

UNIT - 2

Accounting:-

Recording of transactions according to rules

- 1) Transaction
- 2) Rules
- 3) Recording

Transaction: Any business event expressed and measured in terms of money

- ex:- 1) paying salaries to employees
2) conforming an Advertisement and giving advance

Events (when we are doing business we come across 2 types of events)

Monetary events

(events possible to express in terms of money)

- ex:- purchased goods,
paying rent

Non-Monetary events

(events not possible to express in terms of money)

- ex:- cleaning showroom,
doing pooja
conducting an interview

• also known as transaction

limitation of Accounting:

Accounting won't record the events that are not related to money.

- ① Appointing a sales manager ✗
- ② Discussion with suppliers ✗
- ③ Giving inf to customer ✗
- ④ cash deposited in your Bank ✓ (Transaction)

Amount received

Books	Rs 10,000	Book
Cash	2000	recharge
mobile recharge - 500		cash
loan given to friend - 500		dress
dress - 2500		cash
Shoes - 1000		
Bug - 1000		
	7500	Expenditure
	2500	→ Balance.

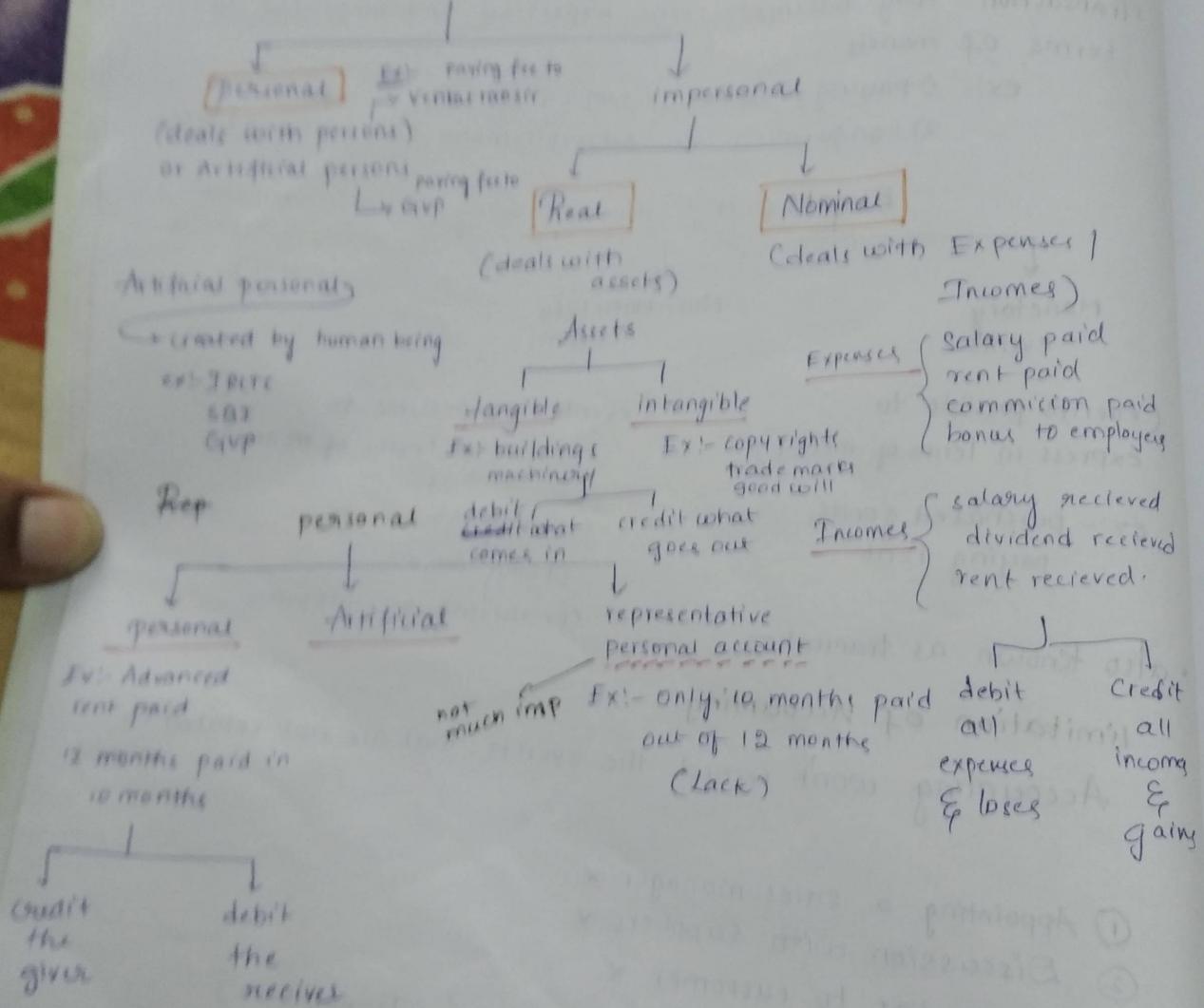
Single entry

System.

debit } Double entry Book Keeping by ~~stern~~ ^{Luca Pacioli}
 credit } (correct procedure to record) By Luca Pacioli

Now a days every one is following this

Transactions



①st transaction

cash received from ganesh - [cash (real) - Debit
 ganesh (personal) - Credited]

②nd transaction

cash deposited in TCI bank - [cash (real) - Cr (credit receiver)
 TCI (personal) - dr (debit receiver)]

Rules:-

Record

Store

entry

Cash

Credit

(3) rd	purchased furniture	furniture (Real) — Cr Dr
		cash (Real) — Dr Cr
(4) th		
	Salaries Paid Rs 20,000	Salaries (Nominal) — Dr
(5) th		cash (Real) — Cr
	Sold machinery Rs 1 Lakh	machinery (Real) — Cr
(6) th		cash (Real) — Dr
	Sold machinery to Ram & Co Rs 1 Lakh	machinery (Real) — Cr Ram & Co (personal) — DR
		Identifying double effect
		Identify group credit & debit rules

Rules:- We are following the Double entry book keeping System

↳ 6 Rules [personal, Artificial, tangible, Non tangible, Incomes & Expenses]

Recording:- The transactions where rules are applied are stored in a book called general journal (first book of entry, Business dairy, double entry book)

Cash transaction: Any transaction immediately related to money
eg:- purchasing Vegetables etc

Credit transaction: paying after sometime

eg:- purchasing machinery, immediate supply but agreed to pay later

- i) purchased goods ₹ 6000 (cash transaction)
 ii) purchased goods from ram for cash ₹ 10000 (cash transaction)
 iii) purchased goods from laxman for ₹ 15000 (credit transaction)
 iv) purchased goods ₹ 20000 (cash transaction)

credit transaction: person name is there cash name is not there person name \otimes cash

cash transaction: person name must not be there cash \otimes person name must be there cash \otimes person

- i) sold goods to talltha for cash ₹ 15000 (cash transaction)
 ii) sold goods to kavitha ₹ 5000 (credit transaction)
 iii) sold goods ₹ 10000 (cash transaction)

Goods: (items that are dealing with business)
 crediting - Selling (sales)
 debiting - purchasing (purchases)

Ex:- purchased goods ₹ 5000 from Rajini

Return outward, purchase returns \rightarrow if we are returning to others as we are not satisfied with goods

Return inwards, sales returns \rightarrow if any body returns to you as customer is not satisfied with goods

Goods - for Book business

$\begin{cases} \text{material, quality} \\ \text{book} \end{cases}$

\hookrightarrow product produced by us
 to sell outside

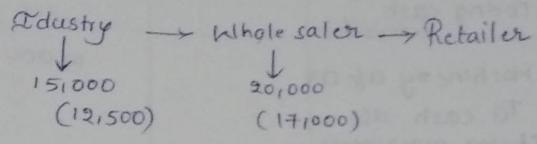
$\begin{cases} \text{not goods} \\ (\text{Assets}) \end{cases}$ $\begin{cases} \text{machinery} \\ \text{Computer} \end{cases}$

\hookrightarrow we are using these
 to prepare a product

Discounts:-

- └ trade discount
- └ cash discount

trade → buying & selling



(trade discount)

Ramesh $\xrightarrow{\text{goods}}$ Suresh $\xrightarrow{\text{for 20,000}}$

but after 50 days after sale

→ But Ramesh need money in hurry
he asked Suresh to pay only 18,000 now, otherwise
20,000 after 50 days (cash discount)

Recording Done in a journal

Journal

Date	particulars	C/F	Debit Rs	Credit Rs
21/01/2020	Bank a/c Dr To cash a/c (being cash deposited)		50,000	50,000

21/01/2020 cash deposited in bank Rs. 50,000

cash (Dr)
Bank (Dr)

8/1/2020 cash received from Ravi Rs. 20,000

cash (Dr)
Ravi (Dr)

25/01/2020 Machinery purchased for Rs. 10,000

Machinery (Dr)
cash (Cr)

Date	Particulars	C/F	Debit Rs	Credit Rs
2/1/2020	Cash A/c Dr To Ravi A/c (being cash received)		20,000	20,000
3/1/2020	Machinery A/c Dr To Cash A/c (being machinery purchased)		10,000	10,000

Recording It will be primarily recorded in a book known as journal.

so, journal is known as primary book of entry (Date wise like dairy)
Should write in a chronological way, so, also known as Business diary, chronological book.

Accounting principles

Concepts

- ① Entity concept (it demarcates clearly the business transactions from the personal transactions)
- ② Going concern concept of the proprietor

↳ We always think about future and hope it has long future don't bound to limited time.

② Accounting period concept

1st April - 31st March

financial year (for India)

if u started business from

15th August then

15th Aug to 31st March will be financial yr for that yr

④ Cost concept

Ex:- purchased machinery

① Convention of disclosure

② convention of consistency.
→ you should follow the same procedure for a long run

③ convention of conservatism.

Ravi owes you 15,000
Bhanu owes you 10,000

Ravi has many debts he may not repay - u should ready for this

④ convention of Materiality

You are giving only coffee to customer throughout the yr so avoid that in account

for 1,30,000 delivered to at the time cost increase then According to customers shop 1,30,000. acc concept.

⑤ dual asp

for every to write such to the

Assets = li

⑥ Money

the transac to money

⑦ Realisa

order dat goods rec

↳ you this date

⑧ Match

Revenue if (

else

Revenue

where T

for ₹ 1,30,000 and it will be delivered to you after 15 days. At the time of delivery its cost increased to ₹ 1,80,000.

According to cost concept

customer should pay only ₹ 1,30,000 according to cost concept.

⑤ Dual aspect concept

for every debit we have to write a credit such that

$$\text{Assets} = \text{Liabilities} + \text{Capital} \rightarrow \text{Balance sheet eqn (d) Accounting Eqn.}$$

⑥ Money Measurement Concept

the transactions only related to money are considered.

⑦ Realisation Concept

order date - 1st Feb

goods received - 15th Feb

→ you should enter this date not ordered date.

⑧ Matching / Revenue Concept

$$\text{Revenue} - \text{expenses} = \text{profit}$$

if (Revenue > expenses)

use

$$\text{Revenue} - \text{expenses} = \text{loss}$$

where

Revenue = Income

expenses = expenditure.

While recording in Journal you should keep this rules in your mind.

Problem 1: Journalise the following transaction & post them in the ledger

Journal

Date	particulars	L/F	Debit	Credit	Date
1/1/2019 cash Dr Growth or capital	cash a/c Dr To capital a/c (being commenced business with cash)		1,00,000		24/1/2019 shortage or purchase Dr goods
5/1/2019 cash Cr HDFC Bank Dr	HDFC Bank a/c Dr To cash a/c (being cash deposited into HDFC bank)		50,000		24/1/2019 shortage Dr goods or sales
10/1/2019 furniture Dr cash Cr	furniture a/c Dr to cash a/c (being furniture purchased)		10,000		24/1/2019 Cash Cr Growth Dr drawings
14/1/2019 Machinery Dr Cheque in Bank name	Machinery a/c Dr To HDFC Bank a/c (being machinery purchased and payment made through cheque)		25,000		30/1/2019 Salary Dr cash or
18/1/2019 Purchase Goods Dr cash Cr	purchases a/c Dr To cash a/c (being goods purchased)		10,000		31/1/2019 cash Dr Commission
20/1/2019 cash Dr Goods Cr sales	cash a/c Dr To sales a/c (being goods sold)		15,000		

Date	Particulars	L/F	Debit	Credit
24/1/2019 shankar cr purchases Dr goods	purchases a/c Dr To shankar a/c (being goods purchased from shankar)		20,000	20,000
27/1/2019 Shanmuk Dr goods cr sales	Shanmuk a/c Dr to sales a/c (being sold goods to shanmukh)		30,000	30,000
29/1/2019 Cash cr Ganesh Dr drawings	Drawings a/c Dr To cash a/c (being cash with drawn for personal use)		5,000	5,000
30/1/2019 Salary Dr cash cr	Salaries a/c Dr To cash a/c (Being salaries paid)		7,500	7,500
31/1/2019 cash Dr commission cr	Cash a/c Dr To commission a/c (being commission received)		1,200	1,200

problem: 4
Journalise the following

transactions in the books of Vashu

Date	Particulars	4/F	Debit	Credit
	cash Dr commission Cr		800	800
	cash a/c Dr To commission a/c (being commission received)			
	Bank Cheque Dr goods sales Cr		1800	1800
	Bank a/c Dr To sales a/c (being goods sold & check received)			
	Bank Dr cash Cr		121000	121000
	Bank a/c Dr To cash a/c (being cash deposited into bank)			
	rent (salary (nominal account) L so don't include names officer rent Dr cash Cr		41000	41000
	office rent a/c Dr To cash a/c (being office rent paid)			
	furniture Dr cash Cr		4000	4000
	furniture a/c Dr To cash a/c (being furniture purchased)			
	advertising expense (Dr) cash Cr		2000	2000
	advertising expenses a/c Dr To cash a/c (being advertising expenses paid)			
	cash Dr Vishnu Cr		41500	41500
	cash a/c Dr To Vishnu a/c (being cash received)			
	Tejesh Dr Sales Cr		401000	401000
	Tejesh a/c Dr To sales a/c (being sold goods to Tejesh)			

Sales returns
Tejesh

cash Dr
discount Dr
Ramesh Cr

problem:
Journalise

Date
1/8/2000

21/8/2000

4/8/2020

6/8/2020

8/8/2020

9/8/2020

Sale returns Dr
Tejesh cr

Sales Returns a/c Dr
To tejesh a/c
(being goods returned
by Tejesh)

cash Dr 1950
discount Dr 50
Ramesh cr 2000

cash a/c Dr
discount allowed a/c Dr
To ramesh a/c

problem : 5

Journalise the following transactions.

1/8/2000 Suresh a/c Dr 20,000
To sales a/c 20,000

Date	particulars	L/F	Debit	Credit
1/8/2000	cash a/c Dr To capital a/c (being commenced business)		4,00,000	4,00,000
2/8/2000	furniture a/c Dr To cash a/c (being furniture purchased)		30,000	30,000
4/8/2000	purchases a/c Dr To cash a/c (being purchased goods)		30,000	30,000
6/8/2000	stationery purchases a/c Dr To cash a/c (being stationery purchased)		3,000	3,000
8/8/2000	office expenses a/c Dr To cash a/c (being office expenses paid)		1,200	1,200
9/8/2000	Salaries a/c Dr To cash a/c (being salaries paid)		7,000	7,000

			13,000	13,000	
10/8/2000	chandu credit alc Dr To sales alc (being sold goods on credit)		11,800	11,800	
12/8/2000	drawings alc Dr To cash alc (being cash withdrawn for personal use)		8,000	8,000	
18/8/2000	rent alc Dr To cash alc (being rent paid)		1,000	1,000	
20/8/2000	Sales returns alc Dr To chandu alc		12,000	12,000	
25/8/2000	Machinery alc Dr To cash alc		20,000	20,000	
	Discount allowed Dr Discount received Cr	30/8/2000	purchase alc Dr To cash alc		

NOTE:
 Accounting is an art
 After recording classification, summarizing & interpretation
 of events having financial characters.

→ classification is done in a book known as ledger

ledger: looks like T shape.

Dr		cash alc		Cr		
Date	particulars	J/F	Amount	Date	particulars J/F	Amount
01/08/2000	To capital alc		4,000,000	2/8/2000	By furniture alc	30,000
				4/8/2000	By purchases alc	30,000
				6/8/2000	By stationery alc	3,000
				8/8/2000	By office expenses alc	1,200
				9/8/2000	By salaries alc	7,000
				12/8/2000	By drawings alc	1,800
				18/8/2000	By rent alc	8,000
				25/8/2000	By machinery alc	12,000

Date	particulars
01/09/2000	To bank alc
1/9/2000	To Balance alc
2/8/2000	To cash alc
1/9/2000	To
4/8/2000	To
1/9/2000	To
6/8/2000	To
1/9/2000	To
7/8/2000	To
11/9/2000	To

Date	particulars	J/F	Amount	Date	particulars	J/F	Amount
01/09/2000	To balance a/c		4,000,000	30/08/2000	By purchases a/c		20,000
Dr				30/08/2000	By balance a/c		2,87,000
			2,87,000	C/R			4,000,000
Date	particulars	J/F	Amount	Date	particulars	J/F	Amount
1/9/2000	To Balance a/c		4,000,000	1/8/2000	By cash a/c		4,000,000
			4,000,000	1/9/2000	By Balance a/c		4,000,000
				C/R			4,000,000

Dr

furniture a/c

Cr

Date	particulars	J/F	Amount	Date	particulars	J/F	Amount
2/8/2000	To cash a/c		30,000	1/9/2000	By balance a/c		30,000
1/9/2000	To balance a/c		30,000				30,000

Dr

purchases a/c

Cr

Date	particulars	J/F	Amount	Date	particulars	J/F	Amount
4/8/2000	To cash a/c		30,000	1/9/2000	by balance a/c		50,000
30/8/2000	To cash a/c		20,000				50,000
1/9/2000	To balance a/c		50,000				50,000

Dr

stationary a/c

Cr

6/8/2000	To cash a/c		31,000	1/9/2000	by balance a/c		31,000
1/9/2000	To balance a/c		31,000				31,000

Dr

Suresh a/c

Cr

7/8/2000	To sales a/c		20,000	1/9/2000	by balance a/c		20,000
1/9/2000	To balance a/c		20,000				20,000

Dr		Sales a/c		Date	particulars	T/F	Amount
Date	Particulars	T/F	Amount				
1/9/2000	To Balance a/c		33,000	7/8/2000	By suresh a/c		20,000
			<u>33,000</u>	10/8/2000	By chandu a/c		13,000
				1/9/2000	By Balance a/c		<u>33,000</u>
							33,000

Dr		Office expenses account		Date	particulars	T/F	Amount
Date	Particulars	T/F	Amount				
8/8/2000	To cash a/c		1,200	1/9/2000	By Balance a/c		1,200
1/9/2000	To Balance a/c		<u>1,200</u>				<u>1,200</u>
			1,200				

Dr		Salaries account		Date	particulars	T/F	Amount
Date	Particulars	T/F	Amount				
9/8/2000	To cash a/c		7,000	1/9/2000	By balance a/c		7,000
1/9/2000	To balance a/c		<u>7,000</u>				<u>7,000</u>
			7,000				

Dr		Chandu account		Date	particulars	T/F	Amount
Date	Particulars	T/F	Amount				
10/8/2000	To sales a/c		13,000	20/8/2000	By sales returns a/c		1,000
1/9/2000	To balance a/c		<u>13,000</u>	1/9/2000	By balance a/c		<u>12,000</u>
			12,000				<u>13,000</u>

Dr		Drawings account		Date	particulars	T/F	Amount
Date	Particulars	T/F	Amount				
12/8/2000	To cash a/c		1,800	1/9/2000	By balance a/c		1,800
1/9/2000	To balance a/c		<u>1,800</u>				<u>1,800</u>
			1,800				

Dr		Rent account		Date	particulars	T/F	Amount
Date	Particulars	T/F	Amount				
18/8/2000	To cash a/c		8,000	1/9/2000	By balance a/c		8,000
1/9/2000	To Balance a/c		<u>8,000</u>				<u>8,000</u>
			8,000				

Dr
Date
particulars
To chandu
To bala

Cr
5/8/2000
1/9/2000
To co
To ba

Trail balance
Account
cash a/c
capital a/c
furniture a/c
purchases a/c
stationary a/c
suresh a/c
sales a/c
office exp a/c
Salaries a/c
chandu a/c
Drawings a/c
Rent a/c
Sales a/c
machin a/c

On	Sales returns alc	Cr	
Date	particulars J/F Amount	Date	particulars J/F Amount
10/8/2000	To chandu alc 1,000	1/9/2000	By balance alc 1,000
1/9/2000	To balance alc 1,000		1,000
			1,000
On	Machinery alc	Cr	
9/5/2000	To cash alc 12,000	1/9/2000	By balance alc 12,000
1/9/2000	To balance alc 12,000		12,000
			12,000
Trial balance			
Account	Debit	Credit	
cash alc	2,87,000	4,00,000	
capital alc			
furniture alc	30,000		
purchases alc	50,000		
stationary alc	3,000		
suresh alc	20,000		
		33,000	
sales alc	1,200		
office expenses alc	7,000		
Salaries alc	12,000		
chandu alc	1,800		
Drawings alc	8,000		
Rent alc	1,000		
Sales returns alc	12,000		
machinery alc			
	4,33,000	4,133,000	

Debit = credit

∴ So our ledger is correct.

On
 purchases
 sales returns/return inwards
 Drawings
 expenses
 Assets
 Debtors
 Bills receivable
 opening stock

Cr
 sales
 purchase returns/return outwards
 capital
 income
 liabilities
 creditors
 Bills payable

18/5/2019
 Ba
 To co
 W
 To
 20/5/2019
 24/5/2019
 28/5/2019
 30/5/2019

problem 3:

Journal

Date	particulars	4F	Debit	Credit
1/5/2019	cash a/c Dr To capital a/c (being commencement of business)		5,00,000	5,00,000
5/5/2019	purchases a/c Dr To srivani a/c (being goods pur- chased)		50,000	50,000
7/5/2019	cash a/c Dr To sales a/c (being goods sold)		70,000	70,000
10/5/2019	Salaries a/c Dr To cash a/c (being salaries paid)		7,500	7,500
11/5/2019	Stationery purchase a/c Dr To Stationery a/c (being stationary purchased)		3,000	3,000
15/5/2019	furniture a/c Dr To cash a/c		50,000	50,000

18/8/2019	Bank a/c Dr To cash a/c	30,000	
19/8/2019	Wages a/c Dr To cash a/c	1,000	2,000
24/8/2019	Cash a/c Dr To Bank a/c	5,000	5,000
28/8/2019	Rent a/c Dr To Bank a/c Rent	6,800	6,800
5/9/2019	Drawings a/c Dr To cash a/c	8,500	8,500
31/8/2019	Srivani & Co a/c Dr To cash a/c	49,000	49,000

Trial balance:

	Debit	Credit
Cash account	4,24,000	
Capital account		5,00,000
Purchases account	50,000	
Srivani account		50,000
Sales account		70,000
Salaries account	10,500	
Stationery account	3,000	
Furniture account	50,000	
Bank account	18,200	
Rent account	6,800	
Drawings account	8,500	
Srivani & Co account	49,000	
	<hr/> 6,20,000	<hr/> 6,20,000

Credit = debit

∴ Our ledger is correct

Trial balance

particulars	Debit	credit
cash in hand (over)	90,000	
cash at bank	15,000	
purchases	14,200	
capital		1,22,000
sales		35,500
Salaries	4,500	
Stationery	2,000	
furniture	20,000	
office exp	8,000	
Rent	4,800	
Interest received		3,000
Debtors	20,000	
machinery	12,000	
Creditors		30,000
Suspense a/c		500 (then it will be balanced)
	1,91,000	1,90,000

Rent
Interest &
Commission

→ if not mentioned
Debit/Credit
consider as
Debit

furniture
Total stock
sundry D
sundry C
discount recd

④ Trial balance

particulars	Debit	credit
cash in hand	38,750	
capital		2,25,000
Rent	1,500	
wages	19,200	
Office expenses	11,925	
Rates & Taxes	38,195	
Salaries	84,450	
Octroi (chancery taxes)	3,750	
Carriage returns inwards	3,300	
Carriage outwards	1,050	
Purchases	21,99,000	
Purchase returns		2,100
Sales returns		2,625
Sales	4,98,525	
Drawings		6525
Plant & machinery	21621500	

carriage
cartage } expenditure
fright } debit

not necessary
{ 7) Bills
8) To
(already

debtors {
A
B
C

Mr B
and a/g

if any
and wo
called

if not mentioned
Debit/credit
consider as
Debit

furniture	111250	Stock	371500
total stock	351625	112500	31500
Sundry Debtors	601000	112500	31500
sundry creditors		11500	31500
discount received			31500
	7,64,625		7,64,625

• When transactions are numerous making journal is difficult \Rightarrow Subsidiary books:-

1) purchases Book (all credit purchase will be recorded)

2) sales Book (all credit sales will be recorded)

3) purchase Returns Book

4) Sales Returns Book

5) cash book

6) Bills receivable Book ex: purchased

7) Bills payable Book newspaper

8) Journal proper Book (Any transaction not dealing with any of the above 7 types are recorded here)

(not giving & getting any single column cash book discounts)

Double (giving & getting discounts but not have bank transaction)

Triple (giving, getting discounts are allowed & also bank trans)

(deal with small amounts)

Debtors	A 20,000
	B 30,000 \rightarrow we don't have trust on B so
	C 25,000
	75,000

Mr B owes £ 30,000
and agreed to pay by 31/08/2020

Signature

(Bills receivable)

If any body don't trust you
and written a notice then it's
called Bills payable

Ex: Computer taken by
proprietor from office
(Personal use) \downarrow
drawings?

Date	particulars	Book → ledger folio col. L/F	Invoice number	Amt	Date
1/5/2019	Rajesh a/c			9,000	
10/5/2019	Mahesh a/c			18,000	2/12/2000
18/5/2019	Rakesh a/c			5,000	8/12/2000
20/5/2019	Ramesh a/c			7,500	10/12/2000
25/5/2019	Suresh a/c			19,000	14/12/2000
				<u>58,500</u>	

Rough

$$10,000 \times \frac{25}{100} = 2,500$$

$$10,000 - 2,500 = 7,500$$

prblm-13

purchases returns Book.

Date	particulars	L/F	Debit Note number	amt Rs.
10/6/2019	Mahesh a/c			1,300
2/6/2019	Rakesh a/c			500
8/6/2019	Rahul a/c			<u>300</u>
				<u>2,100</u>

prblm-14

sales Book | transaction is not taken since it is
not credit sales transaction.

Date	particulars	L/F	Invoice no	amt Rs.
1/11/2018	Shyam			
07/11/2018	Ramesh			10,000
10/11/2018	Suresh			18,000
14/11/2018	Srinivas			5,000
	Total			<u>21,500</u>
				<u>35,500</u>

Sales returns Book

Date	particulars	4/F	credit note number	amt Rs.
2/12/2000	shyam			
3/12/2000	Ramesh			1300
10/12/2000	Srinivas			1900
14/12/2000	Suresh			800
				400
				41400

purchases book

Date	particulars	4/F	Invoice no	Amt	Date	particulars	4/F	Invoice no	Amt
1/1/2020	Srivani&co	7	12,800	5/1/2020	lalitha	stores	15	8,000	
15/1/2020	Satyadev & Bros	8	41500	20/1/2020	SR enterprises		16	10,000	
30/1/2020	PVR&CO	4	29570	31/1/2020	Sunstores		17	31000	
		H							211000
				201270					

purchase Returns Book

Date	particulars	4/F	Debit note no	amt
10/1/2020	Srivani&co	5	2,000	
25/1/2020	Satyadev & Bros	6	100	
				2,100

Sales returns Book

Date	particulars	4/F	credit Note no	amt
20/1/2020	lalitha		5	800
31/1/2020	SR enterprises		6	700

① Single column	Cash Book (cash)	purchases w/ cash 6th cash word is Compulsory
② double column	(cash, Discount)	
③ Triple column	(cash, Discount, Bank)	
④ petty cash Book.		

Dr (Receipts)		19th prob (Cash Book)			Cr (Payments)		
Date	particulars	4/F	amt	Date	particulars	4/F	amt
10/1/2018	To balance bld		18,000	12/1/2018	By purchases		50,000
14/1/2018	To sales		90,000	18/1/2018	By machinery		35,000
30/1/2018	To sales		98,000	20/1/2018	By stationery		3,000
				23/1/2018	By rakesh		4,500
	To balance bld		210,600	25/1/2018	By wages		10,000
			1,03,500	31/1/2018	By Balance c/d		1,03,500
							2,06,000

- * Same transaction called contra entries
ex:- ① cash
- ② cash
- ③ cheq in + on +
- 25/05 . When
- 26/05 . When

particulars	Date	particulars
1st Jan 2020	To balance	
5th Jan 2020	To inv	
5th Jan 2020	To co	
6th Jan 2020	To v	
9th Jan 2020	To	
14th Jan 2020	To i	
16th Jan 2020	To s	
18th Jan 2020	To	
1/2/2020	To	
	D/c	
1/1/2013	To	
8/1/2013	T	
5/1/2013	T	
6/1/2013	T	
8/1/2013	T	
14/1/2013	15/1/2013	

Dr (Receipts)		20th prob			Cr (Payments)				
Date	particulars	4/F	Discount Rs	Cash Rs	Date	particulars	4/F	Discount Rs	Cash Rs
3/3/2007	To balance bld			5,000	6/3/2007	By rajeev			10,000
3/3/2007	To ravi		2,000	40,000	7/3/2007	By suresh		500	14,500
4/3/2007	To sales			22,000	15/3/2007	By madhu-ri			11,000
17/3/2007	To ram		1,000	21,000	18/3/2007	By freight			250
20/3/2007	To interest		2,700		19/3/2007	By rent			5,500
24/3/2007	To Bank interest		2,500		26/3/2007	By off expenses			785
1/4/2007	To balance bld			31,000	21/3/2007	By rakesh		500	12,500
				3,715	30/3/2007	By purchases			35,000
					31/3/2007	By balance c/d			1,000
									31,715
									93,200
									15/1/2013

Note:- discount column should not be balanced

* Same transaction will be written on both credit / debit side
called **contra entry**

ex:- ① Cash deposited into Bank → **Bank a/c Dr**
 cash
 To

② cash withdrawn from Bank → **cash a/c Dr**
for office use **To Bank a/c**

③ cheques received but not deposited
in the bank on the same day

25/05 • on the day of receipt of cheque

→ cash column

26/05 • When deposit of cheque

→ **Bank a/c To cash**

→ **contra entry**

Triple column cash book

prob: 21

Cr

particulars **Dr**

Date	particulars	L/F	Discount	cash	Bank	Date	particulars	L/F	Dis's	cash	Bank
1st Jan 2020	To balance b/d			5400	1475	1st Jan 2020	by Sekhar		150	850	
5th Jan 2020	To investments		or 4900 in cash	3650	1250	3rd Jan 2020	by salaries		1150	1150	
5th Jan 2020	To cash (C)				1250	5th Jan 2020	by Bank (C)		1250	1250	
6th Jan 2020	To vikram		175		775	10th Jan 2020	by drawings		175		
9th Jan 2020	To Naidu		50	1150		11th Jan 2020	by bank charges				
14th Jan 2020	To interest			140		20th Jan 2020	by rent		400	400	
16th Jan 2020	To sales			7000	360	31st Jan 2020	by Balance c/d		15790	2825	
18th Jan 2020	To dividend				225			150	18590	3860	
				18590	3860						
1/2/2020	To balance b/d			15790	2825						

prob: 26

Cr

Dr

1/1/2013	To balance b/d		5374	15490	5/1/2013	By bank a/c (C)		7000		
8/1/2013	To sales		6400		4000	8/1/2013	By Bank a/c (C)		4000	
5/1/2013	To cash a/c (C)					10/1/2013	By anilash	20	980	980
6/1/2013	To raghu ✓		7000		7000	12/1/2013	By purchases	18	2500	
8/1/2013	To cash a/c (C)					14/1/2013	By cash a/c (C)		5000	
14/1/2013	To bank a/c (C)		5000			19/1/2013	By Bank a/c (C)		950	
15/1/2013	To lally & co		950			19/1/2013	By Bank a/c (C)			
18/1/2013	To sales		7500			19/1/2013	By Bank a/c (C)		41000	
19/1/2013	To cash a/c (C)					950	21/1/2013	By stationery		120
19/1/2013	To cash a/c (C)					4000	23/1/2013	By commission		500

date	particulars	C/F	Discount	cash	Bank	date	particulars	C/F	Discount	cash	Bank
25/1/2013	To chandra				1000	25/1/2013	By tally & co				750
						24/1/2013	By drawing	a/c			800
						8/1/2013	By salaries		500		1500
						8/1/2013	By bank				20
							charges				520
							By insurance				10150
							premium				25150
								70			35224
1/2/2013	To balance b/d		60	33324	35000	8/1/2013	By balance c/d				35640
				10150	25150						

2013

question - 26

- cash in hand Rs 5374 Balance at Bank Rs 151490
- Jan 1 cash sales 61400
- Jan 3 paid Rs 7000 into bank
- Jan 5 Received a cheques from Raghu for Rs 7000
- Jan 6 Deposited Raghu's cheque of Rs 7000 into bank
- Jan 8 paid to Avinash by cheque Rs 980 & discount allowed by him Rs 20
- Jan 12 cash purchases Rs 21500
- Jan 14 withdraw from Bank Rs 5000 for office use
- Jan 15 Recieved cheque for Rs 950 from tally & co allowed discount Rs 50
- Jan 18 cash sales Rs 7500
- Jan 19 paid into bank the cheque received from tally & co Rs 950 and also deposited cash Rs 4000
- Jan 21 paid for stationery Rs 120.
- Jan 23 paid commission to Rakesh by cheque Rs 500.
- Jan 25 Recieved cheque from chandra for Rs 1000 & deposited into the bank immediately (no probs)
- Jan 27 tally & co cheque dishonoured. (covered case)
- Jan 29 Drew a cheque for 2800 for personal use
- Jan 31 paid salaries by cheque ₹1500 & cash by ₹500
- Bank charges ₹20 & insurance premium ₹520 as shown in Pass book

Petty cash book (pzb - 24)

cash Received (Rs)	Date	particulars	C/F	payments (Rs)	others
1000	1/6/2019	To cash			
	2/6/2019	By postage		80	
	5/6/2019	By stationery		50	
	8/6/2019	By postage		100	
	12/6/2019	By advertisement		40	
	16/6/2019	By wages		30	
	17/6/2019	By carriage		100	
	20/6/2019	By postage		44	
	25/6/2019	By conveyance		160	
	27/6/2019	By travelling expenses		100	
	28/6/2019	By postage		20	
	30/6/2019	By wages		49	49
		By mobile recharge Exp			
	30/6/2019	By postage		16	
	30/6/2019	By balance c/d		211	4
<u>1000</u>				<u>1000</u>	
211	1/7/2019	To balance b/d			<u>49</u>
789	1/7/2019	To cash			

Analytical way

postage stationery Advertisement wages carriage Conveyance Travelling

80

50

100

40

30

44

44

160

100

20

16

296

50

100

60

30

44

160

Open stock book)

Prob-23

	Date	Particulars	Debit	Credit
E	1/4/2020	cash in hand a/c Dr	10000	6000
1/5		cash at Bank a/c Dr	25000	
10/		Machinery a/c Dr	45000	
18		Furniture a/c Dr	7500	
20/		Motor vehicles a/c Dr	20000	
25/		Sundry Debtors a/c Dr		15000
P		To sundry creditors		40000
11		To Bank loan		126000
12		To Capital		
31		(Being the entry recorded to show the opening balances)	<u>1,81,000</u>	<u>1,81,000</u>

Accounting Eqn

$$\text{Assets} - \text{liabilities} = \text{Capital}$$

Trail balance

Particulars	Debit	Credit

Trading a/c	dr	cr
P&L a/c	dr	cr
Balance Sheet	assets	liabilities

Trail Balance
Trading
P&L a/c
Balance sheet

Particulars
To opening stock
To purchases x
Less: purchase returns
To direct expenses
To carriage/ cart
freight inwards

particulars

liabilities

tangible assets
B

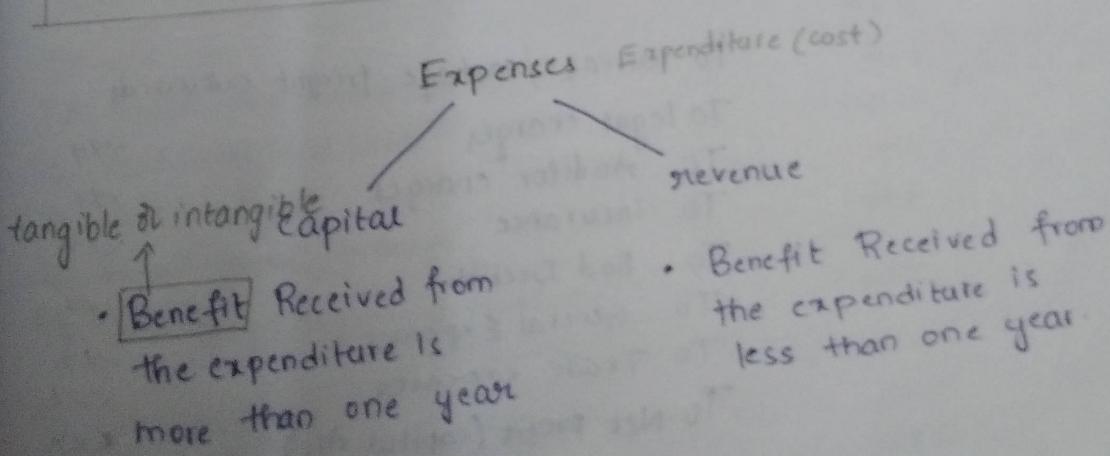
Trial Balance Dr Cr
 Trading dr cr
 p&L alc dr cr
 Balance sheet Assets Liabilities

Particulars	Amount (Rs)		particulars	Amount (Rs)
	xxx	xxx		
To opening stock	xxx			
To purchases	xxx			
Less: purchase returns	xxx			
To direct expenses	xxx			
To carriage/cartage freight inwards	xxx		To wages	

Profit & Loss (P&L) Account for year ending — of —

Particulars	Amount (Rs)		particulars	Amount (Rs)
	xxx	xxx		

liabilities	Amount (Rs)		Assets	Amount (Rs)
	xxx	xxx		



Expenditure: Amount spent for getting some benefit is known as expenditure

hotel bill	500
furniture	5000
car	50000
driver salary	1500
wages	
taxes	
repairs	
machinery	
building	
miner repairs	

revenue capital
capital
revenue
revenue
revenue
revenue
capital
capital
revenue

tangible or intangible
ex: hotel & tipper

- Revenue expenditures are recorded in P&L a/c (Dr)
- Capital expenditures are recorded in Balance sheet (Assets)

Trading (dr) or P&L a/c (dr)
Balance sheet (assets)

revenue expenditure:

direct expenditure

- Cost that is directly connected with production

Indirect expenditure (overheads)
(con cost)

- cost above the direct exp (or)
indirectly connected with production.

P&L a/c (dr)

ex: all office expenditures

Trading (dr)
ex: goods in industry

To carriage/carriage freight outwards

To legal charges	xxx
To Auditor charges	xxx
To insurance	xxx
To Bad Debts	
To General Expenses	xxx
To Trade expenses	xxx
To Net profit (Capital A/c)	xxx

(Debit) particulars
To opening stock
{ To purchases
Less: purchase return
To direct expenses
To carriage (cartage)
To wage
To coal, Gas Elec
{ To factory expenses
To customs/import
To Octroi
To excise duty
To Royalty on
To other direct
To gross profit

(credit) particulars

By sales
Less sales
By closing

(Debit)

particulars
To salaries
To office
To rents
To bank
To printing
To post
To advertising
To commission
To distribution
To expenses

(Debit) particulars

To opening stock	(C/P) worth	xxx
{ To purchases		
Less: purchase returns		xxx
To direct expenses		
To carriage / cartage	Freight Inwards	
To wage		
{ To coal, Gas Electricity(Motive power)		
{ To factory expenses		
To customs / import Duties		
To Octroi		
To excise duty		
To Royalty on manufacturing		
To other direct expenses		
To gross profit c/d (P&L/c)		

Trading account for the year ending - of —

Amount (Rs)

xxx	xxxxxxxxxx
—	xxxxxxxxxx
xxx	xxxxxxxxxx
xxx	xxxxxxxxxx
xxx	xxxxxxxxxx
—	xxxxxxxxxx
—	xxxxxxxxxx
xxx	xxxxxxxxxx

(credit) particulars

By sales	xxx
Less sales Returns	xxx
By closing stock	

Amount (Rs)

xxx	xxxxxx

year ending - of —

Amount (Rs)

xxx	xxxxxxxxxx

(Debit) particulars

To salaries	
To office and administration exp	
To rent rates and taxes	
To bank charges	
To printing & stationery	
To postage, telegram & telephone bills	
To advertisement	
To commission	
To discount Allowed	

POL Account for the year ending - of —

(credit)

Particulars

By gross profit b/d	xxxx
By commission Received	xxx
By discount Received	xxx
By bad debts Recovered	xxx
By interest Received	xxx
By dividend Received	xxx
By miscellaneous Incomes	xxx
By Rent received	xxx

Amount (Rs)

xxx

xxx

xxx

xxx

xxx

xxx

xxx

xxx

long term liabilities and current liabilities

capital,
liabilities

<u>Balance sheet as at _____ of _____ fixed assets & current Assets</u>	
	<u>Amount (Rs)</u>
Assets	
land & buildings	xxx
plant & machinery	xxx
furniture & fixtures	xxx
Motor vehicles	xxx
investments	xxx
Goodwill	xxx
patents, copyrights,	xxx
Trademarks	
cash in hand	xxx
cash at bank	xxx
Shortterm investments	xxx
Sundry debtors	xxx
Bills receivable	xxx
prepaid Expenses	xxx
outstanding incomes	xxx
closing stock	xxx
must tally.	
	xxx