**TYPES OF ACCOUNTS, JOURNAL, LEDGER, ENTRIES**

**Types of accounts and golden rules of accounting:**

1. REAL ACCOUNT- Tangable and intangable Assets and liabilities. Debit what comes in. Credit what goes out.
2. NOMINAL ACCOUNT- Expenses and revenues. Debit all expenses and losses. Credit all gains and incomes. E.g. Salary, interest, profit of sales, loss of sales
3. PERSONAL ACCOUNT-Names. Debit the receiver. Credit the giver.

|  |  |
| --- | --- |
| **D E A** | **L E R** |
| **Drawing and Dividends**  **Expenses**  **Asset**  **Debit Balance**  **Dr Cr**  Increase Decrease | **Liability**  **Equity or Capital** **Revenue or Income**  **Credit Balance**  **Cr Dr**  Increase Decrease |

|  |  |  |  |
| --- | --- | --- | --- |
|  | Balance | Increase | Decrease |
| Drawing  Expense  Credit  Liability  Equity  Revenue | Debit  Debit  Debit  Credit  Credit  Credit | Dr.  Dr.  Dr.  Cr.  Cr.  Cr. | Cr.  Cr.  Cr.  Dr.  Dr.  Dr. |

**Journal:**

Journal is nothing but a book where all the transactions are recorded with all the details related to them. But you are recording them in a simple manner.

For example, I sold goods for 10,000rs for cash on 30 June 2021. This is my 5th transactions for the day.

What all will be recorded in the journal?

You sold goods. What is the amount of goods will be recorded? To whom you sold the goods will be recorded (cash/credit). The date of the transaction. The narration of the transaction. And the serial number of the transaction.

Performa of recoding the transaction:

Indicate Balance

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Sr.no. | Date | Particulars | L.F. | Dr | Cr |
| 5 | 30.06.2021 | Cash a/c  Actual entry  To Sales a/c  (Being sold goods for cash) |  | 10,000 | 10,000 |

Amount

narration

Date or serial

**Ledger:**

You record the transactions in accounting terms which is a complicated form.

For example, I sold goods for 10,000rs for cash on 30 June 2021. This is my 5th transactions for the day.

What all will be recorded in the ledger?

You sold goods. What is the amount of goods will be recorded? To whom you sold the goods will be recorded (cash/credit). The date of the transaction. The narration of the transaction. And the serial number of the transaction.

Name

Cash a/c

Indicate Balance

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Dr |  |  |  |  | Cr |
| Date | Particulars | Amount | Date | Particulars | Amount |
| 30/06/2021 |  |  | 30/06/2021 | By cash | 10,000 |

Date or serial

Actual entry

Amount

Sales a/c

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Dr |  |  |  |  | Cr |
| Date | Particulars | Amount | Date | Particulars | Amount |
| 30/06/2021 | To Sales | 10,000 | 30/06/2021 |  |  |

**Entries:**

1981

Jan 1 Narain starts his cloth business with an investment of rs20,000 from his personal funds.

Cash (Real a/c) Dr balance

Capital (Real a/c) Cr balance

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Date | Particulars | L.F. | Amount (Dr) | Amount (Cr) |
| 01/01/1981 | Cash a/c  To Capital a/c  (Being cash invested into the business) |  | 20,000 | 20,000 |

Jan 2 Deposited rs10,000 in the current account of Bank of Baroda

Cash (Real a/c) Cr balance

Bank of Baroda (Personal a/c) Dr balance

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Date | Particulars | L.F. | Amount (Dr) | Amount (Cr) |
| 02/01/1981 | Bank a/c  To Cash a/c  (Being cash deposited into bank a/c) |  | 10,000 | 10,000 |

Jan 8 Bought merchandise for cash rs6,000 from textile ltd.

[Note: If cash is not mentioned and name is mentioned. For example, bought goods for 6,000 from textile ltd. Then you have purchased goods on credit.

But if cash is not mentioned and name is also not mentioned. For example, bought goods for 6,000. Then you have purchased goods for cash.]

Purchase (Nominal a/c) Dr balance

Cash (Real a/c) Cr balance

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Date | Particulars | L.F. | Amount (Dr) | Amount (Cr) |
| 08/01/1981 | Purchase’s a/c  To Cash a/c  (Being goods brought for cash) |  | 6,000 | 6,000 |

Jan 10 Purchased a calculating machine for cash rs2,000 from suppliers’ company

Calculating machine (Real a/c) Dr balance

Cash (Real a/c) Cr balance

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Date | Particulars | L.F. | Amount (Dr) | Amount (Cr) |
| 10/01/1981 | Machine a/c  To Cash a/c  (Being calculator purchased for cash) |  | 2,000 | 2,000 |

Jan 12 Withdraw from bank rs1,000

[Note: If bank name not mentioned then only bank a/c which is your asset so it will be real a/c]

Cash (Real a/c) Dr balance

Bank (Real a/c) Cr balance

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Date | Particulars | L.F. | Amount (Dr) | Amount (Cr) |
| 12/01/1981 | Cash a/c  To Bank a/c  (Being cash withdrawn from bank) |  | 1,000 | 1,000 |

Jan 13 Merchandise sold to B Bros for cash rs3,500

Sales (Nominal a/c) Cr balance

Cash (Real a/c) Dr balance

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Date | Particulars | L.F. | Amount (Dr) | Amount (Cr) |
| 13/01/1981 | Cash a/c  To Sales a/c  (Being goods sold for cash) |  | 3,500 | 3,500 |

Jan 15 Brought goods from A for rs700 on credit

Purchase (Nominal a/c) Dr balance (expense)

A (Personal a/c) Cr balance

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Date | Particulars | L.F. | Amount (Dr) | Amount (Cr) |
| 15/01/1981 | Purchase’s a/c  To A a/c  (Being goods purchased from A on credit) |  | 700 | 700 |

Jan 16 Goods returned to A for rs50

Purchase return (Nominal a/c) Cr balance (reducing your expense/income)

A (Personal a/c) Dr balance

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Date | Particulars | L.F. | Amount (Dr) | Amount (Cr) |
| 16/01/1981 | A a/c  To Purchase return a/c  (Being goods returned to A) |  | 50 | 50 |

Jan 18 Sold to P on credit for rs400

Sales (Nominal a/c) Cr balance

P (Personal a/c) Dr balance

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Date | Particulars | L.F. | Amount (Dr) | Amount (Cr) |
| 18/01/1981 | P a/c  To Sales a/c  (Being goods sold on credit to P) |  | 400 | 400 |

Jan 19 Received a bill receivable from P for rs300

[Note: I take goods on credit from you. I say I will pay you after 2 months but you want some guarantee for it. So I give you a bill. In case you want to take money before the due date, you will go to your bank and deposit it and get your money. After 2 months your bank will come to me and say, this is the bill you issued please pay up. And they will take the money from me.]

B/R (Real a/c) Dr balance

P (Personal a/c) Cr balance

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Date | Particulars | L.F. | Amount (Dr) | Amount (Cr) |
| 19/01/1981 | B/R a/c  To P a/c  (Being bill received from P) |  | 300 | 300 |

Jan 22 P returned goods for rs20 and paid a crossed cheque for the balance

Sales return (Nominal a/c) Dr balance

Bank (Real a/c) Cr balance

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Date | Particulars | L.F. | Amount (Dr) | Amount (Cr) |
| 22/01/1981 | Sales return a/c  To Bank a/c  (Being goods returned by P) |  | 20 | 20 |

Jan 25 Accepted a bill drawn by A for rs500

B/P (Real a/c) Dr balance

A (Personal a/c) Cr balance

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Date | Particulars | L.F. | Amount (Dr) | Amount (Cr) |
| 25/01/1981 | B/Pa/c  To A a/c  (Being bill payable given from A) |  | 500 | 500 |

Jan 28 Paid insurance premium on the life of the proprietor rs 80 cheque

Insurance (Nominal a/c) Dr balance

Bank (Real a/c) Cr balance

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Date | Particulars | L.F. | Amount (Dr) | Amount (Cr) |
| 28/01/1981 | Insurance a/c  To Bank a/c  (Being insurance premium paid by cheque) |  | 80 | 80 |

Jan 29 Sold office equipment for rs 500 and merchandise rs 2500

Office equipment (Real a/c) Cr balance

Sales (Nominal a/c) Cr balance

Cash/Bank (Real a/c) Dr balance

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Date | Particulars | L.F. | Amount (Dr) | Amount (Cr) |
| 29/01/1981 | Cash/Bank a/c  To Office equipment a/c  To Sales a/c  (Being office equipement and goods sold) |  | 3,000 | 500  2500 |

Jan 30 Accepted bill paid is paid off by the bank

B/P (Real a/c) Dr balance

Bank (Real a/c) Cr balance

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Date | Particulars | L.F. | Amount (Dr) | Amount (Cr) |
| 30/01/1981 | B/P a/c  To B/P a/c  (Being bills payable paid by the bank) |  | 500 | 500 |

Jan 31 Paid salary rs 250, rent rs200 and wages rs40

Salary (Nominal a/c) Dr balance

Rent (Nominal a/c) Dr balance

Wages (Nominal a/c) Dr balance

Cash/Bank (Real a/c) Cr balance

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Date | Particulars | L.F. | Amount (Dr) | Amount (Cr) |
| 31/01/1981 | Salary a/c  Rent a/c  Wages a/c  To Cash/Bank a/c  (Being salary, wages and rent paid) |  | 250  200  40 | 490 |