes, gains (commission received, rent received, dividend, interest received etc.,)		Credit
Drawings	Debit	

PROFORMA OF TRIAL BALANCE

Particulars	L.F.No.	Debit Amount	Credit Amount

Illustration: 01

Following balances are taken from the books of Sri Siri enterprises as on Dec. 31-2017. Prepare the Trial Balance.

Capital Rs. 25,000, Drawings Rs. 6,500, Cash Rs. 200, Bank balance Rs.

7,000, opening stock Rs. 10,000, Purchases Rs. 8,000, Sales Rs. 12,000, Sales Return Rs. 500, Purchases Return Rs. 800, Bill Receivable Rs. 4,000, Bills payable Rs. 3,000, Sundry Debtors Rs. 5,000, Sundry creditors Rs. 3,500, Discount paid Rs. 600, Post and Telegraph Rs. 400, Advertisement Rs. 500, Salary Rs. 1,200 Rent paid Rs. 400.

Although in the problem it is not stated that whether a balance is debit or credit. But we know that balances in all the Assets and Expenses accounts are always debit and the balances in all the liabilities and income accounts are always credit. Whether an item is an asset, liability, income or an expense, should always be decided from the traders' point of view. All our difficulties in this connection will end, if we consider, that we are the trader and, we are writing our own accounts.

TRIAL BALANCE
(As on December 2017)

Account No.	Name of the Account	Debit Amt. Rs.	Credit Amt. Rs.
1	Capital	-	25,000
2	Drawings	6,500	-
3	Cash	200	-
4	Bank Balance	7,000	-
5	Opening stock	10,000	-
6	Purchases	8,000	-
7	Sales	-	12,000
8	Sales return	500	-
9	Purchases return	-	800
10	Bills receivable	4,000	-
11	Bills payable	-	3,000
12	Sundry Debtors	5,000	-
13	Sundry Creditors	-	3,500

Account No.	Name of the Account	Debit Amt. Rs.	Credit Amt. Rs.
14	Discount paid	600	-
15	Post & Telegraph	400	-
16	Advertisement	400	-
17	Salary	1,200	-
18	Rent	400	-

		44,300	44,300
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Illustration: 2

Following Balances are taken from the Books of Lalitha Jewellers, , as at Dec. 31-2017.

Cash Rs. 300, Bank Overdraft Rs. 23,000, Capital Rs. 20,000, Drawings Rs. 12,000, Sales Rs. 1,42,000, Purchases Rs. 50,000, Opening Stock Rs. 84,000, Purchases Return Rs. 8,000, Sales Return Rs. 300, Salary Rs. 15,000, Rent Rs. 28,000, Carriage Rs. 800, Advertisement Rs. 1,800, Debtors Rs. 5,000, Creditors Rs. 7,000, Sundry expenses Rs. 2,300. Prepare the Trial Balance.

TRIAL BALANCE

(As at December 2017)

Account No.	Name of the Account		Debit Amt.	Credit Amt.
			Rs.	Rs.
1	Cash	-	300	-
2	Bank	-	-	23,000
3	Capital	-	-	20,000
4	Drawings	-	12,000	-
5	Sales	-	-	1,42,000
6	Purchases	-	50,000	-
7	Opening stock	-	84,000	-
8	Purchases return	-	-	8,000
9	Sales Return	-	300	-
10	Salary	-	15,000	-

Account No.	Name of the Account		Debit Amt. Rs.	Credit Amt Rs.
11	Rent	-	28,000	-
12	Carriage	-	800	-
13	Advertisement	-	1,800	-
14	Debtors	-	5,000	-
15	Creditors	-	-	7,000
16	Sundry Expenses	-	2,300	-
	Total	-		
		-	1,99,500	2,00,000
17	Suspense Account	-	+500	
			2,00,000	2,00,000

We see that this Trial Balance does not agree. Its debit total is Rs. 1,99,500, while the credit total is Rs. 2,00,000. The difference is Rs. 500, (2,00,000-1,95,000). Rs. 500 are less on the debit side. So, it has debited Rs. 500 to suspense account. Then this debit balance of suspense account is included in the trial balance. And thus, the trial balance is agreed. When final accounts are prepared the debit balance in suspense account is temporarily treated as an asset. And the credit balance as a liability.

Suspense Account:

A suspense account is an account in the general ledger in which amounts are temporarily recorded. The suspense account is used because the proper account could not be determined at the time that the transaction was recorded.

When the proper account is determined, the amount will be moved from the suspense account to the proper account.

RECTIFICATION OF ERRORS

INTRODUCTION:

In our life we make many mistakes. As soon as these are detected, he/she corrects them. In the similar manner, an accountant can also make mistakes or commit errors while recording and posting transactions. These are called 'Accounting Errors'. So accounting errors are the errors committed by persons responsible for recording and maintaining accounts of a business firm in the course of accounting process. These errors may be in the form of omitting the transactions to record, recording in wrong books, or wrong account or wrong totaling and so on.

Accounting errors can take the following forms:

- Omission of recording a business transaction in the Journal or Special Purpose Books
- Not posting the recorded transactions in various books of accounts to the respective accounts in ledger
- Mistakes in totaling or in carrying forward the totals to the next page
- Mistake in recording amount wrongly, writing it in a wrong account or on the wrong side of the account.

CLASSIFICATION OF ACCOUNTING ERRORS

Various accounting errors can be classified as follows:

A. On the basis of their nature

- (a) Errors of omission
- (b) Errors of commission
- (c) Errors of principle

B. On the basis of their impact on ledger accounts

- (a) One sided errors
- b) Two sided errors.

A. On the basis of their nature

a) Errors of omission

As a rule, a transaction is first recorded in books of accounts.

However, accountant may not record it at all or record it partially. It is called an error of omission. For example, goods purchased on credit are not recorded in Purchases Book or discount allowed to a customer was not posted to Discount A/c in the ledger.

b) Errors of commission

When the transaction has been recorded but an error is committed in the process of recording, it is called an error of commission. Recording in the wrong book for example purchase of goods from Rakesh on credit is recorded in the Sales Book and not in the Purchases Book. Recording in the book correctly but wrong amount is written. For example, goods sold to Shalini of Rs.4200 was recorded in the Sales Book as Rs.2400

c) Errors of principle:

- **Wrong totaling** : There may be a mistake in totaling Special Purpose Book or accounts. The totalled amounts may be less than the actual amount or more than the actual amount
- **Wrong balancing**: While closing the books of accounts at the end of the accounting period, the ledger accounts are balanced.
- **Wrong carry forward of balances or totals**: Totals or balances are carried forward to the next page
- **Wrong Posting**: Transactions from the journal or special purpose books are posted to the respective accounts in the ledger.

SHORT QUESTIONS (2MARKS)

1. What is trial balance?
2. What is suspense account?
3. What is rectification of errors?

ESSAY TYPE QUESTIONS (6MARKS)

1. How many types errors? Explain it?

EXERCISES

1. Prepare trial balance of Messers S.L & Co., as on 31.03.2018.

Bills receivables Rs. 1000
Sales Rs. 1200
Purchase returns Rs. 300
Bills payables Rs. 800
Purchases Rs. 3000
Capital Rs. 1900
Sales returns Rs. 200

(ANS: 4200)

2. Prepare trial balance of Mr. Simhadri as on 31.12.2017.

Cash Rs. 20000
Capital Rs. 60000
Sales Rs. 30000
Salaries Rs. 15000
Debtors Rs. 25000
Creditors Rs. 10000
Purchases Rs. 40000

(ANS:100000)

3. Prepare trial balance of Laasya .

Capital Rs. 20000
Purchases Rs. 18000
Bills payable Rs. 3000
Sales Rs. 10000
Bills receivables Rs. 9000
Sales returns Rs. 1000
Furniture Rs. 5000

(ANS: 33000)

4. Prepare trial balance of Venkata Naidu as on 31.03.2018

Cash in hand Rs. 4000
Buildings Rs. 36000
Goodwill Rs. 12000
Sales Rs. 23000
Stock Rs. 8000
Capital Rs. 45000

Purchases Rs. 15000

Bank loan Rs. 7000

(ANS: 75000)

5. Prepare trial balance of Chandrahasa as on 31.03.2018

Cash at bank Rs. 35000

Cash in hand Rs. 10000

Salaries Rs. 2000

Purchases Rs. 200000

Sales Rs. 225000

Stock Rs. 20000

Buildings Rs.,. 20000

Bills payable Rs. 5000

Bills receivables Rs. 5000

Capital 62000

(ANS: 292000)

UNIT – VII

FINAL ACCOUNTS

Final Accounts – Preparation of Trading account, Profit & Loss account and Balance sheet with adjustments (including Problems).

INTRODUCTION:

Final accounts are the statements that are prepared at the end of an accounting period. Those consists of

1. trading account,
2. profit and loss account and
3. balance sheet. (position statement)

OBJECTIVES /IMPORTANCE OF FINAL ACCOUNTS:

- Knowing Profitability of Business
- Knowing the Solvency of the Business
- Judging the Growth of the Business:
- Judging Financial Strength of Business
- Making Comparison and Selection of Appropriate Policies
- Forecasting and Preparing Budget:
- Communicating with Different Parties

TRADING ACCOUNT

A trading account shows the results of the buying and selling of goods. This sheet is prepared to demonstrate the difference between selling price and cost price. The trading account tally is prepared to show the trading results of the business, e.g. gross profit earned or gross loss sustained by the business. It records the direct expenses of a business firm.

According to J.R.Batliboi- The Trading Account shows the result of buying and selling goods. In preparing this account, the general establishment charges are ignored and only the transactions in goods are included.

PROFORMA OF TRADING ACCOUNT					
Dr				Cr	
PARTICULARS	RS	RS	PARTICULARS	RS	RS
To opening stock		xxx	By sales	xxx	
To purchases	xxx		Less: returns	<u>Xx</u>	xxx
Less: returns	<u>xx</u>	xxx	By closing stock		xxx
To wages		xxx	By stock destroyed by fire		xxx
To carriage		xxx	By gross loss (c/d)		xxx
To octroi		xxx	Transferred to		
To import duty		xxx	P & L a/c)		
To factory lighting		xxx			
To factory rent		xxx			
To manufacturing ex		xxx			
To fuel, power		xxx			
To marine insurance		xxx			
To factory insurance					
To gross profit (c/d)		<u>xxxx</u>			<u>xxxx</u>
Transferred to P & L a/c)					

Items to be written on the debit side of the Trading Account**1. Opening Stock**

This is the value of the balance of goods brought, from the previous year, into the current year.

2. Purchases

This is the value of the goods purchased in the current year.

3. Purchases Return

This is the value of the goods returned to the sellers. Purchases return reduce the value of goods purchased. So, it is deducted from the purchases.

4. Carriage or Freight Inward

This includes all charges of bringing purchased goods to the business place. They are transport charges and also loading and unloading charges. If in any trial balance only carriage or freight is given then it should be treated as carriage inward only.

5. Import Duty and Excise Duty

Import duty increases the cost of the goods imported, and excise duty increases the cost of the goods manufactured.

6. Marine and Factory Insurance

Marine Insurance is for the safety of the goods imported and factory insurance is for the safety of the goods manufactured. These are also add to the cost of the goods.

7. Clearing Charges

Goods, which come by ship or railway require complicated procedure, before it is delivered to its owner. The expenses incurred to complete this procedure are called, clearing charges. These are also a part of the cost of the goods.

8. Factory Rent & Lighting

These are direct expenses for the manufacture of the goods. So, they are also added to the cost of the goods.

9. Fuel and Power

These are the expenses incurred to move machines for production. So, these expenses are also debited in the trading account, as cost of the goods.

10. Manufacturing Wages

Manufacturing wages or simply wages are paid for the production of the goods. This is a part of the cost of the good manufactured. If in a trial balance productive wages are separately given, then only the productive wages should be debited in Trading account, as cost of the goods. If in a trial balance wages and salaries are given together then it should not be included in the Trading account as the cost of the goods. It is a general expense

11. Other Expenses

Apart from the above-mentioned expenses all other expenses which are considered as the direct cost of the goods, either purchased or manufactured are debited into the trading account.

Items to be Written on the Credit Side of the Trading Account**1. Sales**

It represents the amount realized or the sale proceeds from the sale of the goods, during the year.

2. Sales Return

It represents the value of the goods returned by our customers. Sales return reduce the actual sales. So, it is deducted from the sales.

3. Closing Stock

It is the value of the unsold goods at the end of the trading period. It is credited into the trading account. Closing stock usually does not appear in the trial balance. At the end of the trading period the unsold stock or closing stock is valued. It is called "Stock taking". Closing stock is valued at the cost price or the market price, whichever is lower. It should not be valued at the selling price. It should be noted that the closing stock of the current year, will be the opening stock for the next year.

After debiting and crediting various items, the trading account is balanced as any other account. Credit balance in the trading account shows the Gross profit and debit balance the Gross loss. The Gross profit or the Gross loss of the trading account is transferred to profit and loss account, to find the Net Profit or Net Loss of the business. This will close the trading account.

Illustration: 1

From the following Trial Balance of Mr. Pratap, prepare Trading account for the year ended on December 31-2018.

Name of the Account		Debit Amt.	Credit Amt.
		Rs.	Rs.
Opening stock	-	15,000	-
Purchases	-	40,000	-
Purchases Return	-	-	3,000
Sales	-	-	55,000
Sales return	-	2,000	-
Carriage	-	1,600	-
Furniture	-	4,000	-
Sundry debtors	-	9,800	-
Advertisement	-	200	-
Sundry Creditors	-	-	12,000
Capital	-	-	21,000
Bills Receivable	-	5,000	-
Discount given		1,000	-
Discount received		-	400
Rent		2,400	-
Cash		400	-
Interest paid on capital		2,000	-
Interest		6,000	-
Trade Expenses		1,800	-
Clearing charges		200	-
		91,400	91,400

Closing stock: Rs. 20,000

It is clear the below illustration, that in the trading account, only those items from the trial balance are taken, which help to find the Gross profit or Gross loss. Apart from this closing stock, which is outside the trial balance is taken into it. The items of the trial balance, which are not taken into trading account, will be taken in profit and loss account or in the balance sheet. They will be prepared later.

PRATAPH TRADING ACCOUNT

Dr.		(For the year ended on Dec. 31-2018)		Cr.	
Particulars	Rs.	Particulars		Rs.	
To Opening Stock	15,000	By Sales	55,000		
To Purchases	40,000	Less Returns	-2,000		
Less: Return	-3000				
		By Closing stock			
	37,000			53,000	
To Carriage	1,600				
To Clearing Charges	200				
To Gross Profit Transferred to P&L A/c.	19,200			20,000	
	73,000				73,000

PROFIT AND LOSS ACCOUNT

This account is prepared to ascertain the net profit/loss of a business during an accounting period. The profit and loss account is a statement that summarizes the revenue's and expense's of an accounting period so as to reflect the changes in various critical areas of a firm's operations. It records the indirect expenses of a business firm.

Profit and Loss Account

Profit and Loss account shows Net Profit or Net Loss incurred in the business. In the first place it is credited with the Gross Profit or debited with the Gross Loss, shown by the trading account. After this all those expenses shown in the Trial balance but not debited to trading account are debited into it. Similarly, all those incomes shown in trial balance, but not credited to the trading account are credited into it. Then the profit and loss account is balanced.

The credit balance in profit and loss account shows net profit and debit balance net loss. This net profit or net loss is transferred to capital account. Thus, the profit and loss account is closed.

Items to be Debited to Profit and Loss Account**1. Salaries**

It includes salaries paid to clerks and managerial staff. It is usual expense of general nature. So it is debited to profit and loss account. But if salary is directly connected with the production of goods, then it should be debited to trading account.

2. Rent and Taxes

These includes rent of office, Godown and municipal taxes, etc. These are also usual and general business expenses and as such they are also debited to profit and loss account. But if rent or taxes are directly connected with factory or production, then they should be debited to trading account.

3. Printing and Stationery

The usual annual expense on printing and stationery is debited to profit and loss account. But an unusual expense on printing and stationery should not be debited to profit and loss account. It should be treated as an asset. And should be included in balance sheet.

4. Advertisement Expenses

The usual amount spent on advertisement is also a business expense. It is debited to profit and loss account. But an unusual expenditure on advertisement is a capital expenditure. It is shown in the balance sheet as an asset.

5. Interest Paid

The trader invests in business his own capital as well as loan taken from the outsiders. So the interest paid to outsiders as well as on his own capital is the business expense. Interest on capital should be shown separately from the interest paid to outsiders.

6. Discount Paid

Discount paid to customers is again a usual business expense. It is debited to profit and loss account.

7. Commission Paid

Commission given to others is a business expense. It is debited to profit and loss account.

8. Repairs

Usual expense incurred on repairs of furniture, building, machinery etc., is debited to profit and loss account. But unusual expense on this account is a capital expenditure. It should not be debited to profit and loss account. It is shown in the balance sheet as an asset.

9. Trade Expense

These are petty expenses connected with the business. They are generally debited to profit and loss account. But if in the same trial balance, trade expenses and also general expenses, Sunday expenses, or office expenses are given then the trade expenses should be debited to trading account, and the other expenses should be debited to profit and loss account.

10. Travelling Expenses

These are also business expenses. They are debited to profit and loss account

11. Bad Debt

It is a common knowledge that some of the debtors do not pay their debts. Such debt if unrecoverable is called “Bad Debt”. Bad debt is a business expense. It is debited to profit and loss account.

12. Interest on Capital

Business and the owner are considered to be separate entities, so whatever amount a businessman has invested into his business, will be considered as loan to the business, on which interest becomes payable by business to its owner. IT is called as “interest on capital’.

13. Other Expenses

Apart from the expenses mentioned above, there may be some other expenses incurred in business. All such expenses should be debited to profit and loss account

Items to be Credited to Profit and Loss Account 1.**Rent received**

If rent is received by sub-letting a building, then it is an income. So, this should be credited to profit and loss account.

2. Interest received

Sometimes businessmen charge interest to others. This is an income. And it should be credited to profit and loss account.

3. Discount received

Discount received from others is an income. So this should be credited to profit and loss account.

4. Commission received

Commission received is also an income. So this should be credited to profit and loss account.

5. Sundry Income

Any other business income regular or accidental should also be credited to profit and loss account.

After debiting and crediting various items, the profit and loss account is balanced as any other account. Its credit balance shows the net profit and debit balance net loss. Net profit or Net loss is transferred to capital account. This will close the profit and loss account.

Items not to be Debited to Profit and Loss Account**1. Drawings**

These are the amounts drawn by the Proprietor for his personal use. They are not business expenses. So, they should be debited to profit and loss account. They should be debited to capital account.

2. Income Tax

This tax is levied on the income of the proprietor. So, this is not a business expense. It is a personal expense of the trader. And so it should not be debited to profit and loss account. It should be debited to capital account.

3. Life Insurance Premium

This is an expense on the life insurance policy of the trader. So this is not a business expense. And it should not be debited to profit and loss account. It should be debited to capital account.

PROFARMA OF PROFIT AND LOSS ACCOUNT

Particulars	Rs	Rs	Particulars	Rs	Rs
To gross loss(b/d)		xxx	By gross profit (b/d)		xxx
To salaries		xxx	By commission received		xxx
To rent paid		xxx	By dividend received		xxx
To commission paid		xxx	By rent received		xxx
To depreciation		xxx	By interest received		xxx
To interest on capital		xxx	By interest on drawings		xxx
To bad debts		xxx			
To stationary		xxx			
To taxes, rates		xxx			
To carriage on sales		xxx			
To net profit (c/d) (transferred to capital a/c)		xxx			xxx

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Illustration: 2

Prepare profit and loss account from the items given in the illustration 1.

Dr.		Cr.	
Particulars	Rs.	Particulars	Rs.
To Advertisement	200	By Gross Profit transferred from Trading account	19,200
To Discount given	1,000	By Discount received	400
To Rent	2,400		
To Interest on Capital	2,000		
To Interest	6,000		
To Trade Expenses	1,800		
To Net Profit Transferred to Capital account	6,200		
	19,600		19,600

BALANCE SHEET

The balance sheet is a statement demonstrates the financial position of a business on a specific date. The financial position of a business is found by tabulating its assets and liabilities on a particular date. The excess of assets over liabilities represents the capital sunk into the business, and reflects the financial soundness of a company. Now its known as the statement of financial position of the company.

PROFARMA OF BALANCE SHEET

Liabilities	Rs	Rs	Assets	Rs	Rs
Capital	xxx		Cash in hand		xxx
Add: net profit	xxx				
Interest on capital	xxx		Cash at bank		xxx

	xxx		Debtors		xxx
Less: net loss	xxx		Bills receivables		xxx
Drawings	xxx				
Interest on drawings	xxx	xxx	Investments		xxx
			Closing stock		xxx
Creditors	xxx	xxx	Accrued incomes		xxx
Bank loan	xxx	xxx	Prepaid expenses		xxx
Bank overdraft	xxx	xxx	Furniture		xxx
Bills payable	xxx	xxx	Machinery		xxx
Incomes received in advance	xxx	xxx	Buildings		xxx
Outstanding expenses	xxx	xxx	Lands		xxx
			Office premises		xxx
			Goodwill		xxx
			Patents		xxx
			Copyrights		xxx
			Trade marks		xxx
	xxxx				xxxx

Kinds of Assets

1. Fixed Assets

These are the assets of permanent nature, such as land, building, furniture, machinery etc. These assets are not for sale. They are kept in business as an assistance to it.

2. Floating Assets

These assets are not permanent in the business. They are kept being converted into cash. Such assets are stock of goods, bills receivable and debtors. Floating assets remain in the business temporarily and their amounts constantly increase or decrease. Cash in hand and cash at bank are also

floating assets. Floating assets are also called the current assets or circulating assets. They are also called liquid assets, because they can be easily converted into cash. Cash in hand and cash at bank are completely liquid assets.

3. Nominal or Fictitious Assets

These assets are also of permanent nature. They are not to be converted into cash. They are meant to assist the business for a long time. But these assets are not visible like building or furniture. Such assets are preliminary unusual expenses and debit balance of profit and loss account.

4. Visible and Invisible Assets

Sometimes assets are divided as visible and invisible assets. Visible assets are those assets which can be seen such as building, furniture etc. Invisible assets are those assets which cannot be seen such as good will, and preliminary expenses.

Kinds of Liabilities

1. Fixed Liabilities

Loans taken for a fixed period are fixed liabilities. It is because these are to be paid back, after a fixed period, or when the business is closed.

2. Floating Liabilities

Floating liabilities are demand liabilities. These are to be paid as and when they are demanded. Bank overdraft and creditors are floating liabilities. Their amounts constantly change by payments and acceptances. Floating liabilities are also called current liabilities.

Arrangement or Marshalling of Assets and Liabilities in the Balance Sheet

In balance sheet the assets and liabilities are arranged in a particular order. It is call Marshalling. The assets are generally listed on the right-hand side and the liabilities on the left hand side in a particular order.

Illustration: 3

Prepare balance sheet from the items given in the illustration 1 and the net profit shown in illustration 2.

PRATAPH'S BALANCE SHEET

(As at Dec. 31 - 2017)

LIABILITIES	Rs.	ASSETS	Rs.
Sundry Creditors	12,000	Cash	400
Cash	21,000	Sundry Debtors	9,800
Net Profit	6,200	Bills Receivable	5,000
		Furniture	4,000
	27,200	Closing stock	20,000
	39,200		39,200

The above balance sheet is prepared from the balances given in the trial balance, illustration 1, and which are not transferred either to trading or to profit and loss account. These balances represent the assets and the liabilities. Apart from this, the closing stock given in the same illustration, outside the trial balance is included among the assets. In the liabilities side we have added the net profit to capital from the illustration 2, prepared from the same trial balance, it is because the net profit belongs to the proprietor and it increases his capital. In this balance sheet we have arranged the assets, according to liquidity and the liabilities according to the urgency of payment.

Important Points to be Remembered in the Preparation of Balance Sheet

1. Balance sheet is prepared on a particular date. It represents the financial position of the business, on that date. So, it should be dated as, balance sheet as at.

2. It is prepared along with the preparation of trading and profit and loss account. So, it is included amount the final accounts. In fact, it is only a statement of assets and liabilities.

3. At any time the capital in the business is equal to the assets minus the liabilities, other than the capital. So, the total of liabilities and the capital must be equal to the total assets of the business. In other words, the totals of the two sides of the balance sheet must be equal.

Illustration: 4

From the following trail balance prepare the trading and profit and loss account: and the balance sheet to the year ended on December 31-2017

Name of the Account	Debit Amt. Rs.	Credit Amt. Rs.
Arun's Capital	-	1,50,000
Arun's Drawing	15,000	-
Freehold Premises	20,000	-
Plant & Machinery	25,000	-
Office furniture	8,000	-
Sundry Debtors	1,30,000	-
Sundry Creditors	-	50,000
Cash in hand	1,200	-
Cash at Bank	10,000	-
Bills Payable	-	42,000
Bills Receivable	15,600	-
Sales	-	1,30,000
Sales Return	1,000	-
Purchases	80,000	-
Stock on Jan-1 2018	25,000	-
Wages	12,000	-
Gas & Water	1,800	-
Rates, Taxes and Insurance	2,000	-
Office Salaries	22,000	-
Travelling Expenses	2,500	-
Office expenses	1,200	-
Discount allowed	1,100	-
Discount received	-	800
Bad Debt	1,500	-
Purchase Return	-	2,100
	3,74,900	3,74,900

Closing stock is valued at 60,000

TRADING AND PROFIT & LOSS ACCOUNT

(For the year ended on December 31-2017)

Dr.		Cr.	
Particulars	Rs.	Particulars	Rs.
To Opening Stock	12,000	Cash	400
To Purchases 80,000		Sundry Debtors	9,800
Less Return 2,100		Bills Receivable	5,000
		Furniture	4,000
	77,900	Closing stock	20,000
To Wages	12,000		
To Gas & Water	1,800		
To Gross profit transferred to P&L A/c	72,300		
	1,89,000		1,89,000
To Rates, Taxes and Insurance	2,000	By Gross profit from Trading account	72,300
To Office Salaries	22,000	By Discount Received	800
To Travelling Expenses	2,500		
To Office Expenses	1,200		
To Discount allowed	1,100		
To Bad Debt	1,500		
To Net Profit transfer to Capital account	42,800		
	73,100		73,100

BALANCE SHEET

As on December 31-2017

Liabilities	Rs.	Assets	Rs.
-------------	-----	--------	-----

Sundry Creditors	50,000	Cash at hand	1,200
Bills payable	42,000	Cash at Bank	10,000
Arun capital 1,50,000		Sundry Debtor	1,30,000
Less: Drawing -15,000		Bills Receivable	15,600
		Office Furniture	8,000
		Plant and Machinery	25,000
		Freehold Premises	20,000
Net profit	42,000	Closing stock	60,000
	1,77,800		
	2,69,800		2,69,800

It should be noted that trading and profit and loss accounts are part of the same account. So, they should be prepared together, as shown in the above example.

It should be noted that each of the items given in trial balance will appear only once in the trading or profit and loss account or in the balance sheet. No item should appear at two places. But closing stock, which is given outside the trial balance will appear at two places, once in the credit side of the trading account and again in the balance sheet, as an asset.

If instead of trial balance, only the balances of various accounts are given, then it is better to prepare first, the trial balance and then the final accounts. If there is no agreement in trial balance, then its difference should be adjusted in suspense account. In other words, if in the trial balance the total in the debit side is less than the total in the credit side, then the difference should be debited to suspense account. On the other hand, if in the trial balance the total in the credit side is less than the total in the debit side, then the difference should be credited to suspense account. Now the suspense account should be included in the trial balance. The trial balance with suspense account will automatically agree. In the balance sheet, suspense account should be shown as an asset, if it has a debit balance and as liability, if it has a credit balance.

SHORT QUESTIONS

1. How many types of final accounts prepared? What are they?
2. What is closing stock?

EXERCISES

1. Prepare trading account of Srilaxmi for the year ended 31.12.2017.

Stock as on 1.1.2017 Rs. 9500
Purchases Rs.12200
Carriage Rs. 500
Sales Rs. 25000
Wages Rs. 875
Factory rent Rs. 925
Sales returns Rs. 500
Customs duty Rs. 800
Closing stock Rs. 3100
Purchase returns Rs. 1200

(ANS: gross profit Rs.4100)

2. Preparing trading account of Kailasam for the year ended 31.03.2018.

Opening stock Rs. 2100
Purchases Rs. 6400
Sales Rs. 12500
Return inwards Rs. 700
Return outwards Rs. 500
Carriage inwards Rs. 625
Wages Rs. 975
Factory insurance Rs. 400
Clearing charges Rs. 500
Freight Rs. 3000
Closing stock Rs. 2000

(ANS: gross profit Rs.300)

3. Prepare profit and loss account of sri thambaih for the year ended 31.03.2018

Salaries Rs. 1200
Rent Rs. 500
Stationary Rs. 300
Discount allowed Rs. 400
Advertisement expenses Rs. 600
Commission paid Rs. 500

Discount received Rs. 1000

Gross profit Rs. 5000

(ANS: net profit Rs. 2500)

4. Prepare profit and loss account of harsha for the year ended 31.12.2017

Rent and taxes Rs. 850

Discount paid Rs. 300

Salaries Rs. 1000

Discount received Rs. 900

Postage Rs. 500

Interest received Rs. 825

Travelling expenses Rs. 600

Trade expenses Rs. 350

Bad debts Rs. 500

Repairs Rs. 300

Depreciation Rs. 700

Legal expenses Rs. 450

Carriage on sales Rs. 200

Audit charges Rs. 375

(ANS: 7100)

5. Prepare balance sheet of laxmidevi as on 31.12.2017.

Capital Rs. 25000

Bills payable Rs. 4000

Machinery Rs. 10000

Bills receivable Rs. 7000

Creditors Rs. 7500

Furniture Rs. 5500

Loan Rs. 2500

Net profit Rs. 5000

Debtors Rs. 14000

Closing stock Rs. 7500

(ANS: 44000)

6. Prepare balance sheet of anjali traders as on 31.03.2018.

Net profit Rs. 4500

Loose tools (asset) Rs. 3000

Investment Rs. 10000

Outstanding salaries Rs. 500

Furniture Rs. 3000

Creditors Rs. 6500

Machinery Rs. 4500

Cash Rs. 1000

Debtors Rs. 5000

Closing stock Rs. 2500

Bills receivable Rs. 2500

Capital Rs. 20000

(ANS: 31500)

FINAL ACCOUNTS WITH ADJUSTMENTS

Adjustment is the process of adjusting outstanding and prepaid expenses and incomes, depreciation of assets, bad debt, interest on capital and drawings etc., into the final accounts.

The aim of adjustments is to include in, all the expenses and incomes related to the trading period and exclude all the final accounts. All adjustments are unrecorded items and they do not appear in the trial balance. So before final accounts are prepared these items should be adjusted and recorded, each in two different accounts. the adjustments are made through journal entries 'Adjusting entries'. The following are the usual adjustments.

1. Outstanding Expenses

These are the expenses, whose benefit is received in the current year, but their payment is yet to be made. So outstanding expenses should be included in the expenses of the current year, although they are unpaid. For this various expense account, where the payment is outstanding are debited and outstanding expenses account is credited. Suppose at the time of preparing final accounts Rs. 500 for salary and Rs. 200 for rent are outstanding. The adjustment entry for the will be-

When this journal entry is posted to ledger accounts, Rs. 500 will be added as expenses to salary account and Rs. 200 to the rent account. The outstanding expenses account will show a credit balance of Rs. 700. It represents a liability for the services received but unpaid.

2. Prepaid Expenses

These are the payments made in the current year, but their benefits is yet to be received. In other words, these are not current year's expenses, although the money is paid for them. These are advance payments. So the prepaid expenses should be excluded, from the current year expenses although they are paid. For this various expenses accounts, where the expenses are prepaid must be credited and prepaid expenses account should be debited. Suppose at the time of preparing final account Rs. 300 are prepaid in insurance account and Rs. 100 in wages account. The adjusting entry for this will be -

When this journal entry is posted to ledger account Rs. 300 are reduced from the expenses in insurance account and Rs. 100 in wages account. The prepaid expenses account will show a debit balance of Rs. 400. It represents an asset being advance payment.

3. Outstanding Income

This is an income for which service is rendered in the current year, but the money is not yet received. So, this is the income of the current year, although, the money will be received in the coming year. So such income should be included in the year's income. For this various income accounts, where such income is outstanding should be credited and outstanding income account should be debited. Suppose at the time of preparing final accounts, commission Rs. 100 and interest Rs. 200 are outstanding income. The adjusting entry for this will be -

When this journal entry is posted to ledger accounts, Rs. 100 is added as income in commission and Rs. 200 in interest account. The outstanding income account will show a debit balance of Rs. 300. It represents an asset, being outstanding income. Outstanding income is also known as 'Accrued income' or 'Income earned but not received'.

4. Income received in Advance

This is an amount, received in advance, with a promise to render service in future. Such amount cannot be the income of the current year. So, at the time of preparing final accounts, income received in advance should be deducted from the current year's income. For this various income accounts, where the income is received in advance are debited and income received in advance is credited. Income received in advance is also called. 'Unearned income'. Suppose at the time of preparing final accounts commission Rs. 50 and rent Rs. 100 are income received in advance. The adjusting entry for this will be -

When this journal entry is posted to ledger accounts Rs. 50 are reduced as income in commission account and Rs. 100 in rent account. The income received in advance account will show a credit balance. It is a liability for income received in advance.

5. Depreciation

Decrease in the value of permanent assets due to their use is called 'Depreciation'. Business assets such as furniture, machines and building depreciate in value every year, because of their use. Depreciation is a business expense. So, when final accounts are prepared depreciation account is debited and connected asset account is credited. Suppose at the time of preparing final accounts the depreciation in machinery is Rs. 500 and in furniture Rs. 200. The adjusting entry for this will be

When this journal entry is posted in ledger accounts the depreciation account shows a debit balance of Rs. 700, as depreciation expense. The machinery account is credited by Rs. 500 and furniture account by Rs. 200. This reduces the required value of the assets due to depreciation.

6. Bad Debt

Generally, in every business there are some debtors, who do not pay their debts. Such debts are called “Bad debts”. Bad debt is a business expense. It is taken into account. When final accounts are prepared. For this bad debt account is debited and the personal accounts of the defaulters are credited. Their accounts are closed. Suppose Rs. 500 are due from Rakesh and Rs. 300 from Mohan. And there is no hope of recovering the amounts from them. The adjusting entry for this will be -

When this journal entry is posted to ledger accounts the bad debt account will show a debit balance Rs. 800 as an expense. Rakesh’s and Mohan’s account, will show no balance. Their debit balances are written off.

7. Reserve for Doubtful Debt (R.D.D)

Even after bad debt is written off, there remains some debt, whose recovery is doubtful. Such debt is called doubtful. The possible loss from doubtful debtors of the current year is a business expenses for the current year, although it is yet to be incurred. So, such possible loss is also taken into account, when final accounts are prepared. For this first bad debt is deducted from the total debt and then some percentage is calculated on the balance, as the required R.D.D. This required reserve is debited to profit and loss account and credited to an account called “Reserve for Doubtful Debt account or Provision for Bad Debt”. Suppose at the time of preparing final accounts the total debtors are Rs. 50,000 and out of it Rs. 2,000 are bad debt. So the remaining debt is $(50,000 - 2,000) = 48,000$. Now if we want 5 percent R.D.D. its amount will be 2,400. For this adjusting entry will be -

When this journal entry is posted. Profit and loss account will include Rs. 2,400 as an expense. Reserve for doubtful debt, account will show a credit balance of Rs. 2,400. The credit balance of reserve for doubtful debt account is a liability relating to doubtful debtors. This liability is deducted from the debtors in the balance sheet, to show the net amount receivable from the debtors.

If there is already a reserve for doubtful debt, in the books of a account, then the bad debt should be debited to it, instead to profit and loss account. This is because the reserve for doubtful debt if maintained to cover the risk of bad debt. It was credited by debiting the profit and loss account the previous year.

It should be noted that, each year the amount required as reserve for doubtful debt, is debited to profit and loss account and credited to reserve for doubtful debt account.

If in any year, there is any amount is reserve for doubtful debt account, then the excess amount should be debited to reserve for doubtful debt account and credited to profit and loss account.

8. Reserve for Discount on Debtors

If the current year's debtors pay their debt before time, we pay them cash discount. This possible loss of discount is current year's expense. So when final accounts are prepared a reserve is credited for it. It is called "Reserve for discount on debtors". For this profit and loss account is debited and "Reserve for Discount on Debtors" account is credited. The reserve for discount on debtors is a liability. It is shown in the balance sheet as a deduction from the Sunday debtors. If there is already a reserve for discount on debtors, then the cash discount paid during the year should be debited to it and not to the profit and loss account. In short, its entries are made on the same line as that of reserve for doubtful debt.

9. Reserve for Discount on Creditors

Just like reserve for discount on debtors, some people create reserve for discount on creditors. Reserve for discount on creditors is a possible income to us, in the form of discount, when we pay cash to our creditors. The reserve for discount on creditors is also estimated like reserve for discount on debtors. The amount thus estimated is debited to reserve for discount on creditors account and credited to profit and loss account. The reserve for discount on creditors is an asset. It is shown in balance sheet as a deduction from the Sunday creditors. If there is already a reserve for discount on creditors then the cash discount received during the year should be credited it. It should not be credited to profit and loss account. The entries relating to reserve for discount on creditors are made in the reverse direction to the entries, in relation to reserve for discount on debtors.

10. Interest on Capital

The Proprietor, who invests his money in business as capital, expects apart from profit some interest on it. So, interest is calculated on capital at a certain rate and treated as business expense. It is an expense to business and income

to the proprietor in the form of interest. So, at the time of preparing final accounts, the interest on capital is debited to profit and loss account and credited to the capital account. This increases the proprietor's capital in the business.

11. Interest on Drawings

Drawings are the amounts taken out of business by the proprietor for his personal use. If the proprietor receives interest of this capital in business, he must also pay interest to the business on his drawings. The interest on drawings is an income to business as interest received, and expense to the proprietor as interest paid. So, at the time of preparing final accounts, interest on drawings is debited to the capital account, and credited to the profit and loss account.

12. Closing Stock

It is the value of unsold goods, at the end of the trading period. At the time of preparing final accounts closing stock is valued by “Stock Closing”. The closing stock does not appear in the trial balance. As such at the time of preparing final accounts closing stock account, is debited and trading account is credited. The closing stock is also shown as an asset in the balance sheet.

Sometimes at the time of preparing final accounts closing stock is adjusted with the purchases account. It is done by debiting closing stock account and crediting to purchases account. In this case closing stock will appear in the trial balance. Then it is not adjustment. So it should be only included in the balance sheet, as an asset. It should not be credited to trading account.

Illustration: Problem of Final accounts with adjustments

Prepare trading, profit and loss a/c of Ramesh from the following:

Name of the Account		Debit Amt.	Credit Amt.
		Rs.	Rs.
Furniture & Fittings	-	500	-
Motor Vehicle	-	10,000	-
Building	-	25,000	-
Capital	-	-	40,000
Bad debt	-	400	-
Sundry Debtors	-	10,000	-
Drawings	-	2,000	-
Sundry Creditors	-	-	15,000
Stock on 1-1-2017	-	25,000	-
Purchases	-	45,000	-
Sales	-	-	75,000
Bank overdraft	-	-	8,000
Purchases Return	-	-	5,000
Sales Return	-	2,000	-
Advertisement	-	200	-
Interest	-	800	-
Commission	-	-	1,200
Cash	-	4,200	-
Taxes & Insurance	-	1,500	-
General Expenses	-	3,200	-
Salaries	-	9,000	-
Travelling Expenses	-	5,400	-
		1,44,200	1,44,200

Following adjustments are necessary:

1. The closing stock on 31-dec-2017 was worth Rs. 20,000
2. Calculate deprecation on building at 5 %, on furniture & fittings at 10 percent and on Motor Vehicle at 20 percent.
3. Rs. 250 interests on bank overdraft, Rs. 1,200 Salary and taxes Rs.200 were outstanding.
4. Rs. 100 were received in advance as commission.
5. 5 Percent Reserve on debtors for doubtful debt is necessary

TRADING AND P&L A/c of Ramesh for year ended 31-2017

Particulars	Rs.	Particulars	Rs.
To Opening Stock	25,000	By Sales	75,000
To Purchases	45,000	Less Returns	-2,000
Less: Return	-5000		73,000
	40,000		
To Gross Profit transferred to Profit & Loss Account	28,000	By Closing stock	20,000
	93,000		93,000
To Bed debt	400	By Gross Profit	28,000
To R.D.D.	500		
To advertisement	200	By Commission	1,200
To interest	800		
Add outstanding interest on overdraft	+250	Less Commission received in advance	-100
	1,050		1,100
To taxes and Insurance	1,500		
Add outstanding tax	+200		
	1,700		
To General Expenses	3,200		
To Salary	9,000		
Outstanding	+1,200		
	10,200		
To travelling expenses	5,400		
To Depreciation: -			
On Building	1,250		
On Furniture & Fittings	+50		
On Motor Vehicle	+2,000		
	3,300		
To Net Profit transferred to capital account	3,150		
	29,100		29,100

MOHAN'S BALANCE SHEET (As on Dec - 31 -20117)

LIABILITIES	Rs.	ASSESTS	Rs.
Sundry Creditors	15,000	Cash	4,200
Bank Overdraft	8,000	Sundry Debtors	10,000
Capital	40,000	Less R.D.D.	- 500
Add Profit	+3,150		-----
	43,150		9,500
Less Drawing-----	2,000	Furniture and	
	-----	Fittings	500
	41,150	Depreciation	-50
Outstanding expenses: -			-----
Int. on overdraft	250		450
Salary	+1,200	Motor Vehicle	10,000
Taxes	+ 200	Depreciation	-2,000
	-----		-----
	1,650		8,000
Commission received in		Building	10,000
advance	100	Depreciation	-1,250

			23,750
		Closing	20,000
	65,900		65,900

EXERCISE

1. Prepare the Final accounts from the following balances:

Drawings	4,000	Machinery & Plant	41,200
Purchases	22,000	Sales Return	1,500
Bills Receivable	5,000	Salaries	10,000
Trade Expenses	2,000	Debtors	15,000
Opening Stock	40,000	Rent	2,000
Advertisements	500	Travelling Expense	1,200
Post & Telegrams	420	Cash	3,180
Sales	88,000	Capital	30,000
Creditors	20,000	Bills Payable	10,000

Among the debtors Rs. 800 is a bad debt, Closing stock Rs. 20,000

2. The following balances are taken from the books of SLSR & Co., for the year ended on December 31-2017. Prepare the final accounts.

Cash in Hand	1,000	Machinery & Plant	60,000
Capital	1,00,000	Sales	2,00,000
Purchases	12,000	Furniture and Fitting	15,000
Bills Payable	22,000	R.D.D.	1,000
Opening Stock	35,000	Bills Receivables	20,000
Debtors	50,000	Rent & Taxes	10,000
Creditors	24,000	Salary	20,000
Wages	16,000		

The following adjustments are necessary:

(a). Rs. 200 for rent and takes, Rs. 300 for wages and Rs. 4,000 for salary are outstanding (b) Closing stock is of Rs. 40,000. (c) Depreciate Plant and Machinery at 5 percent, (d) Calculate 10 percent depreciation on furniture and fittings. (e) The reserve for Doubtful debts should be 2.5 percent on debtors.

3. Prepare Trading and Profit & Loss Account and Balance sheet from the following particulars. Journal entries are not necessary for adjustments.

TRIAL BALANCE AS ON 31st December 2017

Particulars	Debit Amt.	Credit Amt.
	Rs.	Rs.
Purchases	16,000	-
Discount	1,300	-
Wages	6,500	-
Salaries	2,000	-

Travelling expenses	-	500	-
Carriage Inwards	-	275	-
Insurance		150	

4. From the following balances taken from the books of Jnaneswar, prepare final accounts for the year ended on Dec-31-2017.

Jnaneswar's Capital	30,000	Rent Received	1,000
Jnaneswar's Drawing	5,000	Purchases	1,10,000
Furniture & Fittings	2,600	Sales	1,50,000
Sales Return	2,000	Taxes & Insurances	2,000
Discount Given	1,600	General Expenses	4,000
Discount Received	2,000	Salary	9,000
Bank Overdraft	4,200	Commission Paid	2,200
Creditors	13,300	Carraige	1,800
Business Premises	20,000	Reserve for doubtful debts	500
Stock on 1-1-2017	22,0000	Bad debt	800
Debtors	18,000		

Adjustments: On December 2017, the value of remaining stock was Rs. 20,000. Depreciate business premises by Rs. 3,000 and furniture and fitting by Rs. 260. Arrange 5% reserve for doubtful debts on debtors. Calculate 15% interest on Capital. Rs. 600 was outstanding for salary and Rs. 700 are prepaid on insurance.

UNIT-VIII

BASIC FUNDAMENTALS OF COMPUTERS

Basic Fundamentals of computers – Advantages of computers - Input, output devices – Operating system – MS.WORD – MS EXCEL.

INTRODUCTION:

Computer" is a word derived from "Compute" which means to calculate. A computer is an electronic device, which stores data and processes information based upon the instructions provided by the user and generates the desired output. A computer is a device that computes or calculates numbers, however, does more than that.

DEFINITION:

According to Donald **H Sanders**“ computer is an electronic device which accepts data as input and process it and gives meaningful information known as output “

HISTORY OF COMPUTERS

Computer history starts with the development of device called Abacus, by the Chinese around 600 BC. It was used for systematic calculation of arithmetic expressions, and it is interesting to note that; it is still used in far eastern countries like India, China etc. Although there were number of improvements in calculating devices, but no conceptual changes were made until the end of 18th century. During the first decade of 19th century Charles Babbage (Mathematic professor of Cambridge University) developed two devices called differential and analytical engines. These devices had a provision for imputing data, performing arithmetic and logical operations on data, and storing and printing result. These devices cause a base for modern digital computers. So **Charles Babbage** is known as **the father of modern digital computers**.

COMPUTER GENERATIONS:

First Generation (1940 – 1955) . Example : Electronic Numerical Integrator and Computer (ENIAC) , EDVAC

Second Generation (1956 – 1965) : IBM 1401

Third Generation (1966 – 1975) : IBM System/360

Fourth Generation (1976 – 1985) : Macintosh 128k

Fifth Generation (1986 -till date) : Super computer

FEATURES:

1. **SPEED** : In general, no human being can compete to solving the complex computation, faster than computer.
2. **ACCURACY**: Since Computer is programmed, so whatever input we give it gives result with accurately.
3. **STORAGE** : Computer can store mass storage of data with appropriate format.
4. **DILIGENCE** : Computer can work for hours without any break and creating error.
5. **VERSATILITY** : We can use computer to perform completely different type of work at the same time.
6. **POWER OF REMEMBERING** : It can remember data for us.

ADVANTAGES OF COMPUTERS:

- **Speed**: In general, no human being can compete to solving, faster than computer.
- **Accuracy** : Since Computer is programmed, so whatever input we give it gives result with accurately.
- **Storage Capacity**: Computer can store mass storage of data with appropriate format.
- **Online Trading**:
People tend to use computer and internet while purchasing and

selling their goods, according to a recent survey more than 50% of people across the world will use computers for their online trading.

- **Online Education | Distance Learning:**

This is one of the biggest merit or Advantage of computers as students, professionals can get a quality education at their fingertips.

- **Forecasting Weather, and Predicting Earthquakes:**

Super computers are used in weather forecasting, predicting earthquakes, volcano eruptions, the scientist predict the time and hence they can save people from these natural disasters

- **Produce Employment:**

Computer produces great amount of jobs per year, people don't want to work manually anymore as this is tedious, time-consuming, and inaccurate whereas the computer works with unbelievably accuracy and speed and are reliable

INPUT DEVICES:

an input device is a piece of computer hardware equipment used to provide data and control signals to an information processing system such as a computer or information appliance. Examples of input devices include

keyboards, mouse, scanners, digital cameras and joysticks.

Keyboard : This is an input device which is used to input the data into the computer. A computer keyboard is a typewriter-style device which uses an arrangement of buttons or keys to act as a mechanical lever or electronic switch

Mouse : This is also an input device which is used to input the data into the computer.

Scanner : This is an input device which is used to scan the document for the soft copy. is a device that optically scans images, printed text, hand writing or an object and converts it to a digital image. Commonly used in offices are variations of the desktop flatbed scanner where the document is placed on a glass window for scanning.

Central Processing Unit (CPU) : It is heart and mind of the computer without this unit computer unable to process. A central processing unit (CPU) is the electronic circuitry within a **computer** that carries out the instructions of a **computer** program by performing the basic arithmetic, logical, control and input/output (I/O) operations specified by the instructions.

OUTPUT DEVICES:

An output device is any device used to send data from a computer to another device or user. Most computer data output that is meant for humans is in the form of audio or video. Thus, most output devices used by humans are in these categories. Examples include **monitors, projectors, speakers, headphones and printers.**

Monitor : This is an output device which is used to show the result of the instructions.

There are variety of monitor available in the market such as, CRT Monitor, LCD Monitor, Touch Screen Monitor, TFT Monitor etc.

Printer : This is an output device which is used to show the result on the paper. There are plenty of printer available in the market like inkjet, Laser printer, dot matrix printer etc.

Speaker: This is an output device which is used to listen voice, songs, etc.

COMPUTER MEMORY:

Memory is the best essential element of a computer because computer can't perform simple tasks. The performance of computer mainly based on memory and CPU. Memory is internal storage media of computer that has several names such as majorly categorized into two types, Main memory and Secondary memory.

1. Primary Memory / Volatile Memory.
2. Secondary Memory / Non-Volatile Memory.
- 3.

1. Primary Memory / Volatile Memory:

Primary Memory also called as volatile memory because the memory can't store the data permanently. Primary memory select any part of memory when user want to save the data in memory but that may not be store permanently on that location. It also has another name i.e. RAM.

Random Access Memory (RAM):

The primary storage is referred to as random access memory (RAM) due to the random selection of memory locations. It performs both read and write operations on memory. If power failures happened in systems during memory access, then you will lose your data permanently. So, RAM is volatile memory. RAM categorized into following types.

2. Secondary Memory / Non-Volatile Memory:

Secondary memory is external and permanent memory that is useful to store the external storage media such as floppy disk, magnetic disks, magnetic tapes and etc cache devices.

Read Only Memory (ROM) :

ROM is permanent memory location that offer huge types of standards to save data. But it works with read only operation. No data lose happen whenever power failure occur during the ROM memory work in computers.

CLASSIFICATION OF COMPUTERS:

The computers are classified into various types depends on their purpose, operation and size.

In general computers are classified into major categories based on.

- (a) According to the purpose of the computer.
- (b) According to the operation of computer.
- (c) According to the size of computer.

(a) Classification as per purpose of the computer

1. General purpose computers.
2. Special purpose computer

1.General Purpose Computers: These computers are theoretically used for any type of applications. These computers can be used in solving a business Problem and also used to solve mathematical equation with same accuracy and consistency. Most of the computer now are general purpose digital computers. All the P. C's, which have become household affair.

2. Special Purpose Computers: These digital computers are designed, made and used for any specific job. These are usually used for those purposes which are critical and need great accuracy and response like Satellite launching, weather forecasting etc.

(b) According to the **operational principle of computers**, they are categorized as analog, digital and hybrid computers.

Analog Computers: These are almost extinct today. These are different from a digital computer because an analog computer can perform several mathematical operations simultaneously. It uses continuous variables for mathematical operations and utilizes mechanical or electrical energy.

Digital Computers: They use digital circuits and are designed to operate on two states, namely bits 0 and 1. They are analogous to states ON and OFF. Data on these computers is represented as a series of 0s and 1s. Digital computers are suitable for complex computation and have higher processing speeds. They are programmable. Digital computers are either general purpose computers or special purpose ones. General purpose computers, as their name suggests, are designed for specific types of data processing while special purpose computers are meant for general use.

Hybrid Computers: These computers are a combination of both digital and analog computers. In this type of computers, the digital segments perform process control by conversion of analog signals to

digital ones.

(c) According to the **sizes of the computers, the** computers are classified as follows.

Supercomputers: The highly calculation-intensive tasks can be effectively performed by means of supercomputers. Quantum physics, mechanics, weather forecasting, molecular theory are best studied by means of supercomputers. Their ability of parallel processing and their well-designed memory hierarchy give the supercomputers, large transaction processing powers.

Ex. PARAM developed in India.

Servers: They are computers designed to provide services to client machines in a computer network. They have larger storage capacities and

powerful processors. Running on them are programs that serve client requests and allocate resources like memory and time to client machines. Usually they are very large in size, as they have large processors and many hard drives. They are designed to be fail-safe and resistant to crash.

Mainframe Computers: Large organizations use mainframes for highly critical applications such as bulk data processing and ERP. Most of the mainframe computers have capacities to host multiple operating systems and operate as a number of virtual machines. They can substitute for several small servers.

Wearable Computers: A record-setting step in the evolution of computers was the creation of wearable computers. These computers can be worn on the body and are often used in the study of behavior modeling and human health. Military and health professionals have incorporated wearable computers into their daily routine, as a part of such studies. When the users' hands and sensory organs are engaged in other activities, wearable computers are of great help in tracking human actions. Wearable computers do not have to be turned on and off and remain in operation without user intervention

Minicomputers: In terms of size and processing capacity, mini computers lie in between mainframes and microcomputers. Minicomputers are also called mid-range systems or workstations. The term began to be popularly used in the 1960s to refer to relatively smaller third generation computers. They took up the space that would be needed for a refrigerator or two and used transistor and core memory technologies. The 12-bit PDP-8 minicomputer of the Digital Equipment Corporation was the first successful minicomputer.

Microcomputers: A computer with a microprocessor and its central processing unit is known as a microcomputer. They do not occupy space as much as mainframes do. When supplemented with a keyboard and a mouse, microcomputers can be called personal computers. A monitor, a keyboard and other similar input-output devices, computer memory in the form of RAM and a power supply unit come packaged in a microcomputer. These computers can fit on desks or tables and prove to be the best choice for single-user tasks.

Desktops: A desktop is intended to be used on a single location. The spare parts of a desktop computer are readily available at relatively lower costs. Power consumption is not as critical as that in laptops. Desktops are widely popular for daily use in the workplace and households.

Laptops: Similar in operation to desktops, laptop computers are miniaturized and optimized for mobile use. Laptops run on a single battery or an external adapter that charges the computer batteries. They are enabled with an inbuilt keyboard, touch pad acting as a mouse and a liquid crystal display. The portability and capacity to operate on battery power have proven to be of great help to mobile users.

Notebooks: They fall in the category of laptops but are inexpensive and relatively smaller in size. They had a smaller feature set and lesser capacities in comparison to regular laptops, at the time they came into the market. But with passing time, notebooks too began featuring almost everything that notebooks had. By the end of 2008, notebooks had begun to overtake notebooks in terms of market share and sales.

Personal Digital Assistants (PDAs): It is a handheld computer and popularly known as a palmtop. It has a touch screen and a memory card for storage of data. PDAs can also be used as portable audio players,

web browsers and smart phones. Most of them can access the Internet by means of Bluetooth or Wi-Fi communication.

Tablet Computers: Tablets are mobile computers that are very handy tools. They use the touch screen technology. Tablets come with an onscreen keyboard or use a stylus or a digital pen. Apple's iPad redefined the class of tablet computers.

COMPUTER SOFTWARE:

Software is a logical programme to handle/solve the complex problem.

System Software : This is special type of software which is responsible for handle the whole computer system.

Application Software : This is special type of software which is used to solve a particular problem.

Embedded Software : This type of software embedded with hardware to do a specific type of job.

Proprietary Software : In general, this type of software require to purchase to use that particular software for the sometime or single user as per conditioned by the vendor of that particular software.

Open Source Software : This type of software may be freely available and cannot be use in commercially. We can modify and use it under the same license.

COMPUTER LANGUAGES:

Machine Level Language : This is low level programming language. Computer or any electronic device only understand this language. i.e. Binary number i.e 0 and 1.

Assembly Level Language : This is a low level programming language which is converted into executable machine code by a utility programmer referred to as an assembler.

High Level Language : High level language is a programming language which is easily understandable/readable by human.

Interpreter : This is a convertor which converts high level language programme to low level language programme line by line.

Compiler : This is also a convertor which converts whole high level

language programme to low level language programme at a time.

COMPUTER NUMBER SYSTEM:

Binary Number System: It has only base 2 i.e 0 and 1

Octal Number System : Base of octal is 8 i.e. 0, 1, 2, 3, 4, 5, 6, 7

Decimal Number System : Base of Decimal is 10 i.e. 0 1 2 3 4 5 6 7 8
9

Hexadecimal Number System : Base of this number system is 16 i.e. 0
1 2 3 4 5 6 7 8 9 A B C D E F

COMPUTER OPERATING SYSTEM:

Operating system(OS) is to operate the computer. The operating system is a collection of programs that control the operation of all hardware and other resources in the computer system.

- 1. Single user operating system**
- 2. Multi user operating system**
- 3. Multi tasking operating system**

1.Single user operating system:

this operating system is designed to manage the computer so that one user can effectively do one thing at a time. The Palm OS for Palm handheld computers is a good example of a modern single-user, single-task operating system.

2.Multi user operating system:

a multi-user operating system allows more than one user to access a computer system at one time. Mainframes and minicomputers work on multi-user operating systems UNIX, VMS and mainframe operating systems, such as MVS, are examples of multi-user operating systems..

3.Multi tasking operating system: Multitasking, in an operating system, is allowing a user to perform more than one computer task (such as the operation of an application program) at a time. The operating system is able to keep track of where you are in these tasks and go from one to the other without losing information. For example, work on a

document file in MSWORD programs, while copying file from other computer available in the network, and also can listen songs through Windows Media Player. With Windows 7 environment, the user can do more than one task a time.

Microsoft Word

Microsoft Word or MS-WORD (often called Word) is a graphical **word** processing program that users can type with. It is made by the **computer** company **Microsoft**. Its purpose is to allow users to type and save documents. Similar to other **word** processors, it has helpful tools to make documents.

MS-WORD FEATURES:

Microsoft Word offers several features to ease document creation and editing, including:

- WYSIWYG (what-you-see-is-what-you-get) display: It ensures that everything displayed on screen appears the same way when printed or moved to another format or program.
- Spell check: Word features a built-in dictionary for spell checking; misspelled words are marked with a red squiggly underline. Sometimes, Word auto-corrects an obviously misspelled word or phrase.
- Text-level features such as bold, underline, italic and strike-through
- Page-level features such as indentation, paragraphing and justification
- External support: Word is compatible with many other programs, the most common being the other members of the Office suite.

Microsoft Excel

Microsoft Excel is a spreadsheet program included in the **Microsoft** Office suite of applications. Spreadsheets present tables of values arranged in rows and columns that can be manipulated mathematically using both basic and complex arithmetic operations and functions.

FEATURES:

- Microsoft Excel has the basic features of all spreadsheets, using a grid of cells arranged in numbered *rows* and letter-named *columns* to organize data manipulations like arithmetic operations.
- It has a battery of supplied functions to answer statistical, engineering and financial needs.
- In addition, it can display data as line graphs, histograms and charts, and with a very limited three-dimensional graphical display.
- It allows sectioning of data to view its dependencies on various factors for different perspectives (using pivot tables and the scenario manager).
- It has a programming aspect, Visual Basic for Applications, allowing the user to employ a wide variety of numerical methods, for example, for solving differential equations of mathematical physics, and
- then reporting the results back to the spreadsheet. It also has a variety of interactive features allowing user interfaces that can completely hide the spreadsheet from the user, so the spreadsheet presents itself as a so-called application, or decision support system (DSS), via a custom-designed user interface,

SHORT QUESTIONS (2MARKS)

1. Define Computer?
2. What is a Scanner?
3. What CPU?
4. What RAM?
5. What is ROM?
6. What is Operating System?
7. What is MS-WORD?

ESSAY TYPE QUESTIONS (6MARKS)

1. What are the characteristic features of Computer?
 2. What are the advantages of Computer?
 3. Write briefly about input and output devices ?
 4. What is Operating System? Write about different types of operating systems?
 5. Write about primary memory and secondary memory?
 6. Write about various types computers based on operation?
-

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AUTOMOBILE ENGINEERING TECHNICIAN

Paper - III

AUTO POWER PLANT

INDEX

Unit - 1	History of Shorthand	173
Unit - 2	Pitman's Shorthand	174
Unit - 3	Revisionary Exercises - I	187
Unit - 4	Revisionary Exercises - II	188
Unit - 5	Revisionary Exercises - III	189
Unit - 6	Halving Principle	204
Unit - 7	Question Bank	213
Unit - 8	Key for Revisionary Exercises	216

Manual on
Shorthand
For
Office Assistantship (1st year) Paper III

Dr. Sankar Ponnuru,

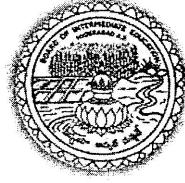
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STATE INSTITUTE OF VOCATIONAL EDUCATION
&
BOARD OF INTERMEDIATE EDUCATION
Amaravathi, Vijayawada

Preface

At the outset I am very much thankful to the State Institute of Vocational Education and Board of Intermediate Education, A.P., Hyderabad for the innovative and sincere effort of bringing out a manual on Shorthand for the students of “Office Assistantship”. This book is prepared to enable the student get extra practice on his/her own apart from the regular teaching in the classroom.

This book does not propose any additional rules than what are given in the text book of Pitman’s Shorthand. As one teaching this subject in this field, having understood some difficulties experienced by the students who have undergone the course of instruction in Shorthand under my care, and having shared my views with the co-lecturers and taken suggestions from them, I felt that some easy approach can be suggested to the students to learn the rules, and master them so as to follow them fully and be able to apply them in their future career. A bright student with sufficient knowledge in English is surely able to understand and follow the text book, and practise the exercises well to enable him to enter into speed practice, but keeping in view that the teacher has a duty to extend his helping hand to the students with lower standards and my desire to guide even the least and lowest in the class pushed me to dare to introduce some improvements for the benefit of the students.

It’s my privilege to express my deepest gratitude to **Dr. K.V. Subbarao**, Head of Commercial & Computer Practice, Govt. Polytechnic for women, Kakinada who is an educationist and dialectician for his valuable suggestions in carrying out the “Manual on Shorthand” successfully.

I am thankful to my mentors in Shorthand **Sri S.N. Ahmad garu**, **Sri Syam Dittakavi garu** and my beloved sister **Smt. Sarada Ponnuru** who have dedication in teaching the subject of Shorthand and their inspirational guidance to come up to this level.

I shall be failing in my duty if I do not thank the valuable cooperation and suggestions offered by my colleagues, friends, I thank the Department of Technical Education for providing me an opportunity for taking up this assignment.

--Dr. Sankar Ponnuru

INDEX

	Page No.
1. History of Shorthand	1
2. Pitman's Shorthand	2
3. Revisionary Exercises – I	15
4. Revisionary Exercises – II	28
5. Revisionary Exercises - III	37
6. Some important outlines	40
7. Question Bank	41
8. Key for Revisionary Exercises	44
9. References	52

HISTORY

Marcus Tullius Tiro, a secretary to the Roman orator Cicero, invented a shorthand system about 50 B.C. during the A.D. 700's, the art of shorthand seemed to disappear. It was revived in England in 1588, when Timothy Bright published his **Characterie: An Art of Short, Swift, and Secret Writing by Character**. This was followed by Peter Bale's **Brachygraphy**. In 1602, John Willis published **The Art of Stenography**, the first attempt at a genuine alphabetical system. Pitman's book in 1837 brought shorthand into worldwide use. Gregg published his book in 1888. Gregg Shorthand has been adopted to many languages. In India, Lord Vinayaka is considered to be the first known Stenographer when Poet Vyasa dictated Mahabharatha to him.

Though symbols are used in subjects like Mathematics, Physics and Chemistry, such symbols are confined only to those subjects only and cannot be used in general in general English language. Thus, the significance of the above systems is experienced by one and all.

Shorthand is a method of writing rapidly, using symbols or letters to represent the sounds of words. In Shorthand, a person writes only what he or she actually hears, regardless of the spelling of a word.

Shorthand is used chiefly to take dictation. Most people speak at a rate of about 140 words a minute. An average stenographer can take dictation by writing shorthand at a rate of 80 words a minute. Some stenographic jobs, however, require speeds of 120 or more words a minute. Court reporters must be able to take down conversation at a rate of at least 200 words a minute.

Systems of Shorthand ¹

Hundreds of shorthand systems have been developed. The Gregg and Pitman methods are the best-known systems using symbols. The Thomas Natural system, a new method, is not used so much as the others. Speedwriting is the most common of the shorthand systems that use longhand letters instead of symbols. Several shorthand machines have also been developed. The Stenograph is the most widely used of these machines.

GREGG SHORTHAND: The Gregg method was invented by John Robert Gregg, an educator born in Ireland. It is the most widely used shorthand system in the world. Gregg published his first book, **Light Line Phonography**, in England in 1888. He later promoted his system in the United States. The symbols in the Gregg System are based on longhand strokes and flow along in the same smooth style as longhand writing.

PITMAN SHORTHAND: The Pitman method was invented by Isaac Pitman, an Englishman, in the 1830's. His first shorthand book was published in England in 1837. Pitman shorthand is characterized by the shading of strokes. Some strokes are light and others are heavy or dark. In Pitman shorthand, the position of the symbol above, on or through the line further determines the meaning of the word.

¹ The World Book Multimedia Encyclopedia (TM©) 1997 World Book Inc., 525 W. Monroe, Chicago<IL 60661.



THOMAS NATURAL SHORTHAND: The Thomas Natural system was invented in the 1930's by Charles A. Thomas, an American shorthand teacher. Thomas' first textbook appeared in 1935. It was designed to provide a simpler symbol system. However, the Thomas Natural system never became widely used. It has only 12 word forms. They correspond to brief forms and short forms. Other words may be shortened by writing the first consonant and other major sounds.

PITMAN'S SHORTHAND

What is Shorthand: It is an art of writing speeches in English at a fast rate, using short symbols. In most of the offices, Legislative Assemblies, Law Courts for the judges, for news reporting etc., Shorthand writers are essential.

You, the student of Shorthand are sure to get a decent job if you practice the art carefully with patience from the very beginning. Some easy methods of learning with suitable precautions are suggested here for you to follow under the wise guidance of your teacher, because the teacher only can have proper understanding of each student and the method suitable to the understanding capacity and psychological ability of each student.


English Language: It is a two pronged one, one is spoken and the other written. The pronunciation of the language cannot be decided from the spelling and the spelling cannot be decided from the pronunciation in respect of most words. We depend upon the pronunciation while taking notes from the speaker. We require the correct spelling of words while transcribing the shorthand script noted. So the exercises are given to write in Shorthand and from Shorthand to English. Again we have words of different spellings for the same or similar pronunciation such as: peace, piece, peas. You have to learn all these words. Side by side with learning of shorthand, you should improve vocabulary and use the dictionary. You have to learn writing sentences of your own in English.

CONSONANTS:- some letters do not correspond to the sounds which we usually sense from them. For example, the letters 'ch' in most words sound "chay", (Ex. Patch, batch etc.). But in words like brochure, they sound as 'ish'; in words like 'ache', they sound as "kay". The letter 'g' sounds sometimes "gay". Ex: get, gap, gas, (gay sound); large, general, ('jay' sound)). The letters 'th' sometimes sound as 'ith' (in words like "path, thick") and sometimes as 'thee' (in words like "they, though"). The sounds of 'v' and 'w' sound similarly. But the sounds are different. Stroke  is used for spelling 'V' and stroke  is used for spelling 'w'.

Method of Practice:

For convenience sake, take a set of consonants say P to G. Practice them as follows:

\\ | | // _ _ _ _ // | | \\ \\ | | // _ _ _ _ // | | \\

After mastering these strokes, you write the following word forms joining the correct pronounced consonants in the proper manner. Ex: Pad 

Exercise 1:

Pope, Pub, Pity, Patch, pack, page, peg, baby, bat, body, batch, back, bag, top, tub, tito, tide, teach, take, tug, deep, dub, debt, daddy, ditch, dodge, deck, dog, cheap, chid, chat, check, jeep, job, jet, joke, jug, cap, cab, kid, catch, cage, cake, cog, gap, gate, gauge.

Similarly, another set of strokes should be practised after you are thorough with the above strokes.

.....

.....

Write the following words in shorthand.

Exercise 2:

Food, fetch, folk, fag, five, faith, vote, vague, thatch, thick, thief, asp, acid, ask, assessee, shop, shed, shake, shave, push, puffy, path, busy, both, bush, teeth, death, daisy, coffee, kith, cash, cosy, gush

Write the next set of strokes. M N Ng L R (downward) R(upward), W Y H(upwards), H (downward) in the same manner.

.....

Exercise 3:

Write the following words in shorthand

map mob motto match make mug move myth mesh money mummy male marry (up) mare (dn) nap knob knock enough navy gnash nighty name namely narrow (up) lip lab lotty lady latch lodge lock leg leaf love lore(dn) lorry (up) rob(up) rope(ujp) rate(up) red (up) reach (up) rage(up) rake(up) rogue(up) ruth(up) rush (up) rare (up) ring (up) relay(up) arc (dn) arab (dn)j arabic (dn) early (dn) arena (dn) army (dn) King Palm Penny Pale Pair (dn) Perry (up) Beam Binny Bell Bear (dn) team tool tour(dn) tarry (up) deem donee dull dare (dn) dairy (up) char (dn) cherry (up) chill Jim Jail jar (dn) came king cool carry (up) car (dn) game goal gur (dn) fame funny fare (dn) ferry (up) fellow theme assume assignee assail assure (dn) shame

.....

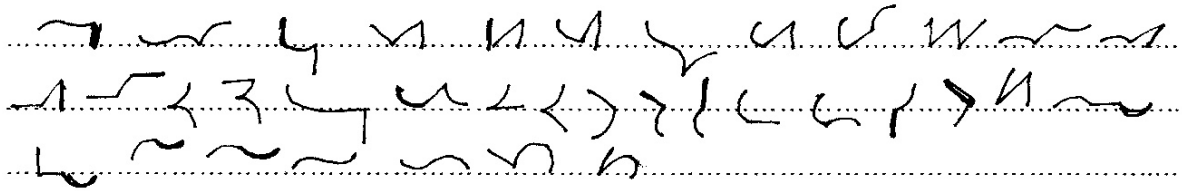
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The angles given for straight strokes should be strictly maintained but while writing straight upstrokes the angle is increased before down strokes and reduced before upstrokes to maintain lineality and length of strokes.

Ex: / \ but — / \

Exercise 4

Write possible words for the following outlines adding vowels of your choice.



There are twelve simple vowel sounds which are

DOT VOWELS

DASH VOWELS

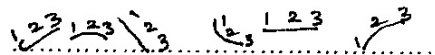
	1	2	3	1	2	3
Long Vowels	— ah	— a	— e	— aw	— o	— oo
Short Vowels	˘ a	˘ e	˘ i	˘ o	˘ u	˘ oo

These vowel sounds have to be practised first. They can better be learnt by hearing them from your teacher and imitating them. The difference in pronouncing ah, a and aw have to be practised by uttering the sounds both individually as well as when used in words. The sentences “pa may we all go too”, “that pen is not so good” given in the text book are only examples. Find the difference in vowel sounds in pairs of words given below.

Cat	Cot	Similarly	Far	Fare
Bat	Bought	fat	fate	
Rat	wrought		mat	mate
Fat	fought		lack	lake
Sat	sought		back	bake

The sign for dot vowels is a ‘dot’ and that for a dash vowel is a ‘dash’. For long vowels, a heavy sign and for short vowels a light sign is written.

These vowels signs are written in 1st, 2nd and 3rd places of a stroke shown below i.e. the beginning, the middle and the end of a stroke to represent the vowel sounds shown in the table under 1, 2 and 3 places.



There are two sides of a stroke left and right for the down and up strokes, top and bottom for horizontals. The left and top are preceding sides and the vowel sign on that side is read before the consonant and the right and bottom are following sides and the vowel sign on that side is read after the consonant. Thus, on both sides the vowels are as shown below.

1	2	3	
Pa ˘	Pay ˘	Pee ˘	} (following vowel)
Raw ˘	Row ˘	Ye ˘	
˘	˘	˘	}
˘	˘	˘	

At	Ate	Eat (preceding vowel)
Am '.....	Aim '.....	Inn.....

Before proceeding to write a word in shorthand, the vowel sounds have to be practised first. The dash vowel signs have to be written at 90° to the stroke at the vowel place. The vowel sign should not touch the stroke. They should be very short in length.

Then in four steps we attempt to write the complete outline for a word.

The following questions are answered.

- | | |
|--|---------------------------|
| i. What is the <u>stroke</u> for the consonant | Ex: Pay stoke P |
| ii. Find the <u>side</u> of the vowel | Following F |
| iii. Find the place of the vowel | 2 nd place 2 |
| iv. What is the <u>sign</u> | Heavy Dot . |

Exercise 5

Write the following words in four steps as shown above.

First Step:

	1	2	3	4		1	2	3	4
Ape					Pay				
Ebb					Bay				
Pea					At				
Ate					Eat				
Oat					Tea				
Toe					Add				
Aid					Owed				
Do					day				
Itch					chew				
Jaw					age				
Edge					ache				
Eke					key				
Egg					ghee				
Off					if				
Foe					fee				
Eve					oath				
Thaw					eighth				
They					though				
Thee					ass				
Ace					see				
Saw					sow,				
Ash					show				
She					shoe				
Am					aim				
May					inn				
Know					gnaw				
Nay					knee				
Law					lay				

Eel	ill
Air ↘	ore ↘
Err	or
Ear	era
Arrow ↗	airy ↗
Row ↗	Raw ↗
Way	Woo
Ya	ye
Hay ↘	He ↘
Hoe	

Second Step:

Write all the above words in a single step i.e. Write the stroke, move the pencil towards the side and place and then write the vowel sign there.

Third Step:

Position: Each stroke has three positions viz. above the line, on the line and through the line. If the first vowel in the word is of first place the stroke is written in the first position i.e. above the line. Ex: Pa .

Likewise for second and third place vowels, the stroke is written 'on the line' and through the line' respectively. Ex : Pay .

If the stroke is a horizontal, for third place vowel also it is written 'on the line'.

Ex: Key Ache

Exercise: 6

Write all the above words in a single step in correct position.

INTERVENING VOWELS:

When there are two or more strokes in a word, vowels occur preceding the first stroke, intervening two strokes and following the last stroke. The preceding vowels are written before the first stroke and the following vowels are written on the following side of the last stroke.

In case of intervening vowels, the first and second place signs are written on the following side of the first stroke, whereas the third place intervening vowel sign is written on the preceding side of the next stroke. This way, the intervening vowel signs between second and third strokes or third and the next stroke are written.

Ex; Talk Tape Teach (position is given to the first stroke only)

Attack Attach Italy (The position depends upon the first vowel sound)

Exercise 7: Write the following in S: and

1st and 2nd place Intervening Vowels:

Pad Paid patch path palm pour pale pole bat batch bought back bag batch
 both ball bear bore bar bell bale tap top tape talk tall tale tear tore dock
 dog deck debt dot dodge death dare door dome dole door dare chap check
 choke char job jet jot joke jail jar fad fade fetch folk fake fog faith fame
 far fair four vote vogue vague ask asp shop shed shade shape showed save
 sham shame share(dn) shore (dn) shock shake lap lab load lad laid latch lodge
 lack lock lake leg laugh loaf long lore ram(dn) roam(dn) Rome(dn) arc(dn)
 arm(dn) rope(up) raid(up) rode(up) arch(up) roach(up) rage(up) rack(up) rake(up)
 rock(up) rash(up) wrong(up) web wed watch wage wedge yes hope(up) hap(up)
 head(up) hatch(up) hang(up) hawk(dn) Hague(dn) hog(dn) Territory party
 parade forty authority dainty dominate

3rd place Intervening Vowels:



Pitch pick push pool poor(dn) pig beat bit boot bitch book big booth bush
 beam bear(dn) bull bill tip teach took teeth tooth team tool tour(dn) deep dip
 ditch dick dig deem deal deer(dn) cheap chip chick cheak jeep jute Jill feed
 food fear(dn) thick theme ship shook sheer(dn) leap lip lead lid leach look
 leak league leaf leave live reap(up) rib(up) read(up) rid(up) rude(up) reach(up)
 rich(up) wreak(up) rick(up) ruth(up) ring(up) room(dn) ream(dn) rim(dn) heap(up)
 hip(up) heed(up) hid(up) heath(up) hook(dn) wood.


If the first stroke is a horizontal, position is given to the next stroke.

Ex: Cap  Keep  Cool 

If the first two or more strokes are horizontals, the position is given to the first down or upstroke after the horizontals.

Ex: Kakinada  Kakumanuvaritl' 

1. “u” spelling is generally read as oo  but it is read as u  i.e. the short sound of o. In words like gut, rut, lunch, munch, hut this sound is written in the second place.

2. The spelling “i” is generally pronounced as i  but in words like firm, dirty, birth, it is pronounced as “e” and is a second place dot vowel.

Write the following words in shorthand

Exercise 8:

Eke, key, egg, ghee, am, aim, may, inn, know, gnaw, nay, knee, kick, came, king, mug,
 lunch, birth, dirty, munch, hug(dn), rug, bug, cap, cab, catch, cash, calm, car(dn), cape, keep,
 code, cage, cake, coke, kith, kill, gap, gate, goat, get, gauge, goal, map, match, mar(dn),
 make, move, myth, mesh, meal, mail, mare(dn), nap, nip, knob, comb, coal, core(dn), cool,
 neck, nook, naïve, gnash, nick, Canada, carriage, cabbage, academy, monkey, Monday,
 animal, anomaly, namely, minute, matinee, month

Exercise 9:

Write the following words in Shorthand

Apathetic, pathetic, ability, policy, eleventh, carriage, carried(up), borrowed(up), married(up), marriage, marina(up), authority(up), forty(up), formal (dn), formality(dn), tent, decays, tardy(up), baggage, luggage, lovely, topic, evolving, revolving(up), revenge(up), apology, bulky, parry(up), busy, Tito, Italy, attach, atom, chilly, cherry(up), jerry(up), photo, affair(dn), ferry(up), data, dairy(up), carry(up), thorough(up), acid, assail, Assam, shabby, shoddy, Ashoka, aloof, lady, Arab(dn), army(dn), aroma(dn), early(dn), oral(dn), error(dn), Arora(dn)(up), racy(up), rainy(up).

Now practise the text book exercises Nos.5 to 10 under the guidance of your teacher. The method of practising will be suggested by your teacher.

GRAMMALOGUES : Some words in English are most commonly used in speech. As they frequently occur, they are named as 'Grammalogues'. 'Gramma' means repeating and 'logue' means word. Each grammalogue is given a unique sign and they are called Logograms. In each lesson, few of them are given and you have to master them by practising the exercises given thereunder.

Write the following sentences in shorthand:

Exercise 10:

Pack the bag and carry to the door. They should take the load of the fellow and pull on to the bench. He should see the boat off the shore of the lake. May he live long! Pa may beat us all. Two of us should move on the road to the dock. All but the two may eat the meal at the hotel. No fellow should say, he should dominate all.

Now you practise the exercises 11 and 12.

Learn the principles of use of alternative forms for 'R' and 'H' and practise the exercises 13 and 14. Copy grammalogues given thereunder and practise exercises 15 and 16 under the guidance and supervision of your teacher.

Exercise 11: Transcribe the following passage.

Exercise 12: Write the following passage in Shorthand:--








Rama and Hari go to hockey match. They watch the game. Two Arab Sheik fellows have given them a tea party. Hari took tea but Rama had a coffee. Ravi, a tall chap, had also come. Do they know, the bench on which they all had the party, may shake? They should know much on the topic. They go to the bar each day. Ravi and Huggy dare to go on boat to reach off shore. The yellow car had a fair door. The lorry looked dirty. The body of the lorry had much load of cargo. They may borrow money off the Bank of Canada. A ship of America had to reach the shore of Kakinada today. The marina beach may appear differently. The bank cashier may pay the difference away to the fellow, who should give the cheque. The tobacco of the firm may catch the fire off the hay-rick. No alarm may be given to the lady head of the firm. Keep the bag on the bench. They took the fellow to Delhi and paid off the debt. May all get food and lodging. All but the two should leave Kakani. Make a boat of wood. They beat the dog daily. Kick the dog. He may kick the dog if they allow. The gale of the day put the rare animal into hitch. The ad hoc body may pull the fellow up for the difference.

DIPHTHONGS: Learn and practise this lesson in three steps.

First step: - These are also vowel sounds. Two vowel sounds are united in each diphthong. They are :

I Oi Ow U represented by signs
v > ^ ˘

The signs for 'I' and 'Oi' given above are written in the first vowel place and the other two for 'Ow' and 'U' are written in the third place.

Examples: - Type  Pile  Boi  Joy  Bowl 
County  Duke 

Exercise 13: - Write the following in Shorthand----








Tyre tile time pipe pile piracy verify purify terrify horrify defy timely mire nighty
Joule buy bile bite die dire guy fire tiny boil boiler boiling toil toiling enjoy coil beauty
bureau tube valued cure bowl bowling cowl Joule Out bout gout

There is difference in pronunciation between the sounds 'I' and 'ai'. Find the difference in the vowel sounds of the following words: --


Fire Fair File Fail Mail Mile Tail tile

Second step: --


Joined diphthongs: - Diphthong signs have to be joined wherever convenient. I and Oi signs are joined when the word starts with those sounds as in the following words; -





Item  Ivory  Irony  Idle  Oil  Oiling  Oily 

Ow and U diphthong signs are joined when the word ends with those sounds as follows:

Bow  Endow    ew  ew 








The following joinings are made peculiarly; -

Deny  (After N in the end, in the third place). Owl  ore L in the start).

Queue  Argue  Value  ew et  where U follows a horizontal or L in the end.

Third step: - TRIPHONES;---

If a vowel is added to a diphthong, we have a triphone. This sound is represented by adding a small tick as shown below:

Ex:-- Dial  Buyer  Buoyant  Loyal  Towel  Tower 
fewer 

Exercise 14: Write the following words in Shorthand : -

Dying enjoying voyage annoying queuing arguing verifier codifier indemnifier purifier
denying renewing

The lesson so far as diphthongs are concerned is over here.

In this lesson, an abbreviated form for the consonant 'W' is given. This has no relevance to Diphthongs.

'W' before the strokes K, Gay, M, and R(dn) and R(up) is written as ' ' a small right semi-circle. The semi-circle has no position individually. It has no sides or vowel places and so the vowel following W is written on the preceding side of the stroke after W, whether it belongs to 1st place, 2nd place or 3rd place.

Ex: - Walk  Wake  Week  Wire  Worry 



Exercise 15: Write the following words in Shorthand:

Walker, Walking, Weekly, weakling, wicked, wake, wig, wear, war, work, warm, warp, worried, warranty.





As a vowel preceding W cannot be represented to the abbreviated form, in such words, the stroke W is written as in:

Awake  Aware  etc.





Here, you have to learn three more rules which are not given in this lesson in the text book. They are:

Upward R: stroke is written when following a straight upstroke. Ex: - Awar  Rare: 

Stroke L usually written upward, is written downward when:

i) following N and Ng strokes finally. Ex: Only  wrongly  
denial 

ii) following F or V strokes, or a straight upstroke, if no vowel follows L.

Ex: Ful  But Full  Re  but Relay  etc.

Now practise exercises 13 and 14 of the textbook under the guidance of your teacher.

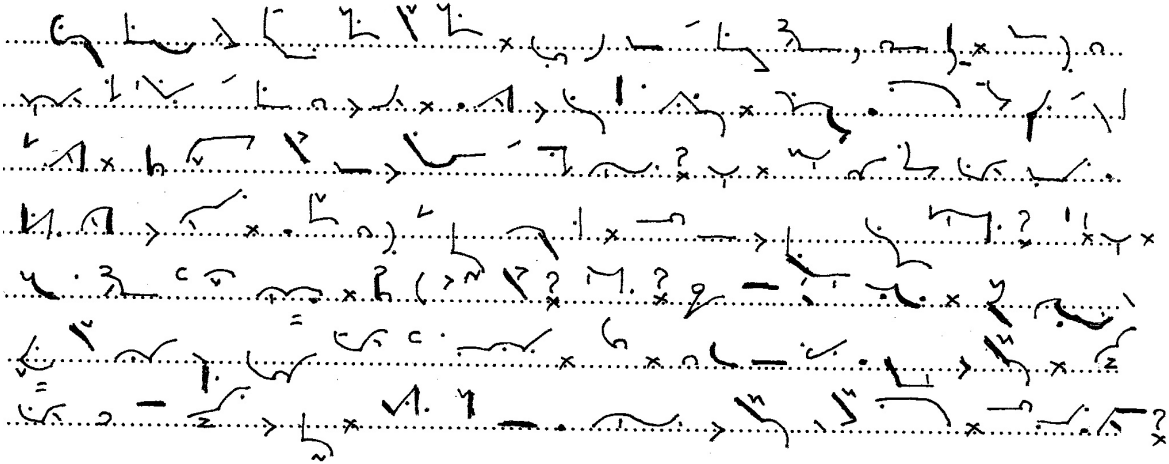
PHRASEOGRAPHY: After this lesson is studied in the text book under the able guidance of your teacher, first practise the logograms before practising the phrases and then practise the exercises Nos. 22 and 23 because the logograms are used in the phrases listed in the text book.

After practise, answer the following test.


Test 1: Write in Shorthand:

They should carry the load by the lorry to Kakinada and keep it at the door of Rama firm at four tomorrow. Borrow the money to go to the hockey match at Bareli on Monday and pay it off at four on fourth of the month. He ought to pay the difference to the cashier of the Bank of Madura today. Take much at the lunch which he should give. Look at the camera for a photo. He should put it at the window. On the fifth May, all of us should go to the lake and move on the boat. Do they come too? If so, ask the head of the team to take lunch and move. They should do it and catch the ship to Canada. She may see all of us at the territory. They ought to be at the opera to see the show. Follow the rule of the road and go on the car. Take the carriage full of food to fill the belly of the poor fellow at the door of the dairy. Do they tarry on the way if they should reach the goal early? No talking. Be calm. He had the name of the enemy on page eight of the book on the bench. If you fail to follow all I say, you are ready for a huge shock in the career. The rate of the book may appear to be cheap but the value is very high.



















Test 1: Transcribe the following:



CIRCLE 'S' AND 'Z': As you have seen that W has an abbreviated form, we have got an abbreviated form for S and Z consonants also. They are represented by a small circle. When it is written alone, it is written with left motion.










Left motion means 'anti-clockwise direction', i.e., 

This circle is written with left motion to straight strokes and to the left motion curves F V th Thee N, Ng and downward L initially and finally as follows:

Soap  Set  Side  Such  Sage  Sack  Sag  Safe 
 Save  Sooth  Sun  Sing  Pass  Days  Chase  Rages 
 Case  Gas 

The vowel signs between the circle and stroke or the stroke and circle are written by the side of the stroke on the respective side as shown above.

In case of right motion curves initially and finally the circle is written with right motion, i.e. Clockwise direction. The right motion curves are S, Zee, iSh, Zhee, M, L(up) and R(dn). Such words are:





Says  eases  shows  miss  knows  ays  slow 
 Arise  sir  etc.

Exercise No. 16 Write in Shorthand:






Soap, spy, speed, speech, spade, spire, spoke, spick, spell, spare, satire, Saturday, sit, seat, sought, sob, sad, sadly, said, seed, seedling, such sage, sake sky, skip, scope, sketch, scheme, score sag, safe, safely, safety, seventh, savage, seventy, civic, civics, sooth, some, same, seem, smoke, smile, simile, similar, small, smaller, smear, summary, son, sun, Sunday, seen, scene, soon, snow, snake, snap, snore, sin, cinema, sell sole, slow, sale, slip, sold, sailed, solid, silk, slack, self, slag, slim, slum, seller, salary, slave, sir, sorry, search, pass, rupees, depose, repose, base, bus, ties, notice, reduce, days, ladies, latches, chess catches, chase,

lodges, tax, box, fix, mix, case, packs, racks, arcs, guess, lacks, refuse, infuse, revise, invoice, enthuse

2. Medially: (a) Between two straight strokes where there is angle, the circle is written outside angles as in words:

Ex: Tasl  Risk  Disc  Basic 





If there is no angle between the strokes, the circle is written with left motion.


Ex: Tasty  dusty  cask  razor  wiser 

Exercise 17: Write in Shorthand:




Puzzle, passage, passages, passive, passer, passing, poison, poisonous, bestow, basic, bazaar, business, task, etcetera, tasty, tussle, desk, dusty, dusk, deceive, deceit, discuss, dispose, dismiss, desire, dismay, design diesel, chasty, justice, juicer, expose, cassette, task, castle, sixty, physique

(b) Between two curves, if both curves are of same motion, the circle is written in the same motion, as in words:



Facing  evasive  miser  eraser 

If both curves differ in motion, the circle is inside one curve only: Ex: Missing 




Out of them, if one curve is L, L is written in the same motion of the other curve so as to keep the circle inside both the curves.

Ex: Lesson  Lesser  Muscle  Nicely 

The consonant R is written upward when following a left motion curve and circle.

Ex: Answer  Officer 

In the examples given in the textbook, the following words are given.

Razor  Wiser  Answer 

Doubt naturally arises to a wise student as to why R is written upwards when there is no vowel following final R. In Chapter IV, the rules provided for using the alternative forms for R or H are only general and until they are fully explained in Chapter XVIII, as and when such words occur in the chapters preceding it, the particular rule requires to be explained to the student.

“After circle S, preceded by a left motion curve, K or G or a straight upstroke, R is written upward”.

Now you follow the lesson given in the text under the guidance of your teacher, and practise the exercises 23, 24, 25 and 26.

STROKES S AND Z: We are writing a small circle for 'S' and 'Z'. In some cases, the circle is not used to represent 'S' or 'Z'. They are explained in this lesson. Under the guidance of the teacher, the lesson can be easily understood by the student. Practise exercises Nos.27 to 30.

As you have so far learnt how to write in Shorthand from English and how to transcribe the Shorthand passages with vowel signs into English, it will be useful if you practise transcribing the shorthand scripts with only some essential vowels from now itself, which practice will be highly useful to you when you enter into speed practice.

LARGE CIRCLES: - These circles are also written in the same motion as the above small circle to the strokes. Care should be taken to properly enlarge the circle so as to distinguish them from the small circles.



The phrases given are to be remembered by practising them several times. Study the lesson from the text book and practise under the able instruction of your teacher.





Exercise 18: Transcribe the following passage. Some vowels are not given and after transcribing, write the vowel signs in the passage.





LOOPS 'ST and STR' : Learn the lesson, reading the rules in the text book and when the teacher explains you.

There is precaution in writing the loops and circles. The circles should be round and end at the point where the circle begins. The end of the loop should not go back to touch inside so as to be mistaken for a circle. The loop should touch the stroke forming an angle with it. The small loop should be just below the half the length of the stroke and the large loop should be 2/3rds the length of the stroke. Write the exercises given in the textbook.

















































































The word 'caused' is written as  to distinguish it from 'cost'  But this rule cannot be generalised to all such words. Compare the words

Best  based  rest  raised  etc. The same outline is written.

In words 'Posture'  and 'pasture'  the stroke R is written upward. The rule is that R is written upward after two down strokes.

Copy the logograms which are practised by you so far in phonetic order and write the following passage in shorthand.

Revisionary I

A, an  the  of  to  all  too, two  on 
 But  awe, aught, ought  who  and  should  put 
 Be  to be  it  had  do  difference-t 
 Much  which  how  why  beyond  you  large 
 Can  come  go  give-n  for  have  thank-ed 
 Think  though  them  was  whose  shall  wish 
 with  when  what  would  O, oh, owe  He  because 
 usual-ly  as, has  is, his  itself  those, thyself  this  thus 
 me  him  myself  himself  special-ly  speak 
 subject-ed  several  in, any  own  your  year 
 are  our, hour  ourselves  themselves  influence 
 first  influenced  next  most  language, owing 
 thing  young  Lord  We 

Revisionary 1

I thank you all for the best wishes you had given me in this New Year. I hope you will take my advice in all sincerity and follow it in your career. He who wishes to follow the advices must work beyond the usual times. This is the reason why success adores only those who subject themselves to severe work in the young years of life. Unless you master the language, you may be out of the race. Life itself is a game and nobody knows how to enjoy the joys and sorrows. We should thank the Lord for his influence given at the right times. I shall follow you when you go to your village in the months to come and give the necessary tips on the subject, which will be handy to you when you come for the next year's study. As usual, I hope you will enjoy your studies and speak high of the Lord for his first influence in

all these years. The thing, which you should think and make the difference, is how best you can make use of the time at your disposal. All but Mark should make the story different for anybody to think and speak in his own language. I owe most to you for the dignity and honesty showed to me. To be nice and honest, she ought to have put in much difference. They themselves do much of the talking and are given large share of the several subjects on which I myself had given up. The hours are too small to enjoy and you can but give it up. This passage on the language exercise would be of much joy to all who had to think twice to show the difference for themselves. I was specially influenced by the sweet speech you had given in the day and I owe my thanks to you for, I know how you have given me much beyond what I usually get in such speeches. The different language followed in this city is highly unusual for those who come for the first time and because of this difference you may be worried by this unusual language dilemma. How much difference should you make in the next year's tests? Do you know when you had given your best in the game in which you had high hope? You were happy with what you got and thus had no special thing to aim for the high. How can you be different in the language when you are idle for many years of your young life? Oh! You have put aside all your money for me and my cause. For this I must thank you all. (450 words)

Revisionary 2

(Handwritten shorthand notes, likely a revision of the text above, written in a cursive shorthand style on lined paper.)

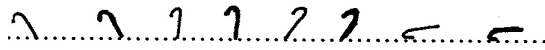
Revisionary 3

I have seen a few of the officers going to the villages these days. They have many subjects to look out and it is highly knotty they stay at the villages for days. He, who wishes to work for the society, must sweat in these days to make each happy and follow him sincerely. She followed a different lead and got success in this task. I think you should all follow her and I may assure you also of success soon. We see a sea change in the villages of today and those of the past years. Money may be the reason. It is the love which makes all happy in these days. The poor and the rich had led the same life with no worries at all. They were on song in those days. But what is the reason for the maladies of today? Can you think of any big change in the value for life? What you see today is unfair business dealings and at times ruthless desire for a large chunk of money. Was this the choice of those of the yester years? I think you will say "Oh! No". And you may be worried why all these things come to life just when you are still young. The folly you see today leads to no success and happiness but always keeps you busy to eat into the food of your fellow citizen. You have to think big to solve this and if you succeed in evolving a new law, I think you have given enough. I think you shall always wish to sow seeds of faith in them but do they like this? It is due to this irony, the villages fail to get on and enjoy the peace of life. I had put what all I had for this cause and become a poor fellow on this earth longing to keep each of you happy. I may be wrong when I think like this. But, I wish my citizens should be happy at all times. What He thinks is beyond anybody's guess and you have to necessarily follow the path showed by Him. Though I owe a lakh of rupees to you now, I would love to repay only when I have enough of it. She has a huge sum in the bank but some how she thinks safety is the first choice and the rest come next. You have no escape but to give all for her. The Lady Luck smiles on those who toil for hours and scares those who shy. I think you know of its influence in life. With best wishes for the New Year, shall I take leave of you? (450 words)


DOUBLE CONSONANTS:

Two consonants blend here. The second consonant is a liquid. Liquids are 'L' and 'R'. A small initial right motion hook is added to the strokes of explodents P, B, T, D, Chay, jay, kay, gay, for addition of 'r'. Thus, the double consonants

pr br tr dr chr jr kr gr are shown by strokes respectively.














Similarly, the double consonants pl bl tl dl chl jl kl gl


are shown by  respectively by

adding a small initial left motion hook to the respective explodent strokes.

Vowel signs are written to these strokes just as for simple consonant strokes.

Ex: Up  U  r  ay  say  Tie  Try 
   
TeaTree Pea Plea

These strokes are joined as the simple strokes are.








Ex: Paper  Packer  Taker  tackle  cheaper  cattle  couple 







The following curves are given small initial hook inside them, F, v, th, TH, sh, zh, m, n, ng to represent fr vr thr THr shr Zhr mr nr ngr or nkr respectively.








And the curves f, v, th, SH, m, n are given a large initial hook to represent Fl vl thl Shl ml nl respectively



Ex: Offer  ever  ether  us  leis  rum  m 

and flow  evil  ethel  official  camel  penal 

The other  ple str  s are no  ven initi  s to rep  r or l. An obscure vowel separating the liquid from the preceding consonant may be ignored.


E: Paper  maker 

Exercise 19: Write the following words in Shorthand.

Pray, prayed, preach, press, praise, praised, priest, praises, presses, pressed, preacher, April, proceed, prize, prizes, prime, primary, upper, uppermost, proper, pride, bribe, bribery, briber, bright, brighter, broader, breach, breacher, pressure, broom, brill, break, breaker, presume, Brazil, brought, approach, abridge, bridge, try, trial, true, trace, traces, traced, tracer, track,

trick, trim, truce, trust, treaty, treatise, transform, transit, trustee, treasure, tram, drop, dry, dress, dressed, dresses, address, addressed, addresses, addressee, addressor, drag, dram, drill, rider, wider, Madras, leader, loader, pleader, reader, hooter, hider, ledger, jerk, major, manager, ranger, cry, cried, creep, crop, creeper, crowd, crack, cracker, crash, cream, clear, clearly, cries, Christ, crisp, crisis, packer, looker, booker, talker, joker, poker, mocker, maker, grow, gray, grows, gross, agree, agrees, figure, meagre, locker, group, grout, eagerly, tiger, beggar, bigger, prick, paper, taper, cheaper, cooker, copper, creeper, lepper, shopper, bright, brought, bridge, broker, breath, breathe, broom, rubber, fibre, labour, labourer, library, topper, trap, trip, tram, truly, potter, better, daughter, auditor, chatter, jotter, cater, gutter, dry, drier, dream, dropper, watcher, jerk, dodger, ledger, major, incur, thicker, increase, increased.

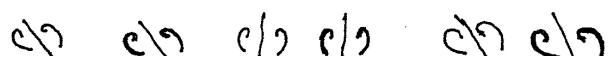
Pebble, pupil, topple, gamble, table, double, grabble, gable, trouble ample, simple, temple, reply, maple, total fatal, model, petal, battle, bottle, cattle, mantle, vital, cradle, fiddle, fickle, buckle, angle, local, uncle, enclose, enclosed, enclosure, Friday, offer, afraid, racial, initial, marshal, partial, specialise, specialised, joyful, playful, trifle, travel, traveller, arrival, ethel, athletic.

Extended use of L hook: The 'l' represented by hook sometimes may belong to the following syllable, and the consonant representing the stroke to which it is attached may belong to the preceding syllable. But to get an easier form, the hook is used. Take an example given in the text book, say the word 'deeply'. The consonant 'p' exists in the syllable 'deep' and the consonant 'l' is in the syllable 'ly'. Though 'p' and 'l' are in separate syllables, the double consonant sign for 'pl'  is used to get a short form.

Now, read the rules in the chapter under the guidance of your teacher and practise exercises 39 to 42 given in the text book.





ALTERNATIVE FORMS:

Just feel that fr vr thr THr fl vl are six persons and they stand before mirrors. How do they appear to them? Their images face them as shown below:





You will see that the images are written with right motion, whereas the original forms are written with left motion, and so in the alternative for the left forms, the right forms are used as follows:







Fr, Vr, thr, and THr: When standing alone, for purpose of vowel indication, for easy deciphering, if a vowel precedes the consonant, the left form and if no vowel precedes the right form is used.

Ex: Offer  Ether  fry  three 




The main purpose of these alternative forms is for facilitative joining and so when joined to other strokes, the form which makes an easier joining is used.

Ex: differ  but cover 

In case both are convenient, preference is given to the right forms.

Ex: Verbal  Thermal 
 (for these words, outlines  and  are also convenient. But preference is given to the right forms, namely  

Fl and Vl: In case of fl and vl, the right forms are most convenient after K, Gay and N and straight upstrokes and in all other cases, the left forms are used.



Ex: Cavalry  Novel  rifle 

Intervening vowels: In some cases, even if a vowel separates 'l' or 'r' from the preceding consonant, the hooked form may be used. In such cases, that vowel between stroke and initial hook is written as follows:


A dot vowel .. By writing a small circle on either side of the stroke in the respective vowel place.

Ex: challenge  philosophy 

Dash vowel or .. By striking the sign through the stroke
 Diphthong

Ex: Lecture  Fulfil 




For a first or third place vowel, where it is difficult to intersect, the sign may be placed on the top or bottom of the hooked stroke for 1st or 3rd place vowels respectively.

Ex: Tolerable  Captures. 













The hooked strokes are not used in words of one syllable except in a few words like sharp, church, nurse, dark etc.

The exercises 43 to 46 may be practised after getting the lesson explained by your teacher.








CIRCLES OR LOOPS TO INITIAL HOOKS:

We have abbreviated forms for S, SW and ST added initially before simple strokes. Ex: seat  stout  Here,  the possibility of their use before initially hooked strokes is studied



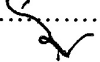


As the circles or loops are written with left motion to straight strokes, the same are written with right motion in distinction to denote addition of S, SW and ST before r hooked straight strokes.

Thus, compare words
 Soap  Supper  Sweeper  Steer 
 Set  setter  sweeter  stouter 
 Seek  seeker  Sweekar  sti 

(a) to all the other hooked strokes initially and (b) to all the hooked strokes medially, only a small circle can be added inside the hook according to possibility to add 's'; and the loop and large circle cannot be used in such cases.

Ex: Swimmer  steamer  put supply  suffer  designer  display 
express 








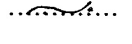
Medially the circle and hook must be clearly shown. If it is not possible, the hooked form is not used with the exceptional words like tasker, disagree, prescribe etc.



Ex: Musical  Unsaddle  forcible  Tasker  Disagree 

FINAL HOOKS:





The small final hooks being abbreviated forms representing N when added to curves and in case of straight strokes N when written with right motion; and F or V when written with left motion, the student feels no difficulty to practise these.






The final consonant when followed by a vowel should be represented by a stroke to write the vowel, and this applies to N, F or V also.

Ex: Pen  Penny  Puff  'uffy  Fan  'unny  Men 
Many 

and as there is no F or V hook to curves, in words like Five
Life  Move  stroke F or V is used.

 e 







Medially, except where distinction is required as follows the hooks may be used where they are convenient. Ex: Plenty  but Strandy  suddenly  butancy 

In the final syllable 'ner' in a word, 'n' is medial. It is not shown by 'n' hook, as the whole syllable is represented by . But after a straight upstroke, 'n' hook is used followed by R(dn). Ex: Manner  Dinner  it runner  winner 

SHUN HOOK:




The large final hook however represents SHUN only when written in any motion, i.e. inside curves and left and right to straight strokes. The rules regarding the use of the hook are to decide on which side the same has to be written to straight strokes.

To straight strokes with initial attachment, after LK, LG, FK (light or heavy) the hook is written on the opposite side so as to facilitate writing of the stroke concerned straight.

Ex: Location  legation  affection  avocation 
Station  section 












In other cases, the principle of writing the SHUN hook on the opposite side of last vowel before 'shun' is to recognise the vowel even without writing.

Ex: Option  Passion  Action  Caution  Occasion 

As there is possibility of SHUN occurring after a circle S or NS, writing a small hook in the same motion on its opposite side is best used with the intervening vowel sign by the side of the hook. Ex: Position  ition  decision 

The triphonic sign is not so easy to be written in high speeds and so for distinction from similar words, SHUN is represented by stroke SH and N hook in words like extenuation, situation, tuition etc. As there are no similar structured words, in words accentuation

perpetuat  the SHU  used.

When the light sound 'ns' follows a curve, and when 'ns' occurs medially, it is represented by  Ex: fence  e mincer  cancer  immensity  circle
But in words  tomesome  tomb  w  hansom  'n' hc 

Exercise 20: Write the following in Shorthand.

Fashions today are increasing. Some say, they are due to passions in men and women. How a man likes his life is seldom clear. Some like to read books. Some enjoy in idling away time and simply to waste money. Time and money are very valuable. Time is more valuable than money. We can judge a person's abilities by his activities at different times, by his aims and functions and as to how he or she uses his or her time and money. Remember, it is the way how a person deals with time and money which will make one believe in the success or otherwise of his or her life.

Talk less and work more. You are sure to win. There is always a race among one and all and you are one among them. Every one should try to succeed in life and to be the first among others in the race. We should do our best and be sportive in case of failures because only one shall be the first and the others the rest. You may try a number of times to succeed but may fail. Still you should again try with your best efforts. We should ensure, we should surely succeed.

CIRCLES AND LOOPS TO FINAL HOOKS:

This lesson is self-explanatory in the text book and Exercises 55 to 58 can be practised with the instruction and help of your teacher.

Left and Right motions:

We have circles, loops and hooks initially and finally written with left motion as well as right motion. Until you master the use of these abbreviated forms and write them speedily and mechanically, you will be getting doubts. Here I give some tips for your memory.

The left motion curves are .. F, V, th, TH, N, Ng and L (dn)

The right motion curves are .. S, Z, Sh, Zh, M, L(up) and R(dn)

The left motion circles, loops and hooks are ---

On the following side of .. P, B, T, D, Ch, J and

On the preceding side of .. K, G and straight upstrokes.

The right motion circles, loops and hooks are ---

On the preceding side of	..	P, B, T, D, Ch, J, and
On the following side of	..	K, G, and straight upstrokes.

ASPIRATE:

All the forms of H are intended for facility of writing in their use. After studying the lesson in the text book, and learning the same from your teacher, it will be interesting to you to observe the following:

We arrive at the conclusion that upward H is used in majority of cases after learning that the other three forms are used in limited cases as follows:

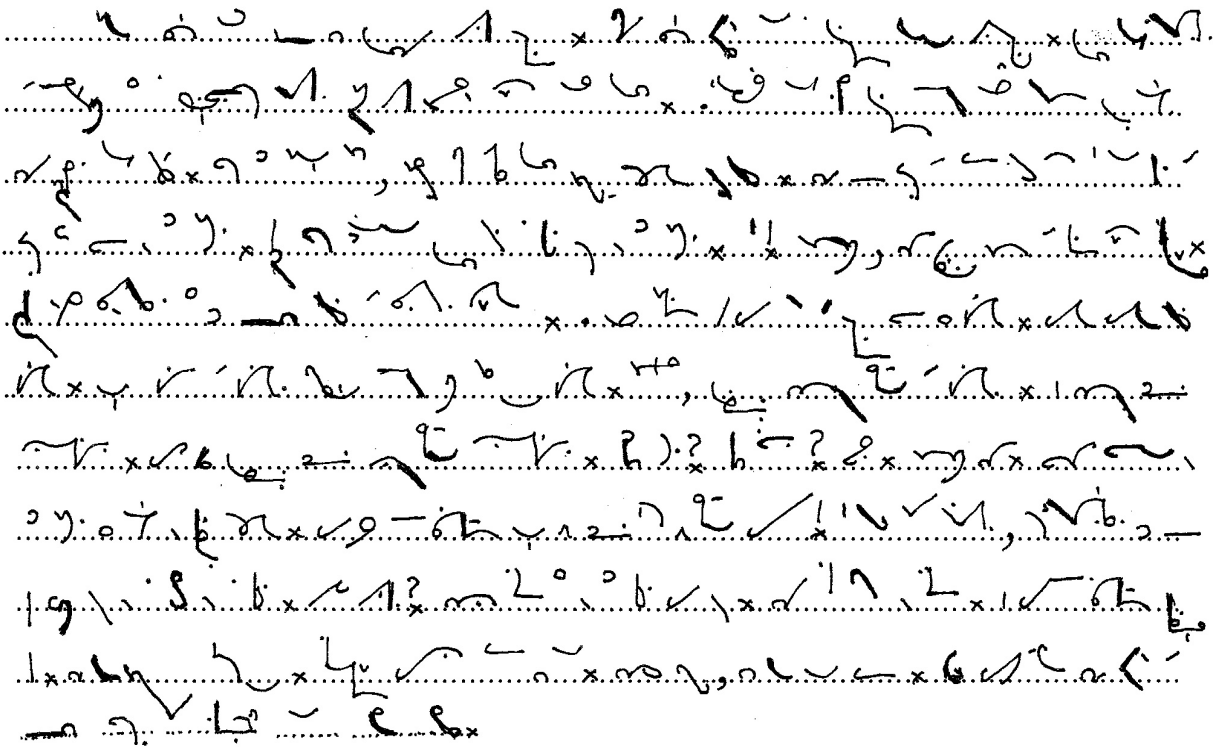
- Downward H: i) When standing alone and in compounds and derivatives
ii) When h is followed by K or G; and
iii) When h follows a horizontal or L

Similarly, tick H is used only before M, L(up) and R(dn) only initially.

- 1) So, initially, in all cases where H does not precede K, G, M, L, R(dn), H is written is written upward.

Regarding dot H, it is used in the middle of a word. It is clear that nowhere in the middle of a word, stroke H(dn or up) is so convenient as dot H. You should first infer from this that the dot H must be understood even when it is not written in speed. So, in such words as boyhood, adhere, adhoc, stroke H is used and in most of such words, except before K, G, M, L(up) and R(dn), upward form is convenient. So, under the first rule in the text book, many examples are given for the use of H(up).

Exercise 21:



Similar words as those mentioned in rule 102(a) of text book are not to be seen in the usual course in English so far. You will then practise the exercises 65 to 68 in the text book.

UPWARD AND DOWNWARD R:-

The use of the alternative forms is not only confined to facility of joining, but also intended in many cases to maintain lineality and for legibility, for purpose of vowel indication. For easy memory, the rules are tabulated below.

Downward R
 1. R before M
 Eg: Arm Room

Initially

In other

1. Downward R written in root form is retained in derivatives

Ex: Poor Poorly

2. For distinction in Pairs Eg: Clerk Cleric

Finally

1. If no vowel follows R.

Eg: Bear Fair

2. In some cases, even after two down strokes when the second stroke is f or v Eg: Pinafore

..... Shuffler

3. After two upstrokes

Ex: Roarer

Upward R

1. Before t, d, ch, j, kl, gl, Gua, th, and W. Eg: Rate Arch Earth

1. It is generally written

Ex: Park Terrify

1. If a vowel follows R.

Eg: Bury Fairy

2. When following a straight upstroke Ex: Hurry adhere Aware

3. When following a circle attached to (a) left motion curve (b) or (c) Straight upstrokes

Ex: Officer Answer Closer Razor

4. After two down strokes

Ex: Shakespeare Tumbler

5. R finally hooked and joined to another stroke consonant

Eg: Burn Turn

UPWARD AND DOWNWARD L:

Read the rules and learn from y our teacher as they are in text book. The use of downward L is felt necessary mainly for facilitative joining after strokes N and Ng and before and after a circle S attached to a left motion curve, because to keep the circle inside both curves when one out of them is L, writing L in the same motion as the other curve is necessary.

Secondly for purpose of vowel indication, initially before a horizontal and finally after, F,V, SK, or a straight upstroke the use of alternative forms is utilised.



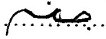
In other cases, it is only facility that determines the use of downward or upward L.

SH: The use of this stroke upward and downward is decided under the rules purely from the point of view of facilitative joining, whereas it is usually written downward when alone. The rules in the text book are self-explanatory.



COMPOUND CONSONANTS:

The rules given in this chapter are re-arranged here so that they can be easily remembered.

KW and GW:

a) A large initial hook adds W to K and G : ex: quick  queen  Linguist 

b) L after KW is written downward if no vowel follows L and upward if a vowel follows L.





ex: Squall  squally 

Aspirated W:


a) The aspirate is added to W stroke by enlarging its hook.

b) Ex: whistle  whip 

b) W before L is represented by a small initial hook and Wh by a large initial hook.

Ex: Well  Whale  While  Meanwhile 

c) But if a vowel precedes initial W or Wh, stroke form should be written.






Ex: while  awhile 





Strokes Lr and Rr:

a) Strokes L and R(dn) are thickened to represent 'ler' and 'r' respectively.





Ex: valour  hirer 

b) the form L or R written in the root word is retained in the derivatives.



Ex: Boi  but  full  ller 
bearer 



c) The use of stroke 'rer' is strictly confined to derivatives of words written with downward 'r'. ex: share  but  mirror  



d) If a vowel follows final 'ler' or 'rer' the thickened forms are not used.



Ex: Fuller  but foolery  alour  lvalorous 

ADDITION OF P OR B TO M:

a) The curve M is thickened for addition of P or B. Ex: Bombay  apo 

b) Initial or final hook may be attached to MP or MB Ex: Ambition  Humber 

c) If a liquid follows MP or MB immediately, pr, br, pl or bl is formed and so the thickened form is not used. Ex: Impress  m . But owel occurs between MP or MB and the liquid, the thickened form is used.








Ex: Emperor  embolden 











Now read the rules from the text book and practise exercises 77 to 80 as instructed by your teacher.

VOWEL INDICATION:

This chapter requires revision of all the alternative forms used for consonants in the form of abbreviated forms or strokes, viz. W before K, G, M, R, aspirated W before L, S circle, ST/STR Loop, Final hooks n and f/v, and the strokes R (up and down) and L written upward and downward.

Where an alternative form is written initially or finally with the existence of a vowel, preceding initially and following finally, any of the above consonants, that vowel can be understood even without writing. This is vowel indication.

In words ask  awake  ye 
Arrive  awhile  bestow  tasty  vowel sign is not written preceding initially and following finally. They are called implied (understood) vowels, because where there is no vowel, the alternative form of consonant is used as in words:

sack  wake  wear  pen  deaf  yell  roof 
while  best  taste 

You will observe that in exercises 81 to 82, the printers have printed vowels in the following words, which in fact have to be implied to stand as examples to the principles mentioned in the lesson. Tomorrow raise injury words like sorry, Mo-
sorry, policies the vowels are however implied.

Now practise exercises 81, 82 and the Revisionary B here. Also practise the grammalogues that have come so far in the phonetic order and write the exercises given below.

Revisionary II

principle, principal-ly, liberty member, remember-ed number-ed
 truth Doctor, Dr. dear during chair cheer
 larger care people belief, believe-d tell till
 deliver-ed-y largely call equally over however
 valuation from very there, their more, remark-ed mere, Mr.
 nor near surprise surprised sure pleasure been
 general-ly within southern northern behalf advantage
 difficult balance circumstance deliverance signify-ied-icant
 significance opinion subjective subjection signification
 information satisfaction justification generalisation whether
 impossible important-ance improve-d-ment

The following is a sample of shorthand writing for the words listed above, demonstrating the use of various symbols and strokes.

Revisionary 5

Dear Sir,

We thank you very much for your subjective valuation of our business and your remarks. We take the liberty of passing on this information to all the near and dear. It is impossible for us to leave out anything which would throw us in poor view of the principal and dear customers. In our opinion, this is surely a thing which no one would like to remember. Every circumstance will be used to care for those who were and are with us for years, from both the northern and southern quarters of the earth. It is no surprise of the number of positive remarks of all our members who usually evince the same attention. It is surely a pleasure we have been able to retain a larger number of people with only one principle – customer satisfaction. There is every justification for their belief and we spare nothing to retain their pleasure. Generally, during the months of July and August, we take up calls from the Doctors who care for the people in general at all costs and however busy they will be they are sure to call on the important and suffering to provide the necessary cheer in their lives. It is no surprise to know of the number of persons who took advantage of the significant services delivered by these doctors during the last year. I think you will remember it was the same Doctor who surprised the northern and southern nations with his truth of the mental balance in every circumstance. I think you should be aware of the deliverance of the mere remark of the Judge in my case during the last July. I think you will receive everything you ask for within the next two or three years. On behalf of my firm, I call upon your trust and faith in our business, which, I am sure, will bring cheers largely because of the care and attention we bestow on our loyal customers. Subject to a thorough valuation of the effects of the Policy, we solicit your general patronage. Yours truly, (347 words)

Revisionary 6

[illegible]

Revisionary 7











Today it is difficult for anyone to endure with only one language. If you are thorough with one language generally you will have to struggle in expressing your views. Others are sure to take advantage of your weakness and soon you will be put to much irritation. If you are from northern States, nobody from the Southern States knows your language and rarely believes you. Thus, in all circumstances it is important for everyone to remember more than one language. There is one more justification for this. You will be able to give your views and also you can have information from them. This is the reason why in earlier days princes were to visit foreign nations as members of a group when they were in studies. The cultural, economic and social life of the people can be known through this exercise. Thus, when the princes assume power they will know whether their rule gives satisfaction or whether important improvements can be taken up. By all means, it may give only partial influence; the young can surprise others with their mental balance. Of course, several Doctors say “Oh! There is no pleasure in having two languages and owing to this one is subjected to significant pressure in his young days. The education ought to be free from the usual run of the mill type. And Lord has given us the first lessons of how to come up in life. In our opinion, pupils should have been given what they desire and nothing should be thrust on them. Because of this subjective study, in some cases, they have no satisfaction and there is no justification even for the rulers to care for a larger number of people”. If this is the opinion of the most Principals of colleges who occupy the Chair, then how can the pupils go beyond their subjects and think more of the important facets of the life. Myself was one of the dear members in our section and I owe my success to my teachers. On behalf of all my fellow colleagues I will tell you the truth of our success and there have been a number of instances, which influenced us most. Success may come and go but it is the subject which is remembered for long. Those who know something must share it with others and this has been the approach of all of us largely when we were in education. He, who is influenced most in his young days by a subjective valuation of his virtues, himself will usually deliver what is important. When we look at the history of those whose life history gave us significant satisfaction, it speaks as much of purity of language and truth as their hobbies of pleasure and influence. This is the difference in the life of a successful man and the one who was unsuccessful. Thus it is important and pleasure for everyone to learn more than two languages than he usually can. You too can think of this and it is high time you paid no attention to the truth. (514 words)

HALVING PRINCIPLE:






After practising all the exercises in the preceding chapters, you would have maintained uniformity in the length of the stroke, nearly $\frac{1}{6}$ th of an inch approximately. Now you have to learn to maintain the difference in length of the full length and half length strokes.

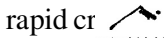




To manage yourself to maintain the difference, I suggest that the half length stroke be written at a length lesser than half and more than quarter in length.

- a) The main principle is that only in words of one syllable, when there is no final hook or joined diphthong, light stroke is halved for addition of 't' only and a heavy stroke is halved for 'd' only.



Ex: play  plate  but  played 
Blow  blood  but  bloat  treat  but tread 

- b) In words of one syllable also, if there is a final hook or joined diphthong to it.

Ex: bend  d  at  ad  bt 

- c) In words of more than one syllable in all cases any stroke is halved for addition of either t or d ex: rabbit  rapid cr  h  ed  applied 

Vowel sign at  the half length stroke is read next to primary stroke.

When half length stroke is to be given position, it is written above the line for 1st place vowel and on the line for 2nd or 3rd place vowel. Ex: lightly  little 











Exercise 22: Write the following in Shorthand.

Apt, pat, pit, pad, plot, split, played, plant, planned, paid, prayed, print, proved, bad, bat, broad, bread, bright, brought, blot, blood, bind, bent, band, blunt, proud, taught, tight, treat, tread, did, died, dried, debt, dint, drift, draft, cheat, chide, jot, jade, cat, cried, crowd, clot, cleaned, client, craft, graft, grade, great, get, God, good, goad, greed, glide, fat, fit, fade, freight, fright, fruit, afraid, frayed, void, vote, thought, threat, thread, east, oust, sheet, shut, shade, drought, doubt, doubts, shrewd, mat, meant, mend, mind, amount, friend, lend, lent, land around, round, rent, right, write, writ, raft, halved, hint, hind, heat, hot, head, hood, wit, watt, wait, weight, wind, wand, want, yet, grand, grant, gained, gland, ground, paint, pained, taint, trained, trend, chained.

The other principles are self-explanatory and they may be read and practised under the instruction of your teacher.

HALVING PRINCIPLE (SECTION 2): This chapter provides special principles to halve certain strokes.

STROKES M, N, L, R:

Halving of	M	N	L(dn)	R(dn)
They are halved and thickened for addition of 'd'	MD	ND	LD	RD
Ex: Aimed  End 			Old  Erred 	
Intervening vowel	Can be written		Cannot be written	
Ex;				
	Made 	Need 	Load 	Road 
Hooks	May be added to MP and Ng and halved for addition of t or d		Cannot be added and LR or RR strokes are not halved to represent 'lert', 'rerd'.	
Ex:				
	Hampered 	Impugned 		

The other rules are self-explanatory and all the principles supported by the exercises may be practised under the guidance of your teacher.

DOUBLING PRINCIPLE:

Just as a half length stroke is suggested to be written shorter than half the length of the stroke, in doubling a stroke it is suggested that the double length stroke is written more than 2 strokes length.

Whereas in doubling a stroke, an additional syllable of ter, der, thr or ture is obtained, there is exception to the strokes MP or MB and Ng in doubling. They are doubled for addition of 'er' only.

Thus, there are alternative forms for MPR or MBR and for NG-Kr or Ng-Gr, viz., the double length form and the hooked form for each.








Whereas MP is written with right motion, NG is written with left motion and so after an upstroke and K, hooked form of MP is convenient and after down strokes and K the hooked form of NG is convenient. Basing upon this facility point of view, the rules for the alternative forms of MPR/MBR are framed and in case of NGR or NG-Kr, the double length form is used when following a circle or upstroke and initially in a word.

The length of the double length strokes creates problem of maintaining lineality, all the down strokes are written through the line as the words with double length strokes are

many. But in case of upstrokes, as the words are few, they are written above, on and through lines.

In respect of horizontals, position is same in respect of full length, half length and double length strokes. The exercises may be practised after studying the rules in the chapter.

Every rule has importance and is motivated to facilitate the student to improve speed in note-taking and get accuracy in transcription. But, until standard in English language is improved sufficiently, it is suggested that outlines have to be provided with essential vowel signs to many words, because position alone cannot enable the student to decipher all outlines, as may outlines in the same position represent two or even more words.

Ex: Needed  Ended  Indeed  Fighter 
 Feature  ter  fodder 

Exercise 23: Write the following words in Shorthand

Fighter, fitter, feeder, feather, feature, after, voter, avoider, venture, offender, lavender, inventor, vendor, voucher, thither, laughter, aster, sister, ouster, shutter, shouter, mother, matter, meter, motor, mender, demander, enter, centre

Ponder, powder, adopter, captor, spotter, spider, potter, plotter, pleader, better, brighter, broader, bender, binder, tighter, dictator, tractor, actor, sector, scooter, creator, brother, gather, leather, bother, letter, ladder, boulder, solder, lender, calendar, cylinder.

Sorter, disorder, order, orator, Arthur, murder, counter, seconder, scanter, grafter, reminder, remainder.

Bomber, bumper, timber, chamber, sombre, cumbersome, lumber, humber, whimper, conquer, conquering, tinker, bunker, drinker, finger, thinker, monger, longer, rancour, singer, sinker, swinger, malinger, linger, anger, Ingersol, anchorage, anchor, banker.

Daughter, auditor, totter, chatter, cater, litter

DIPHONES:

There are simple vowels, there are diphthongs (two vowel sounds pronounced in one syllable) and there are two vowels pronounced separately but occurring consecutively. Such consecutive vowels pronounced separately are called as diphones. 'Di' means two and 'phones' means 'sounds'. There are only two signs to represent the combination of a Dot vowel and any other vowel (), and a Dash vowel and any other vowel (). Thus, there are only two signs to represent all the 144 vowel combinations.

Practise the exercises 95 to 98 in the textbook.

MEDIAL SEMI CIRCLE (W)

In most cases, initial W is treated as a consonant and final W is ignored as it is not pronounced. But where W comes medially, followed by a vowel, and it is inconvenient to write the stroke W, both the consonant and the vowel are represented by semi-circles written

either with left motion or right motion. A left motion semi circle ‘ ‘ represents ‘w + any of the dot vowels’ while a right motion semi circle ‘ ’ represents ‘w + any dash vowel’. The rules in the textbook are self-explanatory. You may practise the exercises 99 to 102 under the guidance of your teacher.

PREFIXES:

Most of the abbreviated forms given in the previous chapters are either prefixes or suffixes or terminations, but as they had several rules for practice they are given under separate chapters.

The remaining prefixes and suffixes which frequently occur in English are given in these chapters, Prefixes and Suffixes.

Initial Com or Con:

There are a number of words beginning with ‘com’ or ‘con’ and these prefixes are expressed by a light dot written at the beginning of the following stroke, with few exceptions like Commission, connote, consul.

The position of the outlines depend upon the vowel after ‘com’ or ‘con’.

Ex: Compact Committee .i. control ...v

Exercise 24: Write the following words in Shorthand.

Company, compact, compel, compelled, compete, competition, complete, completion, compete, comprise, comply, comprised, companion, compromise, complicate, complication, combat, combustion, combination, combine, contain, contamination, conduct, conductor, control, controller, continue, contact, contract, contractor, contribute, contribution, contradict, contradiction, contradicted, condemnation, condone, condonation, condole, condolence, condolences, concoct, connect, connection, congratulate, congratulation, congregation, congruity, congress, confess, confession, confuse, confiscation, confection, configuration, conviction, convenience, convent, convention, convulse, concession, consist, conscious, concept, conception, consensus, conscientious, construe, consider, consideration, concede, conceal, conciliation, conceive, concrete, conclude, conclusion, consecutive, condone, comply, compliance, consign, consignor, consignee, commend, commendation, common, command, consent, consigned, convey, convince.

The other prefixes are limited. In their case, the position depends upon the first vowel in the prefix.

The rules may be read under the guidance of your teacher and the exercises thereunder in the text book be practised.

SUFFIXES AND TERMINATIONS:

Excepting the suffix ‘ing’, the other suffixes given have simple principles which can be adopted easily.

‘ing’ has two forms, one is the stroke and the other is represented by a dot written at the bottom of the stroke. Where the stroke is convenient, stroke must be written. The text book suggests that the stroke is generally written and the few cases where ‘ing’ is represented by a dot are explained.

The rules may be read and the exercises practised under the guidance of the teacher.

Exercise 25: Write the following words in Shorthand (use dot only where necessary).

Paying, spying, typing, keeping, reaping, leaping, shaping, playing, replying, praying, taping, rubbing, dubbing, hoping, eating, beating, getting, jotting, voting, rating, reaching, reading, leading, lodging, loading, endowing, enjoying, urging, waging, ledgering, managing, catching, fetching, matching, punching, pinching, launching, bunching, taking, talking, packing, backing, breaking, decking, tagging, rigging, scoffing, craving, engraving, cunning, scanning, beginning, gaining, passing, basing, chasing, purchasing, taxing, boxing, facing, refining, showing, saying, leaving, driving, dining, making, deeming, dining, designing, resigning, knowing, lying, carrying, borrowing, marrying, wooing, hoeing.

Spotting, spitting, plating, completing, printing, planting, drafting, brooding, bending, abiding, rotating, tending, chanting, granting, grading, greeting, skating, fighting, avoiding, finding, fitting, feeding, fridgeting, lighting, landing, belting, lending, running, burning, winning, turning, morning, roofing, observing, deserving, weaving, halving, muttering, entering, loitering, conjecturing, thundering.

Putting, speaking, surprising, being, subjecting, remembering, numbering, believing, telling, delivering, cheering, caring, calling, inscribing, giving, coming, going signifying, thanking, thinking, wishing, influencing, remarking, improving, nearing.

Now, practise all the grammalogues so far covered in phonetic order and write down the following exercises as many times as possible to have a thorough and speedy reproduction.

Revisionary III

quite — could — accord-ing — cared — guard — great —
 called — equalled, cold — gold — that — without — wished —
 cannot — gentleman — gentlemen — particular — opportunity —
 child — building — told — tried — trade, toward — towards —
 hand — under — chaired — cheered — sent — third —
 short — spirit — yard — word — rather, writer — wonderful-ly —
 Therefore — school — schooled — selfish-ness — inscribe-d —
 inscription — instruction — instructive —

Revisionary 8

~ 8. 1. 2. 3. 4. 5. 6. 7. 8. 9. 10. 11. 12. 13. 14. 15. 16. 17. 18. 19. 20. 21. 22. 23. 24. 25. 26. 27. 28. 29. 30. 31. 32. 33. 34. 35. 36. 37. 38. 39. 40. 41. 42. 43. 44. 45. 46. 47. 48. 49. 50. 51. 52. 53. 54. 55. 56. 57. 58. 59. 60. 61. 62. 63. 64. 65. 66. 67. 68. 69. 70. 71. 72. 73. 74. 75. 76. 77. 78. 79. 80. 81. 82. 83. 84. 85. 86. 87. 88. 89. 90. 91. 92. 93. 94. 95. 96. 97. 98. 99. 100. 101. 102. 103. 104. 105. 106. 107. 108. 109. 110. 111. 112. 113. 114. 115. 116. 117. 118. 119. 120. 121. 122. 123. 124. 125. 126. 127. 128. 129. 130. 131. 132. 133. 134. 135. 136. 137. 138. 139. 140. 141. 142. 143. 144. 145. 146. 147. 148. 149. 150. 151. 152. 153. 154. 155. 156. 157. 158. 159. 160. 161. 162. 163. 164. 165. 166. 167. 168. 169. 170. 171. 172. 173. 174. 175. 176. 177. 178. 179. 180. 181. 182. 183. 184. 185. 186. 187. 188. 189. 190. 191. 192. 193. 194. 195. 196. 197. 198. 199. 200. 201. 202. 203. 204. 205. 206. 207. 208. 209. 210. 211. 212. 213. 214. 215. 216. 217. 218. 219. 220. 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1183. 1184. 1185. 1186. 1187. 1188. 1189. 1190. 1191. 1192. 1193. 1194. 1195. 1196. 1197. 1198. 1199. 1200. 1201. 1202. 1203. 1204. 1205. 1206. 1207. 1208. 1209. 1210. 1211. 1212. 1213. 1214. 1215. 1216. 1217. 1218. 1219. 1220. 1221. 1222. 1223. 1224. 1225. 1226. 1227. 1228. 1229. 1230. 1231. 1232. 1233. 1234. 1235. 1236. 1237. 1238. 1239. 1240. 1241. 1242. 1243. 1244. 1245. 1246. 1247. 1248. 1249. 1250. 1251. 1252. 1253. 1254. 1255. 1256. 1257. 1258. 1259. 1260. 1261. 1262. 1263. 1264. 1265. 1266. 1267. 1268. 1269. 1270. 1271. 1272. 1273. 1274. 1275. 1276. 1277. 1278. 1279. 1280. 1281. 1282. 1283. 1284. 1285. 1286. 1287. 1288. 1289. 1290. 1291. 1292. 1293. 1294. 1295. 1296. 1297. 1298. 1299. 1300. 1301. 1302. 1303. 1304. 1305. 1306. 1307. 1308. 1309. 1310. 1311. 1312. 1313. 1314. 1315. 1316. 1317. 1318. 1319. 1320. 1321. 1322. 1323. 1324. 1325. 1326. 1327. 1328. 1329. 1330. 1331. 1332. 1333. 1334. 1335. 1336. 1337. 1338. 1339. 1340. 1341. 1342. 1343. 1344. 1345. 1346. 1347. 1348. 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1515. 1516. 1517. 1518. 1519. 1520. 1521. 1522. 1523. 1524. 1525. 1526. 1527. 1528. 1529. 1530. 1531. 1532. 1533. 1534. 1535. 1536. 1537. 1538. 1539. 1540. 1541. 1542. 1543. 1544. 1545. 1546. 1547. 1548. 1549. 1550. 1551. 1552. 1553. 1554. 1555. 1556. 1557. 1558. 1559. 1560. 1561. 1562. 1563. 1564. 1565. 1566. 1567. 1568. 1569. 1570. 1571. 1572. 1573. 1574. 1575. 1576. 1577. 1578. 1579. 1580. 1581. 1582. 1583. 1584. 1585. 1586. 1587. 1588. 1589. 1590. 1591. 1592. 1593. 1594. 1595. 1596. 1597. 1598. 1599. 1600. 1601. 1602. 1603. 1604. 1605. 1606. 1607. 1608. 1609. 1610. 1611. 1612. 1613. 1614. 1615. 1616. 1617. 1618. 1619. 1620. 1621. 1622. 1623. 1624. 1625. 1626. 1627. 1628. 1629. 1630. 1631. 1632. 1633. 1634. 1635. 1636. 1637. 1638. 1639. 1640. 1641. 1642. 1643. 1644. 1645. 1646. 1647. 1648. 1649. 1650. 1651. 1652. 1653. 1654. 1655. 1656. 1657. 1658. 1659. 1660. 1661. 1662. 1663. 1664. 1665. 1666. 1667. 1668. 1669. 1670. 1671. 1672. 1673. 1674. 1675. 1676. 1677. 1678. 1679. 1680. 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2013. 2014. 2015. 2016. 2017. 2018. 2019. 2020. 2021. 2022. 2023. 2024. 2025. 2026. 2027. 2028. 2029. 2030. 2031. 2032. 2033. 2034. 2035. 2036. 2037. 2038. 2039. 2040. 2041. 2042. 2043. 2044. 2045. 2046. 2047. 2048. 2049. 2050. 2051. 2052. 2053. 2054. 2055. 2056. 2057. 2058. 2059. 2060. 2061. 2062. 2063. 2064. 2065. 2066. 2067. 2068. 2069. 2070. 2071. 2072. 2073. 2074. 2075. 2076. 2077. 2078. 2079. 2080. 2081. 2082. 2083. 2084. 2085. 2086. 2087. 2088. 2089. 2090. 2091. 2092. 2093. 2094. 2095. 2096. 2097. 2098. 2099. 2100. 2101. 2102. 2103. 2104. 2105. 2106. 2107. 2108. 2109. 2110. 2111. 2112. 2113. 2114. 2115. 2116. 2117. 2118. 2119. 2120. 2121. 2122. 2123. 2124. 2125. 2126. 2127. 2128. 2129. 2130. 2131. 2132. 2133. 2134. 2135. 2136. 2137. 2138. 2139. 2140. 2141. 2142. 2143. 2144. 2145. 2146. 2147. 2148. 2149. 2150. 2151. 2152. 2153. 2154. 2155. 2156. 2157. 2158. 2159. 2160. 2161. 2162. 2163. 2164. 2165. 2166. 2167. 2168. 2169. 2170. 2171. 2172. 2173. 2174. 2175. 2176. 2177. 2178. 2179. 2180. 2181. 2182. 2183. 2184. 2185. 2186. 2187. 2188. 2189. 2190.

Revisionary 9

Laziness is something that cannot be admired in this age of science. There is a strong opinion in the minds of the present generations that anything can be got without subjecting themselves to a great degree of hard work. But, how is it possible when there is all round growth both in the number of people and their acumen? There is no justification for the young brains to be idle for some time specially in their early years. You have to overhaul your thinking and shall have to put in something more just now. When you wish to master a subject like Shorthand, you have no other go but to master it in its true way. For this purpose, you need to improve your powers both physical and mental. At the same time you have to put away all your laziness and then only you can possibly do something. Those who are successful in this profession believe that hard work alone is the tool with which they could succeed and nothing else. Even when you consider yourself to be not so bright to achieve impossible goals such as this, by pure hard work you can show wonders. Within a short time, it is possible to prove yourself special. “The zealous shall always win and the lazy doom”. More over, the mastery calls for higher levels of attention and listening skills. You should have keen ears which ought to grab the small remark made in the thick of noise. At first, it may appear to be much more difficult for you to cope with the stress, but you will be able to enjoy the art to your heart’s content. A master of shorthand can largely influence many with his deliverance in a group of members. This particular art builds in you the power of reasoning as the same outline is provided for different words and unless you are able to know the difference between these words you will not be able to use the right word at the right place. Thus, if you wish to achieve mastery in this particular subject, you should get rid of laziness. There are truly wonderful ways of overcoming the obstacle by sheer hard work. You will not be surprised to see a stammerer speaking as freely as anybody else and this is a good example of the beauty of hard work. I hope that you will follow my advice sincerely and obtain positive results. Unless you do it as a child, in this age of severe rivalry, you may not be able to set an example for others in your family. (436 words)

Revisionary 10

1. 2. 3. 4. 5. 6. 7. 8. 9. 10. 11. 12. 13. 14. 15. 16. 17. 18. 19. 20. 21. 22. 23. 24. 25. 26. 27. 28. 29. 30. 31. 32. 33. 34. 35. 36. 37. 38. 39. 40. 41. 42. 43. 44. 45. 46. 47. 48. 49. 50. 51. 52. 53. 54. 55. 56. 57. 58. 59. 60. 61. 62. 63. 64. 65. 66. 67. 68. 69. 70. 71. 72. 73. 74. 75. 76. 77. 78. 79. 80. 81. 82. 83. 84. 85. 86. 87. 88. 89. 90. 91. 92. 93. 94. 95. 96. 97. 98. 99. 100. 101. 102. 103. 104. 105. 106. 107. 108. 109. 110. 111. 112. 113. 114. 115. 116. 117. 118. 119. 120. 121. 122. 123. 124. 125. 126. 127. 128. 129. 130. 131. 132. 133. 134. 135. 136. 137. 138. 139. 140. 141. 142. 143. 144. 145. 146. 147. 148. 149. 150. 151. 152. 153. 154. 155. 156. 157. 158. 159. 160. 161. 162. 163. 164. 165. 166. 167. 168. 169. 170. 171. 172. 173. 174. 175. 176. 177. 178. 179. 180. 181. 182. 183. 184. 185. 186. 187. 188. 189. 190. 191. 192. 193. 194. 195. 196. 197. 198. 199. 200. 201. 202. 203. 204. 205. 206. 207. 208. 209. 210. 211. 212. 213. 214. 215. 216. 217. 218. 219. 220. 221. 222. 223. 224. 225. 226. 227. 228. 229. 230. 231. 232. 233. 234. 235. 236. 237. 238. 239. 240. 241. 242. 243. 244. 245. 246. 247. 248. 249. 250. 251. 252. 253. 254. 255. 256. 257. 258. 259. 260. 261. 262. 263. 264. 265. 266. 267. 268. 269. 270. 271. 272. 273. 274. 275. 276. 277. 278. 279. 280. 281. 282. 283. 284. 285. 286. 287. 288. 289. 290. 291. 292. 293. 294. 295. 296. 297. 298. 299. 300. 301. 302. 303. 304. 305. 306. 307. 308. 309. 310. 311. 312. 313. 314. 315. 316. 317. 318. 319. 320. 321. 322. 323. 324. 325. 326. 327. 328. 329. 330. 331. 332. 333. 334. 335. 336. 337. 338. 339. 340. 341. 342. 343. 344. 345. 346. 347. 348. 349. 350. 351. 352. 353. 354. 355. 356. 357. 358. 359. 360. 361. 362. 363. 364. 365. 366. 367. 368. 369. 370. 371. 372. 373. 374. 375. 376. 377. 378. 379. 380. 381. 382. 383. 384. 385. 386. 387. 388. 389. 390. 391. 392. 393. 394. 395. 396. 397. 398. 399. 400. 401. 402. 403. 404. 405. 406. 407. 408. 409. 410. 411. 412. 413. 414. 415. 416. 417. 418. 419. 420. 421. 422. 423. 424. 425. 426. 427. 428. 429. 430. 431. 432. 433. 434. 435. 436. 437. 438. 439. 440. 441. 442. 443. 444. 445. 446. 447. 448. 449. 450. 451. 452. 453. 454. 455. 456. 457. 458. 459. 460. 461. 462. 463. 464. 465. 466. 467. 468. 469. 470. 471. 472. 473. 474. 475. 476. 477. 478. 479. 480. 481. 482. 483. 484. 485. 486. 487. 488. 489. 490. 491. 492. 493. 494. 495. 496. 497. 498. 499. 500. 501. 502. 503. 504. 505. 506. 507. 508. 509. 510. 511. 512. 513. 514. 515. 516. 517. 518. 519. 520. 521. 522. 523. 524. 525. 526. 527. 528. 529. 530. 531. 532. 533. 534. 535. 536. 537. 538. 539. 540. 541. 542. 543. 544. 545. 546. 547. 548. 549. 550. 551. 552. 553. 554. 555. 556. 557. 558. 559. 560. 561. 562. 563. 564. 565. 566. 567. 568. 569. 570. 571. 572. 573. 574. 575. 576. 577. 578. 579. 580. 581. 582. 583. 584. 585. 586. 587. 588. 589. 590. 591. 592. 593. 594. 595. 596. 597. 598. 599. 600. 601. 602. 603. 604. 605. 606. 607. 608. 609. 610. 611. 612. 613. 614. 615. 616. 617. 618. 619. 620. 621. 622. 623. 624. 625. 626. 627. 628. 629. 630. 631. 632. 633. 634. 635. 636. 637. 638. 639. 640. 641. 642. 643. 644. 645. 646. 647. 648. 649. 650. 651. 652. 653. 654. 655. 656. 657. 658. 659. 660. 661. 662. 663. 664. 665. 666. 667. 668. 669. 670. 671. 672. 673. 674. 675. 676. 677. 678. 679. 680. 681. 682. 683. 684. 685. 686. 687. 688. 689. 690. 691. 692. 693. 694. 695. 696. 697. 698. 699. 700. 701. 702. 703. 704. 705. 706. 707. 708. 709. 710. 711. 712. 713. 714. 715. 716. 717. 718. 719. 720. 721. 722. 723. 724. 725. 726. 727. 728. 729. 730. 731. 732. 733. 734. 735. 736. 737. 738. 739. 740. 741. 742. 743. 744. 745. 746. 747. 748. 749. 750. 751. 752. 753. 754. 755. 756. 757. 758. 759. 760. 761. 762. 763. 764. 765. 766. 767. 768. 769. 770. 771. 772. 773. 774. 775. 776. 777. 778. 779. 780. 781. 782. 783. 784. 785. 786. 787. 788. 789. 790. 791. 792. 793. 794. 795. 796. 797. 798. 799. 800. 801. 802. 803. 804. 805. 806. 807. 808. 809. 810. 811. 812. 813. 814. 815. 816. 817. 818. 819. 820. 821. 822. 823. 824. 825. 826. 827. 828. 829. 830. 831. 832. 833. 834. 835. 836. 837. 838. 839. 840.

The following are some of the important outlines selected from the text book which figured in many public examinations. The student gets benefited if he/she could decipher and practise them before the examinations.

IMPORTANT OUTLINES

[illegible]

Question Bank

This question bank is prepared keeping in view the pattern of examination of the Course. There are two sections viz. Section – I deals with the short answer questions, the answers for which should not exceed three to four sentences and Section – II deals with Essay questions which no doubt require explanatory answers. For any explanation of the principle, one or two examples are compulsory.

Section – I

1. Define Shorthand.
2. Define Consonant
3. What is an explodent?
4. What are continuants?
5. Define Nasals.
6. What are liquids?
7. What is coalescent?
8. Define 'Aspirate'.
9. Define a vowel.
10. List the different types of vowels.
11. How many vowel places are there for a stroke?
12. How many sides are there for a stroke?
13. What is an intervening vowel?
14. What is a logogram? What is a Grammalogue?
15. Define a diphthong.
16. Define a triphone.
17. Define Phraseography and phraseogram.
18. Mention the qualities of a good phraseogram.
19. Mention how the position of a phraseogram is decided.
20. Explain how a circle S is written initially.
21. Explain how a circle is added finally.
22. Explain how a circle is written medially between two strokes.
23. Mention how SW is represented by a large circle initially.
24. Explain how SES circle is used in Shorthand.
25. Explain how intervening vowels can be indicated inside the SES circle.
26. Explain when are large circles not used.
27. Explain how ST loop is used initially
28. Mention how STR loop is used.

29. When are loops not employed?
30. How is 'r' hook written to straight strokes and curves?
31. How is 'l' hook written to straight strokes and curves?
32. How is a circle added to 'r' hooked strokes?
33. How is a circle added to 'l' hooked strokes?
34. Explain how circle is added medially to the hooked consonants.
35. How are alternative forms for fr, vr, thr, THR are used in Shorthand.
36. Write the rules governing the use of alternative forms for fl and vl.
37. Explain how hooks are added finally to strokes?
38. Explain when are final hooks not employed?
39. Mention how circles are attached to the N hooked straight strokes.
40. Explain how circles are attached to the finally hooked curves.
41. Explain how loops are attached to the finally hooked straight strokes.
42. What is extended use of L hook?
43. How is the syllable 'ner' represented in Shorthand?
44. How is the sound 'ns' represented in Shorthand?
45. How is the termination 'shun' written to the curved strokes?
46. When is SHUN hook not employed.
47. Explain the use of SHUN medially.
48. When is H represented by a tick and a dot.
49. Write the rules where initial R is written downward.
50. Write the rules where final R is written downward.
51. Explain when SH is written downward and upward.
52. Write the rules when L is written upward.
53. Explain how W is used as a compound consonant.
54. Write the rules governing the use of thickened form of L-R and R-R.
55. How is halving principle employed in the case of monosyllabic words?
56. How is halving principle employed in the case of multi-syllabic words?
57. When is halving principle not employed?
58. How is the position of a half length stroke is decided.
59. Explain how halving principle is employed in phraseography.
60. Explain how Stroke S is halved?
61. Explain how a stroke is doubled?
62. Mention when is doubling principle not employed?

63. Explain how diphones are used in Shorthand.
64. Write the rules governing the use of Medial Semi-circle.
65. Explain how In-hook is used in Shorthand as a prefix.
66. Explain how suffix ‘-ing’ is written in Shorthand.

Section II

1. Explain each of the classifications of consonants in Pitman Shorthand.
2. Explain how a vowel is indicated to a stroke.
3. Explain the principles involved in indicating Intervening Vowel.
4. Define a diphthong and explain the indication of various diphthongs.
5. Explain the circumstances when S/Z is represented by a stroke.
6. How are large circles used in Shorthand?
7. How are loops ST and STR represented in shorthand?
8. How are intervening vowels indicated to the double consonants?
9. How are large circles and loops added to the double consonants?
10. Explain how alternative forms for fr, vr, thr, THR, Fl, and Vl are used in shorthand.
11. Explain how are circles or loops are attached to the finally hooked strokes.
12. Explain how ‘Shun’ hook is written to the straight strokes.
13. Write the rules when H is written downward.
14. When is R written upward?
15. When is L written downward?
16. Explain any four compound consonants.
17. Write the rules governing the use of halving principle in Shorthand
18. Write the rules governing the halving of strokes M, N, L and R?
19. Explain the rules for alternative forms of MPR and MBR
20. Explain the rules for alternative forms for NGR or NG-KR
21. Explain the position writing in respect of a double length stroke.
22. Explain any four prefixes with suitable examples.
23. Explain any four suffixes with suitable examples.

Key for the Revisionary Exercises on Grammalogues.

Revisionary 1

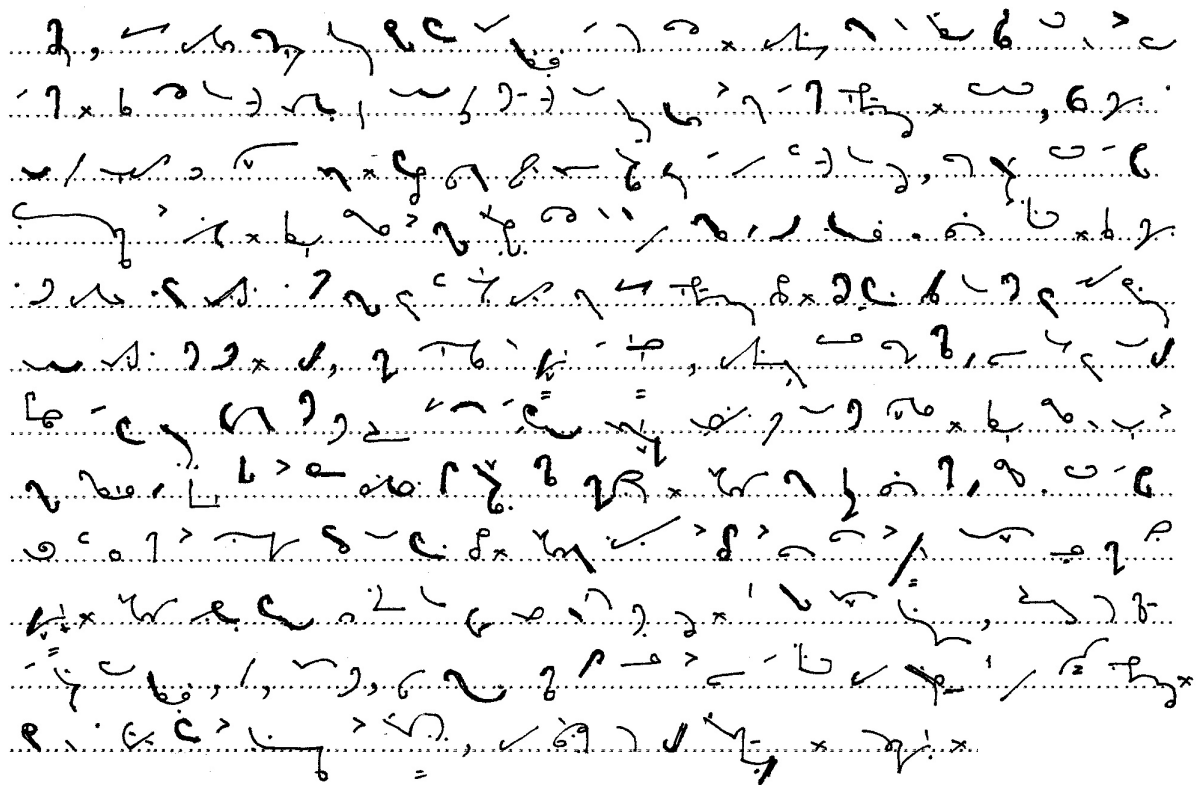
Handwritten text in Arabic script, likely a manuscript or a collection of notes. The text is written on lined paper and includes various symbols, numbers, and words, possibly representing a mathematical or scientific treatise. The script is dense and covers most of the page.

Revisionary 2

Though you are young you have the ability of going beyond the age. You must be ready for any special test, which may show the difference. This is the right time for all of you to think what you should do to make your lives happy. Several hours of your young life are usually subject to misuse with things of much less value. I am at a loss to know why you have given less value to what I say. I think you will put all your money into the Bank though it appears to give you much less. Because, what is put in the Bank is safe and it is this difference which makes them think twice. Unless these banks go bust your money is safe. I think this is the best thing you can think of in these days of high cost of savings. Basically, I know you are wise enough to follow those advices which are given with much study and sweet success. Today, I talk of some tips which can be used in your daily lives. Daily, wake up at five, do some warm up exercises for some time and take up your studies. If you have any fears, ask your guide who will give you counsel which suits your way of study. Such study each day has the influence of your passing the test successfully with high colours. The taste of success is sweet and you should be aiming for the same at all times to come. I speak so because I like to see you all succeed in your career and make all of us happy for having given you so much. Still, I think I have given you less and you usually desire to have much else which will influence him and her alike. Lack of subject makes you sin in the last several tests and soon you may have to miss the bus. You can allow no lapse in your studies now and weep when you wish to have the special thanks. I think you should fairly do your work and leave rest to the destiny, for your duty is to do the right things at the right time. Set aside all your worries and make it your fad to study a bit of your syllabus daily which can be useful in your research. I feel you fail to know the influence love makes on the babies when they are young and what you should do is to think of this right now. I will take leave of you for some time now and would like to come up with a few tips. I thank you for your advices of special value. (450 words)

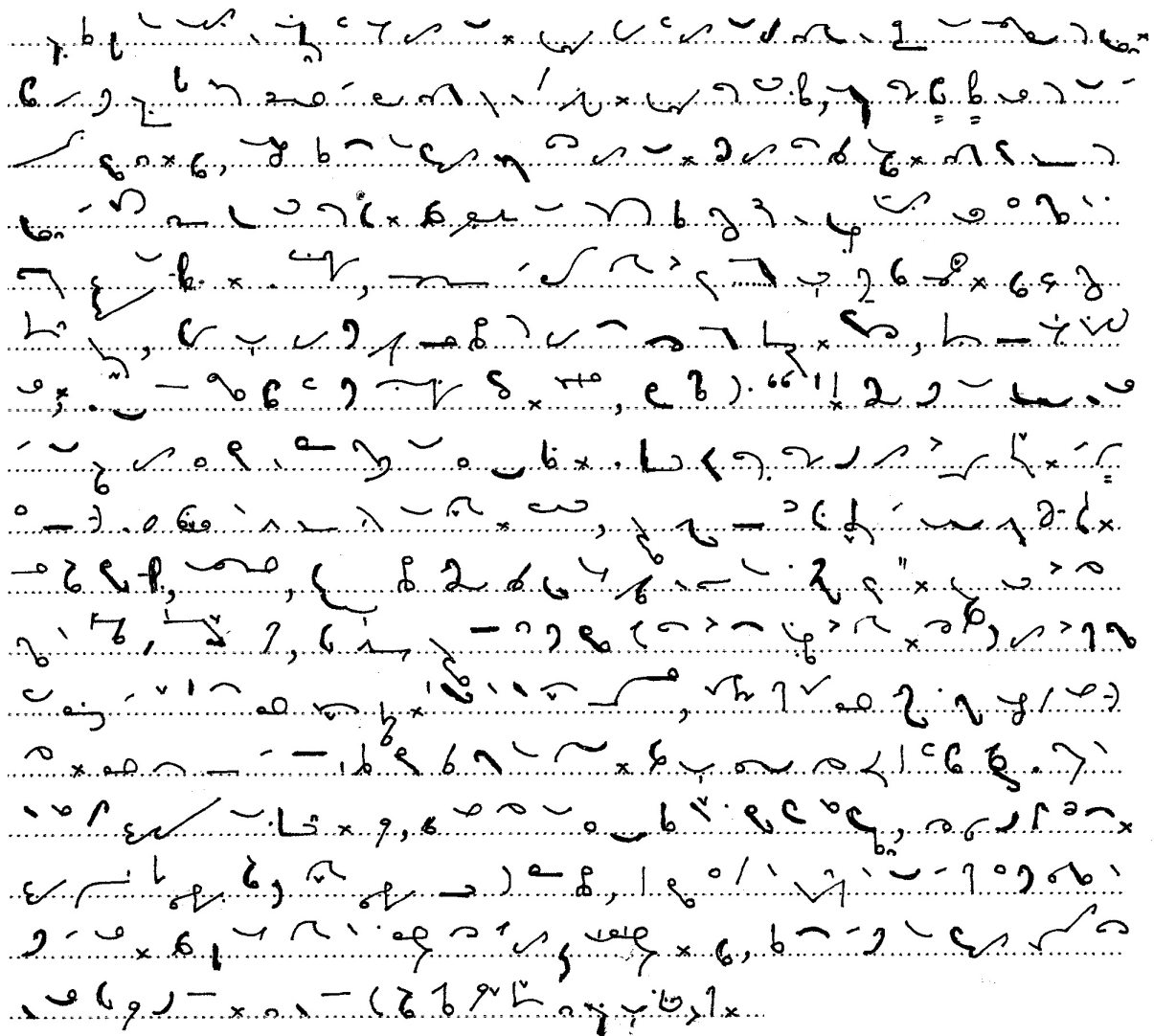
northern and southern sides of the village and often making a valuation of their services. His subjective valuation of the people gave significant information whether everything was going well by all means. Within a year or so the foreigner largely came to a decision. He was surprised to see the mental balance of the poor fellow as is shown by him during the difficult times as well as pleasure. "This is simply marvellous in my opinion", he remarked to the principal doctor with whom he had liberty. He numbered the times in which he spoke truth and had the satisfaction of having a number of such circumstances. He very soon had gone back to his people only to tell them of this dear person and gave a call for all of them to show at least a bit of the virtue. "I am sure you will equally cheer the improvement in the life styles of our people", he advised. Till last year, there was something new which was generally noticeable in the opinion of the northern people. There have been largely calls of equal importance among the southern people also and there was justification in the valuation done by the wiser man. I thank you very much for the chair you have given me in expressing my opinion of the story just now. (347 words)

Revisionary 5



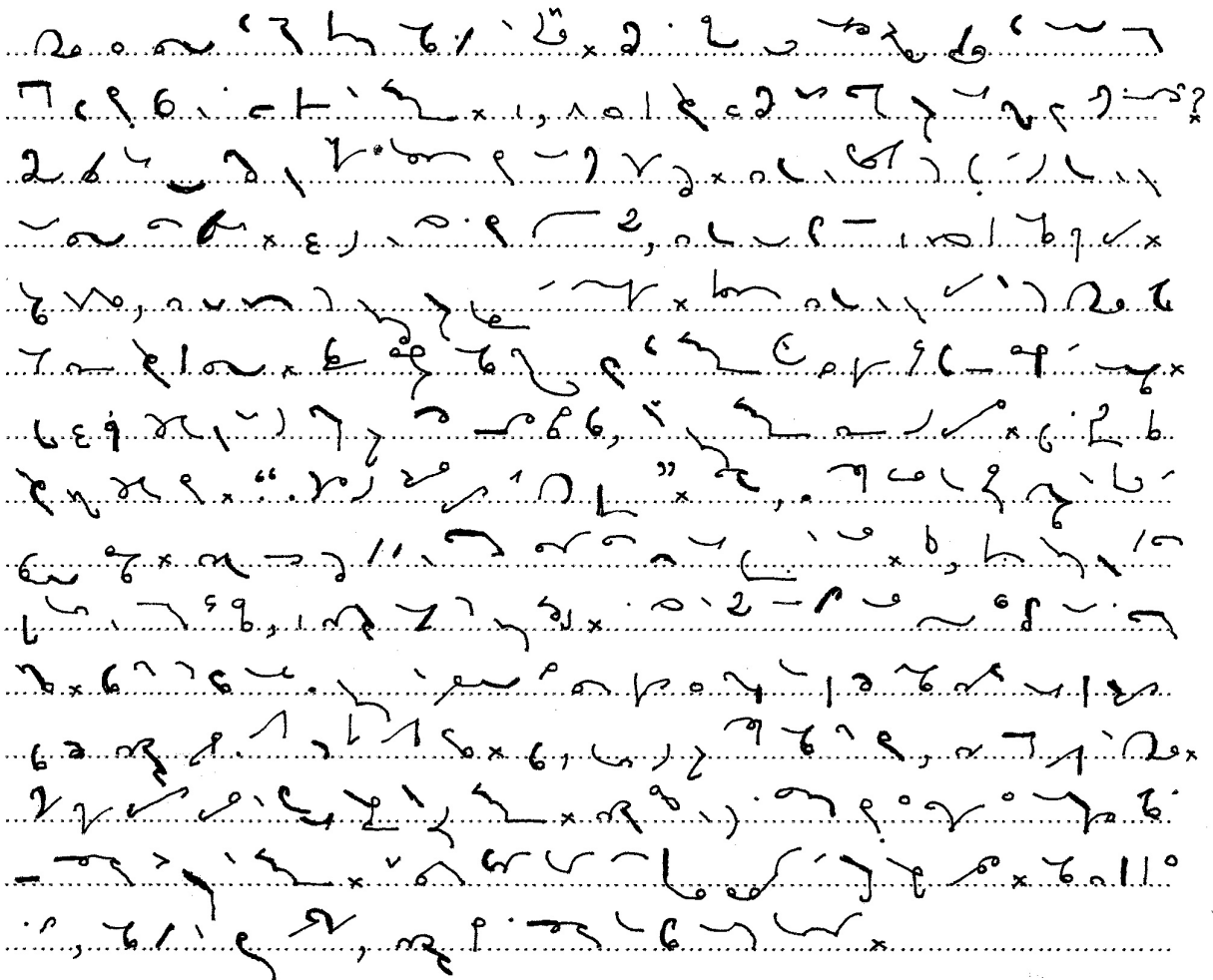
Revisionary 6

Last year there were no rains in our State which had thrown people's lives out of gear. The principal reason for this was largely the lack of balance in the atmosphere. Every step was taken by the State to do something and there are improvements just now. But, the justification shown for the high cost of loan for the purpose does surely call for larger analysis and in our opinion many members must be given the charge for surprise valuation. During the course of the examination, the Chair was taken by Mr. Doctor who was equally thorough in money issues. As is a routine affair, he came within an hour's time to take up the important topic for a subjective study and finally he gave significant decisions. All these things are fully exposed to be far from truth. Nor is it a fact, which can be put to a thorough test. The farmers were cautious in spreading the seeds at the right time. Even during the months of July and August when there was supposed to be significant farming activity, they had no liberty to take up the same by all means. As both the Southern and Northern States look to the agriculturist for their necessities, the information of poor monsoon has thrown all the calculations out of gear. Nobody had taken the liberty of relying the truth just merely because everyone had guessed plenty of rice etc. to be produced during this year. Even in this era of advanced technology, we are unable to make a generalisation whether there are enough rains to produce food grains. The Doctor, in whom much faith is reposed, had to deliver nothing and surprised many when he had just gone out. Being the Chief Guest he ought to have stayed for a significant time and remembered what he should have to carry at last. He believed to have remembered many members but his information was largely wrong. However, people forgot everything, remembered him with all cheers and ran near him. This is how we take pleasure in placing our utmost faith in anybody whether he is a pal or a foe. I thank you very much for your keen attention to what I say. (373 words)

Revisionary 7

I am quite surprised to see you all in this particular building which was built by a great King about thousand years ago. This is a wonderful masterpiece and only the third one in the rather long history of our State. The inscription that was on the northern side of the building, according to an important writer, was in the ancient language and called for great study. Those who are aware of this, for some time could guard this as a secret. However, we are told that those gentlemen had come out to tell the truth to the cheer of a number of members who felt the inscription dear. During all these years, we are told; this has been kept under the carpet till today, and just now they called for a meeting of important officials to tell the circumstances in which they were forced to guard it. On behalf of the gentlemen, Mr. Raj, who chaired the meeting, believed that there was instruction to reveal the significant truth and therefore they came out. The inscription tells that there is gold under the statue in the central

hall and people who tried to get something at all costs were chased by the spirits. Those who are not selfish and who wished the cheer and growth of the people in general should take the opportunity to bring to light the treasure. Although all this is told in the school books, nothing could be said to be true unless there is subjective valuation of the facts. The child who was short of know-how told to undertake the job and sent shock waves among the many doctors who were in the scene. According to the larger section of the people it is a mere dream that the child cannot succeed as the months ahead are cold and it is difficult to dig even a yard. "How can you believe the words of a child when he thinks that he can do something impossible", everyone asked the members. But, there is something special in the words of the young child as he is blessed with powers of influence and owing to this opinion in general, we are able to believe his words. There is no justification to remark that people who do not have the age should not do something beyond belief. Usually, it is the opinion that gentlemen with enough skill and age on their side generally deliver impossible instructions. I myself had the pleasure to enjoy equally the great success of such golden people. It does not surprise me though that you should surely believe these words. (435 words)

Revisionary 9

Today, Bank is an important organ in everyone's life. Not only people keep their dear money in the bank because it is safe, but there are several reasons why they do so. Principally, it is the extra money they get by way of incentive. Even if something is drawn from it, the balance gives you more money, which, I am sure, you cannot afford to miss. There is therefore every necessity for gentlemen to open an account in the bank, see their money cared for, for many years and at the same time grow beyond their imagination. Of course, some people believe otherwise. They are of the view that there is no advantage for doing so during these years when the rates are very low because much less money is earned within a short period. However, they should not forget the fact that their money is safe. The principal way of drawing money is by cheque. But, there are other ways now. Any or all the ways can be tried. I am not surprised that several people are surely aware of these and make use of one or the other forms during their day-to-day business. Apart from the safety, the bank also offers other services for the advantage of its clients. On behalf of its customers, it collects the

cheques from other banks. It provides easy credit at significantly low rates. If you have a child, it offers advance for its education too, subject to conditions. All these things are factors which influence one's decision to visit the Banks. According to the figures given out by the Reserve Bank, the number of new private banks given permission during the last year was about ten and in our opinion it may be more this year. But, there is also a complaint that banks take too much liberty of the powers and subject the small business people to untold suffering till they close their accounts. On the other side, there are people in the high society who take undue advantage of the liberal loan facility and fail to repay the same within the short but promised period. This largely affects the effectiveness of the Banks. They will be unable to help those who are in urgent need of assistance. The rate at which the Banks should extend the facilities will be decided by the Reserve Bank, also called the Mother of all Banks, in its credit policy during April and October of every year. The foreigners have the general belief that banks in the Southern States are helpful than those in the Northern region. (432 words)

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SYLLABUS
OFFICE ASSISTANTSHIP
BLUE PRINT
1ST YEAR PART – B VOCATIONAL SUBJECTS
PAPER – I BUSINESS ORGANISATION & TYPEWRITING
BUSINESS ORGANISATION (THEORY)

Periods p/w: 5

Periods/year : 135

TIME SCHEDULE, WEIGHTAGE & BLUE PRINT

| Sl. No. | NAME OF THE UNIT | No. of Periods | Weightage in marks | Short Answer questions | Essay/ Problem questions |
|---------|--|----------------|--------------------|------------------------|--------------------------|
| 1. | Basic concepts | 15 | 10 | 2 | 1 |
| 2. | Forms of Business organisation – Sole Trader, Joint Hindu Family | 20 | 8 | 1 | 1 |
| 3. | Partnership | 20 | 8 | 1 | 1 |
| 4. | Joint Stock company | 15 | 10 | 2 | 1 |
| 5. | Incorporation of Joint Stock company | 15 | 8 | 1 | 1 |
| 6. | Cooperative Societies | 15 | 8 | 1 | 1 |
| 7. | Banking & Insurance Services | 20 | 8 | 1 | 1 |
| 8. | Transportation, Warehousing & Advertisement | 15 | 8 | 1 | 1 |
| | T o t a l | 135 | 68 | 10 | 8 |

Note: The question paper contains two sections.

SYLLABUS
OFFICE ASSISTANTSHIP
BLUE PRINT
1ST YEAR PART – B VOCATIONAL SUBJECTS
PAPER – II ACCOUNTANCY & COMPUTERS
ACCOUNTANCY (THEORY)

Periods p/w: 5

Periods/year : 135

TIME SCHEDULE, WEIGHTAGE & BLUE PRINT

| Sl. No. | NAME OF THE UNIT | No. of Periods | Weightage in marks | Short Answer questions | Essay/ Problem questions |
|---------|-----------------------------|----------------|--------------------|------------------------|--------------------------|
| 1. | Introduction to Accountancy | 15 | 10 | 2 | 1 |
| 2. | Journal | 15 | 8 | 1 | 1 |
| 3. | Ledger | 20 | 8 | 1 | 1 |
| 4. | Subsidiary Books | 10 | 8 | 1 | 1 |
| 5. | Cash Book | 20 | 8 | 1 | 1 |
| 6. | Trial Balance | 15 | 8 | 1 | 1 |
| 7. | Final Accounts | 20 | 8 | 1 | 1 |
| 8. | Fundamentals of Computers | 20 | 10 | 2 | 1 |
| | T o t a l | 135 | 68 | 10 | 8 |

Note: The question paper contains two sections.

SYLLABUS
OFFICE ASSISTANTSHIP
BLUE PRINT
1ST YEAR PART – B VOCATIONAL SUBJECTS
PAPER – III SHORTHAND
SHORTHAND (THEORY)

Periods p/w: 5

Periods/year : 135

TIME SCHEDULE, WEIGHTAGE & BLUE PRINT

| Sl. No. | NAME OF THE UNIT | No. of Periods | Weightage in marks | Short Answer questions | Essay/ Problem questions |
|---------|--|----------------|--------------------|------------------------|--------------------------|
| 1. | Introduction to Phonographic system – Consonants – Joining of strokes – Vowel indication – Position writing – Grammalogues – Punctuation Marks | 15 | 4 | 2 | - |
| 2. | Alternative forms for R & H, Diphthongs – Triphones – Abbreviated W – Praseography. | 30 | 16 | 2 | 2 |
| 3. | Circle S, Stroke S/Z, Large Circles, Loops ST & STR | 30 | 14 | 1 | 2 |
| 4. | Initial Hooks, Alternative forms, Circles & Loops to initial hooks, Final Hooks, Circles and Loops to Final Hooks, Shun Hook | 30 | 16 | 2 | 2 |
| 5. | Aspirate, Upward & Downward R, Upward & Downward L & SH, Compound Consonants – Vowel indication (upto Revisionary B) | 30 | 14 | 1 | 2 |
| 6. | Write Outlines for | | 4 | 2 | |
| | Total | 135 | 68 | 10 | 8 |

Question Paper Pattern: 8 short answer covering the above syllabus to write the rules. 2 questions to examine the student's ability to write outlines indicating the vowels correctly. The candidate has to write any six rules while answering the essay questions carrying six marks each. There shall be 8 essay questions of which candidate has to answer any five.

MODEL QUESTION PAPER

OFFICE ASSISTANTSHIP

I YEAR

PAPER – I : BUSINESS ORGANISATION (THEORY)

Time: 3 hrs

Marks: 50

SECTION – A

Note: i) Answer all questions
ii) Each question carries two marks

10 x 2 = 20

1. Define Business
2. What is Trade
3. Define sole trading organization
4. Define Partnership
5. What is Joint stock company
6. What is Prospectus
7. What is co-operative society
8. What is E-Banking
9. Statutory company
10. What is warehousing

SECTION –B

Note: i) Answer all questions
ii) Each question carries six marks

5 x 6 = 30

11. What are different types of industries?
12. What are the advantages of sole trading concerns?
13. Explain the kinds of partners
14. What are the merits of Joint Stock Company?
15. What are the contents of memorandum of association?
16. Explain the characteristics of co-operative organizations
17. Explain the functions of Commercial banks
18. Explain the importance of Advertisement

MODEL QUESTION PAPER

OFFICE ASSISTANTSHIP

I YEAR

PAPER – I I: ACCOUNTANCY & COMPUTERS – I (THEORY)

Time: 3 hrs

Marks: 50

SECTION – A

Note: i) Answer all questions
ii) Each question carries two marks

10 x 2 = 20

- 1 Define Accountancy
- 2 What is business entity concept
- 3 What is double entry system
- 4 What is Journal
- 5 What is Debit note
- 6 What is contra entry
- 7 Over draft meaning
- 8 Suspense account
- 9 Trading account
- 10 Write any two input devices

SECTION – B

Note: i) Answer all questions
ii) Each question carries six marks

5 x 6 = 30

11. What are the advantages of Double entry system
 12. For the following transactions Prepare ledger of Mr Rama Krishna.
2017
- | | |
|---|--------|
| June 5 goods sold to Rama Krishna | 25,000 |
| June 8 cash received from Rama Krishna | 12,500 |
| June 9 purchased goods from Radha | 10,000 |
| June 15 goods sold to Rama Krishna | 7,500 |
| June 20 Rama Krishna accountant was settled with 10% discount | |

13. Explain various types of subsidiary books

14. From the following particulars prepare two column cash book as on 31.03.2017
2017

| | | Rs |
|----------|--------------------------|--------|
| April 1 | Cash balance | 22,000 |
| April 1 | Bank Balance | 15,000 |
| April 4 | Deposited into Bank | 22,000 |
| April 8 | Purchases | 18,000 |
| April 9 | Sales | 16,000 |
| April 10 | Cash deposited into bank | 18,000 |

15. From the following particulars prepare Bank Reconciliation Statement as 31st December 2016.
 - a. Bank balance as per Cash Book as on 31st December 2016 was Rs.15,000.
 - b. Cheques issued but not presented amounted to Rs. 2,000.

- c. Cheques paid into bank, but not cleared for Rs. 2,800.
- d. Interest on investments collected by the bankers and credited in the pass book but not recorded in cash book Rs. 800.
- f. Bank charges Rs. 20 debited in pass book but not entered in cash book.

16. Explain different types of errors.

17. From the following Trial Balance of Mr. Raj, Prepare Trading, Profit & Loss a/c, & Balance Sheet as on 31.03.2017

| | |
|---------------------|--------|
| Opening stock | 20,000 |
| Purchases | 15,000 |
| Sales | 90,000 |
| Land | 40,000 |
| Capital | 50,000 |
| Debtors | 20,000 |
| Salaries | 5,000 |
| Wages | 10,000 |
| Furniture | 20,000 |
| Rent | 15,000 |
| Sundry Expenses | 10,000 |
| Commission received | 10,000 |
| Drawings | 5,000 |
| Creditors | 10,000 |

Adjustments:

- | | |
|---------------------------|------------|
| 1. Stock as on 31.03.2017 | Rs. 20,000 |
| 2. Outstanding wages | Rs. 5,000 |
| 3. Prepaid Rent | Rs. 2,000 |

18. What are the advantages of computers

MODEL QUESTION PAER
FOR 1ST YEAR OFFICE ASSISTANTSHIP COURSE
PAPER-III (SHORTHAND THEORY)

Time: 3 Hours

Marks: 50

SECTION – A

- I. Note: i) Answer all questions
ii) Each Question carries 2 Marks

10 x 2 = 20 Marks

- 1) Define consonant
- 2) Define Vowel
- 3) What is Triphone?
- 4) Explain about abbreviated 'W'
- 5) Explain about loop 'ST'
- 6) Explain about initial hooks R & L
- 7) Explain about Final hooks N& F/V
- 8) When Upward 'R' is written ? Explain with examples ?
- 9) Write Shorthand outlines for the following words
i) sweet ii) Post iii) Bright iv) Train
- 10) Write the following Phrases in Shorthand
i) Dear Sir ii) I will tell you iii) By-all-means iv) This-is

SECTION – B

- Note: i) Answer any five Questions in the following
ii) Each question carries 6 Marks

5 x 6 = 30 Marks

- 11) Define Dipthong? How many dipthongs are there in Shorthand?
What are they?
- 12) What is Phraseography? What are the good qualities of best Phraseogram?
- 13) Explain about Circle 'S' and 'Z'
- 14) Explain about large Circles (SW & SS)
- 15) Explain about 'SHUN' hook
- 16) Explain how the Circle or loop is written after final hooks?
- 17) Explain about Compound consonants?
- 18) Explain about the two forms of 'H'