

**Short Answers for NCERT Solution for Class 11 Accountancy Chapter 3 – Recording of Transactions – 1****1. State the three fundamental steps in the accounting process.**

The fundamental steps of the accounting process are:

1. Identifying and analyzing business transactions.
2. Recording of business transactions.
3. Classifying and summarizing their effect and communicating the same to the interested users of business information.

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

The importance of source documents in accounting is due to the following reasons:

1. It provides evidence of the transaction that has taken place.
2. It acts as a backup in times of auditing and tax assessment.
3. It acts as primary legal evidence, as journal entries are based on data from source documents.

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

The practice of recording a transaction in the journal, in the first instance, provides for a complete record of each transaction and also keeps a track of all debits and credits related to each transaction.

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

Debit gets recorded in the journal first before credit, but both debit and credit are recorded in the journal before being recorded in the ledger. Debit entry is recorded without any margin, indent or spacing. However, for a credit entry, some spacing, margin or indent is essential. The symbol Dr. for debit entry is right aligned.

**5. Why are some accounting systems called double accounting systems?**

Accounting systems are called double accounting systems as they have two aspects to each transaction. Every transaction is recorded on the debit and credit sides simultaneously.

**6. Give a specimen of an account.**

The specimen of an account can be represented as:

| _____Account |             |      |              |      |             |      |           |
|--------------|-------------|------|--------------|------|-------------|------|-----------|
| Dr.          |             |      |              |      |             |      | Cr.       |
| Date         | Particulars | J.F. | Amount<br>Rs | Date | Particulars | J.F. | Amount Rs |
|              |             |      |              |      |             |      |           |

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

Liability is towards creditors, while capital is the liability of a business towards its owners. Hence the same rules of debit and credit apply to both liability and capital.

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

The number entered in a ledger at the time of posting entries into each account is called JF Number. It determines if transactions are properly posted or not. It is recorded at the time of posting. The purpose of posting JF in the ledger is to locate entries in the journal book and also to ensure that recording has been done in books of original entry.

**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.**

a. Increase in revenue

It will be credited as an increase in revenue increases capital.

b. Decrease in expense

It will be credited.

c. Record drawings

Drawings must be debited as it results in a decrease of capital

d. Record of fresh capital introduced by the owner

An increase in capital will be credited as it increases the liability of the business towards owners.

**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?**

Transactions that have a decreasing effect on an asset are always recorded on the credit side, and transactions that have a decreasing effect on the liabilities are recorded on the debit side.

### **Long Answers for NCERT Solution for Class 11 Accountancy Chapter 3 – Recording of Transactions – 1**

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

Events that are recorded into the accounting system are those events that can be measured in monetary terms. Some examples include the installation of machinery after purchase, and payment of salaries to employees. The importance of source documents in the accounting system is as follows:

1. It provides evidence of the transaction that has taken place.
2. It acts as a backup in times of auditing and tax assessment.
3. It acts as primary legal evidence, as journal entries are based on data from source documents.
4. It protects against faulty transactions
5. It helps in resolving conflicts related to any transaction.

**2. Describe how debits and credits are used to analyse transactions.**

All transactions must be measured in monetary terms to be recorded. All such transactions have a dual aspect, i.e., both debit and credit. Therefore when recording transactions, both the debit and credit amounts should be the same. In the recording of transactions, debit and credit determine whether they should be placed on the left or right side of the account. Amount entered on the left side is debit and is represented by the notation Dr. while credit is recorded on the right side of an account, abbreviated as Cr.

For recording transactions, accounts are classified into the following types:

- Assets
- Liabilities
- Capital
- Expenses/Losses
- Revenues/Gains

The following rules are used for recording transactions to an account:

For Assets/ Expenses or Losses: Increase in Assets, Expenses or losses is debited while a decrease is credited. For Liabilities/Capital/Revenues or Gains, the increase is credited, while a decrease is debited.

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

All monetary transactions contain a source document, and these transactions get recorded in the journal. Thus each transaction is in one place and helps link the credit and debit transactions. This process is known as journalising. These recorded transactions get moved to individual ledgers, which is called the principal book of entry through posting. The following steps are taken while posting the accounts. Let's understand it with an example.

The journal has an entry in the Books of Wadia Bros wherein goods worth of Rs.5000 were sold to Raheja Bros. on credit on 15-Mar-2019, and payment of Rs.5000 received from Raheja Bros on 20-Mar-2019.

| Dr.            | Wadia Bros A/C |      |             |                |             |      | Cr.         |
|----------------|----------------|------|-------------|----------------|-------------|------|-------------|
| Date           | Particulars    | J.F. | Amount<br>₹ | Date           | Particulars | J.F. | Amount<br>₹ |
| 15 Mar<br>2019 | Sales          | 23   | 5,000       | 20 Mar<br>2019 | Cash        | 25   | 5,000       |

The following steps are included:

- Identify this account's page in the ledger
- If this entry is the first one on the ledger account page, the balance carried forward (balance C/F) from the previous page, if any, is brought forward (balance b/f) to this page.
- Fill in the date in the column in which sales occurred on the debit side.
- Fill details of the transaction.

- Record the page number of the journal in the JF column where the transaction occurs.
- Fill monetary value in the amount column, which is Rs.5,000.
- Enter the date on which the transaction occurred
- Enter the particulars of the transaction.
- Enter the page number on which this transaction appears in the journal.
- Enter the monetary value of the transaction in the Amount column. In this case, it is Rs.5,000
- Calculate the totals of both the debit and credit sides of the transaction.
- If this is the last transaction entry in the ledger account, compute the difference in the amounts and enter the balance c/f. This should be carried over to the next page.

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

A journal is the book of original entry which records transactions as they take place. Such an entry into the journal must contain a source document. Maintaining a journal ensures all transactions are recorded and in one place, and debit and credit for each transaction are linked properly. A journal consists of the following sections:

Date – Transaction date based on when the transaction has taken place.

Particulars – Details of the transaction recorded

L.F. – Page number of the ledger where entry is posted.

Debit Amount – Debited amount as per transaction.

Credit Amount – Credit amount as per transaction

| Date      | Details                                       |
|-----------|---|
| 01.5.2019 | Business started with cash Rs.1,00,000        |
| 01.5.2019 | Goods purchased from Harish for Rs.20,000     |
| 01.5.2019 | Stationary purchased for cash for Rs.2,200    |
| 02.5.2019 | Opened a bank account with SBI for Rs. 30,000 |

| Date      | Details                                    |
|-----------|--|
| 02.5.2019 | Goods sold to for Rs.10,000                |
| 03.5.2019 | Received a cheque of Rs.10,000 from Sachin |

**Books of Sajal**

| Date           | Particulars  | L.F | Debit<br>Amount<br>Rs. | Credit<br>Amount<br>Rs. |
|----------------|--|-----|------------------------|-------------------------|
| 2019<br>May.01 | Cash A/c Dr.<br>To Capital A/c<br>(Business started with cash)         |     | 1,00,000               | 1,00,000                |
| May.01         | Purchases A/c Dr.<br>To Manisha A/c<br>(Goods purchased on credit)     |     | 20,000                 | 20,000                  |
| May.01         | Stationary A/c Dr.<br>To Cash A/c<br>(Purchase of Stationary for cash) |     | 2,200                  | 2,200                   |
| May.02         | Bank A/c Dr.<br>To Cash A/c<br>(Opened a bank account with SBI)        |     | 30,000                 | 30,000                  |
| May.02         | Priya A/c Dr.<br>To Sales A/c<br>(Goods sold to Sachin on credit)      |     | 10,000                 | 10,000                  |
| May.03         | Bank A/c Dr.<br>To Sachin A/c  |     | 10,000                 | 10,000                  |

| Books of Sajal |                               |            |                         |                          |
|----------------|-------------------------------|------------|-------------------------|--------------------------|
| <i>Date</i>    | <i>Particulars</i>            | <i>L.F</i> | <i>Debit Amount Rs.</i> | <i>Credit Amount Rs.</i> |
|                | (Cheque received from Sachin) |            |                         |                          |
|                | Total c/f                     |            | 1,72,200                | 1,72,200                 |

**5. Differentiate between source documents and vouchers.**

| Basis of Comparison | Source Documents  | Vouchers  |
|---------------------|---|---|
| Meaning             | It contains details of transactions                                   | The source document considered as evidence of a transaction is called a voucher |
| Purpose             | Accounting voucher preparation  | Analysis of monetary transactions.  |
| Recording           | Base document for accounting voucher preparation                      | Base document for transaction recording   |
| 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   | Legal evidence for transactions                                       | The authenticity of transaction is validated                                    |
| Prepared By         | A person conducting the transaction or having the authority to do so. | A person having the authority only  |

|          |                                      |  |
|----------|--------------------------------------|--|
| Examples | Cash memo, pay-in-slip invoice, etc. | Cash memos, cash vouchers, transfer vouchers, pay-in-slip (if used as evidence), invoices, debit notes, credit notes, etc. |
|----------|--------------------------------------|--|

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

As per accounting, the assets of a business always equal the sum of its capital and liabilities.

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

The accounting equation depicts the fundamental relationship that exists among the components of the balance sheet, it is also referred to as the Balance Sheet Equation. A balance sheet is a statement of liabilities, capital and assets.

At any given point in time, the resources of the business must be equal to the claims of those who have financed those resources. Resources of the business are provided by proprietors and outsiders. The claim of the proprietors is called capital, and that of the outsiders is known as liabilities.

Consider an example

Mohit started a business with a cash of Rs. 6,00,000.

Opened a bank account with an amount of Rs. 5,80,000.

Bough furniture for Rs. 60,000 and issued cheque for the same.

Bought Plant and Machinery from Ramlal for the business for Rs. 1,25,000, and an advance of Rs. 10,000 in cash is given.

The transactions upon tabulation show that the accounting equation remains the same

| Transaction No. | Assets |      |           |                     |       | = | Liabilities |       | Total |
|-----------------|--------|------|-----------|---------------------|-------|---|-------------|-------|-------|
|                 | Cash   | Bank | Furniture | Plant and Machinery | Total |   | Capital     | Total |       |
|                 |        |      |           |                     |       |   |             |       |       |



| Transaction No. | Assets     |          |           |                     |                 | =        | Liabilities | Capital  | Total           |
|-----------------|------------|----------|-----------|---------------------|-----------------|----------|-------------|----------|-----------------|
|                 | Cash       | Bank     | Furniture | Plant and Machinery | Total           |          |             |          |                 |
| 1               | 6,00,000   |          |           |                     | 6,00,000        | =        |             | 6,00,000 | 6,00,000        |
|                 | 6,00,000   | –        | –         | –                   | 6,00,000        | =        | –           | 6,00,000 | 6,00,000        |
| 2               | (5,80,000) | 5,80,000 |           |                     |                 |          |             |          |                 |
|                 | 20,000     | 5,80,000 | –         | –                   | 6,00,000        | =        | –           | 6,00,000 | 6,00,000        |
| 3               |            | (60,000) | 60,000    |                     |                 |          |             |          |                 |
|                 | 20,000     | 5,20,000 | 60,000    | –                   | 6,00,000        | =        | –           | 6,00,000 | 6,00,000        |
| 4               | (20,000)   |          |           | 20,000              |                 |          |             |          |                 |
|                 | –          | 5,20,000 | 60,000    | 20,000              | 6,00,000        | =        |             | 6,00,000 | 6,00,000        |
| <b>Total</b>    |            |          |           |                     | <b>6,00,000</b> | <b>=</b> |             |          | <b>6,00,000</b> |

**7. Explain the double entry mechanism with an illustrative example.**

In a double-entry mechanism, every transaction impacts and gets recorded in two accounts. While recording the transactions in double entry, it is ensured that the total debit amount must equal the total credit amount.

The increase of an item is recorded on the left side, abbreviated as Dr and the decrease is recorded on the right side, abbreviated as Cr.

The following rules are taken into consideration when recording a transaction into an account.

For Assets or Expenses/Losses:

Increase is debited and Decrease is credited.

For Liabilities/Capital/Revenues or Gains:

Increase is credited and Decrease is debited

Let us understand this with one example

Ronit started a business with a cash of Rs. 4, 00,000

|                        |              |
|------------------------|--------------|
| <b>Cash Account</b>    |              |
| (1) 4,00,000           |              |
| <b>Capital Account</b> |              |
|                        | (1) 4,00,000 |

This transaction increases cash on one hand while increasing capital on the other. Therefore cash account is debited, and the capital account is credited.

### Numerical Answers for NCERT Solution for Class 11 Accountancy Chapter 3 – Recording of Transactions – 1

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**

The solution is as follows:

| 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              |          |   |          |   |         |   |           |   |             |   | 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 |
|     |                       |          |   |        |   |        |       |       |         |            |

2. Prepare accounting equation from the following:

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

The solution is as follows:

| S.No. | Explanation | Assets |   |           |   |       |   | Liabilities | + | Capital |
|-------|-------------|--------|---|-----------|---|-------|---|-------------|---|---------|
|       |             | Cash   | + | Furniture | + | Stock | = | Creditors   |   |         |

|     |                               |          |   |        |   |        |  |   |        |   |  |          |
|-----|-------------------------------|----------|---|--------|---|--------|--|---|--------|---|--|----------|
| (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 |
|     |                              |          |   |        |          |        |   |        |   |  |  |          |

**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 withdrawn for personal use | 3,000 |
|-----|---------------------------------|-------|

The solution is as follows:

| S.No. | Explanation                   | Assets   |   |          |   |         |           | = | Liabilities | + Capital  |
|-------|-------------------------------|----------|---|----------|---|---------|-----------|---|-------------|------------|
|       |                               | Cash     | + | Stock    | + | Debtors | Furniture |   | 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<br><br>(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 |
|     |                                |          |   |        |   |     |   |        |   |     |   |          |

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.

The solution is as follows:

| S.No. | Explanation           | Assets   |   |           |   |        | = | Liabilities |   | + | Capital  |
|-------|-----------------------|----------|---|-----------|---|--------|---|-------------|---|---|----------|
|       |                       | Cash     | + | Machinery | + | Stock  |   | Creditors   | + |   |          |
| (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 |
|     |                              |        |   |        |   |        |   |     |       |       |   |        |

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      |

Solution:

| S.No. | Explanation                      | Assets   |   |        |   | = | Liabilities | + | Capital  |
|-------|----------------------------------|----------|---|--------|---|---|-------------|---|----------|
|       |                                  | Cash     | + | Stock  | + |   |             |   |          |
| (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 |

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

|      |                                     |          |
|------|-------------------------------------|----------|
|      |                                     | Rs       |
| (a)  | Udit started business with:         |          |
| (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 |

The solution is as follows:





| S.No | Explanation                   | Assets    |   |          |   | =           | Liabilities |         |           | Capital |   |                      |         |
|------|-------------------------------|-----------|---|----------|---|-------------|-------------|---------|-----------|---------|---|----------------------|---------|
|      |                               | Cash      | + | Stock    | + | Building    | +           | Debtors | Creditors |         | + | Outstanding Expenses | +       |
| (a)  | Increase in cash              | 5,00,00   |   |          |   |             |             |         |           |         |   |                      |         |
|      | Increase in stock             |           |   | 1,00,00  |   |             |             |         |           |         |   |                      |         |
|      | Increase in capital           |           |   |          |   |             |             |         |           |         |   |                      | 6,00,00 |
|      |                               | 5,00,00   |   | 1,00,00  |   |             |             |         |           |         |   |                      | 6,00,00 |
|      |                               | 0 +       |   | 00       |   |             |             |         | NIL       |         |   |                      | + 00    |
| (b)  | Increase in building          |           |   |          |   | 2,00,00     |             |         |           |         |   |                      |         |
|      | Decrease in cash              | (2,00,00) |   |          |   |             |             |         |           |         |   |                      |         |
|      |                               | 3,00,00   |   | 1,00,00  |   | 2,00,00     |             |         |           |         |   |                      | 6,00,00 |
|      |                               | 0 +       |   | 00 +     |   | 00          |             |         |           |         |   |                      | + 00    |
| (c)  | Increase in stock             |           |   | 50,000   |   |             |             |         |           |         |   |                      |         |
|      | Increase in creditors         |           |   |          |   |             |             | 50,000  |           |         |   |                      |         |
|      |                               | 3,00,00   |   | 1,50,00  |   | 2,00,00     |             |         |           |         |   |                      | 6,00,00 |
|      |                               | 0 +       |   | 00 +     |   | 00          |             |         |           |         |   |                      | + 00    |
| (d)  | Increase in debtors           |           |   |          |   |             | 36,000      |         |           |         |   |                      |         |
|      | Decrease in stock             |           |   | (25,000) |   |             |             |         |           |         |   |                      |         |
|      | Increase in capital (Profit)  |           |   |          |   |             |             |         |           |         |   |                      | 11,000  |
|      |                               | 3,00,00   |   | 1,25,00  |   | 2,00,00     |             |         |           |         |   |                      | 6,11,00 |
|      |                               | 0 +       |   | 00 +     |   | 00 + 36,000 |             |         |           |         |   |                      | + 00    |
| (e)  | Decrease in cash              | (3,000)   |   |          |   |             |             |         |           |         |   |                      |         |
|      | Decrease in capital (Expense) |           |   |          |   |             |             |         |           |         |   |                      | (3,000) |
|      |                               | 2,97,00   |   | 1,25,00  |   | 2,00,00     |             |         |           |         |   |                      | 6,08,00 |
|      |                               | 0 +       |   | 00 +     |   | 00 + 36,000 |             |         |           |         |   |                      | + 00    |
| (f)  | Decrease in capital (Expense) |           |   |          |   |             |             |         |           | 5,000   |   |                      |         |
|      | Increase in liabilities       |           |   |          |   |             |             |         |           |         |   |                      | (5,000) |
|      |                               | 2,97,00   |   | 1,25,00  |   | 2,00,00     |             |         |           |         |   |                      | 6,03,00 |
|      |                               | 0 +       |   | 00 +     |   | 00 + 36,000 |             |         |           |         |   |                      | + 00    |



|     |   |        |
|-----|---|--------|
| (e) | Purchase goods on credit from Ragani    | 35,000 |
| (f) | Paid cash for household Expenses        | 7,000  |
| (g) | Sold goods for cash (costing Rs 10,000) | 14,000 |
| (h) | Cash paid to Ragani                     | 35,000 |
| (i) | Deposited into bank                     | 20,000 |

The solution is as follows:

| S.No. | Explanation                  | Assets   |   |       |   | = | Liabilities | +   | Capital  |            |
|-------|------------------------------|----------|---|-------|---|---|-------------|-----|----------|------------|
|       |                              | Cash     | + | Stock | + |   |             |     |          | Investment |
| (a)   | Increase in cash             | 1,20,000 |   |       |   |   |             |     |          |            |
|       | Increase in capital          |          |   |       |   |   |             |     | 1,20,000 |            |
|       |                              | 1,20,000 | + |       |   |   | =           | NIL | +        | 1,20,000   |
| (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 |

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      | 6,000  |

The solution is as follows:

| S.No | Explanation                          | Assets   |   |          |   |          | = | Liabilities |   | Capital |                 |           |          |
|------|--------------------------------------|----------|---|----------|---|----------|---|-------------|---|---------|-----------------|-----------|----------|
|      |                                      | Cash     | + | Stock    | + | Building | + | Debtors     | + |         | Prepaid Expense | Creditors | +        |
| (a)  | Increase in cash, stock and building | 2,30,000 | + | 1,00,000 | + | 2,00,000 |   |             |   |         |                 |           |          |
|      | Increase in capital                  |          |   |          |   |          |   |             |   |         |                 |           | 5,30,000 |
|      |                                      | 2,30,000 |   | 1,00,000 |   | 2,00,000 |   |             |   |         |                 |           | 5,30,000 |
|      |                                      | 00       | + | 00       | + | 00       |   |             |   |         |                 |           | 00       |
| (b)  | Increase in stock                    |          |   |          |   | 50,000   |   |             |   |         |                 |           |          |
|      | Decrease in cash                     | (50,000) |   |          |   |          |   |             |   |         |                 |           |          |
|      |                                      | 1,80,000 | + | 1,50,000 | + | 2,00,000 |   |             |   |         |                 |           | 5,30,000 |

|     |   |          |            |            |          |            |  |          |
|-----|---|----------|------------|------------|----------|------------|--|----------|
|     |   | 00       | 00         | 00         |          |            |  | 00       |
| (c) | Increase in cash                        | 35,000   |            |            |          |            |  |          |
|     | Decrease in stock                       |          | (20,000)   |            |          |            |  |          |
|     | Increase in capital (Profit)            |          |            |            |          |            |  | 15,000   |
|     |   | 2,15,000 | + 1,30,000 | + 2,00,000 |          |            |  | 5,45,000 |
| (d) | Increase in stock                       |          | 55,000     |            |          |            |  |          |
|     | Increase in creditors                   |          |            |            |          | - 55,000   |  |          |
|     |   | 2,15,000 | + 1,85,000 | + 2,00,000 |          | - 55,000   |  | 5,45,000 |
| (e) | Increase in debtors                     |          |            | 60,000     |          |            |  |          |
|     | Decrease in stock                       |          | (52,000)   |            |          |            |  |          |
|     | Increase in capital (Profit)            |          |            |            |          |            |  | 8,000    |
|     |   | 2,15,000 | + 1,33,000 | + 2,00,000 | + 60,000 | - 55,000   |  | 5,53,000 |
| (f) | Decrease in creditors                   |          |            |            |          | - (55,000) |  |          |
|     | Decrease in cash                        | (53,000) |            |            |          |            |  |          |
|     | Increase in capital (Discount received) |          |            |            |          |            |  | 2,000    |
|     |   | 1,62,000 | + 1,33,000 | + 2,00,000 | + 60,000 | - NIL      |  | 5,55,000 |
| (g) | Decrease in cash                        | (20,000) |            |            |          |            |  |          |
|     | Decrease in capital                     |          |            |            |          |            |  | (20,000) |
|     |   | 1,42,000 | + 1,33,000 | + 2,00,000 | + 60,000 | - NIL      |  | 5,35,000 |
| (h) | Increase in cash                        | 59,000   |            |            |          |            |  |          |
|     | Decrease in capital (Discount allowed)  |          |            |            |          |            |  | (1,000)  |
|     | Decrease in debtors                     |          |            | 60,000     |          |            |  |          |
|     |   | 2,01,000 | + 1,33,000 | + 2,00,000 | + NIL    | - NIL      |  | 5,34,000 |

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

Show the effects on Assets, Liabilities and Capital with the help of the 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 withdrawn for personal use                                   | 3,000    |

The solution is as follows:

| S.No. | Explanation      | Assets   |   |       |   |           |   |         | = | Liabilities | + | Capital |
|-------|------------------|----------|---|-------|---|-----------|---|---------|---|-------------|---|---------|
|       |                  | Cash     | + | Stock | + | Furniture | + | Debtors |   |             |   |         |
| (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          |          |   |         |   |        |       |       |        |        | (100)    |          |

|     |   |         |   |          |   |        |   |       |   |          |   |          |
|-----|---|---------|---|----------|---|--------|---|-------|---|----------|---|----------|
|     | (Cartage Expenses)                      |         |   |          |   |        |   |       |   |          |   |          |
|     | 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   |   |          |   |        |   |       |   |          |   |          |



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

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

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

Bobby withdrew ₹ 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.

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

|    |                          |                      |    |
|----|--------------------------|----------------------|----|
| Dr | Cash Account             |                      | Cr |
|    | 4,00,000                 |                      |    |
| Dr | Office Equipment Account |                      | Cr |
|    | 1,50,000                 |                      |    |
| Dr | Capital Account          |                      | Cr |
|    |                          | 4,00,000<br>1,50,000 |    |

- Purchased land and a small office building. The land was worth ₹ 1, 50,000 and the building was 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 |
|----|--------------|--|----|

| Dr       | Land Account | Cr |
|----------|--------------|----|
| 1,50,000 |              |    |

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

| Dr       | Building Account | Cr |
|----------|------------------|----|
| 3,50,000 |                  |    |

1. 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     |    |

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

| Dr | Long-term payable Account | Cr |
|----|---------------------------|----|
|    | 8,00,000                  |    |

1. 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 |                         |    |

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

| Dr | Accounts payable | Cr |
|----|------------------|----|
|    | 12,000           |    |

1. Bobbie transferred the title of the 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 |                   |    |

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

| Dr | Capital Account | Cr |
|----|-----------------|----|
|    | 4,00,000        |    |
|    | 1,50,000        |    |
|    | <b>90,000</b>   |    |

1. 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 |
|---------------|--------------------------|----|
| 1,50,000      |                          |    |
| <b>30,000</b> |                          |    |

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

| Dr | Accounts payable | Cr |
|----|------------------|----|
|    | 12,000           |    |

| Dr | Accounts payable | Cr |
|----|------------------|----|
|    | <b>30,000</b>    |    |

1. 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 |                |    |

1. 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     |    |
|          | <b>7,500</b> |    |

1. 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      | 2,00,000     |    |
| <b>30,000</b> | 7,500        |    |

1. This should be credited to the capital account.

| Dr | Capital Account | Cr |
|----|-----------------|----|
|    | 4,00,000        |    |
|    | 1,50,000        |    |



| Dr | Capital Account | Cr |
|----|-----------------|----|
|    | 90,000          |    |
|    | <b>30,000</b>   |    |

1. Paid ₹ 4,000 for the month's utilities. **Analysis of the transaction:** Monthly utilities are an expense, and hence an increase in the expense should be debited.

| Dr    | Expenses Account | Cr |
|-------|------------------|----|
| 4,000 |                  |    |

1. 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        |    |
|          | <b>4,000</b> |    |

1. 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           |    |

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

| Dr | Cash Account | Cr |
|----|--------------|----|
|----|--------------|----|

| Dr       | Cash Account  | Cr |
|----------|---------------|----|
| 4,00,000 | 2,00,000      |    |
| 30,000   | 7,500         |    |
|          | 4,000         |    |
|          | <b>12,000</b> |    |

1. 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        |                          |    |
| <b>93,000</b> |                          |    |

1. 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 | <b>7,000</b>             |    |
| 30,000   |                          |    |
| 93,000   |                          |    |

Also, the rest of the amount, i.e.,  $93,000 - 7,000 = 86,000$ , is paid out in cash. 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        |    |

| Dr | Cash Account  | Cr |
|----|---------------|----|
|    | 4,000         |    |
|    | 12,000        |    |
|    | <b>86,000</b> |    |

1. 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 |
|---------------|---------------------|----|
| <b>26,000</b> |                     |    |

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

| Dr | Sales Account | Cr |
|----|---------------|----|
|    | <b>26,000</b> |    |

1. 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 | <b>19,000</b>       |    |

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        |    |

| Dr     | Cash Account              | Cr |
|--------|---------------------------|----|
| 19,000 | 4,000<br>12,000<br>86,000 |    |

Bobby withdrew ₹ 20,000 from the business.

**Analysis of the transaction:** There is a 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<br>30,000<br>19,000 | 2,00,000<br>7,500<br>4,000<br>12,000<br>86,000<br><b>20,000</b> |    |

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  |

The solution is as follows:

| Books of Himanshu |                              |      |                    |                     |
|-------------------|------------------------------|------|--------------------|---------------------|
| Journal           |                              |      |                    |                     |
| Date              | Particulars                  | L.F. | Debit Amount<br>Rs | Credit Amount<br>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 |       |

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      |

The solution is as follows:

| Books of Mudit |   |      |                    |                  |
|----------------|---|------|--------------------|------------------|
| Journal        |   |      |                    |                  |
| Date           | Particulars                                 | L.F. | Debit Amount<br>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 |
|        |   |                          |     |  |          |          |
|        |   |                          |     |  |          |          |

**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  |

The solution is as follows:

| 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 |

14. 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. |

The solution is as follows:

|                                |
|--------------------------------|
| <b>Books of Harpreet Bros.</b> |
| <b>Journal</b>                 |

| 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 |
|     |  |     |  |        |        |

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 |
|------------------------------------|-------|

Solution:

| Journal |   |      |                    |                     |
|---------|---|------|--------------------|---------------------|
| S. No.  | Particulars   | L.F. | Debit Amount<br>Rs | Credit Amount<br>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)  |     |       |       |  |
|     | <b>(Note: If it is assumed, commission in</b>   |     |       |       |  |

|  |                                   |     |        |        |  |
|--|-----------------------------------|-----|--------|--------|--|
| 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 |  |
|  |                                   |     |        |        |  |
|  |                                   |     |        |        |  |
|  |                                   |     |        |        |  |

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  |

Solution:

Journal

| Date   | Particulars                            | L.F. | Debit Amount Rs | Credit Amount<br>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 | Nitish   | Dr. | 7,000  |        |  |
|        | To Sales A/c                                   |     |        | 7,000  |  |
|        | (Goods sold to Nitish)                         |     |        |        |  |
| 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.  | Particulars | J.F. | Amount | Date | Particulars | J.F. | Amount | Cr. |
|------|-------------|------|--------|------|-------------|------|--------|-----|
|      |             |      | 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<br>Rs | Date   | Particulars | J.F. | Amount<br>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<br>Rs | Date    | Particulars    | J.F. | Amount<br>Rs |
| 2017          |             |      |              | 2017    |                |      |              |
| Nov.01        | Capital     |      | 50,000       |         |                |      |              |
|               |             |      |              | Nov. 30 | Balance<br>c/d |      | 50,000       |
|               |             |      | 50,000       |         |                |      | 50,000       |

| Cartage Account |             |      |              |        |                |      |              |
|-----------------|-------------|------|--------------|--------|----------------|------|--------------|
| Dr.             |             |      |              |        |                |      | Cr.          |
| Date            | Particulars | J.F. | Amount<br>Rs | Date   | Particulars    | J.F. | Amount<br>Rs |
| 2017            |             |      |              | 2017   |                |      |              |
| Nov.26          | Cash        |      | 200          |        |                |      |              |
|                 |             |      |              | Nov.30 | Balance<br>c/d |      | 200          |
|                 |             |      | 200          |        |                |      | 200          |

| <b>Rent Account</b>      |             |      |           |        |             |      |           |
|--------------------------|-------------|------|-----------|--------|-------------|------|-----------|
| 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     |
|                          |             |      |           |        |             |      |           |
|                          |             |      |           |        |             |      |           |
| <b>Salaries Account</b>  |             |      |           |        |             |      |           |
| 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     |
|                          |             |      |           |        |             |      |           |
|                          |             |      |           |        |             |      |           |
| <b>Furniture Account</b> |             |      |           |        |             |      |           |

| 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<br>Rs | Date   | Particulars | J.F. | Amount<br>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<br>Rs | Date   | Particulars | J.F. | Amount<br>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<br>Rs |

|        |                   |  |           |        |           |  |        |
|--------|-------------------|--|-----------|--------|-----------|--|--------|
|        |                   |  | <b>Rs</b> |        |           |  |        |
| 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**

|             |                    |             |                  |             |                    |             |                  |
|-------------|--------------------|-------------|------------------|-------------|--------------------|-------------|------------------|
| <b>Dr.</b>  |                    |             |                  |             |                    |             | <b>Cr.</b>       |
| <b>Date</b> | <b>Particulars</b> | <b>J.F.</b> | <b>Amount Rs</b> | <b>Date</b> | <b>Particulars</b> | <b>J.F.</b> | <b>Amount Rs</b> |
| 2017        |                    |             |                  | 2017        |                    |             |                  |
| Nov.13      | Cash               |             | 200              |             |                    |             |                  |
|             |                    |             |                  | Nov.30      | Balance c/d        |             | 200              |
|             |                    |             | 200              |             |                    |             | 200              |

**Bank Account**

|            |  |  |  |  |  |  |            |
|------------|--|--|--|--|--|--|------------|
| <b>Dr.</b> |  |  |  |  |  |  | <b>Cr.</b> |
|------------|--|--|--|--|--|--|------------|

| Date   | Particulars | J.F. | Amount<br>Rs | Date   | Particulars    | J.F. | Amount<br>Rs |
|--------|-------------|------|--------------|--------|----------------|------|--------------|
| 2017   |             |      |              | 2017   |                |      |              |
| Nov.18 | Cash        |      | 5,000        |        |                |      |              |
|        |             |      |              | Nov.30 | Balance<br>c/d |      | 5,000        |
|        |             |      | 5,000        |        |                |      | 5,000        |

**Drawings Account**

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

**Discount Received Account**

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

**Discount Allowed Account**

| Dr.    |             |      |              | Cr.    |                |      |              |
|--------|-------------|------|--------------|--------|----------------|------|--------------|
| Date   | Particulars | J.F. | Amount<br>Rs | Date   | Particulars    | J.F. | Amount<br>Rs |
| 2017   |             |      |              | 2017   |                |      |              |
| Nov.29 | Nitish      |      | 200          |        |                |      |              |
|        |             |      |              | Nov.30 | Balance<br>c/d |      | 200          |
|        |             |      | 200          |        |                |      | 200          |



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 |

Solution:

| Books of M/s Goel Brothers |          |                              |      |                    |                     |
|----------------------------|----------|------------------------------|------|--------------------|---------------------|
| Journal                    |          |                              |      |                    |                     |
| Date                       |          | Particulars                  | L.F. | Debit Amount<br>Rs | Credit Amount<br>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.  | 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<br>Rs | Date   | Particulars     | J.F. | Amount<br>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<br>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<br>Rs | Date | Particulars | J.F. | Amount<br>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<br>Rs | Date   | Particulars | J.F. | Amount<br>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<br>Rs | Date   | Particulars | J.F. | Amount<br>Rs |
| 2017   |                 |      |              | 2017   |             |      |              |
|        |                 |      |              | Jan.08 | Naman       |      | 12,000       |
| Jan.31 | Balanced<br>c/d |      | 22,000       | Jan.30 | Cash        |      | 10,000       |



|                                 |             |      | 22,000       |        |                     |      | 22,000       |
|---------------------------------|-------------|------|--------------|--------|---------------------|------|--------------|
| <b>Naman's Account</b>          |             |      |              |        |                     |      |              |
| Dr.                             |             |      |              |        |                     |      | Cr.          |
| Date                            | Particulars | J.F. | Amount<br>Rs | Date   | Particulars         | J.F. | Amount<br>Rs |
| 2017                            |             |      |              | 2017   |                     |      |              |
| Jan.08                          | Sales       |      | 12,000       | Jan.15 | Cash                |      | 11,700       |
|                                 |             |      |              | Jan.15 | Discount<br>Allowed |      | 300          |
|                                 |             |      | 12,000       |        |                     |      | 12,000       |
| <b>Discount Allowed Account</b> |             |      |              |        |                     |      |              |
| Dr.                             |             |      |              |        |                     |      | Cr.          |
| Date                            | Particulars | J.F. | Amount<br>Rs | Date   | Particulars         | J.F. | Amount<br>Rs |
| 2017                            |             |      |              | 2017   |                     |      |              |
| Jan.15                          | Naman       |      | 300          |        |                     |      |              |
|                                 |             |      |              | Jan.31 | Balance<br>c/d      |      | 300          |
|                                 |             |      | 300          |        |                     |      | 300          |

| <b>Wages Account</b>     |             |      |              |        |                |      |              |
|--------------------------|-------------|------|--------------|--------|----------------|------|--------------|
| Dr.                      |             |      |              | Cr.    |                |      |              |
| Date                     | Particulars | J.F. | Amount<br>Rs | Date   | Particulars    | J.F. | Amount<br>Rs |
| 2017                     |             |      |              | 2017   |                |      |              |
| Jan.16                   | Cash        |      | 200          |        |                |      |              |
|                          |             |      |              | Jan.31 | Balance<br>c/d |      | 200          |
|                          |             |      | 200          |        |                |      | 200          |
| <b>Furniture Account</b> |             |      |              |        |                |      |              |
| Dr.                      |             |      |              | Cr.    |                |      |              |
| Date                     | Particulars | J.F. | Amount<br>Rs | Date   | Particulars    | J.F. | Amount<br>Rs |
| 2017                     |             |      |              | 2017   |                |      |              |
| Jan.18                   | Cash        |      | 5,000        |        |                |      |              |
|                          |             |      |              | Jan.31 | Balance<br>c/d |      | 5,000        |

|                         |                    |             |                      |             |                    |             |                      |
|-------------------------|--------------------|-------------|----------------------|-------------|--------------------|-------------|----------------------|
|                         |                    |             | 5,000                |             |                    |             | 5,000                |
| <b>Drawings Account</b> |                    |             |                      |             |                    |             |                      |
| <b>Dr.</b>              |                    |             |                      |             |                    |             | <b>Cr.</b>           |
| <b>Date</b>             | <b>Particulars</b> | <b>J.F.</b> | <b>Amount<br/>Rs</b> | <b>Date</b> | <b>Particulars</b> | <b>J.F.</b> | <b>Amount<br/>Rs</b> |
| 2017                    |                    |             |                      | 2017        |                    |             |                      |
| Jan.20                  | Bank               |             | 4,000                |             |                    |             |                      |
| Jan.23                  | Purchases          |             | 2,000                | Jan.31      | Balance<br>c/d     |             | 6,000                |
|                         |                    |             | 6,000                |             |                    |             | 6,000                |
| <b>Rent Account</b>     |                    |             |                      |             |                    |             |                      |
| <b>Dr.</b>              |                    |             |                      |             |                    |             | <b>Cr.</b>           |
| <b>Date</b>             | <b>Particulars</b> | <b>J.F.</b> | <b>Amount<br/>Rs</b> | <b>Date</b> | <b>Particulars</b> | <b>J.F.</b> | <b>Amount<br/>Rs</b> |
| 2017                    |                    |             |                      | 2017        |                    |             |                      |
| Jan.22                  | Bank               |             | 3,000                |             |                    |             |                      |

|  |  |  |       |        |                |       |
|--|--|--|-------|--------|----------------|-------|
|  |  |  |       | Jan.31 | Balance<br>c/d | 3,000 |
|  |  |  | 3,000 |        |                | 3,000 |
|  |  |  |       |        |                |       |

**Commission Account**

| Dr.    |             |      |              |        |             |      | Cr.       |
|--------|-------------|------|--------------|--------|-------------|------|-----------|
| Date   | Particulars | J.F. | Amount<br>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<br>Rs | Date   | Particulars | J.F. | Amount<br>Rs |
| 2017   |             |      |              | 2017   |             |      |              |
| Jan.27 | Bank        |      | 200          |        |             |      |              |
|        |             |      |              | Jan.31 | Balance     |      | 200          |

|  |  |  |     |  |     |     |
|--|--|--|-----|--|-----|-----|
|  |  |  |     |  | c/d |     |
|  |  |  | 200 |  |     | 200 |
|  |  |  |     |  |     |     |

**Insurance Account**

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

|  |  |  |       |  |  |       |
|--|--|--|-------|--|--|-------|
|  |  |  | 7,000 |  |  | 7,000 |
|  |  |  |       |  |  |       |

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  |

Solution:

| 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 |  |
| <b>Cash Account</b> |                                  |     |          |          |  |

| Dr.    |                    |      |              | Cr.    |                   |      |              |
|--------|--------------------|------|--------------|--------|-------------------|------|--------------|
| Date   | Particulars        | J.F. | Amount<br>Rs | Date   | Particulars       | J.F. | Amount<br>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<br>Rs | Date | Particulars | J.F. | Amount<br>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<br>Rs | Date   | Particulars | J.F. | Amount<br>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<br>Rs | Date   | Particulars     | J.F. | Amount<br>Rs |
| 2017   |             |      |              | 2017   |                 |      |              |
| Aug.03 | Cash        |      | 20,000       |        |                 |      |              |
|        |             |      |              | Aug.31 | Balanced<br>c/d |      | 20,000       |
|        |             |      | 20,000       |        |                 |      | 20,000       |
|        |             |      |              |        |                 |      |              |

| <b>Purchases Account</b>         |                   |      |              |        |             |      |              |
|----------------------------------|-------------------|------|--------------|--------|-------------|------|--------------|
| Dr.                              |                   |      |              |        |             |      | Cr.          |
| Date                             | Particulars       | J.F. | Amount<br>Rs | Date   | Particulars | J.F. | Amount<br>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       |
| <b>M/s. Hema Traders Account</b> |                   |      |              |        |             |      |              |
| Dr.                              |                   |      |              |        |             |      | Cr.          |
| Date                             | Particulars       | J.F. | Amount<br>Rs | Date   | Particulars | J.F. | Amount<br>Rs |
| 2017                             |                   |      |              | 2017   |             |      |              |
| Aug.22                           | Purchases Return  |      | 2,000        | Aug.08 | Purchases   |      | 42,000       |
| Aug.23                           | Cash              |      | 40,000       |        |             |      |              |
|                                  |                   |      | 42,000       |        |             |      | 42,000       |
| <b>Sales Account</b>             |                   |      |              |        |             |      |              |

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

**M/s. Gupta Traders Account**

| Dr.    |             |      |              | Cr.    |             |      |              |
|--------|-------------|------|--------------|--------|-------------|------|--------------|
| Date   | Particulars | J.F. | Amount<br>Rs | Date   | Particulars | J.F. | Amount<br>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<br>Rs | Date   | Particulars | J.F. | Amount<br>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<br>Rs | Date   | Particulars    | J.F. | Amount<br>Rs |
| 2017   |             |      |              | 2017   |                |      |              |
| Aug.18 | Cash        |      | 1,000        |        |                |      |              |
|        |             |      |              | Aug.31 | Balance<br>c/d |      | 1,000        |
|        |             |      | 1,000        |        |                |      | 1,000        |

**Purchases Return Account**

| Dr.  |             |      |              |      |             |      | Cr.          |
|------|-------------|------|--------------|------|-------------|------|--------------|
| Date | Particulars | J.F. | Amount<br>Rs | Date | Particulars | J.F. | Amount<br>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<br>Rs | Date   | Particulars | J.F. | Amount<br>Rs |
| 2017   |             |      |              | 2017   |             |      |              |
| Aug.25 | Cash        |      | 100          |        |             |      |              |
|        |             |      |              | Aug.31 | Balance c/d |      | 100          |
|        |             |      | 100          |        |             |      | 100          |

**Salaries Account**

| Dr.  |             |      |              | Cr.  |             |      |              |
|------|-------------|------|--------------|------|-------------|------|--------------|
| Date | Particulars | J.F. | Amount<br>Rs | Date | Particulars | J.F. | Amount<br>Rs |
| 2017 |             |      |              | 2017 |             |      |              |



|        |      |       |        |             |  |       |
|--------|------|-------|--------|-------------|--|-------|
| Aug.30 | Cash | 4,000 |        |             |  |       |
|        |      |       | Aug.31 | Balance c/d |  | 4,000 |
|        |      | 4,000 |        |             |  | 4,000 |
|        |      |       |        |             |  |       |

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  |

Solution:

| Books of M/s. Bhanu Traders |                              |      |                    |                  |
|-----------------------------|------------------------------|------|--------------------|------------------|
| Journal                     |                              |      |                    |                  |
| Date                        | Particulars                  | L.F. | Debit Amount<br>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) <b>see note</b>                 |     |        |        |
| 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<br>Rs | Date   | Particulars    | J.F. | Amount<br>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<br>Rs | Date   | Particulars | J.F. | Amount<br>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<br>Rs | Date   | Particulars     | J.F. | Amount<br>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       |

### Purchases Account

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

**Purchases Return Account**

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



| Date   | Particulars | J.F. | Amount<br>Rs | Date   | Particulars | J.F. | Amount<br>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<br>Rs | Date   | Particulars | J.F. | Amount<br>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<br>Rs | Date | Particulars | J.F. | Amount<br>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<br>Rs | Date   | Particulars | J.F. | Amount<br>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 | Date | Particulars | J.F. | Amount |
|              |             |      |        |      |             |      |        |

|        |      | Rs    |        |             | 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<br>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 |

Solution:

| <b>Books of Beauti Traders</b> |             |      |                    |                  |
|--------------------------------|-------------|------|--------------------|------------------|
| <b>Journal</b>                 |             |      |                    |                  |
| Date                           | Particulars | L.F. | Debit Amount<br>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<br>Rs | Date  | Particulars | J.F. | Amount<br>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<br>Rs | Date | Particulars | J.F. | Amount<br>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<br>Rs | Date   | Particulars | J.F. | Amount<br>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<br>(over draft) |      | 1,77,000     |        |             |      |              |
|        |                             |      | 2,85,000     |        |             |      | 2,85,000     |

**Computer Account**

| Dr.  |             |      |              |      |             |      | Cr.          |
|------|-------------|------|--------------|------|-------------|------|--------------|
| Date | Particulars | J.F. | Amount<br>Rs | Date | Particulars | J.F. | Amount<br>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<br>Rs | Date   | Particulars | J.F. | Amount<br>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<br>Rs | Date   | Particulars | J.F. | Amount<br>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 |

| <b>Meena's Account</b> |             |      |        |        |             |      |        |
|------------------------|-------------|------|--------|--------|-------------|------|--------|
| Dr.                    | Particulars | J.F. | Amount | Date   | Particulars | J.F. | Cr.    |
| Date                   |             |      | Rs     |        |             |      | Rs     |
| 2017                   |             |      |        | 2017   |             |      |        |
|                        |             |      |        | Dec.29 | Purchases   |      | 20,000 |
| Dec.31                 | Balance c/d |      | 20,000 |        |             |      |        |
|                        |             |      | 20,000 |        |             |      | 20,000 |

| <b>Sales Account</b> |             |      |        |        |             |      |        |
|----------------------|-------------|------|--------|--------|-------------|------|--------|
| Dr.                  | Particulars | J.F. | Amount | Date   | Particulars | J.F. | Cr.    |
| Date                 |             |      | 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 |

| <b>Krishna's Account</b> |  |  |  |  |  |  |  |
|--------------------------|--|--|--|--|--|--|--|
|--------------------------|--|--|--|--|--|--|--|

| Dr.    | 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.    | 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. | Particulars | J.F. | Amount | Date | Particulars | J.F. | Amount |
|-----|-------------|------|--------|------|-------------|------|--------|
|     |             |      |        |      |             |      | Rs     |

|        |             |  |           |        |        |  |       |
|--------|-------------|--|-----------|--------|--------|--|-------|
|        |             |  | <b>Rs</b> |        |        |  |       |
| 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<br>Rs | Date   | Particulars | J.F. | Amount 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<br>Rs | Date   | Particulars | J.F. | Amount Rs |
| 2017   |             |      |              | 2017   |             |      |           |
| Dec.16 | Cash        |      | 1,000        |        |             |      |           |
|        |             |      |              | Dec.31 | Balance c/d |      | 1,000     |



|                             |                    |             |               |             |                    |             |                  |
|-----------------------------|--------------------|-------------|---------------|-------------|--------------------|-------------|------------------|
|                             |                    | 1,000       |               |             |                    | 1,000       |                  |
| <b>Sales Return Account</b> |                    |             |               |             |                    |             |                  |
| <b>Dr.</b>                  |                    |             |               |             |                    | <b>Cr.</b>  |                  |
| <b>Date</b>                 | <b>Particulars</b> | <b>J.F.</b> | <b>Amount</b> | <b>Date</b> | <b>Particulars</b> | <b>J.F.</b> | <b>Amount Rs</b> |
|                             |                    |             | <b>Rs</b>     |             |                    |             |                  |
| 2017                        |                    |             |               | 2017        |                    |             |                  |
| Dec.18                      | Krishna            |             | 2,000         |             |                    |             |                  |
|                             |                    |             |               | Dec.31      | Balance c/d        |             | 2,000            |
|                             |                    |             | 2,000         |             |                    |             | 2,000            |
| <b>Insurance Account</b>    |                    |             |               |             |                    |             |                  |
| <b>Dr.</b>                  |                    |             |               |             |                    | <b>Cr.</b>  |                  |
| <b>Date</b>                 | <b>Particulars</b> | <b>J.F.</b> | <b>Amount</b> | <b>Date</b> | <b>Particulars</b> | <b>J.F.</b> | <b>Amount Rs</b> |
|                             |                    |             | <b>Rs</b>     |             |                    |             |                  |
| 2017                        |                    |             |               | 2017        |                    |             |                  |
| Dec.24                      | Bank               |             | 4,000         |             |                    |             |                  |
|                             |                    |             |               | Dec.31      | Balance c/d        |             | 4,000            |
|                             |                    |             | 4,000         |             |                    |             | 4,000            |
| <b>Rent Account</b>         |                    |             |               |             |                    |             |                  |

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

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   |

Solution:

| Books of Sanjana |  |  |      |                 |                  |
|------------------|--|--|------|-----------------|------------------|
| Journal Entries  |  |  |      |                 |                  |
| S.No.            |  | Particulars                                      | L.F. | Debit Amount Rs | Credit Amount Rs |
| 2017             |  |  |      |                 |                  |
| Jan.01           |  | Cash A/c <span style="float: right;">Dr.</span>  |      | 6,000           |                  |
|                  |  | Bank A/c <span style="float: right;">Dr.</span>  |      | 55,000          |                  |
|                  |  | Stock A/c <span style="float: right;">Dr.</span> |      | 40,000          |                  |
|                  |  | Tarun <span style="float: right;">Dr.</span>     |      | 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 |



| Ledger       |                |      |              |        |                     |      |              |
|--------------|----------------|------|--------------|--------|---------------------|------|--------------|
|              |                |      |              |        |                     |      |              |
| Cash Account |                |      |              |        |                     |      |              |
| Dr.          |                |      |              |        |                     |      | Cr.          |
| Date         | Particulars    | J.F. | Amount<br>Rs | Date   | Particulars         | J.F. | Amount<br>Rs |
| 2017         |                |      |              | 2017   |                     |      |              |
| Jan.01       | Balance<br>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<br>Expenses |      | 500          |
| Jan.28       | Sales          |      | 7,000        | Jan.31 | Balance c/d         |      | 11,500       |
|              |                |      | 39,000       |        |                     |      | 39,000       |
|              |                |      |              |        |                     |      |              |

|                        |
|------------------------|
| <b>Capital Account</b> |
|                        |

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

| Rohan's Account |             |      |              |        |             |      |              |
|-----------------|-------------|------|--------------|--------|-------------|------|--------------|
| Dr.             |             |      |              |        |             | Cr.  |              |
| Date            | Particulars | J.F. | Amount<br>Rs | Date   | Particulars | J.F. | Amount<br>Rs |
| 2017            |             |      |              | 2017   |             |      |              |
| Jan.15          | Bank        |      | 6,000        | Jan.01 | Balance     |      | 6,000        |

|  |  |  |       |  |     |  |       |
|--|--|--|-------|--|-----|--|-------|
|  |  |  |       |  | b/d |  |       |
|  |  |  | 6,000 |  |     |  | 6,000 |
|  |  |  |       |  |     |  |       |

| Tarun's Account |                |      |              |        |             |      |              |
|-----------------|----------------|------|--------------|--------|-------------|------|--------------|
| Dr.             |                |      |              |        |             |      | Cr.          |
| Date            | Particulars    | J.F. | Amount<br>Rs | Date   | Particulars | J.F. | Amount<br>Rs |
| 2017            |                |      |              | 2017   |             |      |              |
| Jan.01          | Balance<br>b/d |      | 10,000       | Jan.20 | Bank        |      | 10,000       |
|                 |                |      |              |        |             |      |              |
|                 |                |      | 10,000       |        |             |      | 10,000       |
|                 |                |      |              |        |             |      |              |

| Sales Account |             |      |              |      |             |      |              |
|---------------|-------------|------|--------------|------|-------------|------|--------------|
| Dr.           |             |      |              |      |             |      | Cr.          |
| Date          | Particulars | J.F. | Amount<br>Rs | Date | Particulars | J.F. | Amount<br>Rs |
|               |             |      |              |      |             |      |              |

|        |                |  |        |        |        |        |
|--------|----------------|--|--------|--------|--------|--------|
| 2017   |                |  |        | 2017   |        |        |
|        |                |  |        | Jan.03 | Karuna | 15,000 |
|        |                |  |        | Jan.04 | Cash   | 10,000 |
|        |                |  |        | Jan.06 | Heena  | 5,000  |
| Jan.31 | Balance<br>c/d |  | 37,000 | Jan.28 | Cash   | 7,000  |
|        |                |  | 37,000 |        |        | 37,000 |
|        |                |  |        |        |        |        |

**Karuna's Account**

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

| Heena's Account |             |      |              |        |             |      |              |
|-----------------|-------------|------|--------------|--------|-------------|------|--------------|
| Dr.             |             |      |              |        |             |      | Cr.          |
| Date            | Particulars | J.F. | Amount<br>Rs | Date   | Particulars | J.F. | Amount<br>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<br>Rs | Date   | Particulars    | J.F. | Amount<br>Rs |
| 2017              |             |      |              | 2017   |                |      |              |
| Jan.08            | Rupali      |      | 30,000       | Jan.30 | Drawings       |      | 4,000        |
|                   |             |      |              | Jan.31 | Balance<br>c/d |      | 26,000       |

|  |  |  |        |  |  |        |
|--|--|--|--------|--|--|--------|
|  |  |  | 30,000 |  |  | 30,000 |
|  |  |  |        |  |  |        |

| Rupali's Account |             |      |              |        |             |      |              |
|------------------|-------------|------|--------------|--------|-------------|------|--------------|
| Dr.              |             |      |              |        |             |      | Cr.          |
| Date             | Particulars | J.F. | Amount<br>Rs | Date   | Particulars | J.F. | Amount<br>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<br>Rs | Date | Particulars | J.F. | Amount<br>Rs |
| 2017                 |             |      |              | 2017 |             |      |              |

|        |        |  |       |        |                |  |       |
|--------|--------|--|-------|--------|----------------|--|-------|
| Jan.10 | Karuna |  | 2,000 |        |                |  |       |
|        |        |  |       | Jan.31 | Balance<br>c/d |  | 2,000 |
|        |        |  | 2,000 |        |                |  | 2,000 |
|        |        |  |       |        |                |  |       |

| Cartage Account |             |      |              |        |                |      |              |
|-----------------|-------------|------|--------------|--------|----------------|------|--------------|
| Dr.             |             |      |              |        |                |      | Cr.          |
| Date            | Particulars | J.F. | Amount<br>Rs | Date   | Particulars    | J.F. | Amount<br>Rs |
| 2017            |             |      |              | 2017   |                |      |              |
| Jan.26          | Cash        |      | 1,000        |        |                |      |              |
|                 |             |      |              | Jan.31 | Balance<br>c/d |      | 1,000        |
|                 |             |      | 1,000        |        |                |      | 1,000        |
|                 |             |      |              |        |                |      |              |

| Salaries Account |  |  |  |  |  |  |     |
|------------------|--|--|--|--|--|--|-----|
| Dr.              |  |  |  |  |  |  | Cr. |
|                  |  |  |  |  |  |  |     |



| Date   | Particulars | J.F. | Amount<br>Rs | Date   | Particulars    | J.F. | Amount<br>Rs |
|--------|-------------|------|--------------|--------|----------------|------|--------------|
| 2017   |             |      |              | 2017   |                |      |              |
| Jan.27 | Cash        |      | 8,000        |        |                |      |              |
|        |             |      |              | Jan.31 | Balance<br>c/d |      | 8,000        |
|        |             |      | 8,000        |        |                |      | 8,000        |

| Drawings Account |             |      |              |        |                |      |              |
|------------------|-------------|------|--------------|--------|----------------|------|--------------|
| Dr.              |             |      |              |        |                |      | Cr.          |
| Date             | Particulars | J.F. | Amount<br>Rs | Date   | Particulars    | J.F. | Amount<br>Rs |
| 2017             |             |      |              | 2017   |                |      |              |
| Jan.30           | Purchases   |      | 4,000        |        |                |      |              |
|                  |             |      |              | Jan.31 | Balance<br>c/d |      | 4,000        |
|                  |             |      | 4,000        |        |                |      | 4,000        |

| General Expenses Account |             |      |              |        |                |      |              |
|--------------------------|-------------|------|--------------|--------|----------------|------|--------------|
| Dr.                      |             |      |              |        |                |      | Cr.          |
| Date                     | Particulars | J.F. | Amount<br>Rs | Date   | Particulars    | J.F. | Amount<br>Rs |
| 2017                     |             |      |              | 2017   |                |      |              |
| Jan.31                   | Cash        |      | 500          |        |                |      |              |
|                          |             |      |              | Jan.31 | Balance<br>c/d |      | 500          |
|                          |             |      | 500          |        |                |      | 500          |
|                          |             |      |              |        |                |      |              |

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%)

Solution:

| 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) |