**V.V. Important**

**“Complete Accounting Problem from Journal to Final Accounts”**

**Prepare 1.journal Entries, 2.Ledger accounts, 3.Trial Balance and 4.Final accounts from the following Information:**

**1. Mr. Ram commenced business with Rs. 13,000**

**2. He Purchased goods for Rs. 16,757**

**3. He sold goods for cash Rs.30,000**

**4. He Paid wages Rs. 6,500**

**5. Discount allowed Rs. 1,300**

**6. He paid salaries Rs.2000**

**7. Travelling expenses Rs.400**

**8. Commission paid Rs. 425**

**9. Carriage inwards Rs. 275**

**10. Administration Expenses Rs.105**

**11. Trade Expenses Rs. 600**

**12. Interest Paid Rs. 250**

**13. Purchased Building For Rs.5000**

**14. Purchased Furniture For Rs. 200**

**15. Sundry Debtors Rs. 4250**

**16. Sundry Creditors Rs.2100**

**17. Adjustment Entries (they need a special treatment)**

**a. Opening Stock -Rs.5000**

**b. Closing Stock - Rs.6000**

**c. Cash in hand - Rs.2045**

***Prepare Journal Entries, Ledger Accounts, Trial Balance and Final Accounts (trading account, P&L account, Balance sheet)  
GOLDEN RULE: --***

1. ***Personal Account- (PEOPLE, BUSNESS HOUSES, OWNER Capital A/c etc.,)  
   -Debit, the Receiver  
   - Credit, the Giver***
2. ***Real Account-(All Tangible Assets, cash, goods, buildings, vehicles)  
   1. Debit, what comes in   
   2. Credit, what goes out***
3. ***Nominal Account- (All intangible expenses/Losses and gains/profits)  
   1. Debit, all expenses and losses  
   2. Credit, all gains and profits***

***Answer for the above problem: -   
1. Journal Entries in the books of Rams Business Entity (X)***

|  |  |  |  |
| --- | --- | --- | --- |
| **Business  Transaction** | **1. Mr. Ram commenced business with Rs. 13,000** |  |  |
|  | **Find two accounting names from the above transaction.  1. Cash, ----------2. Capital Apply the Golden Rule Formula Cash-Real A/c, Capital- Personal A/c The business is receiving the money, so according to real formula, debit what comes in, Cash is coming in to the business, so Debit the cash, and Credit the Owners Capital account.**  **Like this , you have to find 2 accounts from each transaction, apply the Golden Rule.** |  |  |
| **1.Journal Entry** | **Cash A/c Dr** | **13000** |  |
|  | **To Capital A/c** |  | **13000** |
|  | **Narration** |  |  |
| **Business  Transaction** | **2. He Purchased goods for Rs. 16,757** |  |  |
|  | **(Find Two Accounts)- 1. Purchase a/c- Real 2. Cash a/c – Real- apply Golden rule** |  |  |
| **2. Journal Entry** | **Purchase A/c Dr** | **16750** |  |
|  | **To Cash A/c** |  | **16750** |
|  | **Narration** |  |  |
| **Business  Transaction** | **3. He sold goods for cash Rs.30,000** |  |  |
|  | **(Find Two Accounts)- 1. Sales - a/c- Real 2. Cash a/c – Real- apply Golden rule** |  |  |
| **3. Journal Entry** | **Cash A/c Dr** | **30000** |  |
|  | **To Sales A/c** |  | **30000** |
|  | **Narration** |  |  |
| **Business  Transaction** | **4. Discount allowed Rs. 1,300** |  |  |
|  | **(Find Two Accounts)- 1. Discount Allowed a/c- Nominal 2. Cash a/c – Real- apply Golden rule** |  |  |
| **4. Journal Entry** | **Discount Allowed A/c Dr** | **1300** |  |
|  | **To Cash A/c** |  | **1300** |
|  | **Narration** |  |  |
| **Business  Transaction** | **5. He Paid wages Rs. 6,500** |  |  |
|  | **(Find Two Accounts)- 1. Wages a/c- Nominal 2. Cash a/c – Real- apply Golden rule** |  |  |
| **5. Journal Entry** | **Wages A/c Dr** | **6500** |  |
|  | **To cash A/c** |  | **6500** |
|  | **Narration** |  |  |
| **Business  Transaction** | **6. He paid salaries Rs.2000** |  |  |
|  | **(Find Two Accounts)- 1. Salaries a/c- Nominal 2. Cash a/c – Real- apply Golden rule** |  |  |
| **6. Journal Entry** | **Salaries A/c Dr** | **2000** |  |
|  | **To Cash A/c** |  | **2000** |
|  | **Narration** |  |  |
| **Business  Transaction** | **7. Travelling expenses Rs.400** |  |  |
|  | **(Find Two Accounts)- 1. Travelling Expenses a/c- Nominal 2. Cash a/c – Real- apply Golden rule** |  |  |
| **7. Journal Entry** | **Travelling Expenses A/c Dr** | **400** |  |
|  | **To Cash A/c** |  | **400** |
|  | **Narration** |  |  |
| **Business  Transaction** | **8. Commission paid Rs. 425** |  |  |
|  | **(Find Two Accounts)- 1. Commission Allowed a/c- Nominal 2. Cash a/c – Real- apply Golden rule** |  |  |
| **8. Journal Entry** | **Commission Allowed A/c Dr** | **425** |  |
|  | **To Cash A/c** |  | **425** |
|  | **Narration** |  |  |
| **Business  Transaction** | **9. Carriage inwards Rs. 275** |  |  |
|  | **(Find Two Accounts)- 1. Carriage inwards Expenses a/c- Nominal 2. Cash a/c – Real- apply Golden rule** |  |  |
| **9. Journal Entry** | **Carriage inward Expenses A/C Dr** | **275** |  |
|  | **To Cash A/c** |  | **275** |
|  | **Narration** |  |  |
| **Business  Transaction** | **10. Administration Expenses Rs.105** |  |  |
|  | **(Find Two Accounts)- 1. Administrative Expenses a/c- Nominal 2. Cash a/c – Real- apply Golden rule** |  |  |
| **10. Journal Entry** | **Administration Expenses A/C Dr** | **105** |  |
|  | **To Cash A/c** |  | **105** |
|  | **Narration** |  |  |
| **Business  Transaction** | **11. Trade Expenses Rs. 600** |  |  |
|  | **(Find Two Accounts)- 1. Trade Expenses a/c- Nominal 2. Cash a/c – Real- apply Golden rule** |  |  |
| **11. Journal Entry** | **Trade Expenses A/c Dr** | **600** |  |
|  | **To Cash A/C** |  | **600** |
|  | **Narration** |  |  |
| **Business  Transaction** | **12. Purchased Building For Rs.5000** |  |  |
|  | **(Find Two Accounts)- 1. Building -a/c- Real**  **2. Cash a/c – Real-**  **Now apply Golden rule** |  |  |
| **12. Journal Entry** | **Building A/C Dr** | **5000** |  |
|  | **To Cash A/c** |  | **5000** |
|  | **Narration** |  |  |
| **Business  Transaction** | **13. Purchased Furniture For Rs. 200** |  |  |
|  | **(Find Two Accounts)- 1. Furniture a/c- Real 2. Cash a/c – Real-**  **Now apply Golden rule** |  |  |
| **13. Journal Entry** | **Furniture A/c Dr** | **200** |  |
|  | **To Cash A/c** |  | **200** |
|  | **Narration** |  |  |
| **Business  Transaction** | **14. Interest Paid Rs. 250** |  |  |
|  | **(Find Two Accounts)- 1. Interest paid a/c- Nominal 2. Cash a/c – Real-**  **Now apply Golden rule** |  |  |
| **14. Journal Entry** | **Interest A/C Dr** | **250** |  |
|  | **To cash A/c** |  | **250** |
|  | **Narration** |  |  |
| **Business  Transaction** | **15. Sundry Debtors Rs. 4250** |  |  |
|  | **(Find Two Accounts)- 1. Sundry Debtors a/c- Nominal 2. Cash a/c – Real-**  **Now apply Golden rule** |  |  |
| **15. Journal Entry** | **Sundry Debtors A/C Dr** | **4250** |  |
|  | **To Cash A/c** |  | **4250** |
|  | **Narration** |  |  |
| **Business  Transaction** | **16. Sundry Creditors Rs.2100** |  |  |
|  | **(Find Two Accounts)- 1. Sundry Creditors a/c- Nominal 2. Cash a/c – Real-**  **Now Apply Golden rule** |  |  |
| **16. Journal Entry** | **Cash A/C Dr** | **2100** |  |
|  | **To Sundry Creditors A/c** |  | **2100** |
|  | **Narration** |  |  |
|  | **Journal entries are over- Now proceed to Ledger Accounts** |  |  |

***2. Now Prepare the Ledger Accounts***

**1. Cash Account (T Account Format)**

|  |  |  |  |
| --- | --- | --- | --- |
| **To** | **Dr** | **By** | **Cr** |
| **To Capital A/c** | **13,000** | **By Purchases A/c** | **16750** |
| **To Sales A/c** | **30,000** | **By Discount Allowed A/c** | **1300** |
| **To Sundry Creditors A/c** | **2,100** | **By Wages A/C** | **6500** |
|  |  | **By Salaries A/c** | **2000** |
|  |  | **By Travelling Exp A/c** | **400** |
|  |  | **By Commission Allowed A/c** | **425** |
|  |  | **By Carriage Inwards A/c** | **275** |
|  |  | **By Administration Expenses A/c** | **105** |
|  |  | **By Trade Expenses A/c** | **600** |
|  |  | **By Interest A/c** | **250** |
|  |  | **By Building A/c** | **5000** |
|  |  | **By Furniture A/c** | **200** |
|  |  | **By Sundry Debtors A/c** | **4250** |
|  |  |  |  |
|  |  | **By Balance C/D(cash)** | **7045** |
| **Total (RHS)** | **45,100** | **Total (LHS)** | **45,100** |

**Adjustment Entries: - Opening Stock Rs. 5000**

**Cash in Hand Rs.2045**

**Total Rs. 7045**

**Ledger no-2**

***2.Purchases Account***

|  |  |  |  |
| --- | --- | --- | --- |
| **To** | **Dr** | **By** | **Cr** |
| **To Cash A/c** | **16750** | **By Balance C/D** | **16,750** |
|  |  |  |  |
| **Total** | **16,750** | **Total** | **16,750** |

Ledger no-3

***3.Discount Allowed A/C***

|  |  |  |  |
| --- | --- | --- | --- |
| **To** | **Dr** | **By** | **Cr** |
| **To Cash A/c** | **1300** | **By Balance C/D** | **1300** |
|  |  |  |  |
| **Total** | **1300** | **Total** | **1300** |

**The students should prepare all other remaining Ledger accounts without fail. We have given only few example ledger books for reference purpose. You can open ledger accounts in the name of-**

1. Buildings,

2. Furniture,

3. Carriage Inwards,

4. Trade Expenses,

5. Sundry Debtors,

6. Sundry Creditors,

7. Commission Paid, etc

***3.Trial Balance***

|  |  |  |  |
| --- | --- | --- | --- |
| **To** | **Dr** | **By** | **Cr** |
| **To Opening Balance** | **5000** | **By Sales** | **30000** |
| **To Purchases** | **16750** | **By Creditors** | **2100** |
| **To Discount allowed** | **1300** | **By Capital** | **13000** |
| **To Wages** | **6500** |  |  |
| **To Salaries** | **2000** |  |  |
| **To Travelling Exp** | **400** |  |  |
| **To Commission Paid** | **425** |  |  |
| **To Carriage Inwards** | **275** |  |  |
| **To Admin Expenses** | **105** |  |  |
| **To trade Expenses** | **600** |  |  |
| **To Interest paid** | **250** |  |  |
| **To Building A/c** | **5000** |  |  |
| **To Furniture A/s/c** | **200** |  |  |
| **To debtors A/c** | **4250** |  |  |
| **To Opening Cash** | **2045** |  |  |
|  |  |  |  |
| **Total (RHS)** | **45100** | **Total (LHS)** | **45100** |

**4.FINAL ACCOUNTS**

***1. Trading Account***

|  |  |  |  |
| --- | --- | --- | --- |
| **To** | **Dr** | **By** | **Cr** |
| **To Opening Stock** | **5000** | **By sales** | **30000** |
| **To Purchases** | **16750** | **By Closing Stock** | **6000** |
| **To Wages** | **6500** |  |  |
| **To Carriage Inwards** | **275** |  |  |
| **To Gross Profit (Bal)** | **7475** |  |  |
|  |  |  |  |
| **Total (RHS)** | **36000** | **Total (LHS)** | **36000** |

***2. Profit & Loss Account***

|  |  |  |  |
| --- | --- | --- | --- |
| **To** | **Dr** | **By** | **Cr** |
| **To Discount** | **1300** | **By Gross Profit** | **7475** |
| **To Salaries** | **2000** |  |  |
| **To Travelling Exp** | **400** |  |  |
| **To Commission Exp** | **425** |  |  |
| **To Admin Exp** | **105** |  |  |
| **To Trade Exp** | **600** |  |  |
| **To Interest Exp** | **250** |  |  |
| **To Net Profit (Bal)** | **2395** |  |  |
|  |  |  |  |
| **Total (RHS)** | **7475** | **Total (LHS)** | **7475** |

***3. Balance Sheet***

|  |  |  |  |
| --- | --- | --- | --- |
| **Liabilities** |  | **Assets** |  |
| **Capital** | **13000** | **Cash** | **2045** |
| **Creditors** | **2100** | **Debtors** | **4250** |
| **Add- Net Profit** | **2395** | **Stock(closing)** | **6000** |
|  |  | **Furniture** | **200** |
|  |  | **Building** | **5000** |
|  |  |  |  |
| **Total (RHS)** | **17495** | **Total (LHS)** | **17495** |

**Prepare journal Entries, Ledger accounts, Trial Balance and Final accounts from the following Information:**

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**2. He Purchased goods for Rs. 16,757**

**3. He sold goods for cash Rs.30,000**

**4. He Paid wages Rs. 6,500**

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**14. Purchased Furniture For Rs. 200**

**15. Sundry Debtors Rs. 4250**

**16. Sundry Creditors Rs.2100**

**17. Adjustment Entries (they need a special treatment)**

**a. Opening Stock -Rs.5000**

**b. Closing Stock - Rs.6000**

**c. Cash in hand - Rs.2045**

***Prepare Journal Entries, Ledger Accounts, Trial Balance and Final Accounts (trading account, P&L account, Balance sheet)***