

Summarised Presentation of Journal Entries

Transactions	Journal Entry	Rule Applicable
1. Commenced Business	Cash/Bank A/c Dr. To Capital A/c	Increase in assets is debited. Increase in capital is credited.
2. Cash Purchases or Goods purchased for cash	Purchases A/c Dr. VAT Paid Dr. To Cash A/c	Increase in expense or assets is debited. Decrease in assets is credited.
3. Purchased goods on credit or Credit Purchases	Purchases A/c Dr. VAT Paid Dr. To Supplier's A/c	Increase in expenses or assets is debited. Increase in liability is credited.
4. Cash Sales	Cash A/c Dr. To Sales A/c To VAT Collected A/c	Increase in assets is debited. Decrease in revenue or assets is credited.
5. Credit Sales	Debtors A/c Dr. To Sales A/c To VAT Collected A/c	Increase in assets is debited. Decrease in revenue or assets is credited.
6. Purchases Return	Supplier's A/c Dr. To Purchases Return A/c or Returns Outward A/c To VAT Paid A/c	Decrease in the liability is debited. Decrease in expense or assets is credited.
7. Sales Return	Sales Return A/c Dr. VAT Collected A/c Dr. or Returns Inward A/c Dr. To Debtors A/c	Decrease in revenue is debited. Decrease in assets is credited.
8. Purchase of Assets	Assets A/c Dr. To Cash/Bank A/c	Increase in assets is debited. Decrease in assets is credited.
9. Sale of Assets	Cash/Bank A/c Dr. To Assets A/c	Increase in assets is debited. Decrease in assets is credited.
10. Payment of Expenses	Expenses A/c Dr. To Cash A/c	Increase in expenses is debited. Decrease in assets is credited.
11. Receipt of Income	Cash/Bank A/c Dr. To Income A/c	Increase in assets is debited. Increase in revenue is credited.
12. Collection from Debtors (Discount allowed)	Cash/Bank A/c Dr. Discount A/c Dr. To Debtors A/c	Increase in assets is debited. Increase in expense is debited Decrease in assets is credited.
13. Payment to Creditors (Discount Received)	Suppliers A/c Dr. To Cash/Bank A/c To Discount A/c	Decrease in liability is debited. Decrease in assets is credited. Increase in revenue is credited.
14. Depreciation on Assets	Depreciation A/c Dr. To Assets A/c	Increase in expenses is debited. Decrease in assets is credited.
15. Interest on Capital	Interest on Capital A/c Dr. To Capital A/c	Increase in expenses is debited. Increase in capital is credited.
16. Outstanding Expenses	Expenses A/c Dr. To Outstanding Expenses A/c	Increase in expenses is debited. Increase in liability is credited.

17. <i>Prepaid Expenses</i>	Prepaid Expenses A/c To Expenses A/c	Dr.	Increase in assets is debited. Decrease in expenses is credited.
18. <i>Withdrawal of Cash for personal use</i>	Drawings A/c To Cash A/c	Dr.	Decrease in capital is debited. Decrease in assets is credited.
19. <i>Withdrawal of Goods for personal use</i>	Drawings A/c To Purchases A/c	Dr.	Decrease in capital is debited. Decrease in expense or assets is credited.
20. <i>Goods given as Charity</i>	Charity A/c To Purchases A/c	Dr.	Increase in expenses is debited. Decrease in expenses or assets is credited.
21. <i>Insolvency of Debtors</i>	Cash /Bank A/c Bad Debts A/c To Debtors A/c	Dr. Dr.	Increase in assets is debited. Increase in expenses is debited. Decrease in assets is credited.
22. <i>Bad Debts Recovered</i>	Cash/Bank A/c To Bad Debts recovered A/c	Dr.	Increase in assets is debited. Increase in revenue is credited.
23. <i>Distribution of goods as free samples</i>	Free Samples or Advertising A/c To Purchases A/c	Dr.	Increase in expense is debited. Decrease in expense or assets is credited.
24. <i>Loss of goods by theft/fire</i>	Loss by theft A/c or Loss by fire A/c To Purchases A/c	Dr. Dr.	Increase in expenses is debited. Increase in expense is debited. Decrease in expense or assets is credited.
25. <i>Loss of cash by theft/fire</i>	Loss by theft A/c or Loss by fire A/c To Cash A/c	Dr. Dr.	Increase in expense is debited. Increase in expense is debited. Decrease in assets is credited.
26. <i>Income Tax Paid</i>	Capital A/c To Bank/Cash A/c	Dr.	Decrease in capital is debited. Decrease in assets is credited.
27. <i>Refund of Income Tax</i>	Cash/Bank A/c To Capital A/c	Dr.	Increase in assets is debited. Increase in capital is credited.
28. <i>Interest received on (Income Tax Surplus)</i>	Cash /Bank A/c To Capital A/c	Dr.	Increase in assets is debited. Increase in capital is credited.
29. <i>Bills Drawn</i>	Bills Receivable A/c To Drawee's A/c	Dr.	Increase in assets is debited. Decrease in assets (Debtors) is credited.
30. <i>Bills Accepted</i>	Drawer's A/c To Bills Payable A/c	Dr.	Decrease in liability is debited. Increase in liability is credited.
31. <i>Payment of the Bill received</i>	Cash/Bank A/c To Bills receivable A/c	Dr.	Increase in assets (Cash) is debited. Decrease in assets (B/R) is credited.
32. <i>Payment of the Bill made</i>	Bills Payable A/c To Cash/Bank A/c	Dr.	Decrease in liability (B/P) is debited. Decrease in assets (Cash) is credited.
33. <i>Bills Receivable dishonoured</i>	Drawee's A/c To Bills receivable A/c or Bank A/c or Endorsee's A/c	Dr.	Increase in assets is debited. Decrease in assets is credited. Decrease in assets is credited Increase in liability is credited.
34. <i>Bills Payable dishonoured</i>	Bills payable A/c To Drawer's A/c	Dr.	Decrease in liability is debited. Increase in liability is credited.

35. Sale of Assets for more than the book value	Cash/Bank A/c To Assets A/c To Profit on Sale of Assets A/c	Dr.	Increase in assets (Cash) is debited. Decrease in assets is credited. Increase in revenue is credited.
36. Sale of Assets for lesser than the book value	Cash/Bank A/c Profit & Loss A/c To Assets A/c	Dr. Dr.	Increase in assets is debited. Increase in expenses is debited. Decrease in assets is credited.
37. Amount deposited into Bank/opened a Bank Account	Bank A/c To Cash A/c	Dr.	Increase in assets is debited. Decrease in assets is credited.
38. Amount withdrawn from Bank	Cash A/c To Bank A/c	Dr.	Increase in assets is debited. Decrease in assets is credited.
39. Cheque received and retained	Bank A/c To Debtors A/c	Dr.	Increase in assets is debited. Decrease in assets is credited.
40. Cheque received previously and endorsed	Endorsee's A/c To Cash A/c	Dr.	Decrease in liability is debited. Decrease in assets is credited.
41. Cheque received and deposited into Bank	Bank A/c To Debtors A/c	Dr.	Increase in assets is debited. Decrease in assets is credited.
42. Cheque issued	Creditors A/c To Bank A/c	Dr.	Decrease in liability is debited. Decrease in assets is credited.
43. Interest allowed or credited by Bank	Bank A/c To Interest A/c	Dr.	Increase in assets is debited. Increase in revenue is credited.
44. Interest charged or debited by Bank	Interest A/c To Bank A/c	Dr.	Increase in expenses is debited. Decrease in assets is credited.
45. Bank charges or collection charges	Bank Charges A/c To Bank A/c	Dr.	Increase in expenses is debited. Decrease in assets is credited.
46. Dishonour of cheques, discounted earlier	Drawee's A/c To Bank A/c	Dr.	Increase in assets is debited. Decrease in assets is credited.
47. Sale of Wastes or Scrap	Cash/Bank A/c To Miscellaneous Receipts A/c	Dr.	Increase in assets is debited. Increase in revenue is credited.
48. Subscribing newspaper	Miscellaneous Expenses A/c To Cash/Bank A/c	Dr.	Increase in expenses is debited. Decrease in assets is credited.
49. Treatment of Sales Tax	(a) Cash/Bank A/c To Sales A/c To Sales Tax A/c (b) Sales Tax A/c To Cash/Bank A/c	Dr. Dr.	Increase in assets is debited. Decrease in assets, revenue is credited. Increase in liability is credited. Decrease in liability is debited. Decrease in cash as assets is credited.
50. VAT paid on purchases	Purchases A/c VAT paid A/c To Cash/Bank/Creditors A/c	Dr. Dr.	Increase in assets/expense. Decrease in revenue. Decrease in assets.
51. VAT collected on sales	Cash/Bank/Debtors A/c To Sales A/c To VAT Collected.	Dr.	Increase in assets. Decrease in assets. Increase in revenue.
52. Payment of VAT collected (Balancing figure)	VAT collected A/c To Cash/Bank A/c	Dr.	Decrease in Revenue. Decrease in assets.
53. Receipt of VPP (Value payable post)	Purchases A/c To Cash/Bank A/c	Dr.	Increase in assets or expenses is debited. Decrease in assets is credited.

Note: In case of transactions involving receipt or payment, Cash or Bank may be debited or credited depending on whether transaction done in cash or by cheque.