

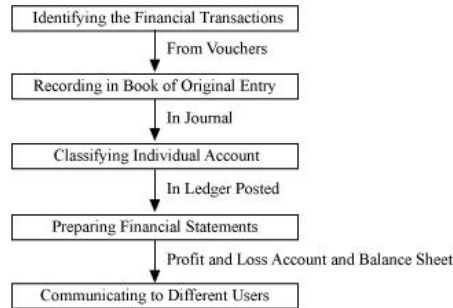
Chapter 3 - Recording Of Transactions I

Question:1

State the three fundamental steps in the accounting process.

Solution:

The fundamental steps in the accounting process are diagrammatically presented below.



Question:2

Why is the evidence provided by source documents important to accounting?

Solution:

The evidence provided by the source document is important in the following manners:

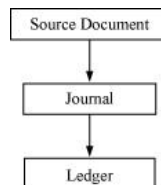
1. It provides evidence that a transaction has actually occurred.
2. It provides important and relevant information about date, amount, parties involved and other details of a particular transaction.
3. It acts as a proof in the court of law.
4. It helps in verifying transactions during the auditing process.

Question:3

Should a transaction be first recorded in a journal or ledger? Why?

Solution:

A transaction should be recorded first in a journal because journal provides complete details of a transaction in one entry. Further, a journal forms the basis for posting the transactions into their respective accounts into ledger. Transactions are recorded in journal in chronological order, i.e. in the order of occurrence with the help of source documents. Journal is also known as 'book of original entry', because with the help of source document, transactions are originally recorded in books. The process of recording the transactions in journal and then in ledger is presented in the below-given flow chart.



Question:4

Are debits or credits listed first in journal entries? Are debits or credits indented?

Solution:

As per the rule of double entry system, there are two columns of 'Amount' in the journal format namely 'Debit Amount' and 'Credit Amount'. The way of recording in a journal is quite different from normal recording. Journal entry is recorded in journal format in which the 'Debit Amount' column is listed before the 'Credit Amount' column.

Credits are indented. Indentation is leaving a space before writing any word. Journal entry has its own jargon. While journalising, in the 'Particulars' column of journal format, debited account is written first and credited account is in the next line leaving some space, which is indentation.

Question:5

Why are some accounting systems called double accounting systems?

Solution:

Some accounting systems are called double accounting systems because under this system there are two aspects of every transaction, i.e., every transaction has dual effect. Every transaction affects two accounts simultaneously, that is represented by debiting one account and crediting the other account. It is based on the fact that if there is receiver, there should be a giver.

Question:6

Give a specimen of an account.

Solution:

_____ Account

Dr.				Cr.			
Date	Particulars	J.F.	Amount Rs	Date	Particulars	J.F.	Amount Rs

Question:7

Why are the rules of debit and credit same for both liability and capital?

Solution:

Every business acquires funds from internal as well as from external sources. According to the business entity concept, the amount borrowed from the external sources together with the internal sources like, capital invested by the proprietor, is termed as liability to the business. Business entity concept treats business and business owner separately. Capital of the owner is treated as liability to the business because the business has to repay the amount of capital to the owner, in case of closure of the business. As liability incurred is credited, in the same way, fresh capital introduced and net profit increases the owner's capital, and so, capital is credited. On the other hand, if liability is paid, it reduces liability, and so, it is debited. Similarly, drawings from capital and net loss reduce the capital, and so, capital is debited. Thus the rules of debit and credit are same for both liability and capital.

Question:8

What is the purpose of posting J.F. numbers that are entered in the journal at the time entries are posted to the accounts?

Solution:

J.F. number is the number that is entered in the ledger at the time of posting entries into their respective accounts. It helps in determining whether all transactions are properly posted in their accounts. It is recorded at the time of posting and **not** at the time of recording the transactions.

The purpose of entering J.F. number in the ledger is because of the below given benefits.

1. J.F. number helps in locating the entries of accounts in the journal book. In other words, J.F number helps to locate the position of the related journal entry and subsidiary book in the journal book.
2. J.F. number in accounts ensures that recording in the books of original entry has been posted or **not**.

Question:9

What entry (debit or credit) would you make to: (a) increase revenue (b) decrease in expense, (c) record drawings (d) record the fresh capital introduced by the owner.

Solution:

1. Increase in revenue

Increase in revenue is credited as it increases the capital. Capital has credit balance and if capital increases, then it is credited.

2. Decrease in expense

Decrease in expense is credited as all expenses have debit balance. If expense decreases, then it is credited.

3. Record drawings

Capital has credit balance; if the capital increases, then it is credited. If capital decreases, then it is debited. Drawings are debited as they decrease the capital.

4. Record of fresh capital introduced by the owner– credit

Capital has credit balance, if capital increases, then it is credited. The introduction of fresh capital increases the balance of capital, and so, it is credited.

Question:10

If a transaction has the effect of decreasing an asset, is the decrease recorded as a debit or as a credit? If the transaction has the effect of decreasing a liability, is the decrease recorded as a debit or as a credit?

Solution:

If a transaction has a decreasing effect on an asset, then this decrease is recorded as credit. This is because, as all assets have debit balance and if assets decrease, then it is credited. For example, sale of furniture results in decrease in furniture (asset); so, the sale of furniture will be credited.

If a transaction has a decreasing effect on a liability, then this decrease is recorded as debit. This is because all liabilities have credit balance. If the liability increases, then it is credited and if the liability decreases, then it is debited. For example, payment to the creditors results in a decrease in the creditors (liability); so, the creditors account will be debited.

Question:11

Describe the events recorded in accounting systems and the importance of source documents in those systems?

Solution:

It is beyond human capabilities to memorise each financial transaction and that is why, source documents have their own importance in accounting system. They are considered as an evidence of transactions and can be presented in the court of law. Transactions supported by evidence can be verified. Source documents also ensure that transactions recorded in the books are free from personal biases.

A few events that are supported by source document are given below.

1. Sale of goods worth Rs 200 on credit, supported by sales invoice/bill
2. Purchase of goods worth Rs 500 on credit, supported by purchase invoice/bill
3. Cash sales worth Rs 1,000, supported by cash memo
4. Cash purchase of goods worth Rs 400, supported by cash memo
5. Goods worth Rs 100 returned by customer, supported by credit note
6. Return of goods purchased on credit worth Rs 200, supported by debit note
7. Payment worth Rs 1,200 through bank, supported by cheques
8. Deposits into bank worth Rs 500, supported by pay-in slips.

Out of the above events, only those events that can be expressed in monetary terms, are recorded in the books of accounts. However, the non-monetary events are **not** recorded in accounts; for example, promotion of manager **cannot** be recorded but increment in salary can be recorded at the time when salary is paid or due.

Source document in accounting is important because of the below given reasons.

1. It provides evidence that transaction has actually occurred.
2. It provides information about the date, amount and parties involved and other details of a particular transactions.
3. It acts as an evidence in the court of law.
4. It helps in verifying the transaction during the auditing process.

Question:12

Describe how debits and credits are used to analyse transactions.

Solution:

Debit originated from the Italian word *debito*, which in turn is derived from the Latin word *debeo*, which means 'owed to proprietor' and credit comes from the Italian word *credito*, which is derived from the Latin word *credo*, which means belief, i.e., 'owed by proprietor'.

According to the dual aspect concept, all the business transactions that are recorded in the books of accounts, have two aspects- debit and credit. The dual aspect can be better understood by the help of an example; bought goods worth Rs 500 on cash. This transaction affects two accounts with the same amount simultaneously. As goods are brought in exchange of cash, so the cash balances in the business reduce by Rs 500, i.e. why the cash account is credited. Simultaneously, the amount of goods increases by Rs 500, so purchases account will be debited. Debit and credit depend on the nature of accounts involved; such as assets, expenses, income, liabilities and capital. There are five types of Accounts.

1. **Assets-** These include all properties or legal rights owned by a firm for its operations, such as cash in hand, plant and machinery, bank, land, building, etc. All assets have debit balance. If assets increase, they are debited and if assets decrease, they are credited.

For example, furniture purchased and payment made by cheque. The journal entry is:

Furniture A/c	Dr.
To Bank A/c	

Here, furniture and bank balance, both are assets to the firm. As furniture is purchased, so furniture account will increase, and will be debited. On the other hand, payment of furniture is being made by cheque that reduces the bank balance of the business, so bank account will be credited.

2. **Expense-** It is made to run business smoothly and to carry day to day business activities.

All expenses have debit balance. If an expense is incurred, it must be debited.

For example, rent paid. The journal entry is:

Rent A/c	Dr.
To Cash A/c	

Here, rent is an expense. All expenses have debit balance. Hence, rent is debited. On the other hand, as rent is paid in cash that reduces the cash balances, so cash account is credited.

3. **Liability-** Liability is an obligation of business. Increase in liability is credited and decrease in liability is debited.

For example, loan taken from bank. The journal entry is:

Bank A/c	Dr.
To Bank Loan A/c	

Here, loan from bank is a liability to the firm. As all liabilities have credit balance, so loan from bank has been credited because it increases the liabilities.

4. **Income-** Income means profit earned during an accounting period from any source. Income also means excess of revenue over its cost during an accounting period. Income has credit balance because it increases the balance of capital.

For example, rent received from tenant. The journal entry is:

Cash A/c	Dr.
To Rent A/c	

Here, rent is an income; hence, rent account has been credited and cash has been debited, as rent received increases the cash balances.

5. **Capital-** Capital is the amount invested by the proprietor in the business. Capital has credit balance. Increase in capital is credited and decrease in capital is debited

For example, additional capital introduced by owner. The journal entry is:

Cash A/c	Dr.
To Capital A/c	

As additional capital is introduced, so the amount of capital will increase, i.e. why, capital account is credited. On the other hand, as capital is introduced in form of cash, so the cash balances decrease, i.e. why, cash account is debited.

Question:13

Describe how accounts are used to record information about the effects of transactions?

Solution:

Every transaction is recorded in the original book of entry (journal) in order of their occurrence; however, if we want to know that how much we receive from our debtors or how much to pay to the creditors, it is **not** possible to determine at a single movement. Hence, we prepare accounts to know the position of business activities in the meantime.

There are some steps to record transactions in accounts; it can be easily understood with the help of an example.

Sold goods to Mr A worth Rs 50,000 on 12th April and received payment Rs 40,000 on 25th April. The following journal entries will be recorded:

	Particulars	L.F.	Debit Amount Rs	Credit Amount Rs
Apr.12	A's A/c To Sales (Goods sold on credit to Mr. A)	Dr. 22 18	50,000	50,000
Apr.25	Cash A/c To A's A/c (Cash received from Mr. A)	Dr. 13 22	40,000	40,000

Step 1– Locate the account in ledger, i.e., Mr A's Account.

Step 2– Enter the date of transaction in the date column of the debit side of Mr A's Account.

Step 3– In the 'Particulars' column of the debit side of Mr A's Account, the name of corresponding account is to be written, i.e., 'Sales'.

Step 4– Enter the page number of the ledger in the Journal Folio (J.F.) column of Mr A's Account.

Step 5– Enter the amount in the 'Amount' column.

Step 6– Same steps are to be followed to post entries in the credit side of Mr A's Account.

Step 7– After entering all the transactions for a particular period, balance the account by totalling both sides and write the difference in shorter side, as 'Balance c/d'.

Step 8– Total of account is to be written on either sides.

Question:14

What is a journal? Give a specimen of journal showing at least five entries.

Solution:

Journal is derived from the French word *Jour*, means daily records. In this book, transactions are recorded in order of their occurrence, i.e., in chronological order from the source document. It is also termed as the book of original entry and each transaction is termed as journal entry.

Performa of Journal
In the books of.....

Date	Particulars	L.F.	Debit Amount Rs	Credit Amount Rs

Date– Date of transaction is recorded in the order of their occurrence.

Particulars– Details of business transactions like, name of the parties involved and the name of related accounts, are recorded.

L.F.– Page number of ledger account when entry is posted.

Debit Amount– Amount of debit account is written.

Credit Amount– Amount of credit account is written.

Recording of a Journal Entry

	Date
1) Started business with cash Rs 1,00,000	April 01
2) Open a bank account Rs 20,000	April 03
3) Purchase goods for cash Rs 25,000	April 04
4) Goods sold for cash Rs 30,000	April 05
5) Goods sold to Mr. X Rs 2,000	April 06

Books of Mr A Journal

Date	Particulars	L.F.	Debit Amount Rs	Credit Amount Rs
April 1	Cash A/c To Capital A/c (Started business with cash)	Dr.	1,00,000	1,00,000
April 3	Bank A/c To Cash A/c (Bank account opened with cash)	Dr.	20,000	20,000
April 4	Purchase A/c To Cash (Goods purchased for cash)	Dr.	25,000	25,000
April 5	Cash A/c To Sales A/c (Goods sold for cash)	Dr.	30,000	30,000
April 6	Mr. X's A/c To Sales (Goods sold to Mr. X on credit)	Dr.	2,000	2,000
	Total		177,000	177,000

Question:15

Differentiate between source documents and vouchers.

Solution:

Basis of Difference	Source Documents	Vouchers
Meaning	It refers to the documents in writing, containing the details of events or transactions.	When source document is considered as evidence of an event or transaction, then it is called voucher.
Purpose	It is used for preparing accounting vouchers.	It is used for analysing the transactions.
Recording	It acts as a basis for preparing accounting voucher that helps in recording.	It acts as a basis for recording transactions.
Preparation	It is prepared at the time when an event or a transaction occurs.	It can be prepared either when an event or a transaction occurs, or later on.
Legality/Validity	It can be used as evidence in the court of law.	It can be used for assessing the authentication of transactions.
Prepared By	It is prepared by the persons who are directly involved in the transactions, or who are authorised to prepare or approve these documents.	It is prepared by the authorised persons or by the accountants.
Examples	Cash memo, invoice, and pay-in-slip, etc.	Cash memo, invoice, pay-in-slip (if used as evidence), debit note, credit note, cash vouchers, transfer vouchers, etc.

Question:16

Accounting equation remains intact under all circumstances. Justify the statement with the help of an example.

Solution:

According to the dual-aspect concept, every transaction simultaneously, has two effects of equal amount, i.e. debit and credit. However, in any case, the equality of total assets with the total claims of business (sum of capital and liabilities) is not disturbed. This equality is algebraically represented as:

$$\boxed{\text{Assets} = \text{Total Claims}}$$

Or

$$\boxed{\text{Assets} = \text{Liabilities} + \text{Capital}}$$

or, Liabilities = Asset – Capital

or, Capital = Assets – Liabilities

In any circumstance the above equation **cannot** be changed. For example,

1. Business started with cash Rs 1,00,000

Cash A/c Dr.
To Capital A/c

Assets	=	Liabilities	+	Capital
Cash (1,00,000)				1,00,000

Assets decrease, as cash is invested into the business and capital increases. Thus the equality between LHS and RHS remains intact.

2. Goods purchased on credit Rs 20, 000

Assets		=	Liabilities	+	Capital
Cash	Stock		Creditors		
1,00,000	20,000	=	20,000	+	100,000

Assets increase as well as liability increases, without disturbing the equality.

3. Goods purchased with cash 25000

Assets		=	Liabilities	+	Capital
Cash	Stock	=			
1,00,000 (25,000)	20,000 25,000		20,000	+	1,00,000

As goods are purchased for cash, so cash balance reduces by Rs 25,000, but on the other hand, stock balance increases by Rs 25,000. Thus the total balance of LHS remains equal to the total claims.

Question:17

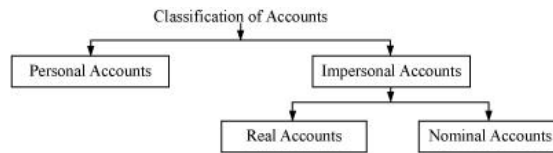
Explain the double entry mechanism with an illustrative example.

Solution:

Double entry system is based on the dual aspect concept. It means every transaction has two-sided effects, i.e., every debit has its credit.

This system is explained by Luca Pacioli in his book *Summae Arithmetica Geometria Proportioni et Proportionalita*, 1494. He said if one is receiver, then the other should be the giver.

In double entry system, accounts are classified as shown below.



1. **Personal Accounts:** It includes individual persons, firms, companies, and other institutions, such as Mr. A, M/s ABC & Co. etc.

Rule of double entry system for personal accounts:

- Debit the receiver.
- Credit the giver.

For example:

i. Cash paid to Mr. A.

A's A/c Dr.

To Cash

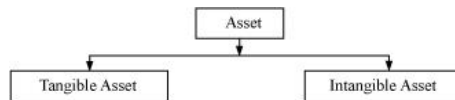
ii. Cash received from Mr. X

Cash A/c Dr.

To Mr. X

2. **Impersonal Accounts:** It relates to non living things. Impersonal accounts are further classified as real accounts and nominal accounts.

1. **Real Account**– It includes all types of assets.



i. Tangible assets that can be seen and touched; for example, machinery, building, etc.

ii. Intangible assets that **cannot** be seen and touched; for example, goodwill, patent, etc.

Rule of double entry system for real accounts:

- Debit what comes in.
- Credit what goes out.

For example:

Furniture purchased for cash

Furniture A/c Dr.

To Cash A/c

2. **Nominal Account:** It includes all expenses, losses, incomes and gains.

Rule of double entry system for nominal accounts:

- Debit all losses and expenses.
- Credit all gains and incomes.

For example:

i. Rent paid

Rent A/c Dr.

To Cash A/c

ii. Commission received.

Cash A/c Dr.

To Commission A/c

Question:18

Prepare accounting equation on the basis of the following:

- (a) Harsha started business with cash Rs 2,00,000
- (b) Purchased goods from Naman for cash Rs 40,000
- (c) Sold goods to Bhanu costing Rs 10,000/- Rs 12,000
- (d) Bought furniture on credit Rs 7,000

Solution:

S.No.	Explanation	Assets				= Liabilities + Creditors	Capital
		Cash	+ Stock	+ Debtors	+ Furniture		
(a)	Increase in cash	2,00,000				=	
	Increase in capital						2,00,000
(b)	Increase in stock	2,00,000				=	NIL + 2,00,000
	Decrease in cash	(40,000)	40,000				
(c)	Increase in debtors	1,60,000 +	40,000			=	NIL + 2,00,000
	Decrease in stock			12,000			
(d)	Profit		(10,000)				2,000
	Increase in furniture	1,60,000 +	30,000 +	12,000		=	NIL 2,02,000
	Increase in creditors				7,000		
						7,000	
		1,60,000 +	30,000 +	12,000 +	7,000	=	7,000 + 2,02,000

Question:19

Prepare accounting equation from the following:

Rs

- (a) Kunal started business with cash 2,50,000
- (b) He purchased furniture for cash 35,000
- (c) He paid commission 2,000
- (d) He purchases goods on credit 40,000
- (e) He sold goods (costing Rs 20,000) for cash 26,000

Solution:

S.No.	Explanation	Assets			Liabilities	+	Capital
		Cash	+ Furniture	+ Stock	= Creditors		
(a)	Increase in cash	2,50,000					
	Increase in capital						2,50,000
(b)	Increase in furniture		35,000				
	Decrease in cash	(35,000)					
(c)	Decrease in capital (Expense)	2,15,000	+ 35,000		= NIL	+	2,50,000
	Decrease in cash	(2,000)					(2,000)
(d)	Increase in stock	2,13,000	+ 35,000		= NIL	+	2,48,000
	Increase in creditors			40,000			
(e)	Increase in cash	26,000					
	Decrease in stock			(20,000)			
	Increase in capital (Profit)						6,000

		2,39,000 + 35,000 + 20,000 = 40,000 + 2,54,000
--	--	--

Question:20

Mohit has the following transactions, prepare accounting equation:

	Rs
(a) Business started with cash	1,75,000
(b) Purchased goods from Rohit	50,000
(c) Sales goods on credit to Manish (Costing Rs 17,500)	20,000
(d) Purchased furniture for office use	10,000
(e) Cash paid to Rohit in full settlement	48,500
(f) Cash received from Manish	20,000
(g) Rent paid	1,000
(h) Cash withdrew for personal use	3,000

Solution:

S.No.	Explanation	Assets				Liabilities + Capital	
		Cash	+ Stock	+ Debtors	Furniture	= Creditors	
(a)	Increase in cash	1,75,000					1,75,000
	Increase in capital						1,75,000
(b)	Increase in stock		50,000				50,000
	Increase in creditors (Rohit)						50,000
(c)	Increase in debtors (Manish)			20,000			20,000
	Decrease in stock		(17,500)				(17,500)
	Increase in capital (Profit)						2,500
(d)	Increase in furniture				10,000		10,000
	Decrease in cash	(10,000)					(10,000)
(e)	Decrease in creditors (Rohit)						50,000
	Decrease in cash	(48,500)					(48,500)
	Increase in capital (Discount received)						1,500
(f)	Increase in cash	20,000					20,000
	Decrease in debtors (Manish)			(20,000)			(20,000)
(g)	Decrease in capital (Expense)						(1,000)
	Decrease in cash	1,000					(1,000)
(h)	Decrease in capital (Drawings)						(3,000)
	Decrease in cash	(3,000)					(3,000)
		1,32,500	+ 32,500	+ NIL	+ 10,000	=	NIL + 1,75,000

Question:21

Rohit has the following transactions:

	Rs
(a) Commenced business with cash	1,50,000
(b) Purchased machinery on credit	40,000
(c) Purchased goods for cash	20,000
(d) Purchased car for personal use	80,000
(e) Paid to creditors in full settlement	38,000
(f) Sold goods for cash costing Rs 5,000	4,500
(g) Paid rent	1,000
(h) Commission received in advance	2,000

Prepare the Accounting Equation to show the effect of the above transactions on the assets, liabilities and capital.

Solution:

S.No.	Explanation	Assets			Liabilities		+	Capital
		Cash	+ Machinery	+ Stock	= Creditors	+ Unaccrued Income		
(a)	Increase in cash	1,50,000						
	Increase in capital							1,50,000
(b)	Increase in machinery	1,50,000			= NIL		+	1,50,000
	Increase in creditors		40,000		= 40,000			
(c)	Increase in stock	1,50,000	+ 40,000		= 40,000		+	1,50,000
	Decrease in cash	(20,000)		20,000				
(d)	Decrease in cash	1,30,000	+ 40,000	+ 20,000	= 40,000		+	1,50,000
	Decrease in capital (Drawings)	(80,000)						(80,000)
(e)	Decrease in creditors	50,000	+ 40,000	+ 20,000	= 40,000		+	70,000
	Decrease in cash	(38,000)			(40,000)			
(f)	Increase in cash							2,000
	Increase in capital (Discount received)							
(g)	Decrease in cash	12,000	+ 40,000	+ 20,000	= NIL		+	72,000
	Decrease in stock	4,500		(5,000)				
(h)	Decrease in cash	16,500	+ 40,000	+ 15,000	= NIL		+	71,500
	Decrease in capital (Expense)	(1,000)						(1,000)
(i)	Increase in cash	15,500	+ 40,000	+ 15,000	= NIL		+	70,500
	Increase in unaccrued income	2,000			=	2,000		
		17,500	+ 40,000	+ 15,000	= NIL	+ 2,000	+	70,500

Question:22

Use accounting equation to show the effect of the following transactions of M/s Royal Traders:

Rs

- | | | |
|-----|--|----------|
| (a) | Started business with cash | 1,20,000 |
| (b) | Purchased goods for cash | 10,000 |
| (c) | Rent received | 5,000 |
| (d) | Salary outstanding | 2,000 |
| (e) | Prepaid Insurance | 1,000 |
| (f) | Received interest | 700 |
| (g) | Sold goods for cash (costing Rs 5,000) | 7,000 |
| (h) | Goods destroyed by fire | 500 |

Solution:

S.No.	Explanation	Assets			=	Liabilities		+	Capital
		Cash	+ Stock	+ Prepaid Expenses		Outstanding Expenses			
(a)	Increase in cash	1,20,000							
	Increase in capital								1,20,000
(b)	Increase in stock	1,20,000			=	NIL		+	1,20,000
	Increase in cash	(10,000)	10,000		=				
(c)	Increase in cash	1,10,000	+ 10,000		=	NIL		+	1,20,000
	Increase in capital (Profit)	5,000							5,000
(d)	Increase in outstanding expenses	1,15,000	+ 10,000		=	NIL		+	1,25,000
					=	2,000			

	Decrease in capital (Expense)	(2,000)								
		1,15,000	+	10,000		=	2,000	+	1,23,000	
(e)	Increase in prepaid expenses						1,000			
	Decrease in cash	(1,000)								
(f)		1,14,000	+	10,000	+	1,000	=	2,000	+	1,23,000
	Increase in cash	700								
	Increase in capital (Profit)									700
(g)		1,14,700	+	10,000	+	1,000	=	2,000	+	1,23,700
	Increase in cash	7,000								
	Decrease in stock			(5,000)						
	Increase in capital (Profit)									2,000
(h)		1,21,700	+	5,000	+	1,000	=	2,000	+	1,25,700
	Decrease in stock			(500)						
	Decrease in capital (Loss)						=			(500)
		1,21,700	+	4,500	+	1,000	=	2,000	+	1,25,200

Question:23

Show the accounting equation on the basis of the following transaction:

(a)	Udit started business with:	Rs
	(i) Cash	5,00,000
	(ii) Goods	1,00,000
(b)	Purchased building for cash	2,00,000
(c)	Purchased goods from Himani	50,000
(d)	Sold goods to Ashu (Cost Rs 25,000)	36,000
(e)	Paid insurance premium	3,000
(f)	Rent outstanding	5,000
(g)	Depreciation on building	8,000
(h)	Cash withdrawn for personal use	20,000
(i)	Rent received in advance	5,000
(j)	Cash paid to Himani on account	20,000
(k)	Cash received from Ashu	30,000

Solution:

S.No.	Explanation	Assets				=	Liabilities		+ Capital
		Cash	+	Stock	+ Building	+ Debtors	Creditors	+ Outstanding Expenses	+ Unaccrued Income
(a)	Increase in cash	5,00,000							
	Increase in stock			1,00,000					6,00,000
	Increase in capital								
		5,00,000	+	1,00,000			=	NIL	+ 6,00,000
(b)	Increase in building				2,00,000				
	Decrease in cash	(2,00,000)					=		
		3,00,000	+	1,00,000	+	2,00,000	=	NIL	+ 6,00,000
(c)	Increase in stock			50,000					
	Increase in creditors						=	50,000	
		3,00,000	+	1,50,000	+	2,00,000	=	50,000	+ 6,00,000
(d)	Increase in debtors					36,000			
	Decrease in stock			(25,000)					
	Increase in capital (Profit)								11,000
		3,00,000	+	1,25,000	+	2,00,000	+	36,000	= 50,000 + 6,11,000
(e)	Decrease in cash	(3,000)							
	Decrease in capital (Expense)								(3,000)
		2,97,000	+	1,25,000	+	2,00,000	+	36,000	= 50,000 + 6,08,000
(f)	Decrease in capital (Expense)							5,000	
	Increase in liabilities								(5,000)
		2,97,000	+	1,25,000	+	2,00,000	+	36,000	= 50,000 + 5,000 + 6,03,000
(g)	Decrease in building				(8,000)				
	Decrease in capital								(8,000)
		2,97,000	+	1,25,000	+	1,92,000	+	36,000	= 50,000 + 5,000 + 5,95,000

- (a) Manoj started business with
- (i) Cash 2,30,000
- (ii) Goods 1,00,000
- (iii) Building 2,00,000
- (b) He purchased goods for cash 50,000
- (c) He sold goods(costing Rs 20,000) 35,000
- (d) He purchased goods from Rahul 55,000
- (e) He sold goods to Varun (Costing Rs 52,000) 60,000
- (f) He paid cash to Rahul in full settlement 53,000
- (g) Salary paid by him 20,000
- (h) Received cash from Varun in full settlement 59,000
- (i) Rent outstanding 3,000
- (j) Prepaid Insurance 2,000
- (k) Commission received by him 13,000
- (l) Amount withdrawn by him for personal use 20,000
- (m) Depreciation charge on building 10,000
- (n) Fresh capital invested 50,000
- (o) Purchased goods from Rakhi 10,000

Solution:

S.No.	Explanation	Assets						=	Liabilities		+ Capital		
		Cash	+	Stock	+	Building	+	Debtors	+	Prepaid Expenses	Creditors	+	Outstanding Expenses
(a)	Increase in cash, stock and building	2,30,000	+	1,00,000	+	2,00,000							
	Increase in capital												5,30,000
		2,30,000	+	1,00,000	+	2,00,000				=			+ 5,30,000
(b)	Increase in stock					50,000							
	Decrease in cash	(50,000)											
		1,80,000	+	1,50,000	+	2,00,000				=			+ 5,30,000
(c)	Increase in cash	35,000											
	Decrease in stock			(20,000)									15,000
	increase in capital (Profit)												
(d)	Increase in stock	2,15,000	+	1,30,000	+	2,00,000							+ 5,45,000
	Increase in creditors			55,000									
										=	55,000		
(e)	Increase in debtors	2,15,000	+	1,85,000	+	2,00,000							+ 5,45,000
	Decrease in stock			(52,000)									
	Increase in capital (Profit)												8,000
(f)	Decrease in creditors	2,15,000	+	1,33,000	+	2,00,000	+	60,000					+ 5,53,000
	Decrease in cash	(53,000)											
	Increase in capital (Discount received)									=	(55,000)		
(g)	Decrease in cash												2,000
	Decrease in capital	1,62,000	+	1,33,000	+	2,00,000	+	60,000					+ 5,55,000
		(20,000)											(20,000)
(h)	Increase in cash	1,42,000	+	1,33,000	+	2,00,000	+	60,000					+ 5,35,000
	Decrease in capital (Discount allowed)	59,000											(1,000)
	Decrease in debtors							60,000					

(i)	Increase in outstanding Expenses decrease in capital (Expense)	2,01,000	+	1,33,000	+	2,00,000	+	NIL	=	NIL	+		+	5,34,000		
		3,000 (3,000)														
(j)	Decrease in prepaid expenses Decrease in cash	2,01,000	+	1,33,000	+	2,00,000	+	NIL	=	NIL	+	3,000	+	5,31,000		
		2,000 (2,000)														
(k)	Increase in cash increase in capital (Income)	1,99,000	+	1,33,000	+	2,00,000	+	NIL	2,000	=	NIL	+	3,000	+	5,31,000	
		13,000 13,000														
(l)	Decrease in capital Decrease in cash	2,12,000	+	1,33,000	+	2,00,000	+	NIL	+	2,000	=	NIL	+	3,000	+	5,44,000
		(20,000) (20,000)														
(m)	Decrease in capital Decrease in building	1,92,000	+	1,33,000	+	1,90,000	+	NIL	+	2,000	=	NIL	+	3,000	+	5,24,000
		(10,000) (10,000)														
(n)	Increase in cash Increase in capital	1,92,000	+	1,33,000	+	1,90,000	+	NIL	+	2,000	=	NIL	+	3,000	+	5,14,000
		50,000 50,000														
(o)	Increase in stock Increase in creditors	2,42,000	+	1,33,000	+	1,90,000	+	NIL	+	2,000	=	NIL	+	3,000	+	5,64,000
		10,000 10,000														
		2,42,000	+	1,43,000	+	1,90,000	+	NIL	+	2,000	=	10,000	+	3,000	+	5,64,000

Question:26

Transactions of M/s. Vipin Traders are given below.

Show the effects on Assets, Liabilities and Capital with the help of accounting Equation.

	Rs
(a) Business started with cash	1,25,000
(b) Purchased goods for cash	50,000
(c) Purchase furniture from R.K. Furniture	10,000
(d) Sold goods to Parul Traders (costing Rs 7,000 vide bill no. 5674)	9,000
(e) Paid cartage	100
(f) Cash Paid to R.K. furniture in full settlement	9,700
(g) Cash sales (costing Rs 10,000)	12,000
(h) Rent received	4,000
(i) Cash withdrew for personal use	3,000

Solution:

S.No.	Explanation	Cash	+	Stock	+	Furniture	+	Debtors	=	Liabilities	+	Capital
										Creditors		
(a)	Increase in cash	1,25,000										
	Increase in capital											1,25,000
		1,25,000	+						=	NIL	+	1,25,000
(b)	Increase in stock			50,000								
	Decrease in cash	(50,000)							=			
		75,000	+	50,000					=	NIL	+	1,25,000
(c)	Increase in furniture					10,000			=			
	Increase in creditors								=	10,000		
		75,000	+	50,000	+	10,000			=	10,000	+	1,25,000

(d)	Increase in debtors	9,000						
	Decrease in stock	(7,000)						
	Increase in capital (Profit)	2,000						
		75,000	+	43,000	+	10,000	+	9,000 = 10,000 + 1,27,000
(e)	Decrease in capital (Cartage Expenses)	(100)						
	Decrease in cash	(100)						
		74,900	+	43,000	+	10,000	+	9,000 = 10,000 + 1,26,900
(f)	Decrease in creditors							
	Decrease in cash	(9,700)						
	Increase in capital (Discount-received)	300						
		65,200	+	43,000	+	10,000	+	9,000 = NIL + 1,27,200
(g)	Increase in cash	12,000						
	Decrease in stock	(10,000)						
	Increase in capital (Profit)	2,000						
		77,200	+	33,000	+	10,000	+	9,000 = NIL + 1,29,200
(h)	Increase in cash	4,000						
	Increase in capital (Income)	4,000						
		81,200	+	33,000	+	10,000	+	9,000 = NIL + 1,33,200
(i)	Decrease in capital	(3,000)						
	Decrease in cash	(3,000)						
		78,200	+	33,000	+	10,000	+	9,000 = NIL + 1,30,200

Question:27

Bobby opened a consulting firm and completed these transactions during November, 2005:

- Invested Rs 4,00,000 cash and office equipment with Rs 1,50,000 in a business called Bobbie Consulting.
- Purchased land and a small office building. The land was worth Rs 1,50,000 and the building worth Rs 3,50,000. The purchase price was paid with Rs 2,00,000 cash and a long term note payable for Rs 8,00,000.
- Purchased office supplies on credit for Rs 12,000.
- Bobbie transferred title of motor car to the business. The motor car was worth Rs 90,000.
- Purchased for Rs 30,000 additional office equipment on credit.
- Paid Rs 75,00 salary to the office manager.
- Provided services to a client and collected Rs 30,000
- Paid Rs 4,000 for the month's utilities.
- Paid supplier created in transaction (c).
- Purchase new office equipment by paying Rs 93,000 cash and trading in old equipment with a recorded cost of Rs 7,000.
- Completed services of a client for Rs 26,000. This amount is to be paid within 30 days.
- Received Rs 19,000 payment from the client created in transaction (k).
- Bobby withdrew Rs 20,000 from the business.

Analyse the above stated transactions and open the following T-accounts:

Cash, client, office supplies, motor car, building, land, long term payables, capital, withdrawals, salary, expense and utilities expense.

Solution:

a)

The transaction (a) increases assets by Rs 5,50,000 (cash Rs 4,00,000 and office equipment Rs 1,5,000) it will be debited and on the other hand it will increase the capital by Rs 5,50,000, so it will be credited in capital account.

Cash Account		Office Equipment Account		Capital Account	
Dr.	Cr.	Dr.	Cr.	Dr.	Cr.
	Rs		Rs		
(a)	4,00,000	(a)	1,50,000	(a)	Rs 4,00,000
				(a)	Rs 1,50,000

b)

Purchase of land and small office building are assets. On one hand, the purchase of these items will increase their individual accounts and this will increase the total amount of the assets in the business; so, both the accounts will be debited. On the other hand, payment in cash on the purchase of these assets will decrease the cash balance, so cash account will be credited to the extent of amount paid. After payment for building in cash, the balance of building account will be transferred to creditors for building account. This will increase the amount of the creditors, which in turn will increase the total liabilities of the business. Long term payables are regarded as loan to the business that will increase both cash balance (due to intake of loan) as well as liabilities of the business.

Land Account	
Dr.	Cr.
(b) Rs 1,50,000	

Building Account	
Dr.	Cr.
(b) Rs 3,50,000	

Cash Account	
Dr.	Cr.
(a) Rs 4,00,000	(b) Rs 1,50,000
(b) Rs 3,00,000	(b) Rs 50,000

Long Term Payable Account	
Dr.	Cr.
	Rs
	(b) 3,00,000

Creditors for Building Account	
Dr.	Cr.
	(b) Rs 3,00,000

c)

Here 'office supplies' is an expense. So, according to the golden rule, 'All expenses are debited', it will be debited on one hand while on the other hand, office supplies has been purchased on credit, so it will increase the liability, on account of which, supplier's account will be credited.

Office Supplies Account	
Dr.	Cr.
(c) Rs 12,000	

Supplier's Account (Creditors)	
Dr.	Cr.
	(c) Rs 12,000

d)

Amount invested (motor car) by the proprietor in the business would increase both the capital and assets.

Motor Car Account	
Dr.	Cr.
(d) Rs 90,000	

Capital Account	
Dr.	Cr.
	Rs
	(a) 4,00,000
	Rs
	(a) 1,50,000
	(d) Rs 90,000

e)

Purchase of additional equipment increases the assets; hence, offices equipment account will be debited. Further as the office equipment was purchased on credit, it increases the amount of the creditors for office equipment and the creditors account will be credited.

Office Equipment Account	
Dr.	Cr.
(a) Rs 1,50,000	
(e) Rs 30,000	

Creditors for Office Equipment Account	
Dr.	Cr.
	(e) Rs 30,000

f)

Salary is an expense and as all the expenses are debited, so the payment of salary to the manager will be debited to the salary account. And on the other hand the payment of the salary in cash decreases the cash balance (Assets) so the cash account would be credited (as decrease in assets is credited).

Salary Account	
Dr.	Cr.
(f) Rs 7,500	

Cash Account	
Dr.	Cr.
(a) Rs 4,00,000	(b) Rs 1,50,000
(b) Rs 8,00,000	(b) Rs 50,000
	(f) Rs 7,500

g)

Amount received or receivable from services rendered to the client is revenue for the business. All revenues are to be credited so

client service account will be credited.

On the other hand, cash received in exchange of services would increase the cash balance. It would be debited to the cash account.

**Client Services Account
(Revenue)**

Dr.	Cr.
	(g) Rs 30,000

Cash Account

Dr.	Cr.
(a) Rs 4,00,000	(b) Rs 1,50,000
(b) Rs 8,00,000	(b) Rs 50,000
(g) Rs 30,000	(f) Rs 7,500

h)

The 'utilities' has been treated as a revenue expense. All expenses are to be debited. Amount paid for utilities would be debited to Utilities account.

Utilities have been paid in cash so the cash account will be credited (as this decreases assets).

Utilities Account

Dr.	Cr.
(h) Rs 4,000	

Cash Account

Dr.	Cr.
(a) Rs 4,00,000	(b) Rs 1,50,000
(b) Rs 8,00,000	(b) Rs 50,000
(g) Rs 30,000	(f) Rs 7,500
	(h) Rs 4,000

i)

Payment to the supplier (creditors) will be debited. It results in the decrease in liabilities. Further as the payment has been made in cash, so it results in decrease in the cash balance (assets) and hence the cash account will be credited.

Supplier's Account (Creditors)

Dr.	Cr.
(h) Rs 12,000	(c) Rs 12,000

Cash Account

Dr.	Cr.
	Rs
(a) Rs 4,00,000	(b) 1,50,000
(b) Rs 8,00,000	(b) Rs 50,000
(g) Rs 30,000	(f) Rs 7,500
	(h) Rs 4,000
	(i) Rs 12,000

j)

Purchase of the equipments will be debited in the Equipment Account (as there is increase in the assets). Also as the equipments of worth Rs 1,00,000 and Rs 93,000 have been purchased for cash and old equipments of worth Rs 7,000 have been exchanged so the purchase of the equipments will be debited in the Office Equipment account and equipment of Rs 7,000 will be credited in the same account.

Office Equipment Account

Dr.	Cr.
(a) Rs 1,50,000	(j) Rs 7,000
(e) Rs 30,000	
(j) Rs 1,00,000	

Cash Account

Dr.	Cr.
	Rs
(a) Rs 4,00,000	(b) 1,50,000
(b) Rs 8,00,000	(b) Rs 50,000
(g) Rs 30,000	(f) Rs 7,500
	(h) Rs 4,000
	(i) Rs 12,000
	(j) Rs 93,000

k)

Receipt from 'Client services' is revenue. All revenues are credited. The client services account will be credited and client is considered as debtors, so the client account will be debited.

**Client Services Account
(Revenue)**

Dr.	Cr.
	(g) Rs 30,000
	(k) Rs 26,000

Client's Account (Debtor)

Dr.	Cr.
(k) Rs 26,000	

l)

The client has been considered as Debtors. The amount received from the client will lead to the decrease in the debtors balance and the client account will be credited. Receipts from the client will increase the cash balance (asset), and hence the cash account will be debited.

Client's Account (Debtors)

Dr.	Cr.
(k) Rs 26,000	(l) Rs 19,000

Cash Account

Dr.	Cr.
(a) Rs 4,00,000	(b) Rs 1,50,000
(b) Rs 8,00,000	(b) Rs 50,000
(g) Rs 30,000	(f) Rs 7,500
(l) Rs 19,000	(h) Rs 4,000

- (i) Rs 12,000
- (j) Rs 93,000

m)

The amount withdrawn by the proprietor is considered as 'drawings'. According to the Business Entity Concept, drawings decrease the owner's capital.) Thus the drawings account will be debited (as decrease in capital is debited). On the other hand as drawings have been made in cash, decrease in cash means cash account will be credited with the amount of drawings.

Drawings Account		Cash Account	
Dr.	Cr.	Dr.	Cr.
(m) Rs 20,000		(a) Rs 4,00,000	Rs
		(b) Rs 8,00,000	(b) 1,50,000
		(g) Rs 30,000	(b) Rs 50,000
		(l) Rs 19,000	(f) Rs 7,500
			(h) Rs 4,000
			(i) Rs 12,000
			(j) Rs 93,000
			(m) Rs 20,000

T – Accounts

Capital Account

Dr.				Cr.			
S. No.	Particulars	J.F.	Amount Rs	S. No.	Particulars	J.F.	Amount Rs
				(a)	Cash		4,00,000
				(a)	Office Equipment		1,50,000
				(d)	Motor Car		90,000

Office Equipment Account

Dr.				Cr.			
S. No.	Particulars	J.F.	Amount Rs	S. No.	Particulars	J.F.	Amount Rs
(a)	Capital		1,50,000				
(e)	Creditors for office equipment		30,000				
(j)	Cash (1,00,000 – 7,000)		93,000				

Cash Account

Dr.				Cr.			
S. No.	Particulars	J.F.	Amount Rs	S. No.	Particulars	J.F.	Amount Rs
(a)	Capital		4,00,000	(b)	Land		1,50,000
(b)	Long term payable		3,00,000	(b)	Building		50,000
(g)	Client Services		30,000	(f)	Salaries		7,500
(i)	Client		19,000	(h)	Utilities		4,000
				(i)	Suppliers		12,000
				(j)	Office Equipment		93,000
				(m)	Drawings		20,000

Land Account

Dr.				Cr.			
S. No.	Particulars	J.F.	Amount Rs	S. No.	Particulars	J.F.	Amount Rs
(b)	Cash		1,50,000				

Building Account

Dr.				Cr.			
S. No.	Particulars	J.F.	Amount Rs	S. No.	Particulars	J.F.	Amount Rs
(b)	Cash		50,000				
(b)	Creditors for Building		3,00,000				

Office Supplies Account (Expenses)

Dr.				Cr.			
S. No.	Particulars	J.F.	Amount Rs	S. No.	Particulars	J.F.	Amount Rs
(c)	Supplier		12,000				

Motor Car Account

Dr.				Cr.			
S. No.	Particulars	J.F.	Amount Rs	S. No.	Particulars	J.F.	Amount Rs
(d)	Capital		90,000				

Supplier's Account (Creditors)

Dr.				Cr.			
S. No.	Particulars	J.F.	Amount Rs	S. No.	Particulars	J.F.	Amount Rs
(i)	Cash		12,000	(c)	Office Supplies		12,000

Creditors for Office Equipment

Dr.				Cr.			
S. No.	Particulars	J.F.	Amount Rs	S. No.	Particulars	J.F.	Amount Rs
				(e)	Office equipment		30,000

Salaries Account

Dr.				Cr.			
S. No.	Particulars	J.F.	Amount Rs	S. No.	Particulars	J.F.	Amount Rs
(f)	Cash		7,500				

Client Services Account

Dr.				Cr.			
S. No.	Particulars	J.F.	Amount Rs	S. No.	Particulars	J.F.	Amount Rs
				(g)	Cash		30,000
				(k)	Client		26,000

Utilities Account (Expenses)

Dr.				Cr.			
S. No.	Particulars	J.F.	Amount Rs	S. No.	Particulars	J.F.	Amount Rs
(h)	Cash		4,000				

Client Accounts (Debtors)

Dr.				Cr.			
S. No.	Particulars	J.F.	Amount Rs	S. No.	Particulars	J.F.	Amount Rs
(k)	Client Services		26,000	(l)	Cash		19,000

Drawings Account

Dr.				Cr.			
S. No.	Particulars	J.F.	Amount Rs	S. No.	Particulars	J.F.	Amount Rs
(m)	Cash		20,000				

Long Term Payable Account

Dr.				Cr.			
S. No.	Particulars	J.F.	Amount Rs	S. No.	Particulars	J.F.	Amount Rs
				(b)	Cash		3,00,000

Creditors for Building Account

Dr.				Cr.			
S. No.	Particulars	J.F.	Amount Rs	S. No.	Particulars	J.F.	Amount Rs
				(b)	Building		3,00,000

Question:28

Journalise the following transactions in the books of Himanshu:

2017		Rs
Dec.01	Business started with cash	75,000
Dec.07	Purchased goods for cash	10,000
Dec.09	Sold goods to Swati	5,000
Dec.12	Purchased furniture	3,000
Dec.18	Cash received from Swati in full settlement	4,000
Dec.25	Paid rent	1,000
Dec.30	Paid salary	1,500

Solution:

**Books of Himanshu
Journal**

Date	Particulars	L.F.	Debit Amount Rs	Credit Amount Rs
2017				
Dec.01	Cash A/c Dr. To Capital A/c (Started business with cash)		75,000	75,000
Dec.07	Purchases A/c Dr. To Cash A/c (Goods purchased for cash)		10,000	10,000
Dec.09	Swati Dr. To Sales A/c (Goods sold on credit)		5,000	5,000
Dec.12	Furniture A/c Dr. To Cash A/c (Furniture purchased for cash)		3,000	3,000
Dec.18	Cash A/c Dr. Discount Allowed A/c Dr. To Swati (Cash received from Swati and discount allowed)		4,000 1,000	5,000
Dec.25	Rent A/c Dr. To Cash A/c (Rent paid in cash)		1,000	1,000
Dec.30	Salaries A/c Dr. To Cash A/c (Salary paid in cash)		1,500	1,500
	Total		1,00,500	1,00,500

Question:29

Enter the following Transactions in the Journal of Mudit :

2017		Rs
Jan.01	Commenced business with cash	1,75,000
Jan.01	Building	1,00,000
Jan.02	Goods purchased for cash	75,000
Jan.03	Sold goods to Ramesh	30,000
Jan.04	Paid wages	500
Jan.06	Sold goods for cash	10,000
Jan.10	Paid for trade expenses	700
Jan.12	Cash received from Ramesh	29,500
	Discount allowed	500
Jan.14	Goods purchased for Sudhir	27,000
Jan.18	Cartage paid	1,000
Jan.20	Drew cash for personal use	5,000
Jan.22	Goods use for house hold	2,000
Jan.25	Cash paid to Sudhir	26,700
	Discount allowed	300

Solution:

**Books of Mudit
Journal**

Date	Particulars	L.F.	Debit Amount Rs	Credit Amount Rs
2017				
Jan.01	Building A/c Dr.		1,00,000	
	Cash A/c Dr.		1,75,000	
	To Capital A/c (Commenced business with cash and building)			2,75,000
Jan.02	Purchases A/c Dr.		75,000	
	To Cash A/c (Goods purchased for cash)			75,000
Jan.03	Ramesh Dr.		30,000	
	To Sales A/c (Goods sold to Ramesh)			30,000
Jan.04	Wages A/c Dr.		500	
	To Cash A/c (Wages paid in cash)			500
Jan.06	Cash A/c Dr.		10,000	
	To Sales A/c (Goods sold for cash)			10,000
Jan.10	Trade Expenses A/c Dr.		700	
	To Cash A/c (Trade expenses paid in cash)			700
Jan.12	Cash A/c Dr.		29,500	
	Discount Allowed A/c Dr.		500	
	To Ramesh (Cash received from Ramesh and discount allowed to him)			30,000
Jan.14	Purchases A/c Dr.		27,000	
	To Sudhir (Goods purchased from Sudhir on credit)			27,000
Jan.18	Cartage A/c Dr.		1,000	
	To Cash A/c (Cartage paid in cash)			1,000
Jan.20	Drawings A/c Dr.		5,000	
	To Cash A/c (Cash drawn for personal use)			5,000
Jan.22	Drawings A/c Dr.		2,000	
	To Purchases A/c			2,000

	(Goods drawn from business for households use)			
Jan.25	Sudhir To Cash A/c To Discount Received A/c (Cash paid to Sudhir and discount received)	Dr.	27,000	26,700 300
	Total		4,83,200	4,83,200

Question:30

Journalise the following transactions:

		Rs
2017		
Dec. 01	Hema started business with cash	1,00,000
Dec. 02	Open a bank account with SBI	30,000
Dec. 04	Purchased goods from Ashu	20,000
Dec.06	Sold goods to Rahul for cash	15,000
Dec.10	Bought goods from Tara for cash	40,000
Dec.13	Sold goods to Suman	20,000
Dec.16	Received cheque from Suman	19,500
	Discount allowed	500
Dec.20	Cheque given to Ashu on account	10,000
Dec.22	Rent paid by cheque	2,000
Dec.23	Deposited into bank	16,000
Dec.25	Machine purchased from Parigya	10,000
Dec.26	Trade expenses	2,000
Dec.28	Cheque issued to Parigya	10,000
Dec.29	Paid telephone expenses by cheque	1,200
Dec.31	Paid salary	4,500

Solution:

Books of Hema Journal

Date	Particulars	L.F.	Debit Amount Rs	Credit Amount Rs
2017				
Dec.01	Cash A/c To Capital A/c (Started business with cash)	Dr.	1,00,000	1,00,000
Dec.02	Bank A/c To Cash A/c (Bank account opened with SBI)	Dr.	30,000	30,000
Dec.04	Purchases A/c To Ashu (Goods purchased from Ashu)	Dr.	20,000	20,000
Dec.06	Cash A/c To Sales A/c (Goods sold for cash)	Dr.	15,000	15,000
Dec.10	Purchases A/c To Cash A/c (Goods purchased for cash)	Dr.	40,000	40,000
Dec.13	Suman To Sales A/c (Goods goods to Suman)	Dr.	20,000	20,000
Dec.16	Bank A/c Discount Allowed A/c	Dr. Dr.	19,500 500	

	To Suman (Cheque received from Suman and discount allowed)			20,000
Dec.20	Ashu To Bank A/c (Cheque forwarded to Ashu)	Dr.	10,000	10,000
Dec.22	Rent A/c To Bank A/c (Rent paid by cheque)	Dr.	2,000	2,000
Dec.23	Bank A/c To Cash A/c (Cash deposited into bank)	Dr.	16,000	16,000
Dec.25	Machinery A/c To Parigya (Machinery purchased from Parigya)	Dr.	10,000	10,000
Dec.26	Trade Expenses A/c To Cash A/c (Trade expenses paid)	Dr.	2,000	2,000
Dec.28	Parigya To Bank A/c (Cheque issued to Parigya)	Dr.	10,000	10,000
Dec.29	Telephone Expenses A/c To Bank A/c (Telephone expenses paid through cheque)	Dr.	1,200	1,200
Dec.30	Salaries A/c To Cash A/c (Salary paid)	Dr.	4,500	4,500
	Total		3,00,700	3,00,700

Question:31

Journalise the following transactions in the books of Harpreet Bros.:

- Rs 1,000 due from Rohit are now bad debts.
- Goods worth Rs 2,000 were used by the proprietor.
- Charge depreciation @ 10% p.a for two month on machine costing Rs 30,000.
- Provide interest on capital of Rs 1,50,000 at 6% p.a. for 9 months.
- Rahul become insolvent, who owed is Rs 2,000 a final dividend of 60 paise in a rupee is received from his estate.

Solution:

Books of Harpreet Bros. Journal

S. No.	Particulars	L.F.	Debit Amount Rs	Credit Amount Rs
(a)	Bad Debt A/c To Rohit (Debtors) (Due from Rohit became bad debt)	Dr.	1,000	1,000
(b)	Drawings A/c To Purchases A/c (Goods withdrawn by proprietor for personal use)	Dr.	2,000	2,000
(c)	Depreciation A/c To Machinery A/c	Dr.	500	500

	(Depreciation charged on machinery for two months)			
(d)	Interest on Capital A/c To Capital A/c (Interest on capital at 6% due for 9 months)	Dr.	6,750	6,750
(e)	Bad Debt A/c Cash A/c To Rahul (Debtor) (Received from Rahul 60 paise in a rupee and rest amount considered as bad debt)	Dr. Dr.	800 1,200	2,000
	Total		12,250	12,250

Question:32

Prepare Journal from the transactions given below :

	Rs
(a) Cash paid for installation of machine	500
(b) Goods given as charity	2,000
(c) Interest charge on capital @ 7% p.a. when total capital were	70,000
(d) Received Rs 1,200 of a bad debts written-off last year.	
(e) Goods destroyed by fire	2,000
(f) Rent outstanding	1,000
(g) Interest on drawings	900
(h) Sudhir Kumar who owed me Rs 3,000 has failed to pay the amount. He pays me a compensation of 45 paise in a rupee.	
(i) Commission received in advance	7,000

Solution:

Journal

S. No.	Particulars	L.F.	Debit Amount Rs	Credit Amount Rs
(a)	Machinery A/c To Cash A/c (Cash paid for installation of machinery)	Dr.	500	500
(b)	Charity A/c To Purchases A/c (Goods given as charity)	Dr.	2,000	2,000
(c)	Interest on Capital A/c To Capital A/c (Interest on capital charged @ 7% p.a.)	Dr.	4,900	4,900
(d)	Cash A/c To Bad Debt Recovered A/c (Cash received on from debtors which was previously written off as bad)	Dr.	1,200	1,200
(e)	Goods Destroyed by Fire A/c To Purchases A/c (Goods destroyed by fire)	Dr.	2,000	2,000
(f)	Rent A/c To Rent Outstanding A/c (Rent due but not paid)	Dr.	1,000	1,000

(g)	Drawings A/c To Interest on Drawings A/c (Interest allowed on drawings)	Dr.	900	900
(h)	Cash A/c Bad Debt A/c To Sudhir Kumar (Sudhir Kumar declared insolvent and cash received from him 45 paise in a rupee in full settlement)	Dr. Dr.	1,350 1,650	3,000
(i)	Commission A/c To Commission Received in Advance A/c (Commission received in advance) (Note: If it is assumed, commission in advance already credited as commission) OR Cash A/c To Commission Received in Advance (Commission received in Advance) (Note: If it is assumed, commission in advance not already credited as commission)	Dr.	7,000 7,000	7,000 7,000
Total			22,500	22,500

Question:33

Journalise the following transactions, post to the ledger:
2017

			Rs
Nov. 01	Business started with	(i) Cash	1,50,000
		(ii) Goods	50,000
Nov. 03	Purchased goods from Harish		30,000
Nov. 05	Sold goods for cash		12,000
Nov. 08	Purchase furniture for cash		5,000
Nov. 10	Cash paid to Harish on account		15,000
Nov. 13	Paid sundry expenses		200
Nov. 15	Cash sales		15,000
Nov. 18	Deposited into bank		5,000
Nov. 20	Drew cash for personal use		1,000
Nov. 22	Cash paid to Harish in full settlement of account		14,700
Nov. 25	Good sold to Nitesh		7,000
Nov. 26	Cartage paid		200
Nov. 27	Rent paid		1,500
Nov. 29	Received cash from Nitesh		6,800
	Discount allowed		200
Nov. 30	Salary paid		3,000

Solution:

Journal

Date	Particulars	L.F.	Debit Amount Rs	Credit Amount Rs
2017 Nov.01	Cash A/c Stock A/c To Capital A/c (Started business with cash and goods)	Dr. Dr.	1,50,000 50,000	2,00,000
Nov.03	Purchases A/c	Dr.	30,000	

	To Harish (Goods purchased from Harish)			30,000
Nov.05	Cash A/c To Sales A/c (Goods sold for cash)	Dr.	12,000	12,000
Nov.08	Furniture A/c To Cash A/c (Furniture purchased for cash)	Dr.	5,000	5,000
Nov.10	Harish A/c To Cash A/c (Cash paid to Harish)	Dr.	15,000	15,000
Nov.13	Sundry Expenses A/c To Cash (Sundry expenses paid)	Dr.	200	200
Nov.15	Cash A/c To Sales A/c (Goods sold for cash)	Dr.	15,000	15,000
Nov.18	Bank A/c To Cash A/c (Cash deposited into bank)	Dr.	5,000	5,000
Nov.20	Drawings A/c To Cash A/c (Cash drawn for personal use)	Dr.	1,000	1,000
Nov.22	Harish To Cash A/c To Discount Received A/c (Payment made to Harish and discount received)	Dr.	15,000	14,700 300
Nov.25	Nitesh To Sales A/c (Goods sold to Nitesh)	Dr.	7,000	7,000
Nov.26	Cartage A/c To Cash A/c (Cartage paid)	Dr.	200	200
Nov.27	Rent A/c To Cash A/c (Rent paid)	Dr.	1,500	1,500
Nov.29	Cash A/c Discount Allowed A/c To Nitesh (Cash received from Nitesh and discount allowed)	Dr.	6,800 200	7,000
Nov.30	Salaries A/c To Cash A/c (Salary paid)	Dr.	3,000	3,000
	Total		3,16,900	3,16,900

Cash Account

Dr.				Cr.			
Date	Particulars	J.F.	Amount Rs	Date	Particulars	J.F.	Amount Rs
2017				2017			
Nov.01	Capital		1,50,000	Nov.08	Furniture		5,000
Nov.05	Sales		12,000	Nov.10	Harish		15,000
Nov.15	Sales		15,000	Nov.13	Sundry Expenses		200
Nov.29	Nitesh		6,800	Nov.18	Bank		5,000
				Nov.20	Drawings		1,000
				Nov.22	Harish		14,700
				Nov.26	Cartage		200
				Nov.27	Rent		1,500
				Nov.30	Salaries		3,000
				Nov.30	Balance c/d		1,38,200
			1,83,000				1,83,000

Capital Account

Dr.				Cr.			
Date	Particulars	J.F.	Amount Rs	Date	Particulars	J.F.	Amount Rs
2017				2017			
				Nov.01	Cash		1,50,000
				Nov.01	Stock		50,000
Nov.30	Balance c/d		2,00,000				2,00,000
			2,00,000				

Stock Account

Dr.				Cr.			
Date	Particulars	J.F.	Amount Rs	Date	Particulars	J.F.	Amount Rs
2017				2017			
Nov.01	Capital		50,000				
				Nov.30	Balance c/d		50,000
			50,000				50,000

Cartage Account

Dr.				Cr.			
Date	Particulars	J.F.	Amount Rs	Date	Particulars	J.F.	Amount Rs
2017				2017			
Nov.26	Cash		200	Nov.30	Balance c/d		200
			200				200

Rent Account

Dr.				Cr.			
Date	Particulars	J.F.	Amount Rs	Date	Particulars	J.F.	Amount Rs
2017				2017			
Nov.27	Cash		1,500	Nov.30	Balance c/d		1,500
			1,500				1,500

Salaries Account

Dr.				Cr.			
-----	--	--	--	-----	--	--	--

Date	Particulars	J.F.	Amount Rs	Date	Particulars	J.F.	Amount Rs
2017 Nov.30	Cash		3,000	2017 Nov.30	Balance c/d		3,000
			3,000				3,000

Furniture Account

Dr.

Cr.

Date	Particulars	J.F.	Amount Rs	Date	Particulars	J.F.	Amount Rs
2017 Nov.08	Cash		5,000	2017 Nov.30	Balance c/d		
			5,000				5,000

Nitesh's Account

Dr

Cr.

Date	Particulars	J.F.	Amount Rs	Date	Particulars	J.F.	Amount Rs
2017 Nov.25	Sales		7,000	2017 Nov.29	Cash		6,800
				Nov.29	Discount Allowed		200
			7,000				7,000

Sales Account

Dr.

Cr.

Date	Particulars	J.F.	Amount Rs	Date	Particulars	J.F.	Amount Rs
2017 Nov.30	Balanced c/d		34,000	2017 Nov.05	Cash		12,000
			34,000	Nov.15	Cash		15,000
				Nov.25	Nitesh		7,000
							34,000

Purchases Account

Dr.

Cr.

Date	Particulars	J.F.	Amount Rs	Date	Particulars	J.F.	Amount Rs
2017 Nov.03	Harish		30,000	2017 Nov.30	Balance c/d		30,000
			30,000				30,000

Harish's Account

Dr.

Cr.

Date	Particulars	J.F.	Amount Rs	Date	Particulars	J.F.	Amount Rs
2017 Nov.10	Cash		15,000	2017 Nov.03	Purchases		30,000
Nov.22	Cash		14,700				
Nov.22	Discount Received		300				30,000
			30,000				

Sundry Expenses Account

Dr.				Cr.			
Date	Particulars	J.F.	Amount Rs	Date	Particulars	J.F.	Amount Rs
2017 Nov.13	Cash		200	2017 Nov.30	Balance c/d		200
			200				200

Bank Account

Dr.				Cr.			
Date	Particulars	J.F.	Amount Rs	Date	Particulars	J.F.	Amount Rs
2017 Nov.18	Cash		5,000	2017 Nov.30	Balance c/d		5,000
			5,000				5,000

Drawings Account

Dr.				Cr.			
Date	Particulars	J.F.	Amount Rs	Date	Particulars	J.F.	Amount Rs
2017 Nov.20	Cash		1,000	2017 Nov.30	Balance c/d		1,000
			1,000				1,000

Discount Received Account

Dr.				Cr.			
Date	Particulars	J.F.	Amount Rs	Date	Particulars	J.F.	Amount Rs
2017 Nov.30	Balance c/d		300	2017 Nov.22	Harish		300
			300				3,00

Discount Allowed Account

Dr.				Cr.			
Date	Particulars	J.F.	Amount Rs	Date	Particulars	J.F.	Amount Rs
2017 Nov.29	Nitesh		200	2017 Nov.30	Balance c/d		200
			200				200

Question:34

Journalise the following transactions is the journal of M/s. Goel Brothers and post them to the ledger.

2017		Rs
Jan. 01	Started business with cash	1,65,000
Jan. 02	Opened bank account in PNB	80,000
Jan. 04	Goods purchased from Tara	22,000
Jan.05	Goods purchased for cash	30,000
Jan.08	Goods sold to Naman	12,000
Jan.10	Cash paid to Tara	22,000
Jan.15	Cash received from Naman	11,700
	Discount allowed	300

Jan. 16	Paid wages	200
Jan. 18	Furniture purchased for office use	5,000
Jan. 20	Withdrawn from bank for personal use	4,000
Jan. 22	Issued cheque for rent	3,000
Jan. 23	Goods issued for house hold purpose	2,000
Jan. 24	Drawn cash from bank for office use	6,000
Jan. 26	Commission received	1,000
Jan. 27	Bank charges	200
Jan. 28	Cheque given for insurance premium	3,000
Jan. 29	Paid salary	7,000
Jan. 30	Cash sales	10,000

Solution:

Books of M/s Goel Brothers
Journal

Date	Particulars	L.F.	Debit Amount Rs	Credit Amount Rs
2017 Jan.01	Cash A/c To Capital A/c (Started business with cash)	Dr.	1,65,000	1,65,000
Jan.02	Bank A/c To Cash A/c (Bank account opened with PNB)	Dr.	80,000	80,000
Jan.04	Purchases A/c To Tara (Goods purchased from Tara)	Dr.	22,000	22,000
Jan.05	Purchases A/c To Cash A/c (Goods purchased for cash)	Dr.	30,000	30,000
Jan.08	Naman To Sales A/c (Sale of goods to Naman)	Dr.	12,000	12,000
Jan.10	Tara To Cash A/c (Cash paid to Tara)	Dr.	22,000	22,000
Jan.15	Cash A/c Discount Allowed A/c To Naman (Cash received from Naman and discount allowed)	Dr. Dr.	11,700 300	12,000
Jan.16	Wages A/c To Cash A/c (Wages paid)	Dr.	200	200
Jan.18	Furniture A/c To Cash A/c (Furniture purchased for cash)	Dr.	5,000	5,000
Jan.20	Drawings A/c To Bank A/c (Cash drawn from bank for personal use)	Dr.	4,000	4,000
Jan.22	Rent A/c To Bank A/c (Rent paid through cheque)	Dr.	3,000	3,000

Jan.23	Drawings A/c To Purchases A/c (Goods drawn for household purpose)	Dr.	2,000	2,000
Jan.24	Cash A/c To Bank A/c (Cash drawn from bank)	Dr.	6,000	6,000
Jan.26	Cash A/c To Commission A/c (Commission received)	Dr.	1,000	1,000
Jan.27	Bank Charges A/c To Bank A/c (Bank charged charges)	Dr.	200	200
Jan.28	Insurance A/c To Bank A/c (Insurance paid through cheque)	Dr.	3,000	3,000
Jan.29	Salaries A/c To Cash A/c (Salary paid)	Dr.	7,000	7,000
Jan.30	Cash A/c To Sales A/c (Cash received for sale of goods)	Dr.	10,000	10,000
	Total		3,84,400	3,84,400

Ledger

Cash Account

Dr.				Cr.			
Date	Particulars	J.F.	Amount Rs	Date	Particulars	J.F.	Amount Rs
2017				2017			
Jan.01	Capital		1,65,000	Jan.02	Bank		80,000
Jan.15	Naman		11,700	Jan.05	Purchases		30,000
Jan.24	Bank		6,000	Jan.10	Tara		22,000
Jan.26	Commission		1,000	Jan.16	Wages		200
Jan.30	Sales		10,000	Jan.18	Furniture		5,000
				Jan.29	Salaries		7,000
				Jan.31	Balance c/d		49,500
			1,93,700				1,93,700

Capital Account

Dr.				Cr.			
Date	Particulars	J.F.	Amount Rs	Date	Particulars	J.F.	Amount Rs
2017				2017			
Jan.31	Balance c/d		1,65,000	Jan.01	Cash		1,65,000
			1,65,000				1,65,000

Bank Account

Dr.				Cr.			
-----	--	--	--	-----	--	--	--

Date	Particulars	J.F.	Amount Rs	Date	Particulars	J.F.	Amount Rs
2017 Jan.02	Cash		80,000	2017 Jan.20	Drawings		4,000
				Jan.22	Rent		3,000
				Jan.24	Cash		6,000
				Jan.27	Bank charges		200
				Jan.28	Insurance		3,000
				Jan.31	Balance c/d		63,800
			80,000				80,000

Tara's Account

Dr.				Cr.			
Date	Particulars	J.F.	Amount Rs	Date	Particulars	J.F.	Amount Rs
2017 Jan.10	Cash		22,000	2017 Jan.04	Purchases		22,000
			22,000				22,000

Purchases Account

Dr.				Cr.			
Date	Particulars	J.F.	Amount Rs	Date	Particulars	J.F.	Amount Rs
2017 Jan.04	Tara		22,000	2017 Jan.23	Drawings		2,000
Jan.05	Cash		30,000	Jan.31	Balance c/d		50,000
			52,000				52,000

Sales Account

Dr.				Cr.			
Date	Particulars	J.F.	Amount Rs	Date	Particulars	J.F.	Amount Rs
2017 Jan.31	Balanced c/d		22,000	2017 Jan.08	Naman		12,000
			22,000	Jan.30	Cash		10,000
							22,000

Naman's Account

Dr.				Cr.			
Date	Particulars	J.F.	Amount Rs	Date	Particulars	J.F.	Amount Rs
2017 Jan.08	Sales		12,000	2017 Jan.15	Cash		11,700
			12,000	Jan.15	Discount Allowed		300
							12,000

Discount Allowed Account

Dr.				Cr.			
Date	Particulars	J.F.	Amount Rs	Date	Particulars	J.F.	Amount Rs
2017 Jan.15	Naman		300	2017 Jan.31	Balance c/d		300
			300				300

Wages Account

Dr.				Cr.			
Date	Particulars	J.F.	Amount Rs	Date	Particulars	J.F.	Amount Rs
2017 Jan.16	Cash		200	2017 Jan.31	Balance c/d		200
			200				200

Furniture Account

Dr.				Cr.			
Date	Particulars	J.F.	Amount Rs	Date	Particulars	J.F.	Amount Rs
2017 Jan.18	Cash		5,000	2017 Jan.31	Balance c/d		5,000
			5,000				5,000

Drawings Account

Dr.				Cr.			
Date	Particulars	J.F.	Amount Rs	Date	Particulars	J.F.	Amount Rs
2017 Jan.20	Bank		4,000	2017 Jan.31	Balance c/d		6,000
Jan.23	Purchases		2,000				6,000
			6,000				

Rent Account

Dr.				Cr.			
Date	Particulars	J.F.	Amount Rs	Date	Particulars	J.F.	Amount Rs
2017 Jan.22	Bank		3,000	2017 Jan.31	Balance c/d		3,000
			3,000				3,000

Commission Account

Dr.				Cr.			
Date	Particulars	J.F.	Amount Rs	Date	Particulars	J.F.	Amount Rs
2017 Jan.31	Balance c/d		1,000	2017 Jan.26	Cash		1,000
			1,000				1,000

Bank Charges Account

Dr.				Cr.			
Date	Particulars	J.F.	Amount Rs	Date	Particulars	J.F.	Amount Rs
2017 Jan.27	Bank		200	2017 Jan.31	Balance c/d		200
			200				200

Insurance Account

Dr.				Cr.			
Date	Particulars	J.F.	Amount Rs	Date	Particulars	J.F.	Amount Rs
2017 Jan.28	Bank		3,000	2017 Jan.31	Balance c/d		3,000
			3,000				3,000

Salaries Account

Dr.				Cr.			
Date	Particulars	J.F.	Amount Rs	Date	Particulars	J.F.	Amount Rs
2017 Jan.29	Cash		7,000	2017 Jan.31	Balance c/d		7,000
			7,000				7,000

Question:35

Give journal entries of M/s. Mohit traders; post them to the Ledger from the following transactions:

August, 2017		Rs
1	Commenced business with cash	1,10,000
2	Opened bank account with H.D.F.C.	50,000
3	Purchased furniture	20,000
7	Bought goods for cash from M/s. Rupa Traders	30,000
8	Purchased good from M/s. Hema Traders	42,000
10	Sold goods for cash	30,000
14	Sold goods on credit to M/s. Gupta Traders	12,000
16	Rent paid	4,000
18	Paid trade expenses	1,000
20	Received cash from Gupta Traders	12,000
22	Goods return to Hema Traders	2,000
23	Cash paid to Hema Traders	40,000
25	Bought postage stamps	100
30	Paid salary to Rishabh	4,000

Solution:

**Books of M/s. Mohit Traders
Journal**

Date	Particulars	L.F.	Debit Amount Rs	Credit Amount Rs
2017 Aug.01	Cash A/c To Capital A/c (Commenced business with cash)	Dr.	1,10,000	1,10,000
Aug.02	Bank A/c To Cash A/c (Bank account opened with H.D.F.C)	Dr.	50,000	50,000
Aug.03	Furniture A/c To Cash A/c (Furniture purchased)	Dr.	20,000	20,000
Aug.07	Purchases A/c To Cash A/c (Goods purchased for cash)	Dr.	30,000	30,000

Aug.08	Purchases A/c To M/s. Hema Traders (Goods purchased from M/s. Hema Traders)	Dr.	42,000	42,000
Aug.10	Cash A/c To Sales A/c (Goods sold for cash)	Dr.	30,000	30,000
Aug.14	M/s. Gupta Traders To Sales A/c (Goods sold to M/s. Gupta traders)	Dr.	12,000	12,000
Aug.16	Rent A/c To Cash A/c (Rent paid in cash)	Dr.	4,000	4,000
Aug.18	Trade Expenses A/c To Cash A/c (Trade expenses paid in cash)	Dr.	1,000	1,000
Aug.20	Cash A/c To M/s. Gupta Traders (Cash received from M/s. Gupta Traders)	Dr.	12,000	12,000
Aug.22	M/s. Hema Traders To Purchases Return A/c (Goods returned to Hema traders)	Dr.	2,000	2,000
Aug.23	M/s. Hema Traders To Cash A/c (Cash paid to Hema traders)	Dr.	40,000	40,000
Aug.25	Postage Stamps A/c To Cash A/c (Postage stamps purchased)	Dr.	100	100
Aug.30	Salaries A/c To Cash A/c (Salaries paid in cash)	Dr.	4,000	4,000
	Total		3,57,100	3,57,100

Cash Account

Dr.				Cr.			
Date	Particulars	J.F.	Amount Rs	Date	Particulars	J.F.	Amount Rs
2017				2017			
Aug.01	Capital		1,10,000	Aug.02	Bank		50,000
Aug.10	Sales		30,000	Aug.03	Furniture		20,000
Aug.20	M/s. Gupta Traders		12,000	Aug.07	Purchases		30,000
				Aug.16	Rent		4,000
				Aug.18	Trade Expenses		1,000
				Aug.23	M/s. Hema Traders		40,000
				Aug.25	Postage Stamps		100
				Aug.30	Salaries		4,000
				Aug.31	Balance c/d		2,900
			1,52,000				1,52,000

Capital Account

Dr. Cr.

Date	Particulars	J.F.	Amount Rs	Date	Particulars	J.F.	Amount Rs
2017 Aug.31	Balance c/d		1,10,000	2017 Aug.01	Cash		1,10,000
			1,10,000				1,10,000

Bank Account

Dr. Cr.

Date	Particulars	J.F.	Amount Rs	Date	Particulars	J.F.	Amount Rs
2017 Aug.02	Cash		50,000	2017 Aug.31	Balance c/d		50,000
			50,000				50,000

Furniture Account

Dr. Cr.

Date	Particulars	J.F.	Amount Rs	Date	Particulars	J.F.	Amount Rs
2017 Aug.03	Cash		20,000	2017 Aug.31	Balanced c/d		20,000
			20,000				20,000

Purchases Account

Dr. Cr.

Date	Particulars	J.F.	Amount Rs	Date	Particulars	J.F.	Amount Rs
2017 Aug.07	Cash		30,000	2017 Aug.31	Balance c/d		72,000
2017 Aug.08	M/s. Hema Traders		42,000				72,000
			72,000				

M/s. Hema Traders Account

Dr. Cr.

Date	Particulars	J.F.	Amount Rs	Date	Particulars	J.F.	Amount Rs
2017 Aug.22	Purchases Return		2,000	2017 Aug.08	Purchases		42,000
2017 Aug.23	Cash		40,000				
			42,000				42,000

Sales Account

Dr. Cr.

Date	Particulars	J.F.	Amount Rs	Date	Particulars	J.F.	Amount Rs
2017 Aug.31	Balance c/d		42,000	2017 Aug.10	Cash		30,000
			42,000	2017 Aug.14	M/s. Gupta Traders		12,000
							42,000

M/s. Gupta Traders Account

Dr.

Cr.

Date	Particulars	J.F.	Amount Rs	Date	Particulars	J.F.	Amount Rs
2017 Aug.14	Sales		12,000	2017 Aug.20	Cash		12,000
			12,000				12,000

Rent Account

Dr.

Cr.

Date	Particulars	J.F.	Amount Rs	Date	Particulars	J.F.	Amount Rs
2017 Aug.16	Cash		4,000	2017 Aug.31	Balance c/d		4,000
			4,000				4,000

Trade Expenses Account

Dr.

Cr.

Date	Particulars	J.F.	Amount Rs	Date	Particulars	J.F.	Amount Rs
2017 Aug.18	Cash		1,000	2017 Aug.31	Balance c/d		1,000
			1,000				1,000

Purchases Return Account

Dr.

Cr.

Date	Particulars	J.F.	Amount Rs	Date	Particulars	J.F.	Amount Rs
2017 Aug.31	Balance c/d		2,000	2017 Aug.22	M/s. Hema Traders		2,000
			2,000				2,000

Postage Stamps Account

Dr.

Cr.

Date	Particulars	J.F.	Amount Rs	Date	Particulars	J.F.	Amount Rs
2017 Aug.25	Cash		100	2017 Aug.31	Balance c/d		100
			100				100

Salaries Account

Dr.

Cr.

Date	Particulars	J.F.	Amount Rs	Date	Particulars	J.F.	Amount Rs
2017 Aug.30	Cash		4,000	2017 Aug.31	Balance c/d		4,000
			4,000				4,000

Question:36

Journalise the following transaction in the Books of the M/s. Bhanu Traders and Post them into the Ledger.

December, 2017		Rs
1	Started business with cash	92,000
2	Deposited into bank	60,000
4	Bought goods on credit from Himani	40,000
6	Purchased goods from cash	20,000
8	Returned goods to Himani	4,000
10	Sold goods for cash	20,000
14	Cheque given to Himani	36,000
17	Goods sold to M/s. Goyal TradeRs	3,50,000
19	Drew cash from bank for personal use	2,000
21	Goyal traders returned goods	3,500
22	Cash deposited into bank	20,000
26	Cheque received from Goyal Traders	31,500
28	Goods given as charity	2,000
29	Rent paid	3,000
30	Salary paid	7,000
31	Office machine purchased for cash	3,000

Solution:

Books of M/s. Bhanu Traders
Journal

Date	Particulars	L.F.	Debit Amount Rs	Credit Amount Rs
2017 Dec.01	Cash A/c To Capital A/c (Started business with cash)	Dr.	92,000	92,000
Dec.02	Bank A/c To Cash A/c (Cash deposited into bank)	Dr.	60,000	60,000
Dec.04	Purchases A/c To Himani (Goods purchased from Himani)	Dr.	40,000	40,000
Dec.06	Purchases A/c To Cash A/c (Goods purchased for cash)	Dr.	20,000	20,000
Dec.08	Himani To Purchases Return A/c (Goods returned to Himani)	Dr.	4,000	4,000
Dec.10	Cash A/c To Sales A/c (Goods sold for cash)	Dr.	20,000	20,000
Dec.14	Himani To Bank A/c (Cheque given to Himani)	Dr.	36,000	36,000
Dec.17	M/s. Goyal Traders A/c To Sales A/c (Goods sold to M/s. Goyal Traders)	Dr.	35,000	35,000
Dec.19	Drawings A/c To Bank A/c (Cash withdrawn from bank for personal use)	Dr.	2,000	2,000

Dec.21	Sales Return A/c To M/s. Goyal Traders (Goods returned by Goyal Traders)	Dr.	3,500	3,500
Dec.22	Bank A/c To Cash A/c (Cash deposited into bank)	Dr.	20,000	20,000
Dec.26	Bank A/c To M/s. Goyal Traders (Cheque received from M/s. Goyal Traders)	Dr.	31,500	31,500
Dec.28	Charity A/c To Purchases A/c (Goods given as charity)	Dr.	2,000	2,000
Dec.29	Rent A/c To Bank A/c (Rent paid) see note	Dr.	3,000	3,000
Dec.30	Salaries A/c To Cash A/c (Salaries paid)		7,000	7,000
Dec.31	Office Machine A/c To Cash A/c (Office machinery purchased)		3,000	3,000
	Total		6,94,000	6,94,000

Cash Account

Dr.				Cr.			
Date	Particulars	J.F.	Amount Rs	Date	Particulars	J.F.	Amount Rs
2017				2017			
Dec.01	Capital		92,000	Dec.02	Bank		60,000
Dec.10	Sales		20,000	Dec.06	Purchases		20,000
				Dec.22	Bank		20,000
				Dec.30	Salaries		7,000
				Dec.31	Office Machine		3,000
				Dec.31	Balance c/d		2,000
			1,12,000				1,12,000

Capital Account

Dr.				Cr.			
Date	Particulars	J.F.	Amount Rs	Date	Particulars	J.F.	Amount Rs
2017				2017			
Dec.31	Balance c/d		92,000	Dec.01	Cash		92,000
			92,000				92,000

Bank Account

Dr.				Cr.			
Date	Particulars	J.F.	Amount Rs	Date	Particulars	J.F.	Amount Rs
2017				2017			
Dec.02	Cash		60,000	Dec.14	Himani		36,000
Dec.22	Cash		20,000	Dec.19	Drawings		2,000
Dec.26	Goyal Traders		31,500	Dec.29	Rent (see note)		3,000

			Dec.31	Balance c/d		70,500
		1,11,500				11,500

Note: For transaction on December 29, 2017, it has been assumed that the rent of Rs 3,000 is paid through cheque. If instead the rent would have been paid in cash, the cash account would have shown a credit (negative) balance and that is logically not correct.

Purchases Account

Dr.				Cr.			
Date	Particulars	J.F.	Amount Rs	Date	Particulars	J.F.	Amount Rs
2017 Dec.04 Dec.06	Himani Cash		40,000 20,000	2017 Dec.28 Dec.31	Charity Balance c/d		2,000 58,000
			60,000				60,000

Himani's Account

Dr.				Cr.			
Date	Particulars	J.F.	Amount Rs	Date	Particulars	J.F.	Amount Rs
2017 Dec.08 Dec.14	Purchases Return Bank		4,000 36,000	2017 Dec.04	Purchases		40,000
			40,000				40,000

Sales Account

Dr.				Cr.			
Date	Particulars	J.F.	Amount Rs	Date	Particulars	J.F.	Amount Rs
2017 Dec.31	Balance c/d		55,000	2017 Dec.10 Dec.17	Cash M/s. Goyal Traders		20,000 35,000
			55,000				55,000

M/s. Goyal Traders Account

Dr.				Cr.			
Date	Particulars	J.F.	Amount Rs	Date	Particulars	J.F.	Amount Rs
2017 Dec.17	Sales		35,000	2017 Dec.21 Dec.26	Sales Return Bank		3,500 31,500
			35,000				35,000

Purchases Return Account

Dr.				Cr.			
Date	Particulars	J.F.	Amount Rs	Date	Particulars	J.F.	Amount Rs
2017 Dec.31	Balance c/d		4,000	2017 Dec.08	Himani		4,000
			4,000				4,000

Drawings Account

Dr.				Cr.			
-----	--	--	--	-----	--	--	--

Date	Particulars	J.F.	Amount Rs	Date	Particulars	J.F.	Amount Rs
2017 Dec.19	Bank		2,000	2017 Dec.31	Balance c/d		2,000
			2,000				2,000

Sales Return Account

Dr.				Cr.			
Date	Particulars	J.F.	Amount Rs	Date	Particulars	J.F.	Amount Rs
2017 Dec.21	M/s. Goyal Traders		3,500	2017 Dec.31	Balance c/d		3,500
			3,500				3,500

Charity Account

Dr.				Cr.			
Date	Particulars	J.F.	Amount Rs	Date	Particulars	J.F.	Amount Rs
2017 Dec.28	Purchases		2,000	2017 Aug.31	Balance c/d		2,000
			2,000				2,000

Rent Account

Dr.				Cr.			
Date	Particulars	J.F.	Amount Rs	Date	Particulars	J.F.	Amount Rs
2017 Dec.29	Cash		3,000	2017 Dec.31	Balance c/d		3,000
			3,000				3,000

Salaries Account

Dr.				Cr.			
Date	Particulars	J.F.	Amount Rs	Date	Particulars	J.F.	Amount Rs
2017 Dec.30	Cash		7,000	2017 Dec.31	Balance c/d		7,000
			7,000				7,000

Office Machine Account

Dr.				Cr.			
Date	Particulars	J.F.	Amount Rs	Date	Particulars	J.F.	Amount Rs
2017 Dec.31	Cash		3,000	2017 Dec.31	Balance c/d		3,000
			3,000				3,000

Question:37

Journalise the following transaction in the Book of M/s. Beauti tradeRs Also post them in the ledger.

Dec. 2017		Rs
1	Started business with cash	2,00,000
2	Bought office furniture	30,000
3	Paid into bank to open an current account	1,00,000
5	Purchased a computer and paid by cheque	2,50,000
6	Bought goods on credit from Ritika	60,000
8	Cash sales	30,000
9	Sold goods to Karishna on credit	25,000
12	Cash paid to Mansi on account	30,000
14	Goods returned to Ritika	2,000
15	Stationery purchased for cash	3,000
16	Paid wages	1,000
18	Goods returned by Karishna	2,000
20	Cheque given to Ritika	28,000
22	Cash received from Karishna on account	15,000
24	Insurance premium paid by cheque	4,000
26	Cheque received from Karishna	8,000
28	Rent paid by cheque	3,000
29	Purchased goods on credit from Meena Traders	20,000
30	Cash sales	14,000

Solution:

Books of Beauti Traders
Journal

Date	Particulars	L.F.	Debit Amount Rs	Credit Amount Rs
2017 Dec.01	Cash A/c To Capital A/c (Started business with cash)	Dr.	2,00,000	2,00,000
Dec.02	Office Furniture A/c To Cash A/c (Office furniture purchased)	Dr.	30,000	30,000
Dec.03	Bank A/c To Cash A/c (Opened a current account)	Dr.	1,00,000	1,00,000
Dec.05	Computer A/c To Bank A/c (Computer purchased and payment made through cheque)	Dr.	2,50,000	2,50,000
Dec.06	Purchases A/c To Ritika (Goods purchased from Ritika on credit)	Dr.	60,000	60,000
Dec.08	Cash A/c To Sales A/c (Goods sold for cash)	Dr.	30,000	30,000
Dec.09	Krishna To Sales A/c (Goods sold to Krishna)	Dr.	25,000	25,000
Dec.12	Mansi To Cash A/c (Cash paid to Mansi on account)	Dr.	30,000	30,000
Dec.14	Ritika To Purchases Return A/c (Goods returned to Ritika)	Dr.	2,000	2,000

Dec.15	Stationery A/c To Cash A/c (Stationery purchased for cash)	Dr.	3,000	3,000
Dec.16	Wages A/c To Cash A/c (Wages paid)	Dr.	1,000	1,000
Dec.18	Sales Return A/c To Krishna (Goods returned by Krishna)	Dr.	2,000	2,000
Dec.20	Ritika To Bank A/c (Cheque issued to Ritika)	Dr.	28,000	28,000
Dec.22	Cash A/c To Krishna (Cash received from Krishna on account)	Dr.	15,000	15,000
Dec.24	Insurance A/c To Bank A/c (Insurance premium paid through cheque)	Dr.	4,000	4,000
Dec.26	Bank A/c To Krishna (Cheque received from Krishna)	Dr.	8,000	8,000
Dec.28	Rent A/c To Bank A/c (Rent paid through cheque)	Dr.	3,000	3,000
Dec.29	Purchases A/c To Meena Traders (Goods purchased on credit from Meena Traders)	Dr.	20,000	20,000
Dec.30	Cash A/c To Sales A/c (Goods sold for cash)	Dr.	14,000	14,000
	Total		8,25,000	8,25,000

Ledger

Cash Account

Dr.				Cr.			
Date	Particulars	J.F.	Amount Rs	Date	Particulars	J.F.	Amount Rs
2017				2017			
Dec.01	Capital		2,00,000	Dec.02	Office Furniture		30,000
Dec.08	Sales		30,000	Dec.03	Bank		1,00,000
Dec.22	Krishna		15,000	Dec.12	Mansi		30,000
Dec.30	Sales		14,000	Dec.15	Stationery		3,000
				Dec.16	Wages		1,000
				Dec.31	Balance c/d		95,000
			2,59,000				2,59,000

Capital Account

Dr.				Cr.			
Date	Particulars	J.F.	Amount Rs	Date	Particulars	J.F.	Amount Rs
2017				2017			

Dec.31	Balance c/d		2,00,000	Dec.1	Cash		2,00,000
			2,00,000				2,00,000

Office Furniture Account

Dr.				Cr.			
Date	Particulars	J.F.	Amount Rs	Date	Particulars	J.F.	Amount Rs
2017 Dec.2	Cash		30,000	2017 Dec.31	Balance c/d		30,000
			30,000				30,000

Bank Account

Dr.				Cr.			
Date	Particulars	J.F.	Amount Rs	Date	Particulars	J.F.	Amount Rs
2017 Dec.03 Dec.26	Cash Krishna		1,00,000 8,000	2017 Dec.05 Dec.20 Dec.24 Dec.28	Computer Ritika Insurance Rent		2,50,000 28,000 4,000 3,000
Dec.31	Balance c/d (over draft)		1,77,000				
			2,85,000				2,85,000

Computer Account

Dr.				Cr.			
Date	Particulars	J.F.	Amount Rs	Date	Particulars	J.F.	Amount Rs
2017 Dec.05	Bank		2,50,000	2017 Dec.31	Balance c/d		2,50,000
			2,50,000				

Purchases Account

Dr.				Cr.			
Date	Particulars	J.F.	Amount Rs	Date	Particulars	J.F.	Amount Rs
2017 Dec.06 Dec.29	Ritika Meena Traders		60,000 20,000	2017 Dec.31	Balance c/d		80,000
			80,000				80,000

Ritika's Account

Dr.				Cr.			
Date	Particulars	J.F.	Amount Rs	Date	Particulars	J.F.	Amount Rs
2017 Dec.14 Dec.20 Dec.31	Purchases Return Bank Balance c/d		2,000 28,000 30,000	2017 Dec.06	Purchases		60,000
			60,000				60,000

Meena's Account

Dr.				Cr.			
-----	--	--	--	-----	--	--	--

Date	Particulars	J.F.	Amount Rs	Date	Particulars	J.F.	Amount Rs
2017 Dec.31	Balance c/d		20,000	2017 Dec.29	Purchases		20,000
			20,000				20,000

Sales Account

Dr. Cr.

Date	Particulars	J.F.	Amount Rs	Date	Particulars	J.F.	Amount Rs
2017 Dec.31	Balance c/d		69,000	2017 Dec.08	Cash		30,000
			69,000	Dec.09	Krishna		25,000
				Dec.30	Cash		14,000
							69,000

Krishna's Account

Dr. Cr.

Date	Particulars	J.F.	Amount Rs	Date	Particulars	J.F.	Amount Rs
2017 Dec.09	Sales		25,000	2017 Dec.18	Sales Return		2,000
				Dec.22	Cash		15,000
			25,000	Dec.26	Bank		8,000
							25,000

Mansi's Account

Dr. Cr.

Date	Particulars	J.F.	Amount Rs	Date	Particulars	J.F.	Amount Rs
2017 Dec.12	Cash		30,000	2017 Dec.31	Balance c/d		30,000
			30,000				30,000

Purchases Return Account

Dr. Cr.

Date	Particulars	J.F.	Amount Rs	Date	Particulars	J.F.	Amount Rs
2017 Dec.31	Balance c/d		2,000	2017 Dec.14	Ritika		2,000
			2,000				2,000

Stationery Account

Dr. Cr.

Date	Particulars	J.F.	Amount Rs	Date	Particulars	J.F.	Amount Rs
2017 Dec.15	Cash		3,000	2017 Dec.31	Balance c/d		3,000
			3,000				3,000

Wages Account

Dr. Cr.

Date	Particulars	J.F.	Amount Rs	Date	Particulars	J.F.	Amount Rs
2017 Dec.16	Cash		1,000	2017 Dec.31	Balance c/d		1,000
			1,000				1,000

Sales Return Account

Dr.				Cr.			
Date	Particulars	J.F.	Amount Rs	Date	Particulars	J.F.	Amount Rs
2017 Dec.18	Krishna		2,000	2017 Dec.31	Balance c/d		2,000
			2,000				2,000

Insurance Account

Dr.				Cr.			
Date	Particulars	J.F.	Amount Rs	Date	Particulars	J.F.	Amount Rs
2017 Dec.24	Bank		4,000	2017 Dec.31	Balance c/d		4,000
			4,000				4,000

Rent Account

Dr.				Cr.			
Date	Particulars	J.F.	Amount Rs	Date	Particulars	J.F.	Amount Rs
2017 Dec.28	Bank		3,000	2017 Dec.31	Balance c/d		3,000
			3,000				3,000

Question:38

Journalise the following transaction in the books of Sanjana and post them into the ledger:

January,
2017

	Rs
1 Cash in hand	6,000
Cash at bank	55,000
Stock of goods	40,000
Due to Rohan	6,000
Due from Tarun	10,000
3 Sold goods to Karuna	15,000
4 Cash sales	10,000
6 Goods sold to Heena	5,000
8 Purchased goods from Rupali	30,000
10 Goods returned from Karuna	2,000
14 Cash received from Karuna	13,000
15 Cheque given to Rohan	6,000
16 Cash received from Heena	3,000
20 Cheque received from Tarun	10,000
22 Cheque received from to Heena	2,000
25 Cash given to Rupali	18,000
26 Paid cartage	1,000
27 Paid salary	8,000
28 Cash sale	7,000
29 Cheque given to Rupali	12,000
30 Sanjana took goods for Personal use	4,000

Solution:**Books of Sanjana
Journal Entries**

S.No.	Particulars	L.F.	Debit Amount Rs	Credit Amount Rs
2017				
Jan.01	Cash A/c Dr. Bank A/c Dr. Stock A/c Dr. Tarun Dr. To Rohan To Capital A/c (Balance brought from the last month)		6,000 55,000 40,000 10,000	6,000 1,05,000
Jan.03	Karuna Dr. To Sales A/c (Goods sold to Karuna)		15,000	15,000
Jan.04	Cash A/c Dr. To Sales A/c (Goods sold for cash)		10,000	10,000
Jan.06	Heena Dr. To Sales A/c (Goods sold to Henna)		5,000	5,000
Jan.08	Purchases A/c Dr. To Rupali (Goods purchased from Rupali)		30,000	30,000
Jan.10	Sales Return A/c Dr. To Karuna (Goods returned by Karuna)		2,000	2,000
Jan.14	Cash A/c Dr. To Karuna (Cash received from Karuna)		13,000	13,000
Jan.15	Rohan Dr. To Bank A/c (Cheque issued to Rohan)		6,000	6,000
Jan.16	Cash A/c Dr. To Heena (Cash received from Heena)		3,000	3,000
Jan.20	Bank A/c Dr. To Tarun (Cheque received from Tarun)		10,000	10,000
Jan.22	Bank A/c Dr. To Heena (Cheque received from Heena)		2,000	2,000
Jan.25	Rupali Dr. To Cash A/c (Payment made to Rupali)		18,000	18,000
Jan.26	Cartage A/c Dr. To Cash A/c (Cartage paid)		1,000	1,000
Jan.27	Salaries A/c Dr. To Cash A/c (Salaries paid)		8,000	8,000

Jan.28	Cash A/c To Sales A/c (Goods sold for cash)	Dr.	7,000	7,000
Jan.29	Rupali To Bank A/c (Cheque issued to Rupali)	Dr.	12,000	12,000
Jan.30	Drawings A/c To Purchases A/c (Goods drawn for personal use)	Dr.	4,000	4,000
Jan.31	General Expenses A/c To Cash A/c	Dr.	500	500
	Total		2,57,500	2,57,500

Ledger

Cash Account

Dr.				Cr.			
Date	Particulars	J.F.	Amount Rs	Date	Particulars	J.F.	Amount Rs
2017				2017			
Jan.01	Balance b/d		6,000	Jan.25	Rupali		18,000
Jan.04	Sales		10,000	Jan.26	Cartage		1,000
Jan.14	Karuna		13,000	Jan.27	Salaries		8,000
Jan.16	Heena		3,000	Jan.31	General Expenses		500
Jan.28	Sales		7,000	Jan.31	Balance c/d		11,500
			39,000				39,000

Capital Account

Dr.				Cr.			
Date	Particulars	J.F.	Amount Rs	Date	Particulars	J.F.	Amount Rs
2017				2017			
Jan.31	Balance c/d		1,05,000	Jan.01	Balance b/d		1,05,000
			1,05,000				1,05,000

Bank Account

Dr.				Cr.			
Date	Particulars	J.F.	Amount Rs	Date	Particulars	J.F.	Amount Rs
2017				2017			
Jan.01	Balance b/d		55,000	Jan.15	Rohan		6,000
Jan.20	Tarun		10,000	Jan.29	Rupali		12,000
Jan.22	Heena		2,000	Jan.31	Balance c/d		49,000
			67,000				67,000

Stock Account

Dr.				Cr.			
Date	Particulars	J.F.	Amount Rs	Date	Particulars	J.F.	Amount Rs
2017				2017			
Jan.01	Balance b/d		40,000	Jan.31	Balance c/d		40,000
			40,000				40,000

Rohan's Account

Dr.				Cr.			
Date	Particulars	J.F.	Amount Rs	Date	Particulars	J.F.	Amount Rs
2017 Jan.15	Bank		6,000	2017 Jan.01	Balance b/d		6,000
			6,000				6,000

Tarun's Account

Dr.				Cr.			
Date	Particulars	J.F.	Amount Rs	Date	Particulars	J.F.	Amount Rs
2017 Jan.01	Balance b/d		10,000	2017 Jan.20	Bank		10,000
			10,000				10,000

Sales Account

Dr.				Cr.			
Date	Particulars	J.F.	Amount Rs	Date	Particulars	J.F.	Amount Rs
2017				2017			
				Jan.03	Karuna		15,000
				Jan.04	Cash		10,000
				Jan.06	Heena		5,000
Jan.31	Balance c/d		37,000	Jan.28	Cash		7,000
			37,000				37,000

Karuna's Account

Dr.				Cr.			
Date	Particulars	J.F.	Amount Rs	Date	Particulars	J.F.	Amount Rs
2017 Jan.03	Sales		15,000	2017 Jan.10	Sales Return		2,000
				Jan.14	Cash		13,000
			15,000				15,000

Heena's Account

Dr.				Cr.			
Date	Particulars	J.F.	Amount Rs	Date	Particulars	J.F.	Amount Rs
2017 Jan.06	Sales		5,000	2017 Jan.16	Cash		3,000
				Jan.22	Bank		2,000
			5,000				5,000

Purchases Account

Dr.				Cr.			
Date	Particulars	J.F.	Amount Rs	Date	Particulars	J.F.	Amount Rs
2017 Jan.08	Rupali		30,000	2017 Jan.30	Drawings		4,000
				Jan.31	Balance c/d		26,000
			30,000				30,000

Rupali's Account

Dr.

Cr.

Date	Particulars	J.F.	Amount Rs	Date	Particulars	J.F.	Amount Rs
2017 Jan.25	Cash		18,000	2017 Jan.08	Purchases		30,000
Jan.29	Bank		12,000				
			30,000				30,000

Sales Return Account

Dr.

Cr.

Date	Particulars	J.F.	Amount Rs	Date	Particulars	J.F.	Amount Rs
2017 Jan.10	Karuna		2,000	2017 Jan.31	Balance c/d		2,000
			2,000				2,000

Cartage Account

Dr.

Cr.

Date	Particulars	J.F.	Amount Rs	Date	Particulars	J.F.	Amount Rs
2017 Jan.26	Cash		1,000	2017 Jan.31	Balance c/d		1,000
			1,000				1,000

Salaries Account

Dr.

Cr.

Date	Particulars	J.F.	Amount Rs	Date	Particulars	J.F.	Amount Rs
2017 Jan.27	Cash		8,000	2017 Jan.31	Balance c/d		8,000
			8,000				8,000

Drawings Account

Dr.

Cr.

Date	Particulars	J.F.	Amount Rs	Date	Particulars	J.F.	Amount Rs
2017 Jan.30	Purchases		4,000	2017 Jan.31	Balance c/d		4,000
			4,000				4,000

General Expenses Account

Dr.

Cr.

Date	Particulars	J.F.	Amount Rs	Date	Particulars	J.F.	Amount Rs
2017 Jan.31	Cash		500	2017 Jan.31	Balance c/d		500
			500				500

Question:39

Record journal entries for the following transactions in the books of Anudeep of Delhi:

- (a) Bought goods Rs. 2,00,000 from Kanta of Delhi (CGST @ 9%, SGST @ 9%)
 (b) Bought goods Rs. 1,00,000 for cash from Rajasthan (IGST @ 12%)
 (c) Sold goods Rs. 1,50,000 to Sudhir of Punjab (IGST @ 18%)
 (d) Paid for Railway Transport Rs. 10,000 (CGST @ 5%, SGST @ 5%)
 (e) Sold goods Rs. 1,20,000 to Sidhu of Delhi (CGST @ 9%, SGST @ 9%)
 (f) Bought Air-Condition for office use Rs. 60,000 (CGST @ 9%, SGST @ 9%)
 (g) Sold goods Rs. 1,50,000 for cash to Sunil to Uttar Pradesh (IGST 18%)
 (h) Bought Motor Cycle for business use Rs. 50,000 (CGST 14%, SGST @ 14%)
 (i) Paid for Broadband services Rs. 4,000 (CGST @ 9%, SGST @ 0%)
 (j) Bought goods Rs. 50,000 from Rajesh, Delhi (CGST @ 9%, SGST @ 9%)

Solution:

Date	Particulars	L.F.	Dr. Rs.	Cr. Rs.
(a)	Purchases A/c Dr Input CGST A/c Dr Input SGST A/c To Kanta (Being goods purchased on credit locally)		2,00,000 18,000 18,000	2,36,000
(b)	Purchases A/c Dr Input IGST A/c Dr To Cash A/c (Being goods purchased in cash from Rajasthan)		1,00,000 12,000	1,12,000
(c)	Sudhir A/c Dr To Sales A/c To Output IGST A/c (Being goods supplied on credit to Punjab)		1,77,000	1,50,000 27,000
(d)	Transport Charges A/c Dr Input CGST A/c Dr Input SGST A/c To Bank A/c		10,000 500 500	11,000
(e)	Sidhu A/c Dr To Sales A/c To Output CGST A/c To Output SGST A/c (Being goods sold on credit locally)		1,41,600	1,20,000 10,800 10,800
(f)	Air Conditioner A/c Dr Input CGST A/c Dr Input SGST A/c Dr To Bank A/c (Being goods purchased locally)		60,000 5,400 5,400	70,800
(g)	Cash A/c Dr To Sales A/c To Output IGST A/c (Being goods supplied on credit to Uttar Pradesh)		1,77,000	1,50,000 27,000
(h)	Motor Cycle A/c Dr Input CGST A/c Dr Input SGST A/c Dr To Bank A/c (Being motorcycle purchased locally for office use)		50,000 7,000 7,000	64,000
(i)	Internet Charges A/c Dr Input CGST A/c Dr Input SGST A/c Dr To Bank A/c (Being broadband charges paid)		4,000 360 360	4,720
(j)	Purchases A/c Dr		50,000	

(k)	Input CGST A/c	Dr	4,500	
	Input SGST A/c	Dr	4,500	
	To Rajesh			59,000
	(Being goods purchased on credit locally)			
	Purchases A/c	Dr	50,000	
	Input CGST A/c	Dr	4,500	
	Input SGST A/c	Dr	4,500	
	To Rajesh			59,000
	(Being goods purchased on credit locally)			
(h)				
	Output IGST A/c	Dr	54,000	
	Output CGST A/c	Dr	12,000	
	Output SGST A/c	Dr	12,000	
	To Input IGST A/c			12,000
	To Input CGST A/c			33,000
	To Input SGST A/c			33,000
	(Being GST set off and excess of CGST and SGST to be claimed as a refund)			

Working Note 1

Particulars	IGST	CGST	SGST
Output	54,000	12,000	12,000
Input	12,000	35,760	35,760
Excess	42,000	-23,760	-23,760
Set off	-42,000	21,000	21,000
Payable	Nil	-2,760(Refund)	-2,760 (Refund)