

ILLUSTRATION**2.1****BHARAT TRADERS**

Bharat Gupta promotes Bharat Traders, his proprietary firm, to start the business of trading in *Product X* on 1 April 2002. He hires an office at A-12, Agarwal Complex, Vikas Marg, Delhi-110092 @ Rs. 2,500 p.m. The following are the details of the transactions entered into by the firm during the month of April. Please show the voucher for the first transaction and record all the transactions in the journal of Bharat Traders.

Date	Tr. No.	Transactions	Amount (Rupees)
April 1	1	Received cash from Bharat Gupta towards his capital.	1,50,000
April 1	2	Opened a current account with State Bank of India.	1,35,000
April 1	3	Issued cheque for office rent for April.	2,500
April 1	4	Purchased one scooter from Regent Automobiles on credit. All initial costs including insurance borne by the vendor.	31,500
April 1	5	Paid cheque towards down payment for scooter. Balance loan, against security of scooter, payable in 12 monthly instalments starting May 1 with interest @ 12% p.a. on reducing balance.	7,500
April 2	6	Purchased office furniture for cash.	8,500

April 2	7	Purchased office equipments. Paid cheque.	11,500
April 5	8	Purchased 45 units of product X. Issued cheque.	45,000
April 8	9	Sold 10 units of product X. Received cheque. Deposited in SBI.	12,500
April 10	10	Cheque issued for advertisement in the local daily <i>Delhi Times</i> .	2,200
April 12	11	Purchased 75 units of X from ABC & Co. on 15 days' credit.	75,750
April 16	12	Sold 25 units of X to RIL & Co. on credit of one week.	31,875
April 19	13	Sold 5 units of X for cash.	6,425
April 23	14	Received cheque from RIL & Co.	31,875
April 27	15	Issued cheque to ABC & Co.	75,750
April 28	16	Purchased 30 units of X from ABC & Co. on 15 days' credit.	30,450
April 28	17	Sold 20 units of X to RIL & Co. on credit of one week.	25,600
April 30	18	Salary paid to the office assistant Sudaamaa in cash.	3,500
April 30	19	Issued cheque to Bharat Gupta for his personal use.	4,000
April 30	20	Cash paid to the office owner for using his telephone during April.	650
April 30	21	Cash paid to Preet Fill Station towards petrol consumed by the scooter during the month.	550

ILLUSTRATION**2.1a****ANALYSIS OF TRANSACTIONS**

Analysis of the Above Transactions with Reference to Rules of Recording and Dual Aspect Concept

Tr. No.	Rules	
	Debit	Credit
1	What comes in: asset.	The giver: liability towards the proprietor.
2	The receiver: recoverable. What comes in: asset.	What goes out: asset.
3	Expenses and losses.	The giver: realisation/What goes out: asset.
4	Assets.	The giver: repayable.
5	The receiver: discharge of liability.	The giver: realisation/What goes out: asset.
6	What comes in: asset.	What goes out: asset.
7	What comes in: asset.	The giver: realisation/What goes out: asset.
8	What comes in: asset/Expenses.	The giver: realisation/What goes out: asset.
9	The receiver: recoverable/What comes in: asset.	Incomes and gains.
10	Expenses and losses.	The giver: realisation/What goes out: asset.
11	What comes in: asset/Expenses.	The giver: repayable.
12	The receiver: discharge of liability.	Incomes and gains.
13	What comes in: asset.	Incomes and gains.

14	The receiver: recoverable/What comes in: asset.	The giver: realisation.
15	The receiver: discharge of liability.	The giver: realisation/What goes out: asset.
16	What comes in: asset/Expenses.	The giver: repayable.
17	The receiver: recoverable.	Incomes and gains.
18	Expenses and losses.	What goes out: asset.
19	The receiver: recoverable from the proprietor/ discharge of liability.	The giver: realisation/What goes out: asset.
20	Expenses and losses.	What goes out: asset.
21	Expenses and losses.	What goes out: asset.

ILLUSTRATION

2.1b

DOCUMENTATION

How the first transaction, that is, introduction of capital by the proprietor, is documented is illustrated through the voucher shown below. The various columns of the voucher are self-explanatory. The concept of dual aspect is followed right from the documentation stage of the transaction. Each voucher is serially numbered and provides the original record of a transaction. In the case of purchase, sale, and so on the concerned invoice is also attached to the voucher and forms its integral part.

VOUCHER

BHARAT TRADERS
A-12, Agarwal Complex, Vikas Marg, Delhi.

Voucher No....001

Date...01-04-2002

	AMOUNT	
	Rs.	P.
DEBIT		
Cash	1,50,000	00
Total Rs.	1,50,000	00
CREDIT		
Bharat Gupta's Capital	1,50,000	00
Rupees (in words): One lakh fifty thousand only.	Total Rs.	1,50,000 00
Description: Received cash from Bharat Gupta towards his capital.		
Prepared	Checked	
Accountant/Office Assistant	Accounts Officer	Proprietor

Received from Bharat Traders.....

the sum of Rupees.....

.....by Cash/Cheque No.

on account of.....

Rs. _____

Receiver's Signature

STAMP

9/24/2020

FRMA - Dr. Gaurav Agrawal, ABV-IIITM

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ILLUSTRATION**2.1c****RECORDING**

As mentioned previously, recording is done in the journal. The journal contains five columns, namely, date, voucher number, account heads and description of the transaction, L.F. and amount (Rs.). The last column is further sub-divided into debit and credit.

BHARAT TRADERS**Journal**

1-04-2002 to 30-04-2002

Folio No. 001

Date		Voucher No.	Account Heads and Description of the Transaction	L. F.	Amount (Rs.)	
2002					Debit	Credit
April	1	001	Dr....Cash Cr....Bharat Gupta's Capital (Received cash from Bharat Gupta towards his capital.)	001 002	1,50,000	1,50,000
	1	002	Dr....State Bank of India Current A/C Cr.... Cash (Opened a current account with State Bank of India.)	003 001	1,35,000	1,35,000

	1	003	Dr....Office Rent Cr.... State Bank of India Current A/C (Office rent paid for April.)	004 003	2,500	2,500
	1	004	Dr....Scooter Cr....Regent Automobiles (Purchased one scooter from Regent Automobiles on credit.)	005 006	31,500	31,500
	1	005	Dr.... Regent Automobiles Cr.... State Bank of India Current A/C (Paid cheque towards down payment.)	006 003	7,500	7,500
			Total		3,26,500	3,26,500

Folio No. 002

Date 2002	Voucher No.	Account Heads and Description of the Transaction	L. F.	Amount (Rs.)	
				Debit	Credit
	2	006 Dr....Furniture Cr....Cash (Purchased office furniture.)	007 001	8,500	8,500
	2	007 Dr....Office Equipments Cr.... State Bank of India Current A/C (Purchased office equipments.)	008 003	11,500	11,500

	5	008	Dr.... Purchases Cr.... State Bank of India Current A/C (Purchased 45 units of product X.)	009 003	45,000	45,000
	8	009	Dr.... State Bank of India Current A/C Cr.... Sales (Sold 10 units of product X.)	003 010	12,500	12,500
	10	010	Dr.... Advertisement and Publicity Cr.... State Bank of India Current A/C (Paid for advertisement in <i>Delhi Times</i> .)	011 003	2,200	2,200
			Total		79,700	79,700

Folio No. 003

Date 2002	Voucher No.	Account Heads and Description of the Transaction	L. F.	Amount (Rs.)	
				Debit	Credit
12	011	Dr.... Purchases Cr.... ABC & Co. (Purchased 75 units of X on 15 days' credit.)	009 012	75,750	75,750
16	012	Dr.... RIL & Co. Cr.... Sales (Sold 25 units of X on credit of one week.)	013 010	31,875	31,875
19	013	Dr.... Cash Cr.... Sales (Sold 5 units of X.)	001 010	6,425	6,425

	23	014	Dr.... State Bank of India Current A/C Cr.... RIL & Co. (Received cheque from the customer.)	003 013	31,875	31,875
	27	015	Dr.... ABC & Co. Cr.... State Bank of India Current A/C (Issued cheque to the supplier.)	012 003	75,750	75,750
			Total		2,21,675	2,21,675

Folio No. 004

Date 2002	Voucher No.	Account Heads and Description of the Transaction	L. F.	Amount (Rs.)	
				Debit	Credit
	28	016 Dr.... Purchases Cr.... ABC & Co. (Purchased 30 units of X on 15 days' credit.)	009 012	30,450	30,450
	28	017 Dr.... RIL & Co. Cr.... Sales (Sold 20 units of X on credit of one week.)	013 010	25,600	25,600
	30	018 Dr.... Salaries Cr.... Cash (Salary paid to the office assistant Sudaamaa for April.)	014 001	3,500	3,500

	30	019	Dr....Bharat Gupta's Drawings Cr.... State Bank of India Current A/C (Issued cheque to Bharat Gupta for his personal use.)	015 003	4,000	4,000
	30	020	Dr....Telephone Expenses Cr....Cash (Cash paid to the office owner for using his telephone during April.)	016 001	650	650
			Total		64,200	64,200

Folio No. 005

Date 2002	Voucher No.	Account Heads and Description of the Transaction	L. F.	Amount (Rs.)	
				Debit	Credit
	30	021 Dr....Vehicle Expenses Cr....Cash (Cash paid to Preet Fill Station towards petrol consumed by the scooter during April.)	017 001	550	550
		Total		550	550