

Machine Room Exercises



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This session includes Additional Exercise 1 and Exercise 2.

Exercise 1

Problem Statement

Write the journal entries for the following transactions:

1. Nurul Hassan starts a fresh paneer shop with Rs. 8000 as capital.
2. He borrows Rs. 2000 from his father-in-law Mr. Ahmed.
3. He opens a current account with Punjab National Bank (PNB) and deposits Rs. 5000.
4. He buys a fridge from Vijay Sales Co for Rs. 11000 with a loan of Rs. 10000 from Citi Financials. For the margin money, he issues a cheque to Vijay Sales Co.
5. He buys furniture for Rs. 4000 from a carpenter, Ramvilas and pays cash to him.
6. He buys a weighing machine for Rs. 2000 from Kirloskar and issues a cheque for it.
7. During the first month, he:
 - a. Purchases a total of 690 kilos of paneer for Rs. 69000.
 - b. Sells it for Rs. 86250.
8. Although purchase and sales happens daily, Nurul maintains only one set of entries for convenience sake. There is no closing stock at the end of the first month.
9. He pays cash of Rs. 800 for electricity.
10. He pays Rs. 1500 to Vincent, a helper as salary in cash.
11. He deposits Rs. 10000 in the bank.
12. He issues a cheque for Rs. 2200 in favour of Citi Financials of which Rs. 2000 is towards instalment and Rs. 200 is towards interest.
13. He issues a cheque for Rs. 2000 to Nagarajan towards rent.
14. He gives a loan of Rs. 1000 to Prabhu, a friend in cash.
15. He gives a donation of Rs. 100 to Sai Orphanage in cash.
16. He pays cash of Rs. 2000 to his wife, Noor for household expenses.

