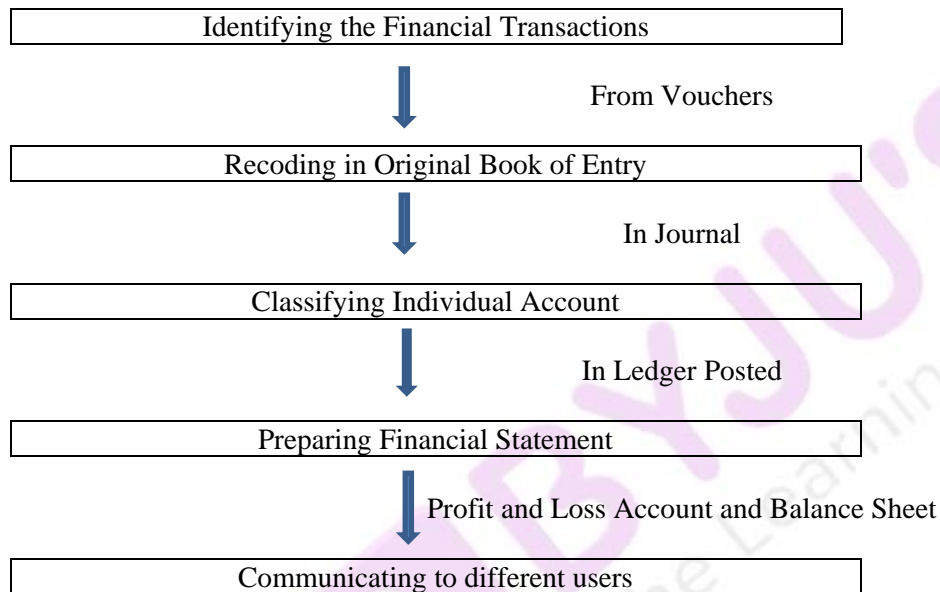


Short Answers

1. State the three fundamental steps in the accounting process.

The fundamental steps involved in the accounting process can be diagrammatically represented below as.



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

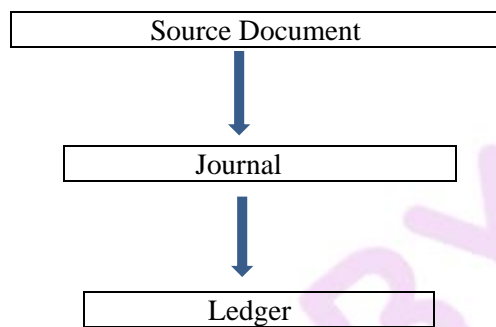
The evidence provided by the source document is important to accounting because of the following reasons:

1. It provides evidence that the transaction has taken place.
2. It provides important and relevant information of a transaction which contains details of date, amount, parties involved and other relevant details of a particular transaction.
3. In the court of law, it can act as a proof.
4. During the auditing process, it helps in verifying transactions.

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

A transaction should be first recorded in a journal because journal provides the complete details of a transaction in one entry. Further, it forms the basis for posting the transactions into their respective accounts into general ledger.

Transactions gets recorded into journal in a chronological order, i.e. in the order in which they occurred with the help of source documents. Journal is also called 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 the journal and then in ledger is presented in the following flow chart.



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

As per the rule of double entry system, two columns of 'Amount' in the journal format namely 'Debit Amount' and 'Credit Amount'. The manner of recording in a journal is unlike normal recording. In Journal format, journal entry is recorded in which the 'Debit Amount' column is listed before the 'Credit Amount' column.

Credits are indented. Indentation is the process of putting a space before writing any word. Journal entry has its own set of jargons. In journalising, we can see that under the 'Particulars' column of journal format, debited account is written first and credited account is in the next line leaving some space also known as indentation,

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

A 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 and business owner are treated separately as per business entity concept.

Owner's capital 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 sustained 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 the liability is paid, it results in reduction of liability, and hence, it is debited. Similarly, drawings from capital and net loss result in reducing the capital, and so, capital is debited. Thus the rules of debit and credit apply equally for both liability and capital.

6. Why are some accounting systems called double accounting systems?

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

7. Give a specimen of an account.

The specimen of an account can be represented as:

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

8. 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.

a. Increase in revenue

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

b. Decrease in expense

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

c. Record drawings

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

d. Record of fresh capital introduced by the owner

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

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

J.F. number is entered in the ledger during the time of posting entries into their respective accounts. It helps in determining if all transactions are posted properly in their accounts. It is recorded at the time of posting instead of at the time of recording the transactions.

The purpose of entering J.F. number in the ledger is because of the following benefits it offers:

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

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?

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

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

Long Answers**1. Describe the events recorded in accounting systems and the importance of source documents in those systems?**

It is beyond human capabilities to memorise each financial transaction and that is why, source documents have their own importance in accounting system. These documents 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 ensures that transactions recorded in the books are free from any personal bias.

Here are few events that are supported by source document:

1. Sale of goods worth Rs 300 on credit, supported by sales invoice/bill
2. Purchase of goods worth Rs 1000 on credit, supported by purchase invoice/bill
3. Cash sales worth Rs 2,000, supported by cash memo
4. Cash purchase of goods worth Rs 800, supported by cash memo
5. Goods worth Rs 500 returned by customer, supported by credit note
6. Return of goods purchased on credit worth Rs 500, supported by debit note
7. Payment worth Rs 1,500 through bank, supported by cheques
8. Deposits into bank worth Rs 2500, supported by pay-in slips.

In the above events, only those events which can be expressed in monetary terms, gets recorded in the books of accounts. However, the non-monetary events are not recorded in accounts; for example, promotion of manger 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 following reasons.

1. Provides evidence of transaction that has actually occurred.
2. Provides information on date, amount and the parties involved also details of other particular transactions that have taken place.
3. Can act as an evidence in the court of law.
4. Helps in verifying the transactions during the auditing process.

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

Any 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 have to receive from our debtors or how much to pay to the creditors, it is not possible to determine by a single instance. Hence, we need to prepare accounts to know the position of business activities for that.

For recording transactions in accounts there are some steps which needs to be followed which can be easily understood with the help of an example.

Sold goods to Mr A worth Rs 40,000 on 15th April and received payment Rs 30,000 on 28th April. The following journal entries will be recorded:

	Particulars	L.F.	Debit Amount Rs	Credit Amount Rs
Apr.15	A's A/c Dr.	22	40000	
	To Sales (Goods sold on credit to Mr A)	18		40000
Apr.28	Cash A/c Dr.	13	30000	
	To A's A/c (Cash received from Mr A)			30000

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

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

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

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

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

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

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

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

3. Describe how debits and credits are used to analyse transactions.

Debit traces its origin 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, every business transactions that gets recorded in the books of accounts, has two aspects which is debit and credit. The dual aspect can be better understood with the help of an example; bought goods worth Rs 500 on cash. This transaction impacts two accounts with the same amount simultaneously. As goods are brought in exchange of cash, so the cash balance in the business reduce by Rs 500, so the cash account is credited. Simultaneously, the amount of goods increases by Rs 500, so the purchases account gets debited. Debit and credit, these factors 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 bank, land, and cash in hand, plant, machinery, building, etc. All assets have debit balance. If an asset increases, it is debited and if assets decrease, it gets 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 which is paid in cash reduces the cash balance, so cash account is credited.

3. **Liability:** Liability is an obligation for the business. Increase in liability is credited and similarly 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 refers to profit earned during an accounting period from any source. It also means excess of revenue over its cost during an accounting period. Income always 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 refers to the amount invested by the proprietor in the business. Capital has credit balance. Any increase in capital is credited and any 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.

4. Differentiate between source documents and vouchers.

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

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

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

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

Or

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

Or, Liabilities = Asset – Capital

Or, Capital = Assets – Liabilities

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

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

Cash A/c Dr.
To Capital A/c

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

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

2. Goods purchased on credit Rs 20, 000

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

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

3. Goods purchased with cash 25000

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

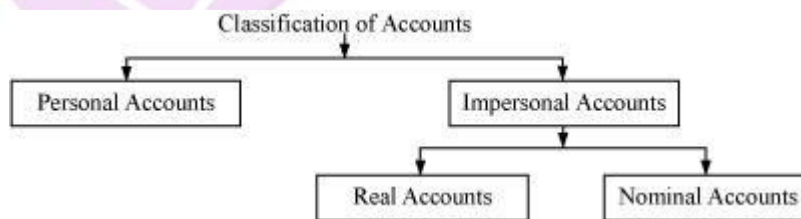
As goods are purchased for cash, so cash balance reduces by Rs 25,000, but on the other hand, stock balance increases by Rs 25,000. Thus the total balance of LHS remains equal to the total claims.

6. Explain the double entry mechanism with an illustrative example.

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

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

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



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

Rule of double entry system for personal accounts:

- Debit the receiver.
- Credit the giver.

For example:

- i. Cash paid to Mr. A.

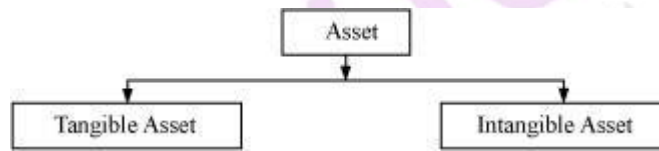
A's A/c Dr.
 To Cash

- ii. Cash received from Mr. X

Cash A/c Dr.
 To Mr. X

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

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



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

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

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

Pro forma of Journal
In the books of.....

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

Date– Date of transaction is recorded based on the order of their occurrence.

Particulars– It contains details of business transactions like, name of the parties involved and the name of related accounts, which are recorded.

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

Debit Amount– Amount specific to debit account is written.

Credit Amount– Amount of credit account gets written.

Recording of a Journal Entry

		Date
1)	Started business with cash Rs 1,00,000	April 01
2)	Open a bank account Rs 30,000	April 03
3)	Purchase goods for cash Rs 35,000	April 04
4)	Goods sold for cash Rs 40,000	April 05

5) Goods sold to Mr. X Rs 3,000

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.		30,000	
	To Cash A/c			30,000
	(Bank account opened with cash)			
April 4	Purchase A/c Dr.		35,000	
	To Cash			35,000
	(Goods purchased for cash)			
April 5	Cash A/c		40,000	
	To Sales A/c			40,000
	(Goods sold for cash)			

April 6	Mr X's A/c		3,000	
	To Sales			3,000
	(Goods sold to Mr X on credit)			
	Total		208,000	208,000



Numerical Questions**Analysis of Transactions**

1. Prepare accounting equation on the basis of the following:

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

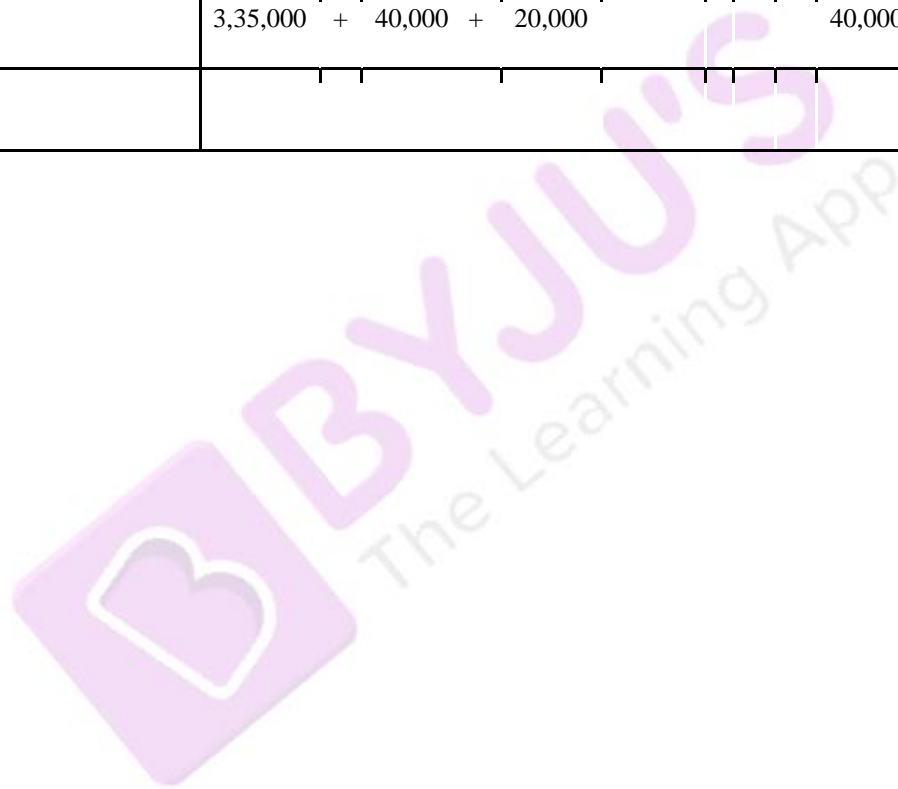
S.No	Explanation	Assets				=	Liabilities	+Capital
		Cash	+ Stock	+ Debtors	+ Furniture		Creditors	
(a)	Increase in cash	2,00,000						
	Increase in capital							2,00,000
		2,00,000				=	NIL	+ 2,00,000
(b)	Increase in stock		40,000					
	Decrease in cash	(40,000)						
		1,60,000	+ 40,000			=	NIL	+ 2,00,000
(c)	Increase in debtors			12,000				
	Decrease in stock		10,000					
	Profit							
		1,60,000	+ 30,000	+ 12,000		=	NIL	+ 2,02,000
(d)	Increase in furniture				7000			
	Increase in creditors							
		1,60,000	+ 30,000	+ 12,000	+ 7,000	=	7000	+ 2,02,000

2. Prepare accounting equation from the following:

	Rs
(a) Kunal started business with cash	3, 50,000
(b) He purchased furniture for cash	40,000
(c) He paid commission	5,000
(d) He purchases goods on credit	40,000
(e) He sold goods (costing Rs 20,000) for cash 30,000	

S.No	Explanation	Assets			=	Liabilities		+Capital	
		Cash	+ Furniture	+ Stock		Creditors			
(a)	Increase in cash	3,50,000							
	Increase in capital							3,50,000	
		3,50,000				=	NIL	+	3,50,000
(b)	Increase in furniture		40,000						
	Decrease in cash	40,000							
		3,10,000	+	40,000			=	NIL	+
(c)	Decrease in capital (Expense)							(5000)	
	Decrease in cash	5,000							
		3,05,000	+	40,000			=	NIL	+
(d)	Increase in stock			40,000					
	Increase in creditors					40,000			
		3,05,000	+	40,000	+	40,000	=	40,000	+

(e)	Increase in cash	30,000
	Decrease in stock	20,000
	Increase in capital (Profit)	10,000
		3,35,000 + 40,000 + 20,000 40,000 + 3,55,000



3. Ramesh has the following transactions:

	Rs
(a) Commenced business with cash	1, 50,000
(b) Purchased machinery on credit	30,000
(c) Purchased goods for cash	30,000
(d) Purchased car for personal use	70,000
(e) Paid to creditors in full settlement	30,000
(f) Sold goods for cash costing Rs 5,000	4,000
(g) Paid rent	1,000
(h) Commission received in advance	3,000

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		30,000						
	Increase in creditors					30,000			
		1,50,000	+	30,000		=	30,000	+	1,50,000
(c)	Increase in stock			30,000					
	Decrease in cash	30,000							
		1,20,000	+	30,000	+	30,000	=	30,000	+
(d)	Decrease in cash	70,000							
	Decrease in capital (Drawings)							70,000	
		50,000	+	30,000	+	30,000	=	30,000	+

(e)	Decrease in creditors	30,000
	Decrease in cash	30,000
	Increase in capital (Discount received)	0
		20,000 + 30,000 + 30,000 NIL + 80,000
(f)	Increase in cash	4000
	Decrease in stock	5000
	Decrease in capital (Loss)	1000
		24000 + 30,000 + 25,000 NIL + 79,000
(g)	Decrease in cash	1000
	Decrease in capital (Expense)	1000
		23,000 + 30,000 + 25,000 NIL + 78,000
(h)	Increase in cash	3000
	Increase in unaccrued income	3000
		26,000 + 30,000 + 25,000 NIL + 81,000

4. Mohit has the following transactions, prepare accounting equation:

- | | |
|---|-----------|
| (a) Business started with cash | 1, 70,000 |
| (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 | 48,000 |
| (f) Cash received from Manish | 20,000 |
| (g) Rent paid | 1,000 |
| (h) Cash withdrew for personal use | 3,000 |

S.No	Explanation	Assets				=	Liabilities		+Capital
		Cash	+ Stock +	Debtors	+Furniture	=	Creditors		
(a)	Increase in cash	1,70,000							
	Increase in capital							1,70,000	
		1,70,000				=	NIL	+ 1,70,000	
(b)	Increase in stock		50,000						
	Increase in creditors (Rohit)						50,000		
		1,70,000	+ 50,000			=	50,000	+ 1,70,000	
(c)	Increase in debtors (Manish)			20,000					
	Decrease in stock		17,500						
	Increase in capital (Profit)							2500	
		1,70,000	+ 32,500	+ 20,000		=	50,000	+ 1,72,500	
(d)	Increase in furniture				10,000				
	Decrease in cash	10,000							
		1,60,000	+ 32,500	+ 20,000	+ 10,000	=	50,000	+ 1,72,500	

(e)	Decrease in creditors (Rohit)			50,000
	Decrease in cash	48,000		
	Increase in capital (Discount received)			2000
		1,12,000	+ 32,500	+ 20,000 + 10,000 NIL + 1,74,500
(f)	Increase in cash	20000		
	Decrease in debtors (Manish)		20000	
		1,32,000	+ 32,500	+ NIL + 10,000 NIL + 1,74,500
(g)	Decrease in capital (Expense)			1000
	Decrease in cash	1000		1000
		1,31,000	+ 32,500	+ NIL + 10,000 NIL + 1,73,500
(h)	Decrease in capital (Drawings)			3000
	Decrease in cash	3000		
		1,28,000	+ 32,500	+ NIL + 10,000 NIL + 1,70,500

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

- (a) Started business with cash 1, 30,000
- (b) Purchased goods for cash 15,000
- (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

S.No.	Explanation	Assets			=	Liabilities	+	Capital
		Cash	+ Stock	+ Prepaid Expenses		Outstanding Expenses		
(a)	Increase in cash	1,30,000						
	Increase in capital							1,30,000
(b)	Increase in stock	1,30,000	15,000		=	NIL	+	1,30,000
	Increase in cash	(15,000)			=			
(c)	Increase in cash	1,15,000	+ 15,000		=	NIL	+	1,30,000
	Increase in capital (Profit)	5,000						5,000
(d)	Increase in outstanding expenses	1,20,000	+ 15,000		=	NIL	+	1,35,000
	Decrease in capital (Expense)					2,000		(2,000)
(e)	Increase in prepaid expenses	1,20,000	+ 15,000		=	2,000	+	1,33,000
	Decrease in cash	(1,000)		1,000				
(f)	Increase in cash	1,19,000	+ 15,000	+ 1,000	=	2,000	+	1,33,000
	Increase in capital (Profit)	700						700
		1,19,700	+ 15,000	+ 1,000	=	2,000	+	1,33,700

(g)	Increase in cash	7,000							
	Decrease in stock		(5,000)						
	Increase in capital (Profit)						2,000		
		1,26,700	+10,000	+	1,000	=	2,000	+	1,35,700
(h)	Decrease in stock		(500)						
	Decrease in capital (Loss)						(500)		
		1,26,700	+9,500	+	1,000	=	2,000	+	1,35,200

6. Show the effect of the following transactions on Assets, Liabilities and Capital through accounting equation:

- (a) Started business with cash 1, 50,000
- (b) Rent received 10,000
- (c) Invested in shares 50,000
- (d) Received dividend 5,000
- (e) Purchase goods on credit from Ragini 40,000
- (f) Paid cash for house hold Expenses 7,000
- (g) Sold goods for cash (costing Rs 10,000) 14,000
- (h) Cash paid to Ragini 35,000
- (i) Deposited into bank 20,000

S.No.	Explanation	Assets				=	Liabilities	+	Capital			
		Cash	+	Stock	+ Investment	+ Bank	Creditors					
(a)	Increase in cash	1,50,000										
	Increase in capital								1,50,000			
		1,50,000	+			=	NIL	+	1,50,000			
(b)	Increase in cash	10,000										
	Increase in capital (Income)					=			10,000			
		1,60,000				=	NIL	+	1,60,000			
(c)	Decrease in investment				50,000							
	Decrease in cash	(50,000)				=						
		1,10,000	+		50,000	=	NIL	+	1,60,000			
(d)	Increase in cash	5,000										
	Increase in capital (Income)								5,000			
		1,15,000	+		50,000	=	NIL	+	1,65,000			
(e)	Increase in stock			35,000								
	Increase in creditor (Ragini)						35,000					
		1,15,000	+	35,000	+	50,000	=	35,000	+	1,65,000		
(f)	Decrease in capital								(7,000)			
	Decrease in cash	(7,000)										
		1,08,000	+	35,000	+	50,000	=	35,000	+	1,58,000		
(g)	Increase in cash	14,000										
	Decrease in stock			(10,000)								
	Increase in capital (Profit)								4,000			
		1,22,000	+	25,000	+	50,000	=	35,000	+	1,62,000		
(h)	Decrease in creditors (Ragini)						(35,000)					
	Decrease in cash	(35,000)										
		87,000	+	25,000	+	50,000	=	NIL	+	1,62,000		
(i)	Decrease in cash	(20,000)										
	Increase in bank					20,000						
		67,000	+	25,000	+	50,000	+	20,000	=	NIL	+	1,62,000

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

(a) Udit started business with:

(i) Cash 6,00,000

(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) 35,000

(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

S.No.	Explanation	Assets				= Liabilities	+ Capital
		Cash	+ Stock	+ Building	+ Debtors	Creditors + Outstandi ng Expenses	+ Unaccrued Income
(a)	Increase in cash	6,00,000					
	Increase in stock						
	Increase in capital		1,00,000				6,00,000
		6,00,000	+ 1,00,000			= NIL	+ 7,00,000
(b)	Increase in building			2,00,000			
	Decrease in cash	2,00,000				=	
		4,00,000	+ 1,00,000	+2,00,000		= NIL	+ 7,00,000
(c)	Increase in stock		50,000				
	Increase in creditors					50,000	
			+1,50,000	+2,00,000		=	
(d)	Increase in debtors	4,00,000				50,000	+ 7,00,000
	Decrease in stock		25,000		35,000		
	Increase in capital (Profit)						10,000
		4,00,000+1,25,000	+ 35,000	+ 2,00,000		= 50,000	+ 7,10,000
(e)	Decrease in cash	3000					
	Decrease in capital (Expense)						3000
		3,97,000 + 1,25,000	+ 35,000	+ 2,00,000		= 50,000	+ 7,07,000
(f)	Decrease in capital (Expense)						
	Increase in liabilities						5000
		3,97,000 + 1,25,000	+ 35,000	+ 2,00,000		= 50,000 + 5,000	+ 7,02,000
(g)	Decrease in building			8000			
	Decrease in capital						

							8000
		3,97,000	+		1,92,00	=	50,000 + 5000
(h)	Decrease in cash	1,25,000		35,000	+		6,94,000
	Decrease in capital	20000					20000
		3,77,000		1,25,0	+	35,000	= 50000
(i)	Increase in cash	5,000		0	+	+192,000	= +5000
	Increase in liability						5,000
		3,82,000		1,25,0	+	1,92,00	= 50,000 + +5000
				0	+	35,000 +0	= 5,000
							6,74,000
	Decrease in creditors						20,000
(j)	Decrease in cash	20,000					
				+1,25,00		+35,000	= 30,000 + 5,000
		3,62,000		0	+	+1,92,000	= +5,000
							6,74,000
	Increase in cash	30,000					
(k)	Decrease in debtors						30,000
		3,92,000	+	1,92,000			= 30,000
		1,25,000		+5,000			+5,000
							+6,74,000

8. Show the effect of following transaction on the accounting equation:

a) Manoj started business with

(i) Cash 2,50,000

(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

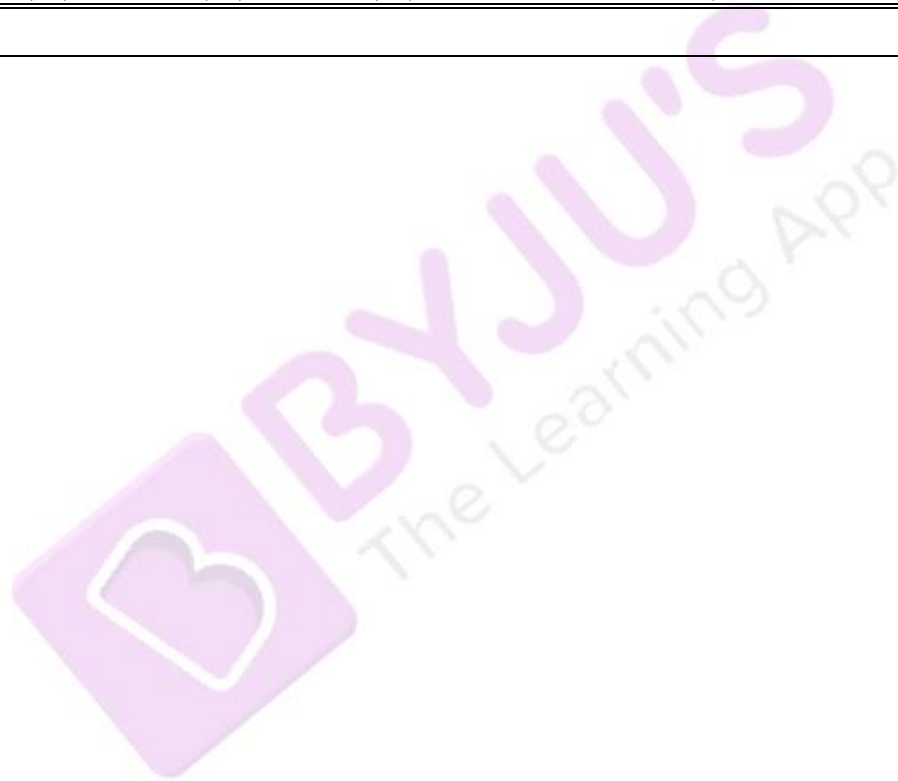
(n) Fresh capital invested 50,000

(o) Purchased goods from Rakhi 6,000

S.No.	Explanation	Assets					=	Liabilities		+	Capital		
		Cash	+	Stock	+	Building	+	Debtors	+	Prepaid Expenses	Creditors	+	Outstanding Expenses
(a)	Increase in cash, stock and building Increase in capital	2,50,000	+	1,00,000	+	2,00,000						5,50,000	
		2,50,000	+	1,00,000	+	2,00,000		=			+	5,50,000	
(b)	Increase in stock Decrease in cash					50,000							
		(50,000)											
(c)	Increase in cash Decrease in stock increase in capital (Profit)	2,00,000 35,000	+	1,50,000	+	2,00,000		=			+	5,50,000	
				(20,000)								15,000	
		2,35,000	+	1,30,000	+	2,00,000					+	5,65,000	
(d)	Increase in stock Increase in creditors			55,000						=	55,000		
		2,35,000	+	1,85,000	+	2,00,000				=	55,000	+	5,65,000
(e)	Increase in debtors Decrease in stock Increase in capital (Profit)					60,000						8,000	
				(52,000)									
		2,35,000	+	1,33,000	+	2,00,000	+	60,000		=	55,000	+	5,73,000
(f)	Decrease in creditors Decrease in cash Increase in capital (Discount received)									=	(55,000)		2,000
		(53,000)											

		1,82,000	+	1,33,000	+	2,00,000	+	60,000		=	NIL		+	5,75,000	
(g)	Decrease in cash	(20,000)													
	Decrease in capital													(20,000)	
(h)	Increase in cash	59,000													
	Decrease in capital (Discount allowed)													(1,000)	
	Decrease in debtors													60,000	
(i)	Increase in outstanding Expenses	2,21,000	+	1,33,000	+	2,00,000	+	NIL		=	NIL	+	3,000	+	5,54,000
	decrease in capital (Expense)													(3,000)	
(j)	Decrease in prepaid expenses													2,000	
	Decrease in cash	(2,000)													
(k)	Increase in cash	2,19,000	+	1,33,000	+	2,00,000	+	NIL		2,000 =	NIL	+	3,000	+	5,51,000
	increase in capital (Income)													13,000	
(l)	Decrease in capital													(20,000)	
	Decrease in cash	(20,000)													
(m)	Decrease in capital													(10,000)	
	Decrease in building													(10,000)	

		2,12,000 + 1,33,000 + 1,90,000 + NIL + 2,000 = NIL + 3,000 + 5,34,000
(n)	Increase in cash	50,000
	Increase in capital	50,000
		2,62,000 + 1,33,000 + 1,90,000 + NIL + 2,000 = NIL + 3,000 + 5,84,000
(o)	Increase in stock	10,000
	Increase in creditors	10,000
		2,62,000 + 1,43,000 + 1,90,000 + NIL + 2,000 = 10,000 + 3,000 + 5,84,000



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

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

- (a) Business started with cash 1, 30,000
- (b) Purchased goods for cash 40,000
- (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

S.No.	Explanation	Assets				=	Liabilities	+	Capital
		Cash	+	Stock	+ Furniture	+ Debtors	Creditors		
(a)	Increase in cash	1,30,000							
	Increase in capital								1,30,000
(b)	Increase in stock	1,30,000	+	40,000			NIL	+	1,30,000
	Decrease in cash	(40,000)							
(c)	Increase in furniture	90,000	+	40,000			NIL	+	1,30,000
	Increase in creditors				10,000				
(d)	Increase in debtors	90,000	+	40,000	+	10,000			1,30,000
	Decrease in stock			(7,000)					
(e)	Increase in capital (Profit)					9,000			2,000
	Decrease in capital (Cartage Expenses)	90,000	+	33,000	+	10,000	+	9,000	1,32,000
(f)	Decrease in cash	(100)							(100)
	Decrease in creditors	89,900	+	33,000	+	10,000	+	9,000	1,31,900
(g)	Decrease in cash	(9,700)					(10,000)		
	Increase in capital (Discount-received)								300
(h)	Increase in cash	80,200	+	33,000	+	10,000	+	9,000	1,32,200
	Decrease in stock	12,000		(10,000)					
(i)	Increase in capital (Profit)								2,000
	Increase in cash	92,200	+	23,000	+	10,000	+	9,000	1,34,200
(i)	Increase in capital (Income)	4,000							4,000
	Decrease in capital	96,200	+	23,000	+	10,000	+	9,000	1,38,200
(i)	Decrease in cash	(3,000)							(3,000)
		93,200	+	23,000	+	10,000	+	9,000	1,35,200

10. 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 Ravi	5,000
Dec.12 Purchased furniture	3,000
Dec.18 Cash received from Ravi in full settlement	3,000
Dec.25 Paid rent	1,000
Dec.30 Paid salary	2,000

Books of Himanshu Journal				
Date	Particulars	L.F	Debit Amount ₹	Credit Amount ₹
Dec.01	Cash A/C Dr. To Capital A/C (Being Business started with cash)		75,000	75,000
Dec.07	Purchase A/C Dr. To Cash A/C (Being goods Purchased goods for cash)		10,000	10,000
Dec.09	Ravi A/C Dr. To Sales A/C (Being Goods sold to Ravi)		4,000	4,000
Dec.12	Furniture A/C Dr. To Cash A/C (Being furniture purchased)		3,000	3,000
Dec.18	Cash A/C		4,000	
	Discount Allowed A/C Dr. To Ravi A/C (Being cash received from Ravi in full settlement)		1,000	5,000
Dec.25	Rent A/C Dr. To Cash A/C (Being rent paid)		1,000	1,000

Books of Himanshu Journal				
Date	Particulars	L.F	Debit Amount ₹	Credit Amount ₹
Dec.30	Salary A/C Dr. To Cash (Being salary paid)		2,000	2,000
	Total c/f		1,00,000	1,00,000

11. 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

Journal				
Date	Particulars	L.F	Debit Amount ₹	Credit Amount ₹
Dec.01	Cash A/C Dr. To Capital A/C (Hema started business with cash)		1,00,000	1,00,000
Dec.02	Bank A/C Dr. To Cash A/C (Open a bank account with SBI)		30,000	30,000
Dec.04	Purchases A/C Dr. To Ashu A/C (Purchased goods from Ashu)		20,000	20,000
Dec.06	Cash A/C Dr. To Sales A/C (Sold goods to Rahul for cash)		15,000	15,000
Dec.10	Purchases A/C Dr. To Cash A/C (Bought goods from Tara for cash)		40,000	40,000

Dec.13	Suman A/C To Sales A/C (Sold goods to Suman)	Dr.		20,000	20,000
Dec.16	Bank A/C	Dr.		19,500	
	Discount allowed A/C To Suman (Received cheque from Suman and discount allowed)	Dr.		500	20,000
Dec.20	Ashu A/C To Bank A/C (Cheque given to Ashu on account)	Dr.		10,000	10,000
Dec.22	Rent A/C To Cash A/C (Rent paid by cheque)	Dr.		2,000	2,000
Dec.23	Bank A/C To Cash A/C (Deposited into Bank)	Dr.		16,000	16,000
Dec.25	Machine A/C To Parigya A/C (Machine purchased from Parigya)	Dr.		10,000	10,000
Dec.26	Trade Expenses A/C To Cash A/C (Trade expenses)	Dr.		2,000	2,000
Dec.28	Parigya A/C To Bank A/C (Cheque issued to Parigya)	Dr.		10,000	10,000

Dec.29	Telephone expenses A/C To Bank A/C (Paid telephone expenses by cheque)	Dr.		1,200	1,200
Dec.31	Salary A/C To Cash A/C (Paid Salary)	Dr.		4,500	4,500
	Total c/f			3,00,700	3,00,700

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 Raju	35,000
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 Raju	29,500
Discount allowed	500
Jan.14 Goods purchased for Sudip	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 Sudip	26,700
Discount allowed	300

Books of Mudit Journal				
Date	Particulars	L.F	Debit Amount ₹	Credit Amount ₹
Jan.01	Cash A/C Dr.		1,75,000	
	Building A/C Dr. To Capital A/C (Business commenced with cash and building)		100,000	2,75,000
Jan.02	Purchases A/C Dr. To Cash A/C (Goods purchased for cash)		75,000	75,000
Jan.03	Raju A/C Dr. To Sales A/C (Sold goods to Raju)		35,000	35,000
Jan.04	Wages A/C Dr. To Cash A/C (Wages paid)		500	500
Jan.06	Cash A/C Dr. To Sales A/C (Sold goods for cash)		10,000	10,000
Jan.10	Trade Expenses A/C Dr. To Cash A/C (Paid for Trade Expenses)		700	700

Books of Mudit Journal				
Date	Particulars	L.F	Debit Amount ₹	Credit Amount ₹
Jan.12	Cash A/C Dr.		29,500	
	Discount Allowed A/C Dr. To Raju A/C (Cash paid by Raju for full account settlement)		500	30,000
Jan.14	Purchases A/C Dr. To Sudip A/C (Goods purchased on credit from Sudip)		27,000	27,000
Jan.18	Cartage A/C Dr. To Cash A/C (Cartage Paid)		1,000	1,000
Jan.20	Drawings A/C Dr. To Cash A/C (Drew cash for personal use)		5,000	5,000
Jan.22	Drawings A/C Dr. To Purchases A/C (Drawing of goods for household use)		2,000	2,000
Jan.25	Sudip A/C Dr. To Discount Received Account To Cash A/C (Cash paid to Sudip and received discount)		27,000	300 26,700
	Total		4,88,200	4,88,200

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

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

Books of Harpreet Bros.

Journal

S.No	Particulars	L.F	Debit Amount ₹	Credit Amount ₹
(a)	Bad Debt A/C To Rohit A/C (Amount due from Rohit is now bad debt.)	Dr.	1,000	1,000
(b)	Drawings A/C To Purchases A/C (Goods drawn by the proprietor)	Dr.	2,000	2,000
(c)	Depreciation A/C To Machine A/C (Charge depreciation @ 10% p.a for two months on machine costing ₹30,000)	Dr.	500	500

S.No	Particulars	L.F	Debit Amount ₹	Credit Amount ₹
(d)	Interest on Capital A/C Dr. To Capital A/C (commission on capital of ₹1,50,000 at 6% p.a for 9 months)		6,750	6,750
(e)	Cash A/C Dr.		1,200	
	Bad Debt A/C Dr. To Rahul A/C (Rahul who owed ₹ 2,000 became insolvent. A final dividend of 60paise is received from his estate.)		800	2000
	Total		12,250	12,250

14. Prepare Journal from the transactions given below:

	Rs
(a) Cash paid for installation of machine	1000
(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) Ravi 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

Journal				
S.No	Particulars	L.F	Debit Amount ₹	Credit Amount ₹
(a)	Machine A/C Dr. To Cash A/C (Cash paid for installation of machine ₹1000)		1000	1000
(b)	Charity A/C Dr. To Purchases A/C (Goods given as charity ₹2,000)		2,000	2,000
(c)	Interest on Capital A/C Dr. To Capital A/C (Interest received on capital @7% p.a. when total capital was ₹70,000)		4,900	4,900

Journal				
S.No	Particulars	L.F	Debit Amount ₹	Credit Amount ₹
(d)	Cash A/C Dr. To Bad Debts Recovered A/C (Received ₹1,200 of a bad debts written-off last year)		1,200	1,200
(e)	Loss of Goods A/C Dr. To Purchases A/C (Goods destroyed by fire ₹2,000)		2,000	2,000
(f)	Rent A/C Dr. To Rent Outstanding A/C (Rent outstanding ₹1,000)		1,000	1,000
(g)	Drawings A/C Dr. To Interest on Drawings A/C (Interest on drawings ₹900)		900	900
(h)	Cash A/C Dr.		1,350	
	Bad Debt A/C Dr. To Ravi Kumar A/C (Ravi Kumar who owed me ₹3,000 has failed to pay the amount. He pays me a compensation of ₹ 45 paise in a rupee)		1,650	3,000
(i)	Cash A/C Dr. To Commission in Advance A/C (Commission received in advance ₹7,000)		7,000	7,000
	Total		23,000	23,000

15. Journalise the following transactions, post to the ledger:

2017

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		500
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

Journal

Date	Particulars	L.F	Debit Amount ₹	Credit Amount ₹
Nov.01	Cash A/C Dr.		1,50,000	
	Stock A/C Dr. To Capital A/C (Business started with cash and goods)		50,000	2,00,000
Nov.03	Purchases A/C Dr. To Harish A/C (Purchased goods from Harish)		30,000	30,000
Nov.05	Cash A/C Dr. To Sales A/C (Sold goods for cash)		12,000	12,000
Nov.08	Furniture A/C Dr. To Cash A/C (Purchased furniture for cash)		5,000	5,000
Nov.10	Harish A/C Dr. To Cash A/C (Cash paid to Harish on account)		15,000	15,000
Nov.13	Sundry Expenses A/C Dr. To Cash A/C (Paid sundry expenses)		500	500

Date	Particulars	L.F	Debit Amount ₹	Credit Amount ₹
Nov.15	Cash A/C Dr. To Sales A/C (Cash sales)		15,000	15,000
Nov.18	Bank A/C Dr. To Cash A/C (Deposited into bank)		5,000	5,000
Nov.20	Drawings A/C Dr. To Cash A/C (Drew cash for personal use)		1,000	1,000
Nov.22	Harish A/C Dr. To Discount Received A/C To Cash A/C (Cash paid to Harish in full settlement of account)		1,000	300 14,700
Nov.25	Nitेश A/C Dr. To Sales A/C (Goods sold to Nitेश)		1,000	1,000
Nov.26	Cartage A/C Dr. To Cash A/C (Cartage paid)		200	200
Nov.27	Rent A/C Dr. To Cash A/C (Rent paid)		1,500	1,500
Nov.29	Cash A/C Dr.		6,800	
Nov.29	Discount allowed A/C Dr. To Nitेश A/C (Cash received from Nitेश and discount is allowed to him)		3,000	3,000
	Total		3,17,200	3,17,200

Cash Account

Dr.				Cr.			
Date	Particulars	J.F.	Amount Rs	Date	Particulars	J.F.	Amount Rs
2017				2017			
Nov.01	Capital		1,50,000	Nov.08	Furniture		5,000
Nov.05	Sales		12,000	Nov.10	Harish		15,000
Nov.15	Sales		15,000	Nov.13	Sundry Expenses		500
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		1,37,900
			1,83,000				1,83,000

Capital Account

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

Stock Account

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

Cartage Account

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

Rent Account

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

Salaries Account

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

Furniture Account

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

Furniture Account

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

Nitesh's Account

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

Sales Account

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

Purchases Account

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

Harish's Account

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

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 Nov.20	Cash		1,000	2017 Nov.30	Balance c/d		1,000
			1,000				1,000

Discount Received Account

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

Discount Allowed Account

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

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

2017

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

Journal

Date	Particulars	L.F	Debit Amount ₹	Credit Amount ₹
2015				
01 Jan	Cash A/C Dr. To Capital A/C (Business started with Cash)		1,65,000	1,65,000
02 Jan	Bank A/C Dr. To Cash A/C (Opened bank account in PNB)		80,000	80,000
04 Jan	Purchases A/C Dr. To Tara A/C (Purchased Goods from Tara)		22,000	22,000
05 Jan	Purchases A/C Dr. To Cash A/C (Goods purchased for cash)		30,000	30,000
08 Jan	Naman A/C Dr. To Sales A/C (Goods sold to Naman)		12,000	12,000
10 Jan	Tara A/C Dr. To Sales A/C (Cash Paid to Tara)		22,000	22,000

Date	Particulars	L.F	Debit Amount ₹	Credit Amount ₹
15 Jan	Cash A/C Dr.		11,700	
	Discount Allowed A/C Dr. To Naman A/C (Cash received from Naman)		300	12,000
16 Jan	Wages A/C Dr. To Cash A/C (Wages paid)		200	200
18 Jan	Furniture A/C Dr. To Cash A/C (Furniture purchased for office use)		5,000	5,000
20 Jan	Drawings A/C Dr. To Bank A/C (Cash withdrawn from bank for personal use)		4,000	4,000
22 Jan	Rent A/C Dr. To bank A/C (Issued cheque for rent)		3,000	3,000
23 Jan	Drawing A/C Dr. To Purchases A/C (Goods issued for household purposes)		2,000	2,000
24 Jan	Cash A/C Dr. To Bank A/C (Cash withdrawn from bank for office use)		6,000	6,000

Date	Particulars	L.F	Debit Amount ₹	Credit Amount ₹
26 Jan	Cash A/C Dr. To Commission A/C (Commission Received)		1,000	1,000
27 Jan	Bank Charges A/C Dr. To Bank A/C (Bank Charges Paid)		200	200
28 Jan	Insurance A/C Dr. To Bank A/C (Cheque given for insurance premium)		3,000	3,000
29 Jan	Salaries A/C Dr. To Cash A/C (Salaries Paid)		7,000	7,000
30 Jan	Cash A/C Dr. To Sales A/C (Goods sold for cash)		10,000	10,000
	Total		3,84,400	3,84,400

Dr.

Cash A/C

Cr.

Date	Particulars	J.F.	Amount ₹	Date	Particulars	J.F.	Amount ₹
2006				2006			
01 Jan	To Capital A/C		1,65,000	02 Jan	By Bank A/C		80,000
15 Jan	To Naman A/C		11,700	05 Jan	By Purchases A/C		30,000
24 Jan	To Bank A/C		6,000	10 Jan	By Tara A/C		22,000
26 Jan	To Commission A/C		1,000	16 Jan	By Wages A/C		200
30 Jan	To Sales A/C		10,000	18 Jan	By Furniture A/C		5,000
				29 Jan	By Salaries A/C		7,000

Dr. Capital A/C Cr.

Date	Particulars	J.F.	Amount ₹	Date	Particulars	J.F.	Amount ₹
				2006			
				01 Jan	By Cash A/C		1,65,000

Dr. Purchases A/C Cr.

Date	Particulars	J.F.	Amount ₹	Date	Particulars	J.F.	Amount ₹
2006				2006			
04 Jan	To Tara A/C		22,000	22 Jan	By Drawing A/C		2,000
05 Jan	To Cash A/C		30,000				

Dr.

Bank A/C

Cr.

Date	Particulars	J.F.	Amount ₹	Date	Particulars	J.F.	Amount ₹
2006				2006			
02 Jan	To Cash A/C		80,000	20 Jan	By Rent A/C		3,000
				23 Jan	By Drawings A/C		4,000
				24 Jan	By Cash A/C		6,000
				27 Jan		By Bank Charges A/C	200
				28 Jan		By Insurance A/C	3,000

Dr. Tara A/C Cr.

Date	Particulars	J.F.	Amount ₹	Date	Particulars	J.F.	Amount ₹
2006				2006			
10 Jan	To Cash A/C		22,000	04 Jan	By Purchases A/C		22,000

Dr. Sales A/C Cr.

Date	Particulars	J.F.	Amount ₹	Date	Particulars	J.F.	Amount ₹
				2006			
				08 Jan	By Naman		12,000
				30 Jan	By Cash A/C		10,000

Dr.

Naman A/C

Cr.

Date	Particulars	J.F.	Amount ₹	Date	Particulars	J.F.	Amount ₹
2006				2006			
08 Jan	To Sales A/C		12,000	15 Jan	By Cash A/C		11,700
					By Discount Allowed A/C		300

Dr.

Discount Allowed A/C

Cr.

Date	Particulars	J.F.	Amount ₹	Date	Particulars	J.F.	Amount ₹
2006				2006			
15 Jan	To Naman A/C		300				

Dr.

Wages A/C

Cr.

Date	Particulars	J.F.	Amount ₹	Date	Particulars	J.F.	Amount ₹
2006				2006			
16 Jan	To Cash A/C		200				

Dr.

Furniture A/C

Cr.

Date	Particulars	J.F.	Amount ₹	Date	Particulars	J.F.	Amount ₹
2006				2006			
18 Jan	To Cash A/C		5,000				

Dr. Rent A/C Cr.

Date	Particulars	J.F.	Amount ₹	Date	Particulars	J.F.	Amount ₹
2006				2006			
20 Jan	To Bank A/C		3,000				

Dr. Drawings A/C Cr.

Date	Particulars	J.F.	Amount ₹	Date	Particulars	J.F.	Amount ₹
2006				2006			
22 Jan	To Purchases A/C		2,000				
23 Jan	To Bank A/C		4,000				

Dr. Commission A/C Cr.

Date	Particulars	J.F.	Amount ₹	Date	Particulars	J.F.	Amount ₹
2006				2006			
				26 Jan	By Cash A/C		1,000

Dr. Bank Charges A/C Cr.

Date	Particulars	J.F.	Amount ₹	Date	Particulars	J.F.	Amount ₹
2006				2006			
27 Jan	To Bank A/C		200				

Dr.

Insurance A/C

Cr.

Date	Particulars	J.F.	Amount ₹	Date	Particulars	J.F.	Amount ₹
2006				2006			
27 Jan	To Bank A/C		3,000				

Dr.

Salaries A/C

Cr.

Date	Particulars	J.F.	Amount ₹	Date	Particulars	J.F.	Amount ₹
2006				2006			
20 Jan	To Cash A/C		7,000				

17. 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

Journal

Date	Particulars	L.F	Debit Amount ₹	Credit Amount ₹
2005				
01 Aug	Cash A/C Dr. To Capital A/C (Business started with Cash)		1,10,000	1,10,000
02 Aug	Bank A/C Dr. To Cash A/C (Opened back account in H.D.F.C)		50,000	50,000
03 Aug	Furniture A/C Dr. To Cash A/C (Purchased furniture)		20,000	20,000
07 Aug	Purchases A/C Dr. To Cash A/C (Goods purchased for cash from M/S Rupa Traders)		30,000	30,000
08 Aug	Purchases A/C Dr. To M/S Hema Traders A/C (Goods purchased from M/S Hema Traders)		42,000	42,000
10 Aug	Sales A/C Dr. To Cash A/C (Goods sold for cash)		30,000	30,000

Date	Particulars	L.F	Debit Amount ₹	Credit Amount ₹
14 Aug	Sales A/C Dr. To M/S. Gupta Traders A/C (Goods sold to M/S. Gupta Traders on credit)		12,000	12,000
16 Aug	Rent A/C Dr. To Cash A/C (Rent paid)		4,000	4,000
18 Aug	Trade Expenses A/C Dr. To Cash A/C (Trade expenses paid)		1,000	1,000
20 Aug	Cash A/C Dr. To Gupta Traders A/C (Cash received from Gupta Traders)		12,000	12,000
22 Aug	Hema Traders A/C Dr. To Purchases Return A/C (Goods returned to Hema Traders)		2,000	2,000
23 Aug	Hema Traders A/C Dr. To Cash A/C (Cash paid to Hema Traders)		40,000	40,000
26 Aug	Postage A/C Dr. To Cash A/C (Bought Postage Stamps)		100	100

Date	Particulars	L.F	Debit Amount ₹	Credit Amount ₹
30 Aug	Salaries A/C Dr. To Cash A/C (Salary Paid to Rishabh)		4,000	4,000
	Total		3,57,100	3,57,100

Dr.

Capital A/C

Cr.

Date	Particulars	J.F.	Amount ₹	Date	Particulars	J.F.	Amount ₹
				2005			
				01 Aug	By Cash A/C		1,10,000

Dr.

Bank A/C

Cr.

Date	Particulars	J.F.	Amount ₹	Date	Particulars	J.F.	Amount ₹
2005							
02 Aug	To Cash A/C		1,10,000				

Dr.

Furniture A/C

Cr.

Date	Particulars	J.F.	Amount ₹	Date	Particulars	J.F.	Amount ₹
2005							
03 Aug	To Cash A/C		20,000				

Dr. Purchases A/C Cr.

Date	Particulars	J.F.	Amount ₹	Date	Particulars	J.F.	Amount ₹
2005							
07 Aug	To Cash A/C		30,000				
08 Aug	To M/S Hema Traders		42,000				

Dr. M/S Hema Traders A/C Cr.

Date	Particulars	J.F.	Amount ₹	Date	Particulars	J.F.	Amount ₹
2005				2005			
22 Aug	To Purchases Return A/C		2,000	08 Aug	By Purchases A/C		42,000
23 Aug	To Cash A/C		40,000				

Dr. Sales A/C Cr.

Date	Particulars	J.F.	Amount ₹	Date	Particulars	J.F.	Amount ₹
				2005			
				10 Aug	By Cash A/C		30,000
				14 Aug	By M/S Gupta Traders		12,000

Dr. M/S Gupta Traders A/C Cr.

Date	Particulars	J.F.	Amount ₹	Date	Particulars	J.F.	Amount ₹
2005				2005			
14 Aug	To Sales A/C		12,000	14 Aug	By Cash A/C		12,000

Dr.

Cash A/C

Cr.

Date	Particulars	J.F.	Amount ₹	Date	Particulars	J.F.	Amount ₹
2005				2005			
01 Aug	To Capital A/C		1,10,000	02 Aug	By Bank A/C		50,000
10 Aug	To Sales A/C		30,000	03 Aug	By Furniture A/C		20,000
20 Aug	To Gupta Traders		12,000	07 Aug	By Purchases A/C		30,000
				16 Aug	By Rent A/C		4,000
				18 Aug	By Trade Expenses A/C		1,000
				23 Aug	By M/S Hema Traders		40,000
				26 Aug	By Postage A/C		100
				30 Aug	By Salaries A/C		4,000

Dr. Rent A/C Cr.

Date	Particulars	J.F.	Amount ₹	Date	Particulars	J.F.	Amount ₹
2005							
16 Aug	To Cash A/C		4,000				

Dr. Trade Expenses A/C Cr.

Date	Particulars	J.F.	Amount ₹	Date	Particulars	J.F.	Amount ₹
2005							
18 Aug	To Cash A/C		1,000				

Dr. Purchase Returns A/C Cr.

Date	Particulars	J.F.	Amount ₹	Date	Particulars	J.F.	Amount ₹
2005							
22 Aug	To M/S Hema Traders		2,000				

Dr. Postage A/C Cr.

Date	Particulars	J.F.	Amount ₹	Date	Particulars	J.F.	Amount ₹
2005							
26 Aug	To Cash A/C		100				

Dr.

Salaries A/C

Cr.

Date	Particulars	J.F.	Amount ₹	Date	Particulars	J.F.	Amount ₹
2005							
30 Aug	To Cash A/C		4,000				

18. Journalise the following transaction in the Books of the M/s. Bharat 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

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

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

Dec.08	Himani To Purchases Return A/c (Goods returned to Himani)	Dr.	4,000	4,000
Dec.10	Cash A/c To Sales A/c (Goods sold for cash)	Dr.	20,000	20,000
Dec.14	Himani To Bank A/c (Cheque given to Himani)	Dr.	36,000	36,000
Dec.17	M/s. Goyal Traders A/c To Sales A/c (Goods sold to M/s. Goyal Traders)	Dr.	35,000	35,000
Dec.19	Drawings A/c To Bank A/c (Cash withdrawn from bank for personal use)	Dr.	2,000	2,000
Dec.21	Sales Return A/c To M/s. Goyal Traders (Goods returned by Goyal Traders)	Dr.	3,500	3,500
Dec.22	Bank A/c To Cash A/c (Cash deposited into bank)	Dr.	20,000	20,000
Dec.26	Bank A/c To M/s. Goyal Traders (Cheque received from M/s. Goyal Traders)	Dr.	31,500	31,500
Dec.28	Charity A/c To Purchases A/c (Goods given as charity)	Dr.	2,000	2,000

Dec.29	Rent A/c To Bank A/c (Rent paid) see note	Dr.	3,000	3,000
Dec.30	Salaries A/c To Cash A/c (Salaries paid)		7,000	7,000
Dec.31	Office Machine A/c To Cash A/c (Office machinery purchased)		3,000	3,000
Total			6,94,000	6,94,000

Cash Account

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

Capital Account

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

Bank Account

Dr.				Cr.			
Date	Particulars	J.F.	Amount Rs	Date	Particulars	J.F.	Amount Rs
2017 Dec.02	Cash		60,000	2017 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
			1,11,500	Dec.31	Balance c/d		70,500
							11,500

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

Purchases Account

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

Sales Account

Dr.				Cr.			
Date	Particulars	J.F.	Amount Rs	Date	Particulars	J.F.	Amount Rs
2017 Dec.31	Balance c/d		55,000	2017 Dec.10	Cash		20,000
				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 Dec.17	Sales		35,000	2017 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 Dec.31	Balance c/d		4,000	2017 Dec.08	Himani		4,000
			4,000				4,000

Drawings Account

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

Sales Return Account

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

Charity Account

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

Rent Account

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

Salaries Account

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

Office Machine Account

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

19. Journalise the following transaction in the Book of M/s. Beauty Traders. Also post them in the ledger.

Dec. 2017		Rs
1	Started business with cash	2,00,000
2	Bought office furniture	40,000
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 Karishma 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 Karishma	2,000
20	Cheque given to Ritika	28,000
22	Cash received from Karishma on account	15,000
24	Insurance premium paid by cheque	4,000
26	Cheque received from Karishma	8,000
28	Rent paid by cheque	3,000
29	Purchased goods on credit from Meena Traders	20,000
30	Cash sales	14,000

Book of Beauty Traders Journal

Date	Particulars	L.F	Debit Amount ₹	Credit Amount ₹
2005				
01 Dec	Cash A/C Dr. To Capital A/C (Business started with Cash)		2,00,000	2,00,000
02 Dec	Office Furniture A/C Dr. To Cash A/C (Purchased the office furniture)		40,000	40,000
03 Dec	Bank A/C Dr. To Cash A/C (Opened bank account with cash)		1,00,000	1,00,000
05 Dec	Computers A/C Dr. To Bank A/C (Purchased computer by issuing cheque)		2,50,000	2,50,000
06 Dec	Purchases A/C Dr. To Ritika A/C (Goods purchased from Ritika)		60,000	60,000
08 Dec	Cash A/C Dr. To Sales A/C (Goods sold for cash)		30,000	30,000

Date	Particulars	L.F	Debit Amount ₹	Credit Amount ₹
09 Dec	Karishma A/C Dr. To Sales A/C (Goods sold to Karishma)		25,000	25,000
12 Dec	Mansi A/C Dr. To Cash A/C (Cash paid to Mansi on account)		30,000	30,000
14 Dec	Ritika A/C Dr. To Purchases Return A/C (Goods returned to Ritika)		2,000	2,000
15 Dec	Stationery A/C Dr. To Cash A/C (Purchased Stationery)		3,000	3,000
16 Dec	Wages A/C Dr. To Cash A/C (Wages Paid)		1,000	1,000
18 Dec	Sales Return A/C Dr. To Karishma A/C (Goods returned to Karishma)		2,000	2,000

Date	Particulars	L.F	Debit Amount ₹	Credit Amount ₹
20 Dec	Ritika A/C Dr. To Bank A/C (Paid to Ritika by cheque)		28,000	28,000
22 Dec	Cash A/C Dr. To Karishma A/C (Cash received from Karishma on account)		15,000	15,000
24 Dec	Insurance A/C Dr. To Bank A/C (Insurance Paid by cheque)		4,000	4,000
26 Dec	Bank A/C Dr. To Karishma A/C (Cheque received from Karishma)		8,000	8,000
28 Dec	Rent A/C Dr. To Bank A/C (Rent paid by cheque)		3,000	3,000
29 Dec	Purchases A/C Dr. To Meena Traders A/C (Credit purchase of goods from Meena Traders)		20,000	20,000

Date	Particulars	L.F	Debit Amount ₹	Credit Amount ₹
30 Dec	Cash A/C Dr. To Sales A/C (Goods sold for cash)		14,000	14,000
	Total		8,35,000	8,35,000

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		40,000
Dec.08	Sales		30,000	Dec.03	Bank		1,00,000
Dec.22	Karishma		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		85,000
			2,59,000				2,59,000

Capital Account

Dr.				Cr.			
Date	Particulars	J.F.	Amount Rs	Date	Particulars	J.F.	Amount Rs
2017 Dec.31	Balance c/d		2,00,000	2017 Dec.1	Cash		2,00,000
			2,00,000				2,00,000

Office Furniture Account

Dr.				Cr.			
Date	Particulars	J.F.	Amount Rs	Date	Particulars	J.F.	Amount Rs
2017 Dec.2	Cash		40,000	2017 Dec.31	Balance c/d		40,000
			40,000				40,000

Bank Account

Dr.				Cr.			
Date	Particulars	J.F.	Amount Rs	Date	Particulars	J.F.	Amount Rs
2017 Dec.03	Cash		1,00,000	2017 Dec.05	Computer		2,50,000
Dec.26	Karishma		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.			
Date	Particulars	J.F.	Amount Rs	Date	Particulars	J.F.	Amount Rs
2017 Dec.05	Bank		2,50,000	2017 Dec.31	Balance c/d		
			2,50,000				2,50,000

Purchases Account

Dr.				Cr.			
Date	Particulars	J.F.	Amount Rs	Date	Particulars	J.F.	Amount Rs
2017 Dec.06	Ritika		60,000	2017			
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 Rs	Date	Particulars	J.F.	Amount Rs
2017 Dec.14	Purchases Return		2,000	2017 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 Rs	Date	Particulars	J.F.	Amount Rs
2017				2017			
Dec.31	Balance c/d		20,000	Dec.29	Purchases		20,000
			20,000				20,000
			20,000				20,000

Sales Account

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

Karishma's Account

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

Mansi's Account

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

Purchases Return Account

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

Stationery Account

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

Wages Account

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

Sales Return Account

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

Insurance Account

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

Rent Account

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

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

- (a) Bought goods Rs. 2,00,000 from Raja 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 Balbir 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%)

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 Raja (Being goods purchased on credit locally)			2,36,000
(b)	Purchases A/c	Dr	1,00,000	
	Input IGST A/c	Dr	12,000	
	To Cash A/c (Being goods purchased in cash from Rajasthan)			1,12,000
(c)	Balbir A/c	Dr	1,77,000	
	To Sales A/c			1,50,000
	To Output IGST A/c (Being goods supplied on credit to Punjab)			27,000
(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 (Being goods sold on credit locally)			10,800
(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 (Being goods purchased locally)			70,800
(g)	Cash A/c	Dr	1,77,000	
	To Sales A/c			1,50,000
	To Output IGST A/c (Being goods supplied on credit to Uttar Pradesh)			27,000

(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)

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 Raj	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 Kareena	30,000
10	Goods returned from Karuna	2,000
14	Cash received from Karuna	13,000
15	Cheque given to Raj	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 Kareena	18,000
26	Paid cartage	1,000
27	Paid salary	8,000
28	Cash sale	7,000
29	Cheque given to Kareena	12,000
30	Sanjana took goods for Personal use	4,000
31	Paid General expense	500

**Book 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 Raj			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 Kareena			30,000
	(Goods purchased from Kareena)			
Jan.10	Sales Return A/c	Dr.	2,000	
	To Karuna			2,000
	(Goods returned by Karuna)			

Jan.14	Cash A/c To Karuna (Cash received from Karuna)	Dr.	13,000	13,000
Jan.15	Raj To Bank A/c (Cheque issued to Raj)	Dr.	6,000	6,000
Jan.16	Cash A/c To Heena (Cash received from Heena)	Dr.	3,000	3,000
Jan.20	Bank A/c To Tarun (Cheque received from Tarun)	Dr.	10,000	10,000
Jan.22	Bank A/c To Heena (Cheque received from Heena)	Dr.	2,000	2,000
Jan.25	Kareena To Cash A/c (Payment made to Kareena)	Dr.	18,000	18,000
Jan.26	Cartage A/c To Cash A/c (Cartage paid)	Dr.	1,000	1,000
Jan.27	Salaries A/c To Cash A/c (Salaries paid)	Dr.	8,000	8,000
Jan.28	Cash A/c To Sales A/c (Goods sold for cash)	Dr.	7,000	7,000

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

Ledger

Cash Account

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

Capital Account

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

Bank Account

Dr.				Cr.			
Date	Particulars	J.F.	Amount Rs	Date	Particulars	J.F.	Amount Rs
2017				2017			
Jan.01	Balance b/d		55,000	Jan.15	Rohan		6,000
Jan.20	Tarun		10,000	Jan.29	Kareena		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

Raj's Account

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

Tarun's Account

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

Sales Account

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

Karuna's Account

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

Heena's Account

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

Purchases Account

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

Kareena'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

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

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

22. 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 7,500 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.

- a. Invested ₹ 4, 00,000 cash and office equipment with ₹ 1, 50,000 in a business called Bobbie Consulting.

Analysis of this transaction: In this transaction there is cash inflow which is increasing the cash in hand and also there is addition of office equipment. This transaction increases the capital. As the increase in the assets is debited and the increase in the capital is credited, these transactions will be recorded with a debit to the cash and office equipment and a credit to the capital.

Dr	Cash Account	Cr
	4,00,000	
Dr	Office Equipment Account	Cr
	1,50,000	
Dr	Capital Account	Cr
		4,00,000 1,50,000

b. Purchased land and a small office building. The land was worth ₹ 1, 50,000 and the building worth ₹ 3, 50,000. The purchase price was paid with ₹ 2, 00,000 cash and a long term note payable for ₹ 8, 00,000

Analysis of Transaction: The land purchased is an asset. An increase in the asset has to be debited.

Dr	Land Account	Cr
	1,50,000	

Similarly the purchase of building increases the asset and hence should be debited.

Dr	Building Account	Cr
	3,50,000	

For purchasing the above two assets, another asset i.e. cash is spent and hence decreased. And a decrease in the asset should be credited.

Dr	Cash Account	Cr
4,00,000		2,00,000

At the same time there is a long term note payable for ₹ 8, 00,000. This is a liability. An increase in the liability should be credited.

Dr	Long term payable Account	Cr
		8,00,000

c. Purchased office supplies on credit for ₹ 12,000

Analysis of transaction: Purchase of office supplies is an expense and hence an increase in the expenses should be debited.

Dr	Office Supplies Account	Cr
12,000		

For purchasing the office supplies, a liability is created and hence the accounts payable will be increased and an increased liability should be credited.

Dr	Accounts payable	Cr
		12,000

d. Bobbie transferred title of motor car to the business. The motor car was worth ₹ 90,000.

Analysis of the transaction: Motor car will be an asset and hence an increase in the asset should be debited.

Dr	Motor car account	Cr
90,000		

Transferring the title of the motor car will increase the capital. An increase in the capital should be credited.

Dr	Capital Account	Cr
<hr/>		
		4,00,000
		1,50,000
		90,000

e. Purchased for ₹ 30,000 additional office equipment on credit.

Analysis of the transaction: Office equipment is an asset and hence an increase in the asset will be debited.

Dr	Office Equipment Account	Cr
<hr/>		
1,50,000		
30,000		

This office equipment is purchased on credit and hence the liability of the accounts payable account will be increased. An increase in the liability should be credited.

Dr	Accounts payable	Cr
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		12,000
		30,000

f. Paid ₹ 7,500 salary to the office manager.

Analysis of the transaction: Salary is an expense and hence an increase in the expense should be debited.

Dr	Salary Account	Cr
7,500		

Payment of salary will reduce the cash. A decrease in the cash asset should be credited.

Dr	Cash Account	Cr
4,00,000		2,00,000 7,500

g. Provided services to a client and collected ₹ 30,000

Analysis of the transaction: Providing services for cash should be debited to the cash account.

Dr	Cash Account	Cr
4,00,000 30,000		2,00,000 7,500

This should be credited to the capital account.

Dr	Capital Account	Cr
		4,00,000
		1,50,000
		90,000
		30,000

h. Paid ₹ 4,000 for the month's utilities.

Analysis of the transaction: Monthly utilities is an expense and hence an increase in the expense should be debited.

Dr	Expenses Account	Cr
4,000		

On the other hand the payment of the expenses will reduce the cash. And hence a decrease in the cash asset should be credited.

Dr	Cash Account	Cr
4,00,000		2,00,000
30,000		7,500
		4,000

i. Paid supplier created in transaction c

Analysis of the transaction: There is a decrease in the liability and hence it should be debited.

Dr	Accounts payable	Cr
12,000		12,000 30,000

As this liability is paid out through cash, it will reduce the cash asset. A decrease in the cash asset should be credited.

Dr	Cash Account	Cr
4,00,000 30,000		2,00,000 7,500 4,000 12,000

j. Purchase new office equipment by paying ₹ 93,000 cash and trading in old equipment with a recorded cost of ₹ 7,000

Analysis of the transaction: Buying the new office equipment will increase the assets and hence should be debited.

Dr	Office Equipment Account	Cr
1,50,000 30,000 93,000		

However, for buying this office equipment, the old equipment of ₹ 7,000 is traded out. Thus there is a decrease in the asset and hence it should be credited.

Dr	Office Equipment Account	Cr
1,50,000		7,000
30,000		
93,000		

Also, the rest of the amount is i.e. $93,000 - 7,000 = 86,000$ is paid out in case. Thus there is a decrease in the cash asset and hence it should be credited.

Dr	Cash Account	Cr
4,00,000		2,00,000
30,000		7,500
		4,000
		12,000
		86,000

k. Completed services of a client for ₹ 26,000. This amount is to be paid within 30 days.

Analysis of the transaction: Completion of services has created revenue.

Dr	Accounts Receivable	Cr
26,000		

As this is a sale, the sales account should be credited.

Dr	Sales Account	Cr
		26,000

j. Received ₹ 19,000 payment from the client created in transaction k.

Analysis of the transaction: There is revenue and hence should be credited.

Dr	Accounts Receivable	Cr
26,000		19,000

This is bringing in cash and hence the cash account should be debited.

Dr	Cash Account	Cr
4,00,000		2,00,000
30,000		7,500
19,000		4,000
		12,000
		86,000

m. Bobby withdrew ₹ 20,000 from the business.

Analysis of the transaction: There is withdrawal and hence the drawings account i.e. Expenses should be debited.

Dr	Drawings Account	Cr
20,000		

The drawings will reduce the cash and hence the cash asset should be credited.

Dr	Cash Account	Cr
4,00,000		2,00,000
30,000		7,500
19,000		4,000
		12,000
		86,000
		20,000