

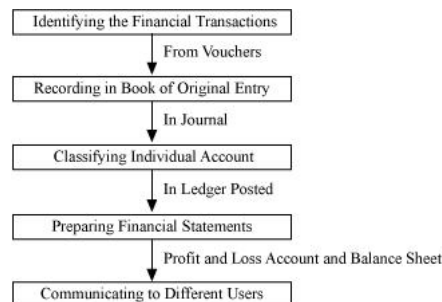
NCERT Solutions for Class 11 Commerce Accountancy Chapter 3 - Recording Of Transactions I

Question 1:

State the three fundamental steps in the accounting process.

Answer:

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



Question 2:

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

Answer:

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

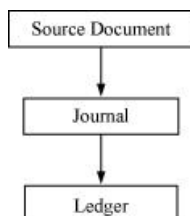
1. It provides evidence that a transaction has actually occurred.
2. It provides important and relevant information about date, amount, parties involved and other details of a particular transaction.
3. It acts as a proof in the court of law.
4. It helps in verifying transactions during the auditing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

Question 3:

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

Answer:

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?

Answer:

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?

Answer:

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.

Answer:

_____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?

Answer:

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?

Answer:

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.

Answer:

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?

Answer:

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 1:

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

Answer:

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 2:

Describe how debits and credits are used to analyse transactions.

Answer:

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 3:

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

Answer:

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	Dr.	22	50,000	
	To Sales		18		50,000
	(Goods sold on credit to Mr. A)				
Apr.25	Cash A/c	Dr.	13	40,000	
	To A's A/c		22		40,000
	(Cash received from Mr. A)				

Question 4:

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

Answer:

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	Dr.	1,00,000	
	To Capital A/c			1,00,000
	(Started business with cash)			
April 3	Bank A/c	Dr.	20,000	
	To Cash A/c			20,000
	(Bank account opened with cash)			
April 4	Purchase A/c	Dr.	25,000	
	To Cash			25,000
	(Goods purchased for cash)			
April 5	Cash A/c	Dr.	30,000	
	To Sales A/c			30,000
	(Goods sold for cash)			

April 6	Mr. X's A/c	Dr.	2,000	
	To Sales			2,000
(Goods sold to Mr. X on credit)				
	Total		177,000	177,000

Question 5:

Differentiate between source documents and vouchers.

Answer:

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 6:

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

Answer:

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:

Or

or, Liabilities = Asset – Capital

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

or, Capital = Assets – Liabilities

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

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	20,000		20,000	+	1,00,000
(25,000)	25,000				

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 7:

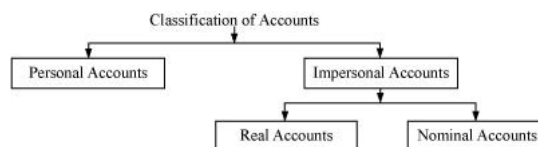
Explain the double entry mechanism with an illustrative example.

Answer:

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:

- Cash paid to Mr. A.

A's A/c Dr.

To Cash

ii. Cash received from Mr. X

Cash A/c Dr.

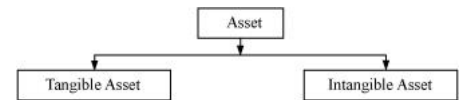
To Mr. X

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 1:

Prepare accounting equation on the basis of the following:

- Harsha started business with cash Rs 2,00,000
- Purchased goods from Naman for cash Rs 40,000
- Sold goods to Bhanu costing Rs 10,000/- Rs 12,000

(d) Bought furniture on credit Rs 7,000

Answer:

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

Question 2:

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

Answer:

S.No.	Explanation	Assets			=	Liabilities	+	Capital
		Cash	+ Furniture	+ Stock				
(a)	Increase in cash	2,50,000						
	Increase in capital							2,50,000
		2,50,000			=	NIL	+	2,50,000
(b)	Increase in furniture		35,000					
	Decrease in cash	(35,000)						
		2,15,000	+ 35,000		=	NIL	+	2,50,000
(c)	Decrease in capital (Expense)							(2,000)
	Decrease in cash	(2,000)						
		2,13,000	+ 35,000		=	NIL	+	2,48,000
(d)	Increase in stock			40,000				
	Increase in creditors							40,000
		2,13,000	+ 35,000	+ 40,000	=	40,000	+	2,48,000
(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 3:

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

Answer:

S.No.	Explanation	Assets				Furniture	=	Liabilities + Capital	
		Cash	+	Stock	+			Debtors	Creditors
(a)	Increase in cash	1,75,000							
	Increase in capital								1,75,000
		1,75,000					=	NIL	+ 1,75,000
(b)	Increase in stock			50,000					
	Increase in creditors (Rohit)						=	50,000	+ 1,75,000
		1,75,000	+	50,000			=	50,000	+ 1,75,000
(c)	Increase in debtors (Manish)					20,000			
	Decrease in stock			(17,500)					
	Increase in capital (Profit)								2,500
		1,75,000	+	32,500	+	20,000	=	50,000	+ 1,77,500
(d)	Increase in furniture					10,000			
	Decrease in cash	(10,000)							
		1,65,000	+	32,500	+	20,000	+	10,000	= 50,000 + 1,77,500
(e)	Decrease in creditors (Rohit)							(50,000)	
	Decrease in cash	(48,500)							
	Increase in capital (Discount received)								1,500
		1,16,500	+	32,500	+	20,000	+	10,000	= NIL + 1,79,000
(f)	Increase in cash	20,000							
	Decrease in debtors (Manish)					(20,000)			
		1,36,500	+	32,500	+	NIL	+	10,000	= NIL + 1,79,000
(g)	Decrease in capital (Expense)								(1,000)

Decrease in cash	1,000							
	1,35,500	+	32,500	+	NIL	+	10,000	= NIL + 1,78,000
(h) Decrease in capital (Drawings)								(3,000)
Decrease in cash	(3,000)							
	1,32,500	+	32,500	+	NIL	+	10,000	= NIL + 1,75,000

Question 4:

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.

Answer:

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
		1,50,000			=	NIL		+ 1,50,000
(b)	Increase in machinery		40,000					
	Increase in creditors				=	40,000		

	1,50,000	+	40,000	=	40,000	+	1,50,000
(c) Increase in stock					20,000		
Decrease in cash	(20,000)						
	1,30,000	+	40,000	+	20,000	=	40,000
						+	1,50,000
(d) Decrease in cash	(80,000)						
Decrease in capital (Drawings)							(80,000)
	50,000	+	40,000	+	20,000	=	40,000
						+	70,000
(e) Decrease in creditors					(40,000)		
Decrease in cash	(38,000)						
Increase in capital (Discount received)							2,000
	12,000	+	40,000	+	20,000	=	NIL
						+	72,000
(f) Increase in cash	4,500						
Decrease in stock					(5,000)		
Decrease in capital (Loss)							(500)
	16,500	+	40,000	+	15,000	=	NIL
						+	71,500
(g) Decrease in cash	(1,000)						
Decrease in capital (Expense)							(1,000)
	15,500	+	40,000	+	15,000	=	NIL
						+	70,500
(h) Increase in cash	2,000						
Increase in unaccrued income				=			2,000
	17,500	+	40,000	+	15,000	=	NIL
						+	2,000
						+	70,500

Question 5:

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

Answer:

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
		1,20,000			=	NIL	+ 1,20,000
(b)	Increase in stock		10,000				
	Increase in cash	(10,000)			=		
		1,10,000	+ 10,000		=	NIL	+ 1,20,000
(c)	Increase in cash	5,000					
	Increase in capital (Profit)						5,000
		1,15,000	+ 10,000		=	NIL	+ 1,25,000
(d)	Increase in outstanding expenses				=	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)					
		1,14,000	+ 10,000	+ 1,000	=	2,000	+ 1,23,000
(f)	Increase in cash	700					
	Increase in capital (Profit)						700
		1,14,700	+ 10,000	+ 1,000	=	2,000	+ 1,23,700

(g)	Increase in cash	7,000						
	Decrease in stock	(5,000)						
	Increase in capital (Profit)							2,000
		1,21,700	+	5,000	+	1,000	=	2,000 + 1,25,700
(h)	Decrease in stock	(500)						
	Decrease in capital (Loss)						=	(500)
		1,21,700	+	4,500	+	1,000	=	2,000 + 1,25,200

Question 6:

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

Answer:

S.No.	Explanation	Assets	=	Liabilities	+

	Cash	+	Stock	+	Building	+	Debtors		Creditors	+	Outstanding Expenses	+	Unaccrued Income
(a) Increase in cash	5,00,000												
Increase in stock			1,00,000										
Increase in capital													
	5,00,000	+	1,00,000					=	NIL				
(b) Increase in building					2,00,000								
Decrease in cash	(2,00,000)							=					
	3,00,000	+	1,00,000	+	2,00,000			=	NIL				
(c) Increase in stock			50,000										
Increase in creditors								=	50,000				
	3,00,000	+	1,50,000	+	2,00,000			=	50,000				
(d) Increase in debtors						36,000							
Decrease in stock			(25,000)										
Increase in capital (Profit)													
	3,00,000	+	1,25,000	+	2,00,000	+	36,000	=	50,000				
(e) Decrease in cash	(3,000)												
Decrease in capital (Expense)													
	2,97,000	+	1,25,000	+	2,00,000	+	36,000	=	50,000	+			
(f) Decrease in capital (Expense)											5,000		
Increase in liabilities													
	2,97,000	+	1,25,000	+	2,00,000	+	36,000	=	50,000	+	5,000		
(g) Decrease in building					(8,000)								
Decrease in capital													
	2,97,000	+	1,25,000	+	1,92,000	+	36,000	=	50,000	+	5,000		
(h) Decrease in cash	(20,000)												
Decrease in capital													
	2,97,000	+	1,25,000	+	1,92,000	+	36,000	=	50,000	+	5,000		

(b)	Increase in cash	10,000						
	Increase in capital (Income)				=			10,000
		1,30,000			=	NIL	+	1,30,000
(c)	Decrease in investment		50,000					
	Decrease in cash	(50,000)			=			
		80,000	+	50,000	=	NIL	+	1,30,000
(d)	Increase in cash	5,000						
	Increase in capital (Income)							5,000
		85,000	+	50,000	=	NIL	+	1,35,000
(e)	Increase in stock		35,000					
	Increase in creditor (Ragani)					35,000		
		85,000	+	35,000	+	50,000	=	35,000 + 1,35,000
(f)	Decrease in capital							(7,000)
	Decrease in cash	(7,000)						
		78,000	+	35,000	+	50,000	=	35,000 + 1,28,000
(g)	Increase in cash	14,000						
	Decrease in stock		(10,000)					
	Increase in capital (Profit)							4,000
		92,000	+	25,000	+	50,000	=	35,000 + 1,32,000
(h)	Decrease in creditors (Ragani)					(35,000)		
	Decrease in cash	(35,000)						
		57,000	+	25,000	+	50,000	=	NIL + 1,32,000
(i)	Decrease in cash	(20,000)						
	Increase in bank					20,000		
		37,000	+	25,000	+	50,000	+	20,000 = NIL + 1,32,000

Question 8:

Show the effect of following transaction on the accounting equation:

Rs

(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

Answer:

S.No.	Explanation	Assets					= Liabilities						
		Cash	+	Stock	+	Building	+	Debtors	+	Prepaid Expenses	Creditors	+	Out Exp
(a)	Increase in cash, stock and building	2,30,000	+	1,00,000	+	2,00,000							
	Increase in capital												
		2,30,000	+	1,00,000	+	2,00,000				=			
(b)	Increase in stock					50,000							
	Decrease in cash	(50,000)											
		1,80,000	+	1,50,000	+	2,00,000				=			
(c)	Increase in cash	35,000											

	Decrease in stock	(20,000)						
	increase in capital (Profit)							
		2,15,000	+	1,30,000	+	2,00,000		
(d)	Increase in stock	55,000						
	Increase in creditors						=	55,000
		2,15,000	+	1,85,000	+	2,00,000	=	55,000
(e)	Increase in debtors					60,000		
	Decrease in stock	(52,000)						
	Increase in capital (Profit)							
		2,15,000	+	1,33,000	+	2,00,000	+	60,000
							=	55,000
(f)	Decrease in creditors						=	(55,000)
	Decrease in cash	(53,000)						
	Increase in capital (Discount received)							
		1,62,000	+	1,33,000	+	2,00,000	+	60,000
							=	NIL
(g)	Decrease in cash	(20,000)						
	Decrease in capital							
		1,42,000	+	1,33,000	+	2,00,000	+	60,000
							=	NIL
(h)	Increase in cash	59,000						
	Decrease in capital (Discount allowed)							
	Decrease in debtors					60,000		
		2,01,000	+	1,33,000	+	2,00,000	+	NIL
							=	NIL
(i)	Increase in outstanding Expenses							3,00
	decrease in capital (Expense)							
		2,01,000	+	1,33,000	+	2,00,000	+	NIL
							=	NIL
								+ 3,00
(j)	Decrease in prepaid expenses					2,000		
	Decrease in cash	(2,000)						
		1,99,000	+	1,33,000	+	2,00,000	+	NIL
						2,000	=	NIL
								+ 3,00
(k)	Increase in cash	13,000						

	increase in capital (Income)								
		2,12,000	+	1,33,000	+	2,00,000	+	NIL	+ 2,000 = NIL + 3,00
(l)	Decrease in capital								
	Decrease in cash	(20,000)							
		1,92,000	+	1,33,000	+	1,90,000	+	NIL	+ 2,000 = NIL + 3,00
(m)	Decrease in capital								
	Decrease in building			(10,000)					
		1,92,000	+	1,33,000	+	1,90,000	+	NIL	+ 2,000 = NIL + 3,00
(n)	Increase in cash	50,000							
	Increase in capital								
		2,42,000	+	1,33,000	+	1,90,000	+	NIL	+ 2,000 = NIL + 3,00
(o)	Increase in stock			10,000					
	Increase in creditors								10,000
		2,42,000	+	1,43,000	+	1,90,000	+	NIL	+ 2,000 = 10,000 + 3,00

Question 9:

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

Answer:

S.No.	Explanation	Assets				=	Liabilities	+	Capital
		Cash	+	Stock	+				
(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						=	(10,000)	
	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 10:

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

- (a) Invested Rs 4,00,000 cash and office equipment with Rs 1,50,000 in a business called Bobbie Consulting.
- (b) 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.
- (c) Purchased office supplies on credit for Rs 12,000.
- (d) Bobbie transferred title of motor car to the business. The motor car was worth Rs 90,000.
- (e) Purchased for Rs 30,000 additional office equipment on credit.
- (f) Paid Rs 75,00 salary to the office manager.
- (g) Provided services to a client and collected Rs 30,000
- (h) Paid Rs 4,000 for the month's utilities.
- (i) Paid supplier created in transaction (c).
- (j) Purchase new office equipment by paying Rs 93,000 cash and trading in old equipment with a recorded cost of Rs 7,000.
- (k) Completed services of a client for Rs 26,000. This amount is to be paid within 30 days.
- (l) Received Rs 19,000 payment from the client created in transaction (k).
- (m) 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.

Answer:

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.

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

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

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	Supplier's Account (Creditors)

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

d)

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

Capital Account

Motor Car Account

Dr.	Cr.	Dr.	Cr.
(d) Rs 90,000		(a) Rs 4,00,000	
		(a) Rs 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

Creditors for Office Equipment Account

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

Cash Account

Dr.	Cr.	Dr.	Cr.
(f) Rs 7,500		(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)		Cash Account	
Dr.	Cr.	Dr.	Cr.
	(g) Rs 30,000	(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		Cash Account	
Dr.	Cr.	Dr.	Cr.
(h) Rs 4,000		(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)		Cash Account	
Dr.	Cr.	Dr.	Cr.
(h) Rs 12,000	(c) Rs 12,000	(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) 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		Cash Account	
Dr.	Cr.	Dr.	Cr.
(a) Rs 1,50,000	(j) Rs 7,000	(a) Rs 4,00,000	(b) Rs 1,50,000
(e) Rs 30,000		(b) Rs 8,00,000	(b) Rs 50,000
(j) Rs 1,00,000		(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)		Client's Account (Debtor)	
Dr.	Cr.	Dr.	Cr.
	(g) Rs 30,000	(k) Rs 26,000	
	(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)		Cash Account	
Dr.	Cr.	Dr.	Cr.

(k) Rs 26,000	(l) Rs 19,000	(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	(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) 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	S. No.	Particulars	J.F.	Amount Rs
			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.			
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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
			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
			Rs				
(i)	Cash		12,000	(c)	Office Supplies		12,000

Creditors for Office Equipment

Dr.				Cr.			

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

Salaries Account

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

Client Services Account

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

Utilities Account (Expenses)

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

Client Accounts (Debtors)

Dr.				Cr.				
S. No.	Particulars	J.F.	Amount	S. No.	Particulars	J.F.	Amount	Rs
			Rs					

(k)	Client Services	26,000	(l)	Cash	19,000
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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

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Question 11:

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

Answer:

Journal

Date	Particulars	L.F.	Debit Amount Rs	Credit Amount Rs
2017				
Dec.01	Cash A/c	Dr.	75,000	
	To Capital A/c			75,000
	(Started business with cash)			
Dec.07	Purchases A/c	Dr.	10,000	
	To Cash A/c			10,000
	(Goods purchased for cash)			
Dec.09	Swati	Dr.	5,000	
	To Sales A/c			5,000
	(Goods sold on credit)			
Dec.12	Furniture A/c	Dr.	3,000	
	To Cash A/c			3,000
	(Furniture purchased for cash)			
Dec.18	Cash A/c	Dr.	4,000	
	Discount Allowed A/c	Dr.	1,000	

	To Swati		5,000
(Cash received from Swati and discount allowed)			
Dec.25	Rent A/c	Dr.	1,000
	To Cash A/c		1,000
(Rent paid in cash)			
Dec.30	Salaries A/c	Dr.	1,500
	To Cash A/c		1,500
(Salary paid in cash)			
	Total		1,00,500
			1,00,500

Question 12:

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

Answer:

**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			2,75,000
	(Commenced business with cash and building)			
Jan.02	Purchases A/c	Dr.	75,000	
	To Cash A/c			75,000
	(Goods purchased for cash)			
Jan.03	Ramesh	Dr.	30,000	
	To Sales A/c			30,000
	(Goods sold to Ramesh)			
Jan.04	Wages A/c	Dr.	500	
	To Cash A/c			500
	(Wages paid in cash)			
Jan.06	Cash A/c	Dr.	10,000	
	To Sales A/c			10,000
	(Goods sold for cash)			

Jan.10	Trade Expenses A/c	Dr.	700	
	To Cash A/c			700
	(Trade expenses paid in cash)			
Jan.12	Cash A/c	Dr.	29,500	
	Discount Allowed A/c	Dr.	500	
	To Ramesh			30,000
	(Cash received from Ramesh and discount allowed to him)			
Jan.14	Purchases A/c	Dr.	27,000	
	To Sudhir			27,000
	(Goods purchased from Sudhir on credit)			
Jan.18	Cartage A/c	Dr.	1,000	
	To Cash A/c			1,000
	(Cartage paid in cash)			
Jan.20	Drawings A/c	Dr.	5,000	
	To Cash A/c			5,000
	(Cash drawn for personal use)			
Jan.22	Drawings A/c	Dr.	2,000	
	To Purchases A/c			2,000
	(Goods drawn from business for households use)			
Jan.25	Sudhir	Dr.	27,000	
	To Cash A/c			26,700
	To Discount Received A/c			300

(Cash paid to Sudhir and discount received)

Total

4,83,200

4,83,200

Question 13:

Journalise the following transactions:

2017		Rs
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

Answer:

Books of Hema

Journal

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

(Cheque received from Suman and discount allowed)

Dec.20	Ashu	Dr.	10,000	
	To Bank A/c			10,000

(Cheque forwarded to Ashu)

Dec.22	Rent A/c	Dr.	2,000	
	To Bank A/c			2,000

(Rent paid by cheque)

Dec.23	Bank A/c	Dr.	16,000	
	To Cash A/c			16,000

(Cash deposited into bank)

Dec.25	Machinery A/c	Dr.	10,000	
	To Parigya			10,000

(Machinery purchased from Parigya)

Dec.26	Trade Expenses A/c	Dr.	2,000	
	To Cash A/c			2,000

(Trade expenses paid)

Dec.28	Parigya	Dr.	10,000	
	To Bank A/c			10,000

(Cheque issued to Parigya)

Dec.29	Telephone Expenses A/c	Dr.	1,200	
	To Bank A/c			1,200

(Telephone expenses paid through cheque)

Dec.30	Salaries A/c	Dr.	4,500	
	To Cash A/c			4,500
	(Salary paid)			
	Total		3,00,700	3,00,700

Question 14:

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.

Answer:

Books of Harpreet Bros.

Journal

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

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

Question 15:

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

Answer:

Journal

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

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

Page No 94:

Question 16:

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

Answer:

Journal

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

(Goods purchased from Harish)

Nov.05	Cash A/c	Dr.	12,000	
	To Sales A/c			12,000

(Goods sold for cash)

Nov.08	Furniture A/c	Dr.	5,000	
	To Cash A/c			5,000

(Furniture purchased for cash)

Nov.10	Harish A/c	Dr.	15,000	
	To Cash A/c			15,000

(Cash paid to Harish)

Nov.13	Sundry Expenses A/c	Dr.	200	
	To Cash			200

(Sundry expenses paid)

Nov.15	Cash A/c	Dr.	15,000	
	To Sales A/c			15,000

(Goods sold for cash)

Nov.18	Bank A/c	Dr.	5,000	
	To Cash A/c			5,000

(Cash deposited into bank)

Nov.20	Drawings A/c	Dr.	1,000	
	To Cash A/c			1,000

(Cash drawn for personal use)

Nov.22	Harish	Dr.	15,000	
	To Cash A/c			14,700
	To Discount Received A/c			300
	(Payment made to Harish and discount received)			
Nov.25	Nitesh	Dr.	7,000	
	To Sales A/c			7,000
	(Goods sold to Nitesh)			
Nov.26	Cartage A/c	Dr.	200	
	To Cash A/c			200
	(Cartage paid)			
Nov.27	Rent A/c	Dr.	1,500	
	To Cash A/c			1,500
	(Rent paid)			
Nov.29	Cash A/c	Dr.	6,800	
	Discount Allowed A/c		200	
	To Nitesh			7,000
	(Cash received from Nitesh and discount allowed)			
Nov.30	Salaries A/c	Dr.	3,000	
	To Cash A/c			3,000
	(Salary paid)			
	Total		3,16,900	3,16,900

Ledger

Cash Account

Dr.				Cr.			
Date	Particulars	J.F.	Amount	Date	Particulars	J.F.	Amount
Rs				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	Date	Particulars	J.F.	Amount
Rs				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				2017			
Nov.30	Cash		3,000				
				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				2017			
Nov.08	Cash		5,000				
				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				2017			
Nov.25	Sales		7,000	Nov.29	Cash		6,800
				Nov.29	Discount Allowed		200

7,000

7,000

Sales Account

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

Purchases Account

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

Harish's Account

Dr.				Cr.			
Date	Particulars	J.F.	Amount	Date	Particulars	J.F.	Amount
			Rs				Rs
2017				2017			
Nov.10	Cash		15,000	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				2017			
Nov.13	Cash		200				
				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				2017			
Nov.18	Cash		5,000				
				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				2017			
Nov.20	Cash		1,000				
				Nov.30	Balance c/d		1,000

1,000	1,000
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Discount Received Account

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

Discount Allowed Account

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

Question 17:

Journalise the following transactions in 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

Answer:

Books of M/s Goel Brothers

Journal

Date	Particulars	L.F.	Debit Amount Rs	Credit Amount Rs
2017				
Jan.01	Cash A/c	Dr.	1,65,000	
	To Capital A/c			1,65,000
	(Started business with cash)			
Jan.02	Bank A/c	Dr.	80,000	
	To Cash A/c			80,000
	(Bank account opened with PNB)			

Jan.04	Purchases A/c	Dr.	22,000	
	To Tara			22,000
	(Goods purchased from Tara)			
Jan.05	Purchases A/c	Dr.	30,000	
	To Cash A/c			30,000
	(Goods purchased for cash)			
Jan.08	Naman	Dr.	12,000	
	To Sales A/c			12,000
	(Sale of goods to Naman)			
Jan.10	Tara	Dr.	22,000	
	To Cash A/c			22,000
	(Cash paid to Tara)			
Jan.15	Cash A/c	Dr.	11,700	
	Discount Allowed A/c	Dr.	300	
	To Naman			12,000
	(Cash received from Naman and discount allowed)			
Jan.16	Wages A/c	Dr.	200	
	To Cash A/c			200
	(Wages paid)			
Jan.18	Furniture A/c	Dr.	5,000	
	To Cash A/c			5,000
	(Furniture purchased for cash)			

Jan.20	Drawings A/c	Dr.	4,000	
	To Bank A/c			4,000
	(Cash drawn from bank for personal use)			
Jan.22	Rent A/c	Dr.	3,000	
	To Bank A/c			3,000
	(Rent paid through cheque)			
Jan.23	Drawings A/c	Dr.	2,000	
	To Purchases A/c			2,000
	(Goods drawn for household purpose)			
Jan.24	Cash A/c	Dr.	6,000	
	To Bank A/c			6,000
	(Cash drawn from bank)			
Jan.26	Cash A/c	Dr.	1,000	
	To Commission A/c			1,000
	(Commission received)			
Jan.27	Bank Charges A/c	Dr.	200	
	To Bank A/c			200
	(Bank charged charges)			
Jan.28	Insurance A/c	Dr.	3,000	
	To Bank A/c			3,000
	(Insurance paid through cheque)			
Jan.29	Salaries A/c	Dr.	7,000	

To Cash A/c			7,000
(Salary paid)			
Jan.30	Cash A/c	Dr.	10,000
To Sales A/c			10,000
(Cash received for sale of goods)			
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.01	Cash		1,65,000
Jan.31	Balance c/d		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				2017			
Jan.02	Cash		80,000	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				2017			
Jan.10	Cash		22,000	Jan.04	Purchases		22,000
			22,000				22,000

Purchases Account

Dr.				Cr.			
Date	Particulars	J.F.	Amount	Date	Particulars	J.F.	Amount
			Rs				Rs
2017				2017			
Jan.04	Tara		22,000	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	Date	Particulars	J.F.	Amount
			Rs				Rs
2017				2017			
				Jan.08	Naman		12,000
Jan.31	Balanced c/d		22,000	Jan.30	Cash		10,000
			22,000				22,000

Naman's Account

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

12,000

12,000

Discount Allowed Account

Dr.				Cr.			
Date	Particulars	J.F.	Amount Rs	Date	Particulars	J.F.	Amount Rs
2017				2017			
Jan.15	Naman		300				
				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				2017			
Jan.16	Cash		200				
				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				2017			
Jan.18	Cash		5,000				
				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				2017			
Jan.20	Bank		4,000				
Jan.23	Purchases		2,000	Jan.31	Balance c/d		6,000
			6,000				6,000

Rent Account

Dr.				Cr.			
Date	Particulars	J.F.	Amount Rs	Date	Particulars	J.F.	Amount Rs
2017				2017			
Jan.22	Bank		3,000				
				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				2017			
				Jan.26	Cash		1,000
Jan.31	Balance c/d		1,000				
			1,000				1,000

Bank Charges Account

Dr.				Cr.			
Date	Particulars	J.F.	Amount Rs	Date	Particulars	J.F.	Amount Rs
2017				2017			
Jan.27	Bank		200				
				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				2017			
Jan.28	Bank		3,000				
				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				2017			
Jan.29	Cash		7,000				
				Jan.31	Balance c/d		7,000
			7,000				7,000

Question 18:

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

Answer:

Books of M/s. Mohit Traders

Journal

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

Aug.03	Furniture A/c	Dr.	20,000	
	To Cash A/c			20,000
	(Furniture purchased)			
Aug.07	Purchases A/c	Dr.	30,000	
	To Cash A/c			30,000
	(Goods purchased for cash)			
Aug.08	Purchases A/c	Dr.	42,000	
	To M/s. Hema Traders			42,000
	(Goods purchased from M/s. Hema Traders)			
Aug.10	Cash A/c	Dr.	30,000	
	To Sales A/c			30,000
	(Goods sold for cash)			
Aug.14	M/s. Gupta Traders	Dr.	12,000	
	To Sales A/c			12,000
	(Goods sold to M/s. Gupta traders)			
Aug.16	Rent A/c	Dr.	4,000	
	To Cash A/c			4,000
	(Rent paid in cash)			
Aug.18	Trade Expenses A/c	Dr.	1,000	
	To Cash A/c			1,000
	(Trade expenses paid in cash)			
Aug.20	Cash A/c	Dr.	12,000	
	To M/s. Gupta Traders			12,000
	(Cash received from M/s. Gupta Traders)			

Aug.22	M/s. Hema Traders	Dr.	2,000	
	To Purchases Return A/c			2,000
	(Goods returned to Hema traders)			
Aug.23	M/s. Hema Traders	Dr.	40,000	
	To Cash A/c			40,000
	(Cash paid to Hema traders)			
Aug.25	Postage Stamps A/c	Dr.	100	
	To Cash A/c			100
	(Postage stamps purchased)			
Aug.30	Salaries A/c	Dr.	4,000	
	To Cash A/c			4,000
	(Salaries paid in cash)			
	Total		3,57,100	3,57,100

Cash Account

Dr.				Cr.			
Date	Particulars	J.F.	Amount	Date	Particulars	J.F.	Amount
		Rs				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				2017			
				Aug.01	Cash		1,10,000
Aug.31	Balance c/d		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				2017			
Aug.02	Cash		50,000				
				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				2017			
Aug.03	Cash		20,000				
				Aug.31	Balanced c/d		20,000
			20,000				20,000

Purchases Account

Dr.				Cr.			

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

M/s. Hema Traders Account

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

Sales Account

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

M/s. Gupta Traders Account

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

Aug.14	Sales	12,000					
				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				2017			
Aug.16	Cash		4,000				
				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				2017			
Aug.18	Cash		1,000				
				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				2017			
				Aug.22	M/s. Hema Traders		2,000
Aug.31	Balance c/d		2,000				
			2,000				2,000

Postage Stamps Account

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

Salaries Account

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

Question 19:

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

Answer:

Books of M/s. Bhanu Traders

Journal

Date	Particulars	L.F.	Debit Amount Rs	Credit Amount Rs
2017				
Dec.01	Cash A/c	Dr.	92,000	
	To Capital A/c			92,000
	(Started business with cash)			
Dec.02	Bank A/c	Dr.	60,000	
	To Cash A/c			60,000
	(Cash deposited into bank)			
Dec.04	Purchases A/c	Dr.	40,000	
	To Himani			40,000
	(Goods purchased from Himani)			
Dec.06	Purchases A/c	Dr.	20,000	
	To Cash A/c			20,000
	(Goods purchased for cash)			
Dec.08	Himani	Dr.	4,000	

	To Purchases Return A/c		4,000
	(Goods returned to Himani)		
Dec.10	Cash A/c	Dr.	20,000
	To Sales A/c		20,000
	(Goods sold for cash)		
Dec.14	Himani	Dr.	36,000
	To Bank A/c		36,000
	(Cheque given to Himani)		
Dec.17	M/s. Goyal Traders A/c	Dr.	35,000
	To Sales A/c		35,000
	(Goods sold to M/s. Goyal Traders)		
Dec.19	Drawings A/c	Dr.	2,000
	To Bank A/c		2,000
	(Cash withdrawn from bank for personal use)		
Dec.21	Sales Return A/c	Dr.	3,500
	To M/s. Goyal Traders		3,500
	(Goods returned by Goyal Traders)		
Dec.22	Bank A/c	Dr.	20,000
	To Cash A/c		20,000
	(Cash deposited into bank)		
Dec.26	Bank A/c	Dr.	31,500
	To M/s. Goyal Traders		31,500

(Cheque received from M/s. Goyal Traders)

Dec.28	Charity A/c	Dr.	2,000	
	To Purchases A/c			2,000
	(Goods given as charity)			
Dec.29	Rent A/c	Dr.	3,000	
	To Bank A/c			3,000
	(Rent paid) see note			
Dec.30	Salaries A/c		7,000	
	To Cash A/c			7,000
	(Salaries paid)			
Dec.31	Office Machine A/c		3,000	
	To Cash A/c			3,000
	(Office machinery purchased)			
	Total		6,94,000	6,94,000

Cash Account

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

Bank Account

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

Himani's Account

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

Sales Account

Dr.				Cr.			
Date	Particulars	J.F.	Amount	Date	Particulars	J.F.	Amount
			Rs				Rs
2017				2017			
				Dec.10	Cash		20,000
Dec.31	Balance c/d		55,000	Dec.17	M/s. Goyal Traders		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				2017			
Dec.17	Sales		35,000	Dec.21	Sales Return		3,500
				Dec.26	Bank		31,500
			35,000				35,000

Purchases Return Account

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

Drawings Account

Dr.				Cr.			
Date	Particulars	J.F.	Amount Rs	Date	Particulars	J.F.	Amount Rs
2017				2017			
Dec.19	Bank		2,000				
				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				2017			
Dec.21	M/s. Goyal Traders		3,500				
				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				2017			
Dec.28	Purchases		2,000				
				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				2017			
Dec.29	Cash		3,000				
				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				2017			
Dec.30	Cash		7,000				
				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				2017			
Dec.31	Cash		3,000				
				Dec.31	Balance c/d		3,000
			3,000				3,000

Question 20:

Journalise the following transaction in the Book of M/s. Beuti 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

Answer:

Books of Beauti Traders

Journal

Date	Particulars	L.F.	Debit Amount Rs	Credit Amount Rs
2017				
Dec.01	Cash A/c	Dr.	2,00,000	
	To Capital A/c			2,00,000
	(Started business with cash)			
Dec.02	Office Furniture A/c	Dr.	30,000	
	To Cash A/c			30,000
	(Office furniture purchased)			
Dec.03	Bank A/c	Dr.	1,00,000	
	To Cash A/c			1,00,000
	(Opened a current account)			

Dec.05	Computer A/c	Dr.	2,50,000	
	To Bank A/c			2,50,000
	(Computer purchased and payment made through cheque)			
Dec.06	Purchases A/c	Dr.	60,000	
	To Ritika			60,000
	(Goods purchased from Ritika on credit)			
Dec.08	Cash A/c	Dr.	30,000	
	To Sales A/c			30,000
	(Goods sold for cash)			
Dec.09	Krishna	Dr.	25,000	
	To Sales A/c			25,000
	(Goods sold to Krishna)			
Dec.12	Mansi	Dr.	30,000	
	To Cash A/c			30,000
	(Cash paid to Mansi on account)			
Dec.14	Ritika	Dr.	2,000	
	To Purchases Return A/c			2,000
	(Goods returned to Ritika)			
Dec.15	Stationery A/c	Dr.	3,000	
	To Cash A/c			3,000
	(Stationery purchased for cash)			
Dec.16	Wages A/c	Dr.	1,000	

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

(Goods purchased on credit from Meena Traders)

Dec.30	Cash A/c	Dr.	14,000	
	To Sales A/c			14,000
(Goods sold for cash)				
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.1	Cash		2,00,000

Dec.31	Balance c/d	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				2017			
Dec.2	Cash		30,000				
				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				2017			
Dec.03	Cash		1,00,000	Dec.05	Computer		2,50,000
Dec.26	Krishna		8,000	Dec.20	Ritika		28,000
				Dec.24	Insurance		4,000
				Dec.28	Rent		3,000
Dec.31	Balance c/d (over draft)		1,77,000				
			2,85,000				2,85,000

Computer Account

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

Purchases Account

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

Ritika's Account

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

Meena's Account

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

Sales Account

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

Krishna's Account

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

Mansi's Account

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

Purchases Return Account

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

Stationery Account

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

Wages Account

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

Sales Return Account

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

Insurance Account

Dr.				Cr.			
Date	Particulars	J.F.	Amount	Date	Particulars	J.F.	Amount Rs
2017				2017			
Dec.24	Bank		4,000				
				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				2017			
Dec.28	Bank		3,000				
				Dec.31	Balance c/d		3,000
			3,000				3,000

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Question 21:

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
31	Paid General expense	500

Answer:

Books of Sanjana

Journal Entries

S.No.	Particulars	L.F.	Debit Amount Rs	Credit Amount Rs
2017				
Jan.01	Cash A/c	Dr.	6,000	
	Bank A/c	Dr.	55,000	
	Stock A/c	Dr.	40,000	
	Tarun	Dr.	10,000	
	To Rohan			6,000
	To Capital A/c			1,05,000
	(Balance brought from the last month)			
Jan.03	Karuna	Dr.	15,000	
	To Sales A/c			15,000
	(Goods sold to Karuna)			
Jan.04	Cash A/c	Dr.	10,000	
	To Sales A/c			10,000
	(Goods sold for cash)			

Jan.06	Heena	Dr.	5,000
	To Sales A/c		5,000
	(Goods sold to Henna)		
Jan.08	Purchases A/c	Dr.	30,000
	To Rupali		30,000
	(Goods purchased from Rupali)		
Jan.10	Sales Return A/c	Dr.	2,000
	To Karuna		2,000
	(Goods returned by Karuna)		
Jan.14	Cash A/c	Dr.	13,000
	To Karuna		13,000
	(Cash received from Karuna)		
Jan.15	Rohan	Dr.	6,000
	To Bank A/c		6,000
	(Cheque issued to Rohan)		
Jan.16	Cash A/c	Dr.	3,000
	To Heena		3,000
	(Cash received from Heena)		
Jan.20	Bank A/c	Dr.	10,000
	To Tarun		10,000
	(Cheque received from Tarun)		
Jan.22	Bank A/c	Dr.	2,000

	To Heena		2,000
	(Cheque received from Heena)		
Jan.25	Rupali	Dr.	18,000
	To Cash A/c		18,000
	(Payment made to Rupali)		
Jan.26	Cartage A/c	Dr.	1,000
	To Cash A/c		1,000
	(Cartage paid)		
Jan.27	Salaries A/c	Dr.	8,000
	To Cash A/c		8,000
	(Salaries paid)		
Jan.28	Cash A/c	Dr.	7,000
	To Sales A/c		7,000
	(Goods sold for cash)		
Jan.29	Rupali	Dr.	12,000
	To Bank A/c		12,000
	(Cheque issued to Rupali)		
Jan.30	Drawings A/c	Dr.	4,000
	To Purchases A/c		4,000
	(Goods drawn for personal use)		
Jan.31	General Expenses A/c	Dr.	500
	To Cash A/c		500

Total	2,57,500	2,57,500
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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.01	Balance b/d		1,05,000
Jan.31	Balance c/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			2017				
Jan.15	Bank		6,000	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		2017		
Jan.01	Balance b/d	10,000	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				2017			
Jan.03	Sales		15,000	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		2017		
Jan.06	Sales	5,000	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				2017			
Jan.08	Rupali		30,000	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				2017			
Jan.25	Cash		18,000	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				2017			
Jan.10	Karuna		2,000				

	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				2017			
Jan.26	Cash		1,000				
				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				2017			
Jan.27	Cash		8,000				
				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				2017			
Jan.30	Purchases		4,000				
				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				2017			
Jan.31	Cash		500				
				Jan.31	Balance c/d		500
			500				500

Question 22:

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%)

Answer:

Date	Particulars		L.F.	Dr. Rs.	Cr. Rs.
(a)	Purchases A/c	Dr		2,00,000	
	Input CGST A/c	Dr		18,000	
	Input SGST A/c			18,000	
	To Kanta				2,36,000
	(Being goods purchased on credit locally)				
(b)	Purchases A/c	Dr		1,00,000	
	Input IGST A/c	Dr		12,000	
	To Cash A/c				1,12,000
	(Being goods purchased in cash from Rajasthan)				

(c)	Sudhir A/c	Dr	1,77,000	
	To Sales A/c			1,50,000
	To Output IGST A/c			27,000
	(Being goods supplied on credit to Punjab)			
(d)	Transport Charges A/c	Dr	10,000	
	Input CGST A/c	Dr	500	
	Input SGST A/c		500	
	To Bank A/c			11,000
(e)	Sidhu A/c	Dr	1,41,600	
	To Sales A/c			1,20,000
	To Output CGST A/c			10,800
	To Output SGST A/c			10,800
	(Being goods sold on credit locally)			
(f)	Air Conditioner A/c	Dr	60,000	
	Input CGST A/c	Dr	5,400	
	Input SGST A/c	Dr	5,400	
	To Bank A/c			70,800
	(Being goods purchased locally)			
(g)	Cash A/c	Dr	1,77,000	
	To Sales A/c			1,50,000
	To Output IGST A/c			27,000
	(Being goods supplied on credit to Uttar Pradesh)			
(h)	Motor Cycle A/c	Dr	50,000	
	Input CGST A/c	Dr	7,000	
	Input SGST A/c	Dr	7,000	
	To Bank A/c			64,000
	(Being motorcycle purchased locally for office use)			

(i)	Internet Charges A/c	Dr	4,000	
	Input CGST A/c	Dr	360	
	Input SGST A/c	Dr	360	
	To Bank A/c			4,720
	(Being broadband charges paid)			
(j)	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)			
(k)	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)
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