PROBLEMS FOR LEDGER ACCOUNT (1-5)

Problem # 8.1: Creative Advertising, owned by Miss Abida Masood, provides advertising consulting services. During January 2011, the following events occurred:

- Jan. 2 Owner contributed Rs. 50,000 and a new computer costing Rs. 20,500 to start her business
- Jan. 4 Office supplies were purchased on account for Rs. 4,000
- Jan. 10 Creative Advertising obtained 12% 5-year loan of Rs. 20,000 from the bank
- Jan. 12 Creative Advertising paid the utility bills for Rs. 2,750
- Jan. 15 Paid the Rs. 3,000 in Accounts Payable from the purchase of office supplies on Jan. 4
- Jan. 24 Advertising services completed in January were billed to clients Annies' Flowers at Rs. 18,300
- Jan. 27 Creative Advertising received Rs. 5,500 from Annies' Flowers, a client, as payment on account
- Jan. 30 Miss Abida Masood withdrew Rs. 6,000 of cash for personal use

General Journal

				Amount (Rs.)		
Da	ite	Account Title and Explanations	Ref	Debit	Credit	
20	11					
		Cash		50,000		
Jan	2	Computer		20,500		
		Owner's Equity_ Miss Abida Masood			70,500	
		(Started business with cash and computer)				
	4	Office Supplies		4,000		
		Account Payable			4,000	
		(Office Supplies purchase on credit)				
	10	Cash		20,000		
		Bank Loan			20,000	
		(Bank loan obtained)				
	12	Utility Bills		2,750		
		Cash			2,750	
		(Utility bill paid)				
	15	Account Payable		3,000		
		Cash			3,000	
		(Paid partial account payable)				
	24	Account Receivable_ Annies' Flowers		18,300		
		Advertising services			18,300	
		(Bill to customer for services earned)				
	27	Cash		5,500		
		Account Receivable_ Annies' Flowers			5,500	
		(Received cash from customer billed previously)				
	30	Drawing		6,000		
		Cash			6,000	
		(Withdrew of cash by owner)				
		Total		Rs. 130,050	Rs. 130,050	

Account	# 1	Cash Account			Page #		
Date	Description	Rej	f Amount (Rs.)	Date	Description	Ref	Amount (Rs.)
Account	t #2		Compute	er Account			Page #
	Description	Ref	Amount (Rs.)	Date	Description	Ref	Amount (Rs.)
	2 cocreption	1100	12.000.000 (2.00)		2 esc. sp. no. n	110)	12 (22.0.)
Account	# 3		Owi	ner's Equity	7		Page#
Date	Description	Ref	Amount (Rs.)	Date	Description	Ref	Amount (Rs.)
Account	t # 4		Offi	ce Supplies			Page #
Date	Description	Ref	Amount (Rs.)	Date	Description	Ref	Amount (Rs.)
						•	
			"	· · · · · · · · ·		•	
Account		1 1		t Payable			Page #
Date	Description	Ref	Amount (Rs.)	Date	Description	Ref	Amount (Rs.)

Account	Account #6 Adverti				tising Services			
Date	Description	Ref	Amount (Rs.)	Date	Description	Ref	Amount (Rs.)	
Account	#7	<u>'</u>	Rank Lo	an Account		- 1	Page #	
Date	Description	Ref	Amount (Rs.)	Date	Description	Ref	Amount (Rs.)	
	Bescription	1109	11111011111 (1151)	Built	Description	Tity	Timouni (1151)	
	1	1				1		
Account	#8		Utility Bills	Account			Page #	
Date	Description	Ref	Amount (Rs.)	Date	Description	Ref	Amount (Rs.)	
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	1					1		
	" 0			. D 11			D "	
Account		Dof		t Receivable		Dof	Page #	
Date	Description	Ref	Amount (Rs.)	Date	Description	Ref	Amount (Rs.)	
		'						
Account	# 10		Drav	ving Accoun	t		Page #	
Date	Description	Ref	Amount (Rs.)	Date	Description	Ref	Amount (Rs.)	
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			.م. د سد	n (
			Trial I	Balance				

S. No.	Heads of Account	ort.	Amount (Rs.)		
3. 30.	Heads of Account	Ref	Дебіt	Credit	
1	Cash				
2	Computer				
3	Owner's Equity				
4	Office Supplies				
5	Account Payable				
6	Advertising Services				
7	Bank Loan				
8	Utility Bills				
9	Account Receivable				
10	Drawing				
	Total		109,800	109,800	

Problems (1-5)

Problem # 8.2: Shah Garden Center is retail garden supplier. Record the transactions needed to journalize, post to respective ledger account and prepare trial balance of the following for October, 2011 of the current year:

- *Oct.* 2 Purchased inventory on credit terms of 1/10 net 30. FOB shipping point, for Rs. 3,000. Freight charges on the purchase were Rs. 150
- Oct. 9 Sold garden supplies on credit terms 3/20 net 30, FOB shipping point, for Rs. 4,000. The cost of the supplies sold was Rs. 2,500
- Oct. 10 Paid the amount owed on account for the Oct. 2 inventory purchase.
- *Oct.* 15 Received merchandise that was returned as defective, originally sold for Rs. 500 on Oct. 9. The original cost of the supplies returned was Rs. 275
- Oct. 25 Received payment on account for the Oct. 9 sale less the appropriate sales discount
- Oct. 28 Inventory lost by fire of cost Rs. 350

General Journal

				Amount (Rs.)		
Date 2011		Account Title and Explanations	Ref	Debit	Credit	
		Inventory		3,150		
Oct	2	Account Payable			3,150	
		(Inventory purchase on credit)				
	9	Account Receivable		4,000		
		Sales			4,000	
		(Credit sales)				
	9	Cost of Sales		2,500		
		Inventory			2,500	
		(Cost of inventory recorded)				
	<i>10</i>	Account Payable		3,150		
		Discount			30	
		Cash			3,120	
		(Account payable paid and received discount)				
	15	Sales Return		500		
		Account Receivable			500	
		(Goods returned recorded)				
	15	Inventory		275		
		Cost of Sales			275	
		(Reversing the cost of sales account)				
	25	Cash		3,395		
		Discount		105		
		Account Receivable			3,500	
		(Received cash and discount allowed recorded)				
	28	Lost by fire		350		
		Inventory			350	
		(Inventory lost by fire recorded)				
.		Total	1	Rs. 27,425	Rs. 27,425	

Accoun	t #1		Invento	entory Account			Page #	
Date	Description	Ref	Amount (Rs.)	Date	Description	Ref	Amount (Rs.)	
	_							
		<u> </u>		I		1		
Account	# 2		Account	Payable			Page #	
Date	Description	Ref	Amount (Rs.)	Date	Description	Ref	Amount (Rs.)	
				<u> </u>				
Account	#3		Account	Receivable			Page #	
Date	Description	Ref	Amount (Rs.)	Date	Description	Ref	Amount (Rs.)	
	<u> </u>							
Account	# 4		Sales	Account			Page #	
Date	Description	Ref	Amount (Rs.)	Date	Description	Ref	Amount (Rs.)	
Account	# 5		Cost of Sale	s Account			Page #	
Date	Description	Ref	Amount (Rs.)	Date	Description	Ref	Amount (Rs.)	
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Ref	Amount (Rs.)	Date	Description	Ref	Amount (Rs.)
			T		
	Cash A	Account			Page #
Ref	Amount (Rs.)	Date	Description	Ref	Amount (Rs.)
				1	
	Sales Return	n Account			Page #
Ref	Amount (Rs.)	Date	Description	Ref	Amount (Rs.)
	Loct by fi	ro Account			Page#
D _o f	1		Description	Dof	Amount (Rs.)
Kej	Amount (Rs.)	Date	Description	Kej	Amoum (Ks.)
		Sales Return Ref Amount (Rs.) Sales Return Lost by fi	Sales Return Account Ref Amount (Rs.) Date Lost by fire Account	Sales Return Account Ref Amount (Rs.) Date Description Sales Return Account Lost by fire Account	Sales Return Account Ref Amount (Rs.) Date Description Ref Description Ref Description Ref Lost by fire Account

Shah Garden Trial Balance

As on October, 2011

S. No.	afer to of Account	not l	Amount (Rs.)		
3. 340.	Heads of Account	Ref —	Debit	Credit	
1	Inventory				
2	Account Payable				
3	Account Receivable				
4	Sales				
5	Cost of Sales				
6	Discount				
7	Cash				
8	Sales Return				
9	Lost by fire				
	Total		Rs. 4,000	Rs. 4,000	

Problem # 8.3: Record following transaction in T accounts directly?

(a) The business purchases products for stock and pays Rs. 3,500 cash for purchases



(b) A business pays a telephone bills for Rs. 425

Telephone	Expense	Cash		
425			425	

(c) A business pays Rs. 1,200 for bank loan

Bank I	Loan	Cash		
1200			1200	

(d) The owner invests additional Rs. 25,000 in the business

Cash	 Owner's Equity		
25000		25000	

(e) The business receives a cheque for Rs. 400 from customer who is paying for goods received but not previously paid for.

Debtor		Cash		
	400	400		

(f) Make sales during the year for Rs. 2,400 (all are cash sales)

Sales	Cash
2400	2400

Problem # 8.4: Post transactions to appropriate T-account & make Trial Balance for ABC Ltd as on June 30th, 2008

- a. Owner investment in Cash Rs. 10,000
- b. Borrowing Rs. 1,000 from a local bank on a Note due in three months
- c. Purchase Equipment of Rs. 500, paid Rs. 100 Cash and promising the rest on a Note Payable
- d. Paid Rs. 150 for Stationery
- e. Lent Rs. 200 to an employee who signed a Note promising to repay within 60 days
- f. Service Revenue received during the period is Rs. 5,800
- g. Paid Insurance for three year at start of this accounting period Rs. 1,800
- h. Service Revenue of worth Rs. 1,200 earned but not received
- i. Insurances expired recorded as Insurance Expense of Rs. 600
- j. Personal withdrawal of owner of Rs. 700

Account #1	Cash	Account	Page #	Account # 2	Owner Equ	uity Account	Page #
Description	Amount	Description	Amount	Description	Amount	Description	Amount
				Account # 4	Statione	ry Account	Page #
				Description	Amount	Description	Amount
Account #3	Note Receiv	able Account	Page #				
Description	Amount	Description	Amount				
				Account # 5	Services Re	venue Account	Page #
				Description	Amount	Description	Amount
Account # 6 P	Prepaid Insui	rance Account	Page #				
Description	Amount	Description	Amount				
				Account # 7	Accoun	t Receivable	Page #
				Description	Amount	Description	Amount
			_				

Description	Amount	Description	Amount				
				Account #9	Drawin	g Account	Page #
				Description	Amount	Description	Amount

Account # 10		Note Payable	Page #	_	Account # 11	Equipmo	ents Account	Page #
Description	Amount	Description	Amount	-	Description	Amount	Description	Amount
				_				
			_	=				

ABC Ltd. Trial Balance

As on June 30th, 2008

S. No	Description	Ref	Dr	Cr
1	Cash			
2	Owner Equity			
3	Note Receivable			
4	Stationery			
5	Services Revenue			
6	Prepaid Insurance			
7	A/c Receivable			
8	Insurance Exp.			
9	Drawing			
10	Equipments			
11	Note Payable			
	Total		Rs. 18,400	Rs. 18,400

Problem # 8.5: Post transactions to appropriate T-account & make Trial Balance with Totals and Trial Balance with Balances and Totals for ABC Ltd as on March 30th, 2008

Ahmed Bajwa, an interior decorator, completed the following transactions during the month of March 2008.

- I. Begun his business with Equipment valued at Rs. 80,000 and placed Cash Rs. 100,000 in a business Bank Account.
- 2. Purchase a used Motor Car costing Rs. 50,000 and paid by check.
- 3. Completed painting a two-story house and billed the customer, Rs. 24,800 (Account Receivable Dr).
- 4. Received cash for painting two rooms, Rs. 5,000. It was kept in cash till.
- 5. Hired assistant to work with him, to be paid Rs. 100 per day.
- 6. Purchase supplies for Rs. 14,600 and paid by check.
- 7. Paid assistant for six days work, Rs. 600 in Cash.
- 8. Received cheque for painting five room apartment Rs. 33,600 and check is not deposited.
- 9. Transfer Rs. 2,000 to Business Bank Account.

	Bank Acc	ount Accoun	nt No. 1		apital Accor	unt Accoun	t No. 2	
Description	Amount	Description	Amount	Description	Amount	Description	Amount	
							<u> </u>	
					Motor C	Car Account	No. 4	
				Description	Amount	Description	Amount	
j	Equipment A	Account Accor	unt No. 3					
Description	Amount	Description	Amount					
				Acco	ount Receiva	ible Account	No. 5	
				Description	Amount	Description	Amount	
	Painting R		nt No. 6					
Description	Amount	Description	Amount				<u> </u>	
				C	ash Accoun	t Account	No. 7	
				Description	Amount	Description	Amount	
					_			

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Supplies Account No. 8			Wages Account Account No. 9				t No. 9	
Description	Amount	Description	Amount	=	Description	Amount	Description	Amount
				•				
				-				
				=				

ABC LTd. Trial Balance

As on March 30th, 2008

S.No	Description	Ref	Dr	Cr
1	Bank			
2	Capital			
3	Motor Car			
4	Equipments			
5	Account Receivable			
6	Painting Receivable			
7	Cash			
8	Supplies			
9	Wages			
	Total		243,400	243,400

ABC LTd. Trial Balance

As on March 30th, 2008

S.No			Balan	ices	Tot	tals
	Description	Ref	Dr	Cr	Dr	Cr
1	Bank					
2	Capital					
3	Motor Car					
4	Equipments					
5	Account Receivable					
6	Painting Receivable					
7	Cash					
8	Supplies					
9	Wages					
	Total		243,400	243,400	310,600	310,600