

**MODULE 3**

**FINANCIAL ACCOUNTING PROCESS: Journalising transactions: Journals, Rules of Debit and Credit, Compound Journal Entry, Opening Entry. Ledger posting and trial balance: Ledger, Posting, Relationship between journal and ledger, Rules regarding posting, Trial Balance**

**Note – Meaning of Journals, Rules of debit and Credit, Compound Journal Entry, Opening Entry are in PPT.**

**Problems on Journals.**

1. Jaysheela is a sole proprietor having a provisions store. Following are the transactions during the month of January, 2018. Journalise them.
  - a. Commenced business with cash 80,000
  - b. Deposited cash with bank 40,000
  - c. Purchased goods by paying cash 5,000
  - d. Purchased goods from Lipton & Co. on credit 10,000
  - e. Sold goods to Joy and received cash 11,000
  - f. Paid salaries by cash 5,000
  - g. Paid Lipton & Co. by cheque for the purchases made on 4th Jan.
  - h. Bought furniture by cash 4,000
  - i. Paid electricity charges by cash 1,000
  - j. Bank paid insurance premium on furniture as per standing instructions 300

**Solution**

**In the books of Jeyaseeli  
Journal entries**

| Date           | Particulars  | L.F. | Debit ₹ | Credit ₹ |
|----------------|--|------|---------|----------|
| 2018<br>Jan. 1 | Cash A/c Dr.<br>To Jeyaseeli's Capital A/c<br>(Jeyaseeli commenced business with cash) |      | 80,000  | 80,000   |
| 2              | Bank A/c Dr.<br>To Cash A/c<br>(Deposited cash into bank)                              |      | 40,000  | 40,000   |
| 3              | Purchases A/c Dr.<br>To Cash A/c<br>(Goods purchased by cash)                          |      | 5,000   | 5,000    |
| 4              | Purchases A/c Dr.<br>To Lipton & Co. A/c<br>(Goods purchased on credit)                |      | 10,000  | 10,000   |
| 5              | Cash A/c Dr.<br>To Sales A/c<br>(Cash sales made)                                      |      | 11,000  | 11,000   |

|    |   |     |  |        |        |
|----|---|-----|--|--------|--------|
| 6  | Salaries A/c<br>To Cash A/c<br>(Salaries paid)                                | Dr. |  | 5,000  | 5,000  |
| 7  | Lipton & Co. A/c<br>To Bank A/c<br>(Payment made by cheque)                   | Dr. |  | 10,000 | 10,000 |
| 8  | Furniture A/c<br>To Cash A/c<br>(Furniture bought for cash)                   | Dr. |  | 4,000  | 4,000  |
| 9  | Electricity charges A/c<br>To Cash A/c<br>(Electricity charges paid)          | Dr. |  | 1,000  | 1,000  |
| 10 | Insurance premium A/c<br>To Bank A/c<br>(Insurance premium on furniture paid) | Dr. |  | 300    | 300    |

2. Ananth is a trader dealing in textiles. For the following transactions, pass journal entries for the month of January, 2018.
- Commenced business with cash 70,000
  - Purchased goods from X and Co. on credit 30,000
  - Cash deposited into bank 40,000
  - Bought a building from L and Co. on credit 95,000
  - Cash withdrawn from bank for office use 5,000
  - Cash withdrawn from bank for personal use of Ananthu 4,000
  - Towels given as charities 3,000
  - Shirts taken over by Ananth for personal use 12,000
  - Sarees distributed as free samples 3,000
  - Goods (table clothes) used for office use 200

**Solution**

**In the books of Ananth**  
**Journal entries**

| Date   | Particulars  | L.F. | Debit ₹ | Credit ₹ |
|--------|--|------|---------|----------|
| 2018   |  |      |         |          |
| Jan. 1 | Cash A/c Dr.<br>To Ananth's capital A/c<br>(Commenced business with cash)          |      | 70,000  | 70,000   |
| 2      | Purchases A/c Dr.<br>To X and Co. A/c<br>(Credit purchases made)                   |      | 30,000  | 30,000   |
| 3      | Bank A/c Dr.<br>To Cash A/c<br>(Cash deposited into bank)                          |      | 40,000  | 40,000   |
| 4      | Buildings A/c Dr.<br>To L and Co. A/c<br>(Building bought on credit)               |      | 95,000  | 95,000   |
| 5      | Cash A/c Dr.<br>To Bank A/c<br>(Cash withdrawn from bank for office use)           |      | 5,000   | 5,000    |
| 6      | Drawings A/c Dr.<br>To Bank A/c<br>(Cash withdrawn from bank for personal use)     |      | 4,000   | 4,000    |
| 7      | Charities A/c Dr.<br>To Purchases A/c<br>(Goods given for charities)               |      | 3,000   | 3,000    |
| 8      | Drawings A/c Dr.<br>To Purchases A/c<br>(Goods taken over for personal use)        |      | 12,000  | 12,000   |
| 9      | Sales promotion A/c Dr.<br>To Purchases A/c<br>(Goods distributed as free samples) |      | 3,000   | 3,000    |
| 10     | Office expenses A/c Dr.<br>To Purchases A/c<br>(Goods used for office use)         |      | 200     | 200      |

3. Arun is a trader dealing in automobiles. For the following transactions, pass journal entries for the month of January, 2018

- a. Commenced business with cash 90,000
- b. Purchased goods from X and Co. on credit 40,000
- c. Accepted bill drawn by X and Co. 20,000
- d. Sold goods to D and Co. on credit 10,000
- e. Paid by cash the bill drawn by X and Co.
- f. Received cheque from D and Co. in full settlement and deposited the same in bank 9,000
- g. Commission received in cash 5,000
- h. Goods costing Rs. 40,000 was sold and cash received 50,000
- i. Salaries paid in cash 4,000
- j. Building purchased from Kumar and Co. for Rs. 1,00,000 and an advance of Rs. 20,000 is given in cash.

**Solution**

**In the books of Arun**  
**Journal entries**

| Date           | Particulars   | L.F. | Debit ₹ | Credit ₹ |
|----------------|---|------|---------|----------|
| 2018<br>Jan. 1 | Cash A/c Dr.<br>To Arun's capital A/c<br>(Arun commenced business with cash)    |      | 90,000  | 90,000   |
| 2              | Purchases A/c Dr.<br>To X and Co. A/c<br>(Credit purchases made)                |      | 40,000  | 40,000   |
| 3              | X and Co. A/c Dr.<br>To Bills payable A/c<br>(Bill drawn by X and Co. accepted) |      | 20,000  | 20,000   |
| 4              | D and Co. A/c Dr.<br>To Sales A/c<br>(Goods sold on credit)                     |      | 10,000  | 10,000   |

|    |   |            |  |                |                  |
|----|---|------------|--|----------------|------------------|
| 5  | Bills payable A/c<br>To Cash A/c<br>(Bills payable paid)  | Dr.        |  | 20,000         | 20,000           |
| 6  | Bank A/c<br>Discount A/c<br>To D and Co. A/c<br>(Cheque received from D and Co. in full settlement) | Dr.<br>Dr. |  | 9,000<br>1,000 | 10,000           |
| 7  | Cash A/c<br>To Commission A/c<br>(Commission received in cash)                                      | Dr.        |  | 5,000          | 5,000            |
| 8  | Cash A/c<br>To Sales A/c<br>(Cash sales made)   | Dr.        |  | 50,000         | 50,000           |
| 9  | Salaries A/c<br>To Cash A/c<br>(Salaries paid in cash)  | Dr.        |  | 4,000          | 4,000            |
| 10 | Buildings A/c<br>To Cash A/c<br>To Kumar and Co. A/c<br>(Building bought by giving advance money)   | Dr.        |  | 1,00,000       | 20,000<br>80,000 |

4. Bragathish is a trader dealing in electronic goods who commenced his business in 2015. For the following transactions took place in the month of March 2018, pass journal entries.
- Purchased goods from Y and Co. on credit 60,000
  - Sold goods to D and Co. on credit 30,000
  - Paid Y and Co. through bank in full settlement 58,000
  - D and Co. accepted a bill drawn by Bragathish 30,000
  - Sold goods to L on credit 20,000
  - Sold goods to M on credit 40,000
  - Received a cheque from M in full settlement and deposited the same to the bank 39,000
  - Goods returned to Y and Co. 4,000
  - L became insolvent and only 90 paise per rupee is received by cash in final settlement
  - Goods returned by M 3,000.

**Solution**

**In the books of Bragathish**  
**Journal entries**

| Date            | Particulars   | L.F. | Debit ₹         | Credit ₹        |
|-----------------|---|------|-----------------|-----------------|
| 2018<br>March 1 | Purchases A/c Dr.<br>To Y and Co. A/c<br>(Goods purchased on credit)  |      | 60,000          | 60,000          |
| 2               | D and Co. A/c Dr.<br>To Sales A/c<br>(Credit sales made to D and Co.)   |      | 30,000          | 30,000          |
| 3               | Y and Co. A/c Dr.<br>To Bank A/c<br>To Discount received A/c<br>(Payment made to Y and Co. and discount received) |      | 60,000          | 58,000<br>2,000 |
| 4               | Bills Receivable A/c Dr.<br>To D and Co. A/c<br>(Bills received from D and Co.)                                   |      | 30,000          | 30,000          |
| 5               | L A/c Dr.<br>To Sales A/c<br>(Goods sold on credit to L)  |      | 20,000          | 20,000          |
| 6               | M A/c Dr.<br>To Sales A/c<br>(Goods sold on credit to M)  |      | 40,000          | 40,000          |
| 7               | Bank A/c Dr.<br>Discount allowed A/c Dr.<br>To M A/c<br>(Cheque received and discount allowed)                    |      | 39,000<br>1,000 | 40,000          |
| 8               | Y and A/c Dr.<br>To Purchases returns A/c<br>(Goods returned to Y and Co.)  |      | 4,000           | 4,000           |
| 9               | Cash A/c (20,000 × 0.9) Dr.<br>Bad debts A/c Dr.<br>To L A/c<br>(Cash received from L in final settlement)        |      | 18,000<br>2,000 | 20,000          |
| 10              | Sales returns A/c Dr.<br>To M A/c<br>(Goods returned by M)  |      | 3,000           | 3,000           |



5. Valluvar is a sole trader dealing in textiles. From the following transactions, pass journal entries for the month of March, 2018.

- a. Commenced business with cash 90,000 with goods 60,000
- b. Purchased 20 readymade shirts from X and Co. on credit 10,000
- c. Cash deposited into bank through Cash Deposit Machine 30,000
- d. Purchased 10 readymade sarees from Y and Co. by cash 6,000
- e. Paid X and Co. through NEFT
- f. Sold 5 sarees to A and Co. on credit 4,000
- g. A and Co. deposited the amount due in Cash Deposit Machine
- h. Purchased 20 sarees from Z & Co. and paid through debit card 12,000
- i. Stationery purchased for and paid through net banking 6,000
- j. Bank charges levied 200 .

### Solution

#### In the books of Valluvar Journal entries

| Date            | Particulars   | L.F. | Debit ₹          | Credit ₹ |
|-----------------|---|------|------------------|----------|
| 2018<br>March 1 | Cash A/c Dr.<br>Stock A/c Dr.<br>To Valluvar's Capital A/c<br>(Valluvar commenced business with cash and goods) |      | 90,000<br>60,000 | 1,50,000 |
| 2               | Purchases A/c Dr.<br>To X and Co. A/c<br>(Credit purchases made)  |      | 10,000           | 10,000   |
| 3               | Bank A/c Dr.<br>To Cash A/c<br>(Deposited cash into bank)   |      | 30,000           | 30,000   |
| 4               | Purchases A/c Dr.<br>To Cash A/c<br>(Goods purchased by cash)   |      | 6,000            | 6,000    |

|    |   |     |  |        |        |
|----|---|-----|--|--------|--------|
| 5  | X and Co. A/c<br>To Bank A/c<br>(Deposited cash into bank)        | Dr. |  | 10,000 | 10,000 |
| 6  | A and Co. A/c<br>To Sales A/c<br>(Credit sales made to A and Co.) | Dr. |  | 4,000  | 4,000  |
| 7  | Bank A/c<br>To A and Co. A/c<br>(Money received through CDM)      | Dr. |  | 4,000  | 4,000  |
| 8  | Purchases A/c<br>To Bank A/c<br>(Purchases made)                  | Dr. |  | 12,000 | 12,000 |
| 9  | Stationery A/c<br>To Bank A/c<br>(Stationery purchased)           | Dr. |  | 6,000  | 6,000  |
| 10 | Bank charges A/c<br>To Bank A/c<br>(Bank charges levied)          | Dr. |  | 200    | 200    |

**Problems based on Ledger.**

6. Pass journal entries for the following transactions and post them in the ledger accounts.  
2017

- a. June 1 Basu started business with cash Rs. 50,000
- b. June 4 Purchased furniture by paying cash for Rs. 6,000
- c. June 7 Purchased machinery on credit from Harish Rs. 10,000
- d. June 10 Bought goods for cash Rs. 4,000
- e. June 18 Paid insurance premium Rs. 100



**Solution****In the books of Basu  
Journal entries**

| Date           | Particulars  | L.F. | Debit ₹ | Credit ₹ |
|----------------|--|------|---------|----------|
| 2017<br>June 1 | Cash A/c Dr.<br>To Basu's capital A/c<br>(Started business with cash)          |      | 50,000  | 50,000   |
| June 4         | Furniture A/c Dr.<br>To Cash A/c<br>(Furniture bought for cash)                |      | 6,000   | 6,000    |
| June 7         | Machinery A/c Dr.<br>To Harish A/c<br>(Machinery bought on credit from Harish) |      | 10,000  | 10,000   |
| June 10        | Purchases A/c Dr.<br>To Cash A/c<br>(Goods bought for cash)                    |      | 4,000   | 4,000    |
| June 18        | Insurance premium A/c Dr.<br>To Cash A/c<br>(Insurance premium paid)           |      | 100     | 100      |

**Ledger accounts**

| Dr. Cash account |                       |      |        | Cr.            |                          |      |       |
|------------------|-----------------------|------|--------|----------------|--------------------------|------|-------|
| Date             | Particulars           | J.F. | ₹      | Date           | Particulars              | J.F. | ₹     |
| 2017<br>June 1   | To Basu's capital A/c |      | 50,000 | 2017<br>June 4 | By Furniture A/c         |      | 6,000 |
|                  |                       |      |        | 10             | By Purchases A/c         |      | 4,000 |
|                  |                       |      |        | 18             | By Insurance premium A/c |      | 100   |

| Dr. Basu's Capital account |             |      |   | Cr.            |             |      |        |
|----------------------------|-------------|------|---|----------------|-------------|------|--------|
| Date                       | Particulars | J.F. | ₹ | Date           | Particulars | J.F. | ₹      |
|                            |             |      |   | 2017<br>June 1 | By Cash A/c |      | 50,000 |

| Dr. Furniture account |             |      |       | Cr.  |             |      |   |
|-----------------------|-------------|------|-------|------|-------------|------|---|
| Date                  | Particulars | J.F. | ₹     | Date | Particulars | J.F. | ₹ |
| 2017<br>June 4        | To Cash A/c |      | 6,000 |      |             |      |   |

| Dr. Machinery account |               |      |        | Cr.  |             |      |   |
|-----------------------|---------------|------|--------|------|-------------|------|---|
| Date                  | Particulars   | J.F. | ₹      | Date | Particulars | J.F. | ₹ |
| 2017<br>June 7        | To Harish A/c |      | 10,000 |      |             |      |   |

| Dr. Harish account |             |      |   | Cr.            |                  |      |        |
|--------------------|-------------|------|---|----------------|------------------|------|--------|
| Date               | Particulars | J.F. | ₹ | Date           | Particulars      | J.F. | ₹      |
|                    |             |      |   | 2017<br>June 7 | By Machinery A/c |      | 10,000 |

| Dr. Purchases account |             |      |       | Cr.  |             |      |   |
|-----------------------|-------------|------|-------|------|-------------|------|---|
| Date                  | Particulars | J.F. | ₹     | Date | Particulars | J.F. | ₹ |
| 2017<br>June 10       | To Cash A/c |      | 4,000 |      |             |      |   |

| Dr. Insurance premium account |             |      |     | Cr.  |             |      |   |
|-------------------------------|-------------|------|-----|------|-------------|------|---|
| Date                          | Particulars | J.F. | ₹   | Date | Particulars | J.F. | ₹ |
| 2017<br>June 18               | To Cash A/c |      | 100 |      |             |      |   |

### 7. Prepare necessary ledger accounts in the books of Joy from the following opening entry

**In the books of Joy Journal entries**

**In the books of Joy  
Journal entries**

| Date          | Particulars  | L.F. | Debit ₹ | Credit ₹ |
|---------------|--|------|---------|----------|
| 2017<br>Jan 1 | Cash A/c   | Dr.  | 45,000  |          |
|               | Stock A/c  | Dr.  | 50,000  |          |
|               | Sohan A/c  | Dr.  | 35,000  |          |
|               | Furniture A/c  | Dr.  | 50,000  |          |
|               | To Ram A/c   |      |         | 20,000   |
|               | To Joy's capital A/c                                 |      |         | 1,60,000 |
|               | (Balances of assets and liabilities brought forward) |      |         |          |

**Solution****Ledger accounts**

| Dr. Cash account |                |      |        | Cr.  |             |      |   |
|------------------|----------------|------|--------|------|-------------|------|---|
| Date             | Particulars    | J.F. | ₹      | Date | Particulars | J.F. | ₹ |
| 2017<br>Jan 1    | To Balance b/d |      | 45,000 |      |             |      |   |

| Dr. Stock account |                |      |        | Cr.  |             |      |   |
|-------------------|----------------|------|--------|------|-------------|------|---|
| Date              | Particulars    | J.F. | ₹      | Date | Particulars | J.F. | ₹ |
| 2017<br>Jan 1     | To Balance b/d |      | 50,000 |      |             |      |   |

| Dr. Sohan account |                |      |        | Cr.  |             |      |   |
|-------------------|----------------|------|--------|------|-------------|------|---|
| Date              | Particulars    | J.F. | ₹      | Date | Particulars | J.F. | ₹ |
| 2017<br>Jan 1     | To Balance b/d |      | 35,000 |      |             |      |   |

| Dr. Furniture account |                |      |        | Cr.  |             |      |   |
|-----------------------|----------------|------|--------|------|-------------|------|---|
| Date                  | Particulars    | J.F. | ₹      | Date | Particulars | J.F. | ₹ |
| 2017<br>Jan 1         | To Balance b/d |      | 50,000 |      |             |      |   |

| Dr. Ram account |             |      |   | Cr.           |                |      |        |
|-----------------|-------------|------|---|---------------|----------------|------|--------|
| Date            | Particulars | J.F. | ₹ | Date          | Particulars    | J.F. | ₹      |
|                 |             |      |   | 2017<br>Jan 1 | By Balance b/d |      | 20,000 |

| Dr. Joy's capital account |             |      |   | Cr.           |                |      |          |
|---------------------------|-------------|------|---|---------------|----------------|------|----------|
| Date                      | Particulars | J.F. | ₹ | Date          | Particulars    | J.F. | ₹        |
|                           |             |      |   | 2017<br>Jan 1 | By Balance b/d |      | 1,60,000 |

**8. Posting of compound journal entry****Illustration 1**

Journalise the following transactions and post them to ledger. On May 20, 2018, Ram paid salaries Rs. 15,000; Electricity charges Rs. 8,000 and wages Rs. 2,000.

**Solution****In the books of Ram****Journal entries**

| Date   | Particulars                 | L.F. | Debit ₹ | Credit ₹ |
|--------|-----------------------------|------|---------|----------|
| 2018   |                             |      |         |          |
| May 20 | Salaries A/c Dr.            |      | 15,000  |          |
|        | Electricity charges A/c Dr. |      | 8,000   |          |
|        | Wages A/c Dr.               |      | 2,000   |          |
|        | To Cash A/c                 |      |         | 25,000   |
|        | (Expenses paid)             |      |         |          |

**Ledger accounts****Dr. Salaries account Cr.**

| Date   | Particulars | J.F. | ₹      | Date | Particulars | J.F. | ₹ |
|--------|-------------|------|--------|------|-------------|------|---|
| 2018   |             |      |        |      |             |      |   |
| May 20 | To Cash A/c |      | 15,000 |      |             |      |   |

**Dr. Electricity charges account Cr.**

| Date   | Particulars | J.F. | ₹     | Date | Particulars | J.F. | ₹ |
|--------|-------------|------|-------|------|-------------|------|---|
| 2018   |             |      |       |      |             |      |   |
| May 20 | To Cash A/c |      | 8,000 |      |             |      |   |

**Dr. Wages account Cr.**

| Date   | Particulars | J.F. | ₹     | Date | Particulars | J.F. | ₹ |
|--------|-------------|------|-------|------|-------------|------|---|
| 2018   |             |      |       |      |             |      |   |
| May 20 | To Cash A/c |      | 2,000 |      |             |      |   |

**Dr. Cash account Cr.**

| Date | Particulars | J.F. | ₹ | Date   | Particulars                | J.F. | ₹      |
|------|-------------|------|---|--------|----------------------------|------|--------|
|      |             |      |   | 2018   |                            |      |        |
|      |             |      |   | May 20 | By Salaries A/c            |      | 15,000 |
|      |             |      |   |        | By Electricity charges A/c |      | 8,000  |
|      |             |      |   |        | By Wages A/c               |      | 2,000  |

**Illustration 2**

On 15th March, 2017, Ramesh paid Rs. 13,800 in full settlement of his account Rs. 15,000 due to his creditor Dinesh. Pass journal entry and prepare ledger accounts.

**Solution****In the books of Ramesh****Journal entry****In the books of Ramesh****Journal entry**

| Date             | Particulars  | L.F. | Debit ₹ | Credit ₹        |
|------------------|--|------|---------|-----------------|
| 2017<br>March 15 | Dinesh A/c Dr.<br>To Cash A/c<br>To Discount received A/c<br>(Paid Dinesh in full settlement of his account) |      | 15,000  | 13,800<br>1,200 |

**Ledger accounts**

| Dr. Dinesh account |   |      |                 | Cr.  |             |      |   |
|--------------------|---|------|-----------------|------|-------------|------|---|
| Date               | Particulars                             | J.F. | ₹               | Date | Particulars | J.F. | ₹ |
| 2017<br>March 15   | To Cash A/c<br>To Discount received A/c |      | 13,800<br>1,200 |      |             |      |   |

| Dr. Cash account |             |      |   | Cr.              |               |      |        |
|------------------|-------------|------|---|------------------|---------------|------|--------|
| Date             | Particulars | J.F. | ₹ | Date             | Particulars   | J.F. | ₹      |
|                  |             |      |   | 2017<br>March 15 | By Dinesh A/c |      | 13,800 |

| Dr. Discount received account |             |      |   | Cr.              |               |      |       |
|-------------------------------|-------------|------|---|------------------|---------------|------|-------|
| Date                          | Particulars | J.F. | ₹ | Date             | Particulars   | J.F. | ₹     |
|                               |             |      |   | 2017<br>March 15 | By Dinesh A/c |      | 1,200 |

9. Thmizhanban started book selling business on 1st January, 2018. Following are the transactions took place in his business for the month of January, 2018. Pass journal entries and pre-prepare ledger accounts.

2018

Jan. 1: Started business with cash Rs. 3,00,000

Jan. 2: Opened bank account by depositing Rs. 2,00,000

Jan. 5: Goods bought from Tamil Nadu Textbook Corporation for cash Rs. 10,000

Jan. 15: Sold goods to MM Traders for cash Rs. 5,000



Jan. 22: Purchased goods from X and Co. for Rs. 15,000 and the payment is made through net banking.

Jan. 25: Sold goods to Y and Co. for Rs. 30,000 and the payment is received through NEFT

**In the books of Thamizhanban**

**Journal entries**

| Date           | Particulars  | L.F. | Debit<br>₹ | Credit<br>₹ |
|----------------|--|------|------------|-------------|
| 2018<br>Jan. 1 | Cash A/c<br>To Thamizhanban's capital A/c<br>(Started business with cash)              | Dr.  | 3,00,000   | 3,00,000    |
| 2              | Bank A/c<br>To Cash A/c<br>(Cash deposited with the bank)                              | Dr.  | 2,00,000   | 2,00,000    |
| 5              | Purchases A/c<br>To Cash A/c<br>(Goods purchased for cash)                             | Dr.  | 10,000     | 10,000      |
| 15             | Cash A/c<br>To Sales A/c<br>(Goods sold for cash)                                      | Dr.  | 5,000      | 5,000       |
| 22             | Purchases A/c<br>To Bank A/c<br>(Goods purchased and payment made through net banking) | Dr.  | 15,000     | 15,000      |
| 25             | Bank A/c<br>To Sales A/c<br>(Goods sold and the payment is received through NEFT)      | Dr.  | 30,000     | 30,000      |

**Dr. Cash account Cr.**

| Date           | Particulars                   | J.F. | ₹        | Date           | Particulars      | J.F. | ₹        |
|----------------|-------------------------------|------|----------|----------------|------------------|------|----------|
| 2018<br>Jan. 1 | To Thamizhanban's capital A/c |      | 3,00,000 | 2018<br>Jan. 2 | By Bank A/c      |      | 2,00,000 |
| 15             | To Sales A/c                  |      | 5,000    | 5              | By Purchases A/c |      | 10,000   |
|                |                               |      |          | 31             | By Balance c/d   |      | 95,000   |
|                |                               |      | 3,05,000 |                |                  |      | 3,05,000 |
| Feb. 1         | To Balance b/d                |      | 95,000   |                |                  |      |          |

**Dr. Thamizhanban's capital account Cr.**

| Date            | Particulars    | J.F. | ₹        | Date           | Particulars    | J.F. | ₹        |
|-----------------|----------------|------|----------|----------------|----------------|------|----------|
| 2018<br>Jan. 31 | To Balance c/d |      | 3,00,000 | 2018<br>Jan. 1 | By Cash A/c    |      | 3,00,000 |
|                 |                |      | 3,00,000 |                |                |      | 3,00,000 |
|                 |                |      |          | Feb. 1         | By Balance b/d |      | 3,00,000 |



| Dr. Bank account |                |      |          | Cr.     |                  |      |          |
|------------------|----------------|------|----------|---------|------------------|------|----------|
| Date             | Particulars    | J.F. | ₹        | Date    | Particulars      | J.F. | ₹        |
| 2018             |                |      |          | 2018    |                  |      |          |
| Jan. 2           | To Cash A/c    |      | 2,00,000 | Jan. 22 | By Purchases A/c |      | 15,000   |
| 25               | To Sales A/c   |      | 30,000   | 31      | By Balance c/d   |      | 2,15,000 |
|                  |                |      | 2,30,000 |         |                  |      | 2,30,000 |
| Feb. 1           | To Balance b/d |      | 2,15,000 |         |                  |      |          |

| Dr. Purchases account |                |      |        | Cr.     |                |      |        |
|-----------------------|----------------|------|--------|---------|----------------|------|--------|
| Date                  | Particulars    | J.F. | ₹      | Date    | Particulars    | J.F. | ₹      |
| 2018                  |                |      |        | 2018    |                |      |        |
| Jan. 5                | To Cash A/c    |      | 10,000 | Jan. 31 | By Balance c/d |      | 25,000 |
| 22                    | To Bank A/c    |      | 15,000 |         |                |      | 25,000 |
|                       |                |      | 25,000 |         |                |      |        |
| Feb. 1                | To Balance b/d |      | 25,000 |         |                |      |        |

| Dr. Sales account |                |      |        | Cr.     |                |      |        |
|-------------------|----------------|------|--------|---------|----------------|------|--------|
| Date              | Particulars    | J.F. | ₹      | Date    | Particulars    | J.F. | ₹      |
| 2018              |                |      |        | 2018    |                |      |        |
| Jan. 31           | To Balance c/d |      | 35,000 | Jan. 15 | By Cash A/c    |      | 5,000  |
|                   |                |      | 35,000 | 25      | By Bank A/c    |      | 30,000 |
|                   |                |      |        | Feb. 1  | By Balance b/d |      | 35,000 |

10. Bharathi is a sole trader dealing in oil products for the past five years. The books of accounts showed the following balances on 1st April, 2018: Cash in hand Rs. 25,000; Cash at bank 3,00,000. The following transactions took place for the month of April 2018.

April 1: Goods bought by giving cheque Rs. 30,000

April 5: Goods sold to Naveen and payment received through NEFT Rs. 40,000

April 6: Goods sold to Xavier for cash Rs. 20,000

April 9: Goods sold on credit to Abdul for Rs. 25,000

April 18: Cash received from Abdul Rs. 10,000

**In the books of Bharathi**  
**Journal entries**

| Date           | Particulars   | L.F. | Debit<br>₹ | Credit<br>₹ |
|----------------|---|------|------------|-------------|
| 2018<br>Apr. 1 | Purchases A/c Dr.<br>To Bank A/c<br>(Goods purchased and payment made through cheque) |      | 30,000     | 30,000      |
| 5              | Bank A/c Dr.<br>To Sales A/c<br>(Goods sold and payment received through NEFT )       |      | 40,000     | 40,000      |
| 6              | Cash A/c Dr.<br>To Sales A/c<br>(Goods sold for cash)                                 |      | 20,000     | 20,000      |
| 9              | Abdul A/c Dr.<br>To Sales A/c<br>( Goods sold on credit to Abdul)                     |      | 25,000     | 25,000      |
| 18             | Cash A/c Dr.<br>To Abdul A/c<br>(Cash received from Abdul)                            |      | 10,000     | 10,000      |

| Dr.    |  |                |  | Cash account |        |        |  | Cr.            |  |      |        |
|--------|--|----------------|--|--------------|--------|--------|--|----------------|--|------|--------|
| Date   |  | Particulars    |  | J.F.         | ₹      | Date   |  | Particulars    |  | J.F. | ₹      |
| 2018   |  |                |  |              |        | 2018   |  |                |  |      |        |
| Apr. 1 |  | To Balance b/d |  |              | 25,000 | Apr 30 |  | By Balance c/d |  |      | 55,000 |
| 6      |  | To Sales A/c   |  |              | 20,000 |        |  |                |  |      |        |
| 18     |  | To Abdul A/c   |  |              | 10,000 |        |  |                |  |      |        |
|        |  |                |  |              | 55,000 |        |  |                |  |      | 55,000 |
| May 1  |  | To Balance b/d |  |              | 55,000 |        |  |                |  |      |        |

**Dr. Bank account Cr.**

| Date   | Particulars    | J.F. | ₹        | Date   | Particulars      | J.F. | ₹               |
|--------|----------------|------|----------|--------|------------------|------|-----------------|
| 2018   |                |      |          | 2018   |                  |      |                 |
| Apr. 1 | To Balance b/d |      | 3,00,000 | Apr. 1 | By Purchases A/c |      | 30,000          |
| 5      | To Sales A/c   |      | 40,000   | 30     | By Balance c/d   |      | <b>3,10,000</b> |
|        |                |      | 3,40,000 |        |                  |      | 3,40,000        |
| May 1  | To Balance b/d |      | 3,10,000 |        |                  |      |                 |

**Dr. Purchases account Cr.**

| Date   | Particulars    | J.F. | ₹      | Date    | Particulars    | J.F. | ₹      |
|--------|----------------|------|--------|---------|----------------|------|--------|
| 2018   |                |      |        | 2018    |                |      |        |
| Apr. 1 | To Bank A/c    |      | 30,000 | Apr. 30 | By Balance c/d |      | 30,000 |
|        |                |      | 30,000 |         |                |      | 30,000 |
| May 1  | To Balance b/d |      | 30,000 |         |                |      |        |

**Dr. Sales account Cr.**

| Date    | Particulars    | J.F. | ₹      | Date   | Particulars    | J.F. | ₹      |
|---------|----------------|------|--------|--------|----------------|------|--------|
| 2018    |                |      |        | 2018   |                |      |        |
| Apr. 30 | To Balance c/d |      | 85,000 | Apr. 5 | By Bank A/c    |      | 40,000 |
|         |                |      |        | 6      | By Cash A/c    |      | 20,000 |
|         |                |      |        | 9      | By Abdul A/c   |      | 25,000 |
|         |                |      | 85,000 |        |                |      | 85,000 |
|         |                |      |        | May. 1 | By Balance b/d |      | 85,000 |

| Dr. Sales account |                |      |        | Cr.            |                |      |        |
|-------------------|----------------|------|--------|----------------|----------------|------|--------|
| Date              | Particulars    | J.F. | ₹      | Date           | Particulars    | J.F. | ₹      |
| 2018<br>Apr. 30   | To Balance c/d |      | 85,000 | 2018<br>Apr. 5 | By Bank A/c    |      | 40,000 |
|                   |                |      |        | 6              | By Cash A/c    |      | 20,000 |
|                   |                |      |        | 9              | By Abdul A/c   |      | 25,000 |
|                   |                |      | 85,000 |                |                |      | 85,000 |
|                   |                |      |        | May. 1         | By Balance b/d |      | 85,000 |

| Dr. Abdul account |                |      |        | Cr.             |                |      |        |
|-------------------|----------------|------|--------|-----------------|----------------|------|--------|
| Date              | Particulars    | J.F. | ₹      | Date            | Particulars    | J.F. | ₹      |
| 2018<br>Apr. 9    | To Sales A/c   |      | 25,000 | 2018<br>Apr. 18 | By Cash A/c    |      | 10,000 |
|                   |                |      |        | 30              | By Balance c/d |      | 15,000 |
|                   |                |      | 25,000 |                 |                |      | 25,000 |
| May 1             | To Balance b/d |      | 15,000 |                 |                |      |        |

11. The following are the transactions of Kumaran, dealing in stationery items. Prepare ledger accounts, 2017

June 5: Started business with cash Rs. 2,00,000

June 8: Opened bank account by depositing Rs. 80,000

June 12: Bought goods on credit from Sri Ram for Rs. 30,000

June 15: Sold goods on credit to Selva for Rs. 10,000

June 22: Goods sold for cash Rs. 15,000

June 25: Paid Sri Ram Rs. 30,000 through NEFT

June 28: Received a cheque from Selva and deposited the same in bank Rs. 10,000

Ledger accounts.

| Dr.          |                          |      |          | Cr.    |                |      |          |
|--------------|--------------------------|------|----------|--------|----------------|------|----------|
| Cash account |                          |      |          |        |                |      |          |
| Date         | Particulars              | J.F. | ₹        | Date   | Particulars    | J.F. | Amount ₹ |
| 2017         |                          |      |          | 2017   |                |      |          |
| June 5       | To Kumaran's capital A/c |      | 2,00,000 | June 8 | By Bank A/c    |      | 80,000   |
|              |                          |      |          | 25     | By Balance c/d |      | 1,35,000 |
| 22           | To Sales A/c             |      | 15,000   |        |                |      |          |
|              |                          |      | 2,15,000 |        |                |      | 2,15,000 |
| July 1       | To Balance b/d           |      | 1,35,000 |        |                |      |          |

| Dr.     |  |                |  | Kumaran's capital account |          |        |  | Cr.            |  |      |          |
|---------|--|----------------|--|---------------------------|----------|--------|--|----------------|--|------|----------|
| Date    |  | Particulars    |  | J.F.                      | ₹        | Date   |  | Particulars    |  | J.F. | ₹        |
| 2017    |  |                |  |                           |          | 2017   |  |                |  |      |          |
| June 30 |  | To Balance c/d |  |                           | 2,00,000 | June 5 |  | By Cash A/c    |  |      | 2,00,000 |
|         |  |                |  |                           | 2,00,000 |        |  |                |  |      | 2,00,000 |
|         |  |                |  |                           |          | July 1 |  | By Balance b/d |  |      | 2,00,000 |

| Dr.    |  |                |  | Bank account |        |         |  | Cr.            |  |      |        |
|--------|--|----------------|--|--------------|--------|---------|--|----------------|--|------|--------|
| Date   |  | Particulars    |  | J.F.         | ₹      | Date    |  | Particulars    |  | J.F. | ₹      |
| 2017   |  |                |  |              |        | 2017    |  |                |  |      |        |
| June 8 |  | To Cash A/c    |  |              | 80,000 | June 25 |  | By Sri Ram A/c |  |      | 30,000 |
| 28     |  | To Selva A/c   |  |              | 10,000 | 30      |  | By Balance c/d |  |      | 60,000 |
|        |  |                |  |              | 90,000 |         |  |                |  |      | 90,000 |
| July 1 |  | To Balance b/d |  |              | 60,000 |         |  |                |  |      |        |

| Dr. Purchases account |                |      |        | Cr.     |                |      |        |
|-----------------------|----------------|------|--------|---------|----------------|------|--------|
| Date                  | Particulars    | J.F. | ₹      | Date    | Particulars    | J.F. | ₹      |
| 2017                  |                |      |        | 2017    |                |      |        |
| June 12               | To Sri Ram A/c |      | 30,000 | June 30 | By Balance c/d |      | 30,000 |
|                       |                |      | 30,000 |         |                |      | 30,000 |
| July 1                | To Balance b/d |      | 30,000 |         |                |      |        |

| Dr. Sri Ram account |             |      |        | Cr.     |                  |      |        |
|---------------------|-------------|------|--------|---------|------------------|------|--------|
| Date                | Particulars | J.F. | ₹      | Date    | Particulars      | J.F. | ₹      |
| 2017                |             |      |        | 2017    |                  |      |        |
| June 25             | To Bank A/c |      | 30,000 | June 12 | By Purchases A/c |      | 30,000 |
|                     |             |      | 30,000 |         |                  |      | 30,000 |

| Dr. Selva account |              |      |        | Cr.     |             |      |        |
|-------------------|--------------|------|--------|---------|-------------|------|--------|
| Date              | Particulars  | J.F. | ₹      | Date    | Particulars | J.F. | ₹      |
| 2017              |              |      |        | 2017    |             |      |        |
| June 15           | To Sales A/c |      | 10,000 | June 28 | By Bank A/c |      | 10,000 |
|                   |              |      | 10,000 |         |             |      | 10,000 |

| Dr. Sales account |                |      |        | Cr.     |                |      |        |
|-------------------|----------------|------|--------|---------|----------------|------|--------|
| Date              | Particulars    | J.F. | ₹      | Date    | Particulars    | J.F. | ₹      |
| 2017              |                |      |        | 2017    |                |      |        |
| June 30           | To Balance c/d |      | 25,000 | June 15 | By Selva A/c   |      | 10,000 |
|                   |                |      | 25,000 | 22      | By Cash A/c    |      | 15,000 |
|                   |                |      |        |         |                |      | 25,000 |
|                   |                |      |        | July 1  | By Balance b/d |      | 25,000 |

### Problems based on Trial Balance.

#### 12.

From the following balances, prepare a trial balance :

|                   | ₹        |                    | ₹        |
|-------------------|----------|--------------------|----------|
| Sales             | 1,07,800 | Capital            | 1,00,000 |
| Sales Returns     | 2,800    | Discount received  | 1,800    |
| Purchases         | 62,400   | Plant & Mach.      | 35,000   |
| Purchase Return   | 2,400    | Bank overdraft     | 20,000   |
| Opening Stock     | 15,000   | Trade expenses     | 1,500    |
| Wages             | 10,600   | Furniture          | 5,000    |
| Sundry Creditors  | 32,500   | Loose Tools        | 3,200    |
| Wages Outstanding | 1,400    | Insurance          | 500      |
| Carriage outward  | 1,400    | Drawings           | 3,000    |
| Coal and Gas      | 2,500    | Bank charges       | 500      |
| Commission        | 1,000    | Salaries           | 4,500    |
| Factory Building  | 1,00,000 | Plant depreciation | 2,000    |
| Sundry debtors    | 15,000   |                    |          |



**Solution:****Trial Balance as on .....**

| <i>Debit Balances</i> | ₹               | <i>Credit Balances</i> | ₹               |
|-----------------------|-----------------|------------------------|-----------------|
| Purchases             | 62,400          | Capital                | 1,00,000        |
| Sales Returns         | 12,800          | Sales                  | 1,07,800        |
| Opening stock         | 15,000          | Purchases returns      | 12,400          |
| Plant and machinery   | 35,000          | Discount received      | 1,800           |
| Plant depreciation    | 2,000           | Outstanding wages      | 1,400           |
| Trade expenses        | 1,500           | Bank overdraft         | 20,000          |
| Furniture             | 5,000           | Sundry creditors       | 32,500          |
| Loose tools           | 3,200           |                        |                 |
| Insurance             | 500             |                        |                 |
| Drawings              | 3,000           |                        |                 |
| Bank charges          | 500             |                        |                 |
| Salaries              | 4,500           |                        |                 |
| Sundry debtors        | 15,000          |                        |                 |
| Factory building      | 1,00,000        |                        |                 |
| Commission            | 1,000           |                        |                 |
| Coal and gas          | 2,500           |                        |                 |
| Carriage outwards     | 1,400           |                        |                 |
| Wages                 | 10,600          |                        |                 |
| <b>Total</b>          | <b>2,75,900</b> | <b>Total</b>           | <b>2,75,900</b> |

13.

Give the Journal entries for the following transactions:

|   | ₹      |
|---|--------|
| April 1 Business started with cash            | 10,000 |
| April 3 Deposited in SBI                      | 6,000  |
| April 5 Bought goods from Mahavir             | 1,500  |
| April 9 Sold goods to Gupta                   | 650    |
| April 12 Paid cash to Mahavir                 | 990    |
| Discount received                             | 10     |
| April 15 Cash received from Gupta             | 625    |
| Discount allowed                              | 25     |
| April 20 Furniture purchased                  | 300    |
| April 22 Drew cash from bank for personal use | 600    |
| April 30 Paid rent by cheque                  | 200    |
| April 30 Salary due to clerk                  | 300    |

Also prepare the necessary ledger accounts and prepare a trial balance.

**Solution :****Journal Entries**

| <i>Date</i> | <i>Particulars</i>   | <i>LF</i> | <i>Debit (₹)</i> | <i>Credit (₹)</i> |
|-------------|--|-----------|------------------|-------------------|
| April 1     | Cash A/c ...Dr.<br>To Capital A/c<br>(Being capital introduced by proprietor)  |           | 10,000           | 10,000            |
| April 3     | Bank A/c ...Dr.<br>To Cash A/c<br>(Being cash deposited in SBI)  |           | 6,000            | 6,000             |
| April 5     | Purchases A/c ...Dr.<br>To Mahavir A/c<br>(Being purchased of goods on credit from Mahavir)                              |           | 1,500            | 1,500             |
| April 9     | Gupta's A/c ...Dr.<br>To Sales A/c<br>(Being goods sold to Gupta on credit)  |           | 650              | 650               |
| April 12    | Mahavir A/c ...Dr.<br>To Cash A/c<br>To Discount A/c<br>(Being payment made to Mahavir and discount received)            |           | 1000             | 990<br>10         |
| April 15    | Cash A/c ...Dr.<br>Discount A/c ...Dr.<br>To Gupta's A/c<br>(Being cash received from Gupta and discount allowed to him) |           | 625<br>25        | 650               |
| April 20    | Furniture A/c ...Dr.<br>To Cash A/c<br>(Being purchase of furniture on cash basis)                                       |           | 300              | 300               |
| April 22    | Drawings A/c ...Dr.<br>To Bank A/c<br>(Being cash withdrawn from banks for personal use of proprietor)                   |           | 600              | 600               |
| April 30    | Rent A/c ...Dr.<br>To Bank A/c<br>(Being rent paid by cheque)  |           | 200              | 200               |
| April 30    | Salary A/c ...Dr.<br>To Salary outstanding A/c<br>(Being salary of a clerk remains outstanding)                          |           | 300              | 300               |

**Solution:****Trial Balance as on April 30.....**

| <i>Particulars</i> | ₹             | <i>Particulars</i> | ₹             |
|--------------------|---------------|--------------------|---------------|
| Cash               | 3,335         | Capital            | 10,000        |
| Bank               | 5,200         | Mahavir            | 500           |
| Purchases          | 1,500         | Sales              | 650           |
| Discount allowed   | 25            | Discount received  | 10            |
| Furniture          | 300           | Salary outstanding | 300           |
| Drawings           | 600           |                    |               |
| Rent               | 200           |                    |               |
| Salary             | 300           |                    |               |
| <b>Total</b>       | <b>11,460</b> | <b>Total</b>       | <b>11,460</b> |

**Ledger Accounts****Capital Account**

| <i>Dr.</i>  |                    |           |                    | <i>Cr.</i>  |                    |           |                    |
|-------------|--------------------|-----------|--------------------|-------------|--------------------|-----------|--------------------|
| <i>Date</i> | <i>Particulars</i> | <i>JF</i> | <i>Amount</i><br>₹ | <i>Date</i> | <i>Particulars</i> | <i>JF</i> | <i>Amount</i><br>₹ |
| Apr 30      | To Balance c/d     |           | 10,000             | Apr 1       | By Cash A/c        |           | 10,000             |
|             |                    |           |                    | May 1       | By Balance b/d     |           | 10,000             |

**Cash Account**

| <i>Dr.</i>  |                    |           |                    | <i>Cr.</i>  |                    |           |                    |
|-------------|--------------------|-----------|--------------------|-------------|--------------------|-----------|--------------------|
| <i>Date</i> | <i>Particulars</i> | <i>JF</i> | <i>Amount</i><br>₹ | <i>Date</i> | <i>Particulars</i> | <i>JF</i> | <i>Amount</i><br>₹ |
| Apr 1       | To Capital A/c     |           | 10,000             | Apr 3       | By Bank A/c        |           | 6,000              |
| Apr 15      | To Gupta A/c       |           | 625                | Apr 12      | By Mahavir A/c     |           | 990                |
|             |                    |           |                    | Apr 20      | By Furniture A/c   |           | 300                |
|             |                    |           |                    | Apr 30      | By Balance c/d     |           | 3335               |
|             |                    |           | 10,625             |             |                    |           | 10,625             |
| May 1       | To Balance b/d     |           | 3335               |             |                    |           |                    |

*Dr.* **Bank Account** *Cr.*

| <i>Date</i> | <i>Particulars</i> | <i>JF</i> | <i>₹</i> | <i>Date</i> | <i>Particulars</i> | <i>JF</i> | <i>₹</i> |
|-------------|--------------------|-----------|----------|-------------|--------------------|-----------|----------|
| Apr 3       | To Cash A/c        |           | 6,000    | Apr 22      | By Drawings A/c    |           | 600      |
|             |                    |           |          | Apr 30      | By Rent A/c        |           | 200      |
|             |                    |           |          | Apr 30      | By Balance C/d     |           | 5,200    |
|             |                    |           | 6,000    |             |                    |           | 6,000    |
| May 1       | To Balance b/d     |           | 5,200    |             |                    |           |          |

*Dr.* **Purchases Account** *Cr.*

| <i>Date</i> | <i>Particulars</i> | <i>JF</i> | <i>₹</i> | <i>Date</i> | <i>Particulars</i> | <i>JF</i> | <i>₹</i> |
|-------------|--------------------|-----------|----------|-------------|--------------------|-----------|----------|
| Apr 5       | To Mahavir A/c     |           | 1,500    | Apr 30      | By Balance c/d     |           | 1,500    |
|             |                    |           | 1,500    |             |                    |           | 1,500    |
| May 1       | To Balance b/d     |           | 1,500    |             |                    |           |          |

*Dr.* **Mahavir's Account** *Cr.*

| <i>Date</i> | <i>Particulars</i>       | <i>JF</i> | <i>₹</i> | <i>Date</i> | <i>Particulars</i> | <i>JF</i> | <i>₹</i> |
|-------------|--------------------------|-----------|----------|-------------|--------------------|-----------|----------|
| Apr 12      | To Cash A/c              |           | 990      | Apr 5       | By Purchases A/c   |           | 1,500    |
| Apr 12      | To Discount received A/c |           | 10       |             |                    |           |          |
| Apr 30      | To Balance c/d           |           | 500      |             |                    |           | 1,500    |
|             |                          |           | 1,500    |             |                    |           |          |
|             |                          |           |          | May 1       | By Balance b/d     |           | 500      |

*Dr.* **Sales Account** *Cr.*

| <i>Date</i> | <i>Particulars</i> | <i>JF</i> | <i>₹</i> | <i>Date</i> | <i>Particulars</i> | <i>JF</i> | <i>₹</i> |
|-------------|--------------------|-----------|----------|-------------|--------------------|-----------|----------|
| Apr 30      | To Balance c/d     |           | 650      | Apr 9       | By Gupta's A/c     |           | 650      |
|             |                    |           | 650      |             |                    |           | 650      |
|             |                    |           |          | May 1       | By Balance b/d     |           | 650      |

*Dr.* **Gupta's Account** *Cr.*

| <i>Date</i> | <i>Particulars</i> | <i>JF</i> | <i>₹</i> | <i>Date</i> | <i>Particulars</i>      | <i>JF</i> | <i>₹</i> |
|-------------|--------------------|-----------|----------|-------------|-------------------------|-----------|----------|
| Apr 9       | To Sales A/c       |           | 650      |             | By Cash A/c             |           | 625      |
|             |                    |           |          |             | By Discount allowed A/c |           | 25       |
|             |                    |           | 650      |             |                         |           | 650      |

*Dr.* **Discount Received Account** *Cr.*

| <i>Date</i> | <i>Particulars</i> | <i>JF</i> | <i>₹</i> | <i>Date</i> | <i>Particulars</i> | <i>JF</i> | <i>₹</i> |
|-------------|--------------------|-----------|----------|-------------|--------------------|-----------|----------|
| Apr 30      | To Balance c/d     |           | 10       | Apr 12      | By Mahavir's A/c   |           | 10       |
|             |                    |           | 10       |             |                    |           | 10       |
|             |                    |           |          |             | By Balance b/d     |           | 10       |

*Dr.* **Discount Allowed Account** *Cr.*

| <i>Date</i> | <i>Particulars</i> | <i>JF</i> | <i>₹</i> | <i>Date</i> | <i>Particulars</i> | <i>JF</i> | <i>₹</i> |
|-------------|--------------------|-----------|----------|-------------|--------------------|-----------|----------|
| Apr 15      | To Gupta's A/c     |           | 25       |             | By Balance c/d     |           | 25       |
|             |                    |           | 25       |             |                    |           | 25       |
| May 1       | To Balance b/d     |           | 25       |             |                    |           |          |

*Dr.* **Furniture Account** *Cr.*

| <i>Date</i> | <i>Particulars</i> | <i>JF</i> | <i>₹</i> | <i>Date</i> | <i>Particulars</i> | <i>JF</i> | <i>₹</i> |
|-------------|--------------------|-----------|----------|-------------|--------------------|-----------|----------|
| Apr 20      | To Cash A/c        |           | 300      | Apr 30      | By Balance c/d     |           | 300      |
|             |                    |           | 300      |             |                    |           | 300      |
| May 1       | To Balance b/d     |           | 300      |             |                    |           |          |

*Dr.* **Drawings Account** *Cr.*

| <i>Date</i> | <i>Particulars</i> | <i>JF</i> | <i>₹</i> | <i>Date</i> | <i>Particulars</i> | <i>JF</i> | <i>₹</i> |
|-------------|--------------------|-----------|----------|-------------|--------------------|-----------|----------|
| Apr 22      | To Bank A/c        |           | 600      | Apr 30      | By Balance c/d     |           | 600      |
|             |                    |           | 600      |             |                    |           | 600      |
| May 1       | To Balance b/d     |           | 600      |             |                    |           |          |

| <i>Dr.</i> <b>Rent Account</b> |                    |           |          | <i>Cr.</i>  |                    |           |          |
|--------------------------------|--------------------|-----------|----------|-------------|--------------------|-----------|----------|
| <i>Date</i>                    | <i>Particulars</i> | <i>JF</i> | <i>₹</i> | <i>Date</i> | <i>Particulars</i> | <i>JF</i> | <i>₹</i> |
| Apr 30                         | To Bank A/c        |           | 200      | Apr 30      | By Balance c/d     |           | 200      |
|                                |                    |           | 200      |             |                    |           | 200      |
| May 1                          | To Balance b/d     |           | 200      |             |                    |           |          |

| <i>Dr.</i> <b>Salary Account</b> |                            |           |          | <i>Cr.</i>  |                    |           |          |
|----------------------------------|----------------------------|-----------|----------|-------------|--------------------|-----------|----------|
| <i>Date</i>                      | <i>Particulars</i>         | <i>JF</i> | <i>₹</i> | <i>Date</i> | <i>Particulars</i> | <i>JF</i> | <i>₹</i> |
| Apr 30                           | To Salary out-standing A/c |           | 300      | Apr 30      | By Balance c/d     |           | 300      |
|                                  |                            |           | 300      |             |                    |           | 300      |
| May 1                            | To Balance b/d             |           | 300      |             |                    |           |          |

| <i>Dr.</i> <b>Salary Outstanding Account</b> |                    |           |          | <i>Cr.</i>  |                    |           |          |
|--|--------------------|-----------|----------|-------------|--------------------|-----------|----------|
| <i>Date</i>                                  | <i>Particulars</i> | <i>JF</i> | <i>₹</i> | <i>Date</i> | <i>Particulars</i> | <i>JF</i> | <i>₹</i> |
| Apr 30                                       | To Balance c/d     |           | 300      | Apr 30      | By Salary A/c      |           | 300      |
|  |                    |           | 300      |             |                    |           | 300      |
|  |                    |           |          | May 1       | By Balance b/d     |           | 300      |

14. For the following transactions prepare Journal entry, ledger account & Trial Balance.

- Jan 1 Hema started a business with ₹ 1,50,000 cash
- Jan 3 He buys goods of ₹ 50,000 from Raju on account
- Jan 6 He buys furniture ₹ 20,000 on cash basis
- Jan 8 He buys computer for ₹ 25,000 from HP Equipments on credit
- Jan 10 Cash Sales ₹ 30,000
- Jan 12 Credit sales to Ramesh ₹ 25,000
- Jan 15 Rent paid in cash ₹ 5,000



**Solution:****Journal Entries**

| <i>Date</i> | <i>Particulars</i>  | <i>LF</i> | <i>Debit (₹)</i> | <i>Credit (₹)</i> |
|-------------|---|-----------|------------------|-------------------|
| Jan 1       | Cash A/c ...Dr.<br>To Capital A/c<br>(Being capital brought in cash)  |           | 1,50,000         | 1,50,000          |
| Jan 3       | Purchases A/c ...Dr.<br>To Raju A/c<br>(Goods purchased from Raju on credit)                                    |           | 50,000           | 50,000            |
| Jan 6       | Furniture A/c ...Dr.<br>To Cash A/c<br>(Furniture purchased on cash)  |           | 20,000           | 20,000            |
| Jan 8       | Office Equipment A/c ...Dr.<br>To HP Equipment A/c<br>(Being purchase of computer on credit from H.P.Equipment) |           | 25,000           | 25,000            |
| Jan 10      | Cash A/c ...Dr.<br>To Sales A/c<br>(Being goods sold for cash)  |           | 30,000           | 30,000            |
| Jan 12      | Ramesh A/c Dr.<br>To Sales A/c<br>(Being goods sold to Ramesh on credit)  |           | 25,000           | 25,000            |
| Jan 15      | Rent A/c ...Dr.<br>To Cash A/c<br>(Being Rent paid)   |           | 5,000            | 5,000             |

**Ledger Accounts**

| <i>Dr.</i>  |                    |           |          | <b>Cash Account</b> |                    |           |          | <i>Cr.</i> |  |  |  |
|-------------|--------------------|-----------|----------|---------------------|--------------------|-----------|----------|------------|--|--|--|
| <i>Date</i> | <i>Particulars</i> | <i>JF</i> | ₹        | <i>Date</i>         | <i>Particulars</i> | <i>JF</i> | ₹        |            |  |  |  |
| Jan 1       | To Capital A/c     |           | 1,50,000 | Jan 6               | By Furniture A/c   |           | 20,000   |            |  |  |  |
| Jan 10      | To Sales A/c       |           | 30,000   |                     | By Rent A/c        |           | 5,000    |            |  |  |  |
|             |                    |           |          |                     | By Balance c/d     |           | 1,55,000 |            |  |  |  |
|             |                    |           | 1,80,000 |                     |                    |           | 1,80,000 |            |  |  |  |
| Feb 1       | To Balance b/d     |           | 1,55,000 |                     |                    |           |          |            |  |  |  |

| <i>Dr.</i> <b>Capital Account</b> |                    |           |          | <i>Cr.</i>  |                    |           |          |
|-----------------------------------|--------------------|-----------|----------|-------------|--------------------|-----------|----------|
| <i>Date</i>                       | <i>Particulars</i> | <i>JF</i> | <i>₹</i> | <i>Date</i> | <i>Particulars</i> | <i>JF</i> | <i>₹</i> |
| Jan 31                            | To Balance c/d     |           | 1,50,000 | Jan 1       | By Cash A/c        |           | 1,50,000 |
|                                   |                    |           | 1,50,000 |             |                    |           | 1,50,000 |
|                                   |                    |           |          | Feb 1       | By Balance b/d     |           | 1,50,000 |

| <i>Dr.</i> <b>Purchases Account</b> |                    |           |          | <i>Cr.</i>  |                    |           |          |
|-------------------------------------|--------------------|-----------|----------|-------------|--------------------|-----------|----------|
| <i>Date</i>                         | <i>Particulars</i> | <i>JF</i> | <i>₹</i> | <i>Date</i> | <i>Particulars</i> | <i>JF</i> | <i>₹</i> |
| Jan 31                              | To Raju A/c        |           | 50,000   | Jan 31      | By Balance c/d     |           | 50,000   |
|                                     |                    |           | 50,000   |             |                    |           | 50,000   |
| Feb 1                               | To Balance b/d     |           | 50,000   |             |                    |           |          |

| <i>Dr.</i> <b>Raju's Account</b> |                    |           |          | <i>Cr.</i>  |                    |           |          |
|----------------------------------|--------------------|-----------|----------|-------------|--------------------|-----------|----------|
| <i>Date</i>                      | <i>Particulars</i> | <i>JF</i> | <i>₹</i> | <i>Date</i> | <i>Particulars</i> | <i>JF</i> | <i>₹</i> |
| Jan 31                           | To Balance c/d     |           | 50,000   | Jan 3       | By Purchases A/c   |           | 50,000   |
|                                  |                    |           | 50,000   |             |                    |           | 50,000   |
|                                  |                    |           |          | Feb 1       | By Balance b/d     |           | 50,000   |

| <i>Dr.</i> <b>Furniture Account</b> |                    |           |          | <i>Cr.</i>  |                    |           |          |
|-------------------------------------|--------------------|-----------|----------|-------------|--------------------|-----------|----------|
| <i>Date</i>                         | <i>Particulars</i> | <i>JF</i> | <i>₹</i> | <i>Date</i> | <i>Particulars</i> | <i>JF</i> | <i>₹</i> |
| Jan 6                               | To Cash A/c        |           | 20,000   | Jan 31      | By Balance c/d     |           | 20,000   |
|                                     |                    |           | 20,000   |             |                    |           | 20,000   |
| Feb 1                               | To Balance b/d     |           | 20,000   |             |                    |           |          |

| <i>Dr.</i> <b>Office Equipment Account</b> |                     |           |          | <i>Cr.</i>  |                    |           |          |
|--|---------------------|-----------|----------|-------------|--------------------|-----------|----------|
| <i>Date</i>                                | <i>Particulars</i>  | <i>JF</i> | <i>₹</i> | <i>Date</i> | <i>Particulars</i> | <i>JF</i> | <i>₹</i> |
| Jan 8                                      | To HP Equipment A/c |           | 25,000   | Jan 31      | By Balance c/d     |           | 25,000   |
|  |                     |           | 25,000   |             |                    |           | 25,000   |
| Feb 1                                      | To Balance b/d      |           | 25,000   |             |                    |           |          |

| <i>Dr.</i> <b>H.P. Equipment Account</b> |                    |           |               | <i>Cr.</i>  |                      |           |               |
|--|--------------------|-----------|---------------|-------------|----------------------|-----------|---------------|
| <i>Date</i>                              | <i>Particulars</i> | <i>JF</i> | <i>Amount</i> | <i>Date</i> | <i>Particulars</i>   | <i>JF</i> | <i>Amount</i> |
| Jan 31                                   | To Balance b/d     |           | 25,000        | Jan 8       | By Office Equip. A/c |           | 25,000        |
|  |                    |           | 25,000        |             |                      |           | 25,000        |
|  |                    |           |               | Feb 1       | By Balance b/d       |           | 25,000        |

| <i>Dr.</i> Sales Account |                |    |        | <i>Cr.</i> |                |    |        |
|--------------------------|----------------|----|--------|------------|----------------|----|--------|
| Date                     | Particulars    | JF | ₹      | Date       | Particulars    | JF | ₹      |
| Jan 31                   | To Balance c/d |    | 55,000 | Jan 10     | By Cash A/c    |    | 30,000 |
|                          |                |    | 55,000 | Jan 12     | By Ramesh A/c  |    | 25,000 |
|                          |                |    |        |            |                |    | 55,000 |
|                          |                |    |        | Feb 1      | By Balance b/d |    | 55,000 |

| <i>Dr.</i> Ramesh Account |                |    |        | <i>Cr.</i> |                |    |        |
|---------------------------|----------------|----|--------|------------|----------------|----|--------|
| Date                      | Particulars    | JF | ₹      | Date       | Particulars    | JF | ₹      |
| Jan 12                    | To Sales A/c   |    | 25,000 | Jan 31     | By Balance c/d |    | 25,000 |
|                           |                |    | 25,000 |            |                |    | 25,000 |
| Feb 1                     | To Balance b/d |    | 5,000  |            |                |    |        |

| <i>Dr.</i> Rent Account |                |    |       | <i>Cr.</i> |                |    |       |
|-------------------------|----------------|----|-------|------------|----------------|----|-------|
| Date                    | Particulars    | JF | ₹     | Date       | Particulars    | JF | ₹     |
| Jan 15                  | To Cash A/c    |    | 5,000 | Jan 31     | By Balance c/d |    | 5,000 |
|                         |                |    | 5,000 |            |                |    | 5,000 |
| Feb 1                   | To Balance b/d |    | 5,000 |            |                |    |       |

| <i>Dr.</i> Trial Balance as on Jan, 31 |          |                |          | <i>Cr.</i> |  |
|--|----------|----------------|----------|------------|--|
|  | ₹        |                | ₹        |            |  |
| Cash                                   | 1,55,000 | Capital        | 1,50,000 |            |  |
| Purchases                              | 50,000   | Raju           | 50,000   |            |  |
| Furniture                              | 20,000   | H.P. Equipment | 25,000   |            |  |
| Office Equipment                       | 25,000   | Sales          | 55,000   |            |  |
| Ramesh                                 | 25,000   |                |          |            |  |
| Rent                                   | 5,000    |                |          |            |  |
| Total                                  | 2,80,000 |                |          |            |  |

15. Journalize the following transaction.

- Mar 1 Mr. Lal invested ₹ 6,00,000 in business in cash  
 Mar 3 Paid into Bank Account ₹ 2,40,000  
 Mar 5 Purchased goods for ₹ 80,000, paid ₹ 2,000 for carriage  
 Mar 7 Purchased machinery for ₹ 10,000 and spent ₹ 100 for its cartage  
  
 Mar 11 Received an order of goods for ₹ 2,60,000 from Peter  
 Mar 13 Addition capital introduced in form of cash by the proprietor ₹ 50,000  
 Mar 13 Spent ₹ 25,000 for purchase of furniture  
 Mar 14 Purchased goods from Ravi for ₹ 16,000 and payment made by cheque

**Solution:****Journal**

| <i>Date</i> | <i>Particulars</i>  | <i>LF</i> | <i>Debit (₹)</i> | <i>Credit (₹)</i> |
|-------------|---|-----------|------------------|-------------------|
| Mar 1       | Cash A/c ... Dr.<br>To Capital A/c<br>(Being amount invested by Lal)                                    |           | 6,00,000         | 6,00,000          |
| Mar 3       | Bank A/c ...Dr.<br>To Cash A/c<br>(Being amount deposited into bank)                                    |           | 2,40,000         | 2,40,000          |
| Mar 5       | Purchases A/c ...Dr.<br>Carriage A/c ...Dr.<br>To Cash A/c<br>(Being goods purchased and carriage paid) |           | 80,000<br>2,000  | 82,000            |
| Mar 7       | Machinery A/c ...Dr.<br>To Cash A/c<br>(Being machinery purchased and cartage paid)                     |           | 10,100           | 10,100            |
| Mar 11      | No entry  |           |                  |                   |
| Mar 13      | Cash A/c ...Dr.<br>To Capital A/c<br>(Being additional Capital invested by Lal)                         |           | 50,000           | 50,000            |
| Mar 13      | Furniture A/c ...Dr.<br>To Cash A/c<br>(Being amount spent on furniture)                                |           | 25,000           | 25,000            |
| Mar 14      | Purchases A/c ...Dr.<br>To Bank A/c<br>(Being goods purchased and cheque paid)                          |           | 16,000           | 16,000            |