CH 8

V. Imp 6-8 Marks, CH - JOURNAL { V.V.V.V.V.V.V.V.V.V.V. Simple }

(Base Building chapter)

→ Journal is a book in which transactions are recorded in chronological order

sequence (date wise)

→ Journal is also known as Book of original entry

→ Advantages of Journal :-

a) Provides accounting data in chronological order
b) Possibility of errors reduces
c)* Ledger Posting of transactions become possible

→ Limitations of Journal

a) Not suitable for large volume of transactions
b) Cash Balance is "not revealed"
c) It is not a substitute of Ledger.

→ Functions of Journal

a) Maintaining chronological record of transactions.
b) Analysing the transactions because it provides basis for ledger posting.

→ Proforma of Journal

बेकार

LEDGER FOLIO

In the books of Mr. Raju

JOURNAL

Date	Particulars		L/F	Debit (₹)	Credit (₹)
23 Sep 2024	CASH A/c	Dr.		10,000	
	To Capital A/c				10,000

23 Sep 2024	CASH A/c	Dr.	10,000	
	To Capital A/c			10,000
	(being Raju commenced business)			

Journal Entry

NARRATION

आप भूल जाओगे

BASIC TRANSACTIONS

(i) Raju (proprietor) commenced business with cash ₹ 10,000

CASH (+) 10,000 — Asset — DEBIT

CAPITAL (+) 10000 — Capital — CREDIT

Sol:- Cash A/c Dr. 10,000
    To Capital A/c 10,000

(ii) Goods purchased for ₹ 2000 in cash.

purchase

Expense (+)

DEBIT (✓)

₹ 2000

cash दे दिया

Asset (−)

CREDIT (✓)

Ans:- Purchase A/c Dr. 2,000
    To Cash A/c 2,000

(iii) Goods purchased for ₹ 3,000 from SRK

₹ 3000 purchase

(+) Expense

DEBIT

SRK (CREDITOR)

liability (+)

CREDIT

CREDIT

Ans:- Purchase A/c Dr. 3,000

To SRK ~~A/c~~ 3,000

(iv) Furniture purchased for ₹ 1,000 cash.

add

Furniture (+)

Asset (+)

DEBIT (✓)

₹1000

cash (−)

Asset (−)

CREDIT

Ans:- Furniture A/c Dr. 1,000

To Cash A/c 1,000

(v) Machine purchased for ₹ 6,000 from Sallu

M purchase

Machine (+)

Asset

DEBIT

Sallu

liability (+)

CREDIT

CREDIT

Ans:- Machine A/c Dr. 6,000

To Sallu 6,000

(vi) Sold goods costing ₹ 5,000 for cash ₹ 7,000.

5,000

Stock

ODD

Cost 5000

sale

7,000 for cash

पैसे मिले

CREDIT

Sales

Revenue (+)

2000 profit

Cash (+) 7000

Asset (+)

Debit

Sol:- CASH A/c Dr. 7000

To Sales A/c 7,000

(being goods sold)

(being goods sold)

(vii) Sold goods costing ₹ 5,000 to Shahid for ₹ 4,000

Acc eq'n

Stock (-) 5K
~~Cash +~~
Debtor (+) 4K
Loss 1K Cap(-)

5000 cost
~~Stock (-)~~
SALES A/c
Revenue (+)
Credit

CREDIT Sale
₹ 4000

Shahid
DEBTOR
" Asset (+) 4K "
" DEBIT "

Sol:- Shahid ~~A/c~~ Dr. 4000 ?
To Sales A/c ——— 4000

(viii) Sale of furniture costing ₹ 5,000 for cash ₹ 7000.

Acc eq'n
Furniture (-) 5K
Cash (+) 7K
profit (+) 2K Cap
Revenue (+)

Furniture (₹5000)
Asset (-) 5K
CREDIT

Sale
₹ 7000
CASH
Asset (+)
DEBIT

Sol:- CASH A/c Dr. 7000 (मिला)
To Furniture A/c 5,000
मुनाफा → To Profit & Loss A/C 2,000 - GAIN

(ix) Sold Building costing ₹ 3,000 to Ranbir for ₹ 2000

Sol:-

Acc eq'n
Bld'g (-) 3K
Debtor (+) 2K
Loss 1K Cap (-)
exp)

Bld'g
3000
Asset
(-) 3K
Credit

CRedit बेचा
2,000

Ranbir
Asset
(+) 2K
Debit

Sol:- Ranbir Dr. 2,000
Profit & Loss A/c Dr. 1,000

Sol:- Kanbir Dr. 2,000
Profit & Loss A/c Dr. 1,000
To Building A/c 3,000

(X) EXPENSES

a) Salary paid ₹ 5,000

CASH (-) 5K → Asset (-) → Credit

SALARY 5K → expense (+) → Debit

Acc eq'n
Cash (-) Cap (-) expense

Sol:- Salary A/c Dr. 5000
To Cash A/c 5,000
(being salary paid)

(b) Rent paid ₹ 6,000 by cheque.

Rent A/c → expense (+) → Debit

Bank A/c → Asset (-) → Credit

Bank (-) 6K Cap (-) 6K exp

Sol:- Rent A/c Dr. 6,000
To Bank A/c 6,000

(c) Carriage Inward paid ₹ 2,000
Sol:- Carriage Inward A/c Dr. 2,000
To Cash A/c 2,000

EXPENSE (नाम) A/c Dr.
To CASH A/c or BANK A/c

To CASH A/c or BANK A/c

Cheque

(xi) Income received

Acc. eq.

Cash (+) 3K

Cap (+) 3K

revenue

(a) Interest received ₹ 3,000

Cash A/c → Asset (+) 3K → Debit

Interest A/c → Revenue (+) 3K → Credit

Sol:- Cash A/c Dr. 3000

To Interest A/c 3,000

(b) Commission received ₹ 4,000

Cash A/c → Asset (+) 4K → Debit

Commission A/c → Revenue (+) 4K → Credit

Sol:- Cash A/c Dr. 4000

To Commission A/c 4000

(being commission received)

Cash A/c Dr.

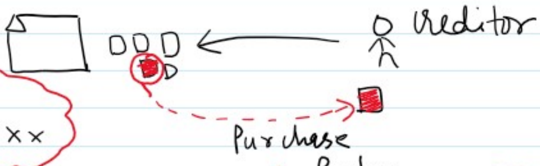
To Income (लाभ)

To Income (जमा)

× —— × —— × —— × —— × —— × —— ×

Basic Transactions

(xiii) Purchase Return of Goods i.e Return Outwards



Purchase A/c Dr. xx
To Creditor —— xx

3rd T

Liability ↓

Sol:- Creditor Dr.
To Purchase Return A/c

Revenue

(xiv) Sales Return of Goods i.e Return Inwards

Sale → Revenue

Debtor Dr.
To Sales A/c

3rd T →

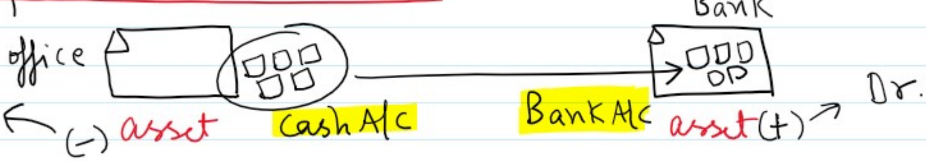
expense ↑

expense

Sol:- Sales Return A/c Dr. xx
To Debtor —— xx

asset ↓

(xv) a) Cash deposited into Bank



Bank A/c Dr.
To Cash A/c

b) Cash withdrawn from Bank

Cash A/c Dr.
To Bank A/c

asset(+)
asset (-)

b) <u>Cash withdrawn from Bank</u> (Cash A/c Dr.
To Bank A/c)

2. Enter the following transactions in the Journal of Ram:

2020		₹
June 1	Ram invested capital in cash ... creditor	1,00,000
June 3	Purchased goods from Harish ... credit	10,000
June 5	Purchased goods for cash ... माल - बेचा → cash	8,000
June 8	Purchased goods from Mohit for cash	7,000
June 10	Sold goods to Kailash on credit	2,000
June 12	Sold goods to Nadeem for cash	1,500
June 14	Goods returned by Kailash → Sales Return →	500
June 16	Goods returned to Harish ← Purchase Return →	360
June 18	Machinery purchased from Sohan - Credit	8,000
June 19	Paid to Harish [redacted] →	5,000
June 25	Cash withdrawn for Personal use Drawings →	5,000
June 30	Old newpapers sold ... Income Received →	200
June 30	Received loan from Mohan and deposited in bank ... Liability(+) Asset(+) → Loan(+) Bank(+)	50,000

Sol:-

In the Books of Ram

JOURNAL

Date	Particulars	L/F	Debit(₹)	Credit(₹)
June 1	Cash A/c Dr. To Capital A/c (being Business Commenced)		1,00,000	1,00,000
June 3	Purchase A/c Dr. To Harish (being goods purchased)		10,000	10,000
June 5	Purchase A/c Dr. To Cash A/c (being goods purchased)		8,000	8,000
June 8	Purchase A/c Dr. To Cash A/c (being goods purchased)		7,000	7,000
June 10	Kailash Dr. To Sales A/c (being goods sold)		2,000	2,000
June 12	Cash A/c Dr. To Sales A/c (being goods sold)		1,500	1,500

	(being goods sold)			
June 14	Sales Return A/c Dr.		500	
	To Kailash			500
	(being goods returned)			
June 16	Harish Dr.		360	
	To Purchase Return A/c			360
	(being goods returned)			
June 18	Machine A/c Dr.		8,000	
	To Sohan			8,000
	(being machine purchased)			
June 19	Harish Dr.	L↓	5,000	
	To Cash A/c	↓A		5,000
	(being cash paid to Harish)			
June 25	Drawings A/c Dr.	C↓	5,000	
	To Cash A/c	↓A		5,000
	(being cash withdrawn for personal use)			
June 30	Cash A/c Dr.	↑A	200	
	To Misc. Income			200
	(being old NP sold)			
June 30	Bank A/c Dr.		50000	
	To LOAN A/c			50000
	(being loan taken)			
			197560	197560

Miscellenous

Record the following transactions in the Journal of Amitabh:

2020		₹
May 1	Amitabh started business with cash	80,000
May 2	Purchased furniture from Modern Furnishers for cash	10,000
May 5	Deposited in bank	30,000
May 6	Purchased goods for cash	5,000
May 8	Purchased goods on credit from Hari	4,500
May 10	Purchased goods from Suresh for cash	3,000
May 12	Purchased goods from Ajay ← creditor	4,000
May 14	Sold goods for cash	7,000

May 10	Purchased goods from Suresh for cash	3,000
May 12	Purchased goods from Ajay ← Creditor	4,000
May 14	Sold goods for cash	7,000
May 15	Sold goods to Karim	6,500
May 16	Sold goods to Ganesh for cash	5,000
May 18	Sold goods to Bansi	3,500
May 19	Withdrew from bank for office use	5,000
May 20	Karim paid [redacted] Karim ने पैसे दिये	5,000
May 29	Paid rent for residence (घर ⇒ PERSONAL) Drawings ~~Rent~~ Dr. To Cash	6,000
May 30	Purchased a cycle for his son (घर ⇒ Personal)	3,000
May 30	Paid to Ajay in settlement of his account	3,800

Sol:-

In the books of Amitabh

JOURNAL

Date	Particulars	L/F	Debit (₹)	Credit (₹)
May 1	Cash A/c Dr. To Capital A/c (being ----------)		80,000	80,000
May 2	Furniture A/c Dr. To Cash A/c (being ----------)		10,000	10,000
May 5	Bank A/c Dr. To Cash A/c (being ----------)		30,000	30,000
May 6	Purchase A/c Dr. To Cash A/c (being ----------)		5,000	5,000
May 8	Purchase A/c Dr. To Hari (being ----------)		4,500	4,500
May 10	Purchase A/c Dr. To Cash A/c (being ----------)		3,000	3,000
May 12	Purchase A/c Dr. To Ajay (being ----------)		4,000	4,000
May 14	Cash A/c Dr. To Sales A/c		7,000	7,000

May 14	Cash A/c Dr. To Sales A/c (being ---------)	7,000	7,000
May 15	Karim Dr. To Sales A/c (being ---------)	6,500	6,500
May 16	Cash A/c Dr To Sales A/c (being ---------)	5,000	5000
May 18	Bansi Dr. To Sales A/c (being ---------)	3,500	3,500
May 19	Cash A/c Dr. To Bank A/c (being ---------)	5,000	5,000
May 20	Cash A/c Dr. A↑ To Karim → A↓ (being cash received from Karim)	5,000	5,000
* May 29	Drawings A/c Dr. To Cash A/c (being Rent paid for Residence)	6,000	6,000
May 30	Drawings A/c Dr. To Cash A/c (being ---------)	3,000	3000
* May 30	Ajay Dr. To Cash A/c To Discount received A/c	4,000	3,800 200

* SPECIAL TRANSACTIONS *

* SPECIAL TRANSACTIONS *

(1) Paid ₹ 7,800 to Ramu against his dues of ₹ 8000

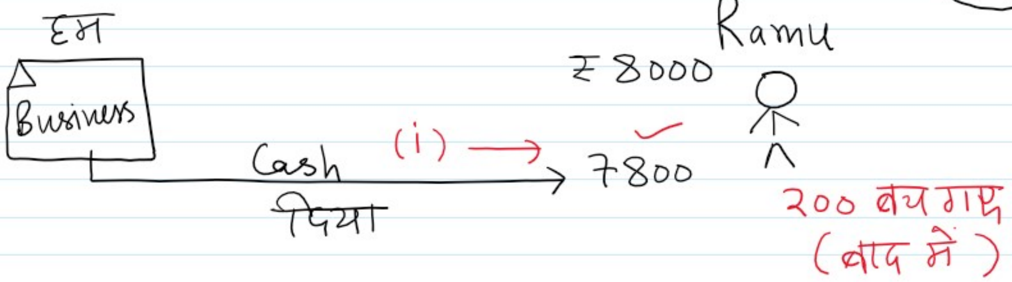
Sol:-

Ramu Dr.	7800	↓L
To Cash A/c	7,800	↓A

(2) Paid ₹ 7,800 to Ramu $\boxed{\text{in full settlement}}$ of his dues of ₹ 8000

Sol:-

Ramu Dr.	8,000	↓L
To Cash A/c	7800	↓A
To Discount Received A/c	200	↑R



(ii) → 7800 full settlement

fully satisfy

(3) Received ₹ 7500 from Sonu against the dues of ₹ 8000

Sol:-

CASH A/c Dr.	7500	↑A
To Sonu	7500	↓A

(4) Received ₹ 7500 from Sonu $\boxed{\text{in full settlement}}$ against dues of ₹ 8000

Sol:-

CASH A/c Dr.	7500	↑A

Sol:-

CASH A/c	Dr.	7500	↑A
Discount ALLOWED A/c	Dr.	500	E↑ नुकसान
To SONU		8,000	↓A

(5) Accounting for Trade Discount.

ON BULK Quantities

It is NOT recorded in the books

eg :- Purchased goods from Sonu worth ₹ 10,000. Trade discount 10%.

Sol:-

goods	₹ 10,000
(−) Trade discount @ 10%	(₹ 1,000)
	₹ 9,000

NOT Record

Purchase A/c	Dr. 9,000	
To SONU		9,000

(6) Accounting for Cash Discount.

EARLY PAYMENT

→ It is separately recorded in the books.

Discount allowed – expense	Revenue – Discount Received
Discount allowed A/c Dr.	Creditor (Supplier) Dr.
To Debtor (customer)	To Discount Received A/c

To Debtor (customer)	To Discount Received A/c
Link with point (4)	link with point (2)

(7) Accounting for Rebate

It is allowed because of reasons other than for which Trade discount & cash discount are allowed. Eg - say goods are of poor quality

customer

₹ 10,000

(-) 5% (500) Rebate

Rebate allowed - expense	Revenue - Rebate received
Rebate allowed A/c Dr.	Creditor Dr.
To Debtor	To Rebate received A/c

*	Trade discount	Cash discount	Rebate
Meaning	(✓)	(✓)	(✓)
Recording	Not recorded	Recorded separately	Recorded Separately

(8) Accounting for Bad debts and Bad debts recovered

eg ① ₹ 10,000 was due from SRK. He became insolvent and his estate could pay only 40 paise in a rupee. (i.e 40%)

Sol:-

(10,000) SRK

a rupee. (i.e 40%.)

Sol:-

Firm

10,000 SRK (Debtor)
↓
insolvent
↓
who is not able to pay his dues

₹ 4000 ← मिले

Bad debt ☞ ₹ 6000 ← नहीं मिले

1 ₹ = 100 paise → 40 paise

40%

Compound Journal entry

Cash A/c (मिले)	Dr. 4000	A↑
Bad debt A/c (नहीं मिले)	Dr. 6000	(expense) नुकसान
To SRK	10,000	Debtor (A ↓)

eg ② Sohan whose account for ₹ 5000 $\boxed{\text{was}}$ written off as Bad, paid his amount.

Sol:-

Business

Sohan

₹ 5000

₹ 5000 मिला

Bad debt Recovered

Cash A/c	Dr. 5000	A↑
To Bad debt Recovered A/c	5000	Revenue

eg ③ Mohan whose account for ₹ 6000 was written off as Bad, paid 60% in full settlement.

Sol:-

Mohan 6000

मिले

Bad debt Recovered

मिले debt Recovered ₹3600

(R)

CASH A/c	Dr. 3600	
To Bad debt Recovered A/c		3600

(9) Accounting for Drawings

(a) $\boxed{\text{Cash withdrawn for personal use}}$

Drawings A/c	Dr. xxx	
To Cash A/c		xxx

Capital ↓

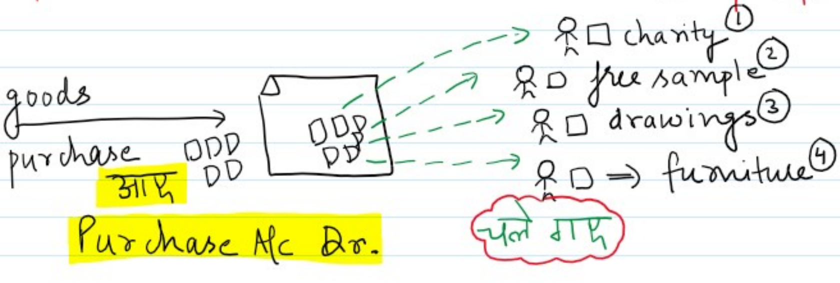
Asset ↓

(b) $\boxed{\text{Cash withdrawn from Bank for personal use}}$

Drawings A/c	Dr. xxx	
To Bank A/c		xxx

(10) $\boxed{\text{GOODS}}$ given as charity (1) or free sample (2) or withdrawn for personal use (3) or used in making an asset (4)

(Goods हमें छोड़ कर चले गए except for Sale)



Sol:- Charity A/c (1) / Free Sample A/c (2) / Drawings A/c (3) / Asset A/c (4) Dr.

To Purchase A/c xxx

* Goods "lost" by theft / fire ₹ 10,000. Insurance company accepted 60% claim.

Insurance Co. A/c Dr. 6,000 — (A↑)
P & L A/c Dr. 4000 (नुकसान)
To Purchase A/c —— 10,000

(11) Income Tax Paid / Life Insurance Premium paid

DRAWINGS A/c Dr.
To CASH A/c xxx

(*) Imp 1. Pass necessary Journal entries for the following transactions: Format (✓) Narration (✓)

2021	
April 5	Paid salaries ₹ 30,000, rent ₹ 10,000 and wages ₹ 8,000 by cheque.
April 7 (C)	Purchased goods from Hari for ₹ 30,000 at 10% trade discount (1) and 2% cash discount (2). Payment was made "immediately."
April 15	Paid to Raju ₹ 5,000 in cash and ₹ 7,000 by cheque.
April 18 (100%)	Goods sold to Roma for ₹ 5,000 at 20% Trade discount (1) and 3% Cash discount (2). Half of the payment was received immediately.
April 20	Goods sold to Ramesh for ₹ 8,000. He paid ₹ 5,000 by cheque immediately.
April (*) 25	Additional capital introduced as: cash ₹ 10,000; and Delivery Van (Personal asset) of ₹ 50,000.
April 26	Cash paid to Anil ₹ 975. Discount received ₹ 25. Anil ₹ 1000
April 30	Paid to Raju ₹ 1,000 in cash and ₹ 2,000 by cheque.
April 30	Paid ₹ 4,800 to Mohan in settlement of his account for "₹ 5,000."

आप भी गलती करोगे

Sol:- 5 April

Salaries A/c Dr. 30000
Rent A/c Dr. 10000
Wages A/c Dr. 8000
To BANK A/c 48,000

7 April PURCHASE A/c Dr. 27,000
To Discount Received A/c —— 540
To CASH A/c —— 26,460

WN:-

Goods	30,000
(−) T.D @ 10%	(3,000) — Not Recorded
	27000
(−) C.D @ 2%	(540)
[2 ...]	

(−) C.D @ 2% (540)
$\left[\frac{2}{100} \times 27000\right]$

Cash pay = 26,460

15 April Raju Dr. 12000 ↓L
To CASH A/c 5,000 ↓A
To BANK A/c 7,000 ↓A

Goods 5000
(−) T.D @ 20% (1,000)
$\left\{\frac{20}{100} \times 5000\right\}$

4,000

Half. | बाद में देना
2,000 | 2,000 "Credit Sale"

(−) C.D @ 3% (60)
$\left\{\frac{3}{100} \times 2000\right\}$

Cash Receive 1940

Cash A/c Dr. 1940
Discount allowed A/c Dr. 60
ROMA Dr. 2000
To Sales A/c 4000

Date	Particulars	Dr.	Cr.
20 April	Ramesh (credit Sale) Dr.	$\boxed{3,000}$	
	Bank A/c Dr.	5,000	
	To Sales A/c		8,000
25 April	CASH A/c Dr.	10,000	
	Delivery van A/c Dr.	50,000	
	To CAPITAL A/c		60,000
26 April	Anil Dr.	1,000	
	To CASH A/c		975
	To discount received A/c		25
30 April	Raju Dr.	3000	
	To CASH A/c		1,000
	To Bank A/c		2,000
30 April	Mohan Dr.	5000	
	To CASH A/c		4800
	To Discount Received A/c		200

5. Pass Journal entries for the following transactions:

2021			
April	1	Mohan is declared insolvent. Received first and final dividend from his official Receiver 50 paise (50%) in a rupee against a "debt of ₹ 5,000"	
April	2	₹ 8,000 due from Ramesh is not recoverable → "Bad debt"	
April	3	Shyam, who owed ₹ 15,000 became insolvent and $\boxed{50\%}$ is received from his estate	
April	4	Received ₹ 10,000 in cash from Sohan for bad debts written off last year	Last year Bad debt

Sol:-

Date	Particulars	Dr.	Cr.
1 April	CASH A/c (मिले)	Dr. 2,500	
	Bad debt A/c (नहीं मिले)	Dr. 2,500	
	To Mohan		5,000
2 April	Bad debt A/c	Dr. 8000	
	To Ramesh		8,000
3 April	Cash A/c	Dr. 7500	
	Bad debt A/c	Dr. 7500	
	To Shyam		15,000
4 April	Cash A/c	Dr. 10,000	
	To Bad debt recovered A/c	—	10,000

illustrations 3, 4, 5
and 9

H W

BANKING TRANSACTIONS

Business (Cash) → Bank Account type CURRENT A/c

6. Pass necessary Journal entries for the following transactions:

2021				₹
April	1	Deposited in bank	Bank → Current A/c Cash (↓) Bank (↑)	30,000
April	3	Cash withdrawn from bank......	office ← Bank Cash (+) Bank (-)	10,000
April	7	Wages paid by cheque		7,000
April	10	Cheque received from "Deewan ₹ 8,500" and discount allowed to him "₹ 500." Cheque is deposited in bank on the same day.	8500 ← Deewan	

April	7	Wages paid by cheque	7,000
April	10	Cheque received from "Deewan ₹ 8,500" and discount allowed to him ₹ 500." Cheque is deposited in bank on the same day.	
April	12	As per standing instructions, Bank paid Telephone bill"	1,000
April	14	Deewan's cheque returned by the bank as dishonoured.	
April	16	Charges debited by bank. → deduct करना	400
April	17	"Goods sold" and sale proceeds deposited in "bank"	8,000
April	19	Bank has "paid insurance premium" as per our standing instructions	1,800
April	25	Dividend collected by Bank receive करना पैसे	2,500

$\leftarrow \boxed{8500} \leftarrow$ Deewan

cheque Bounce

Sol:-

Date	Particulars		Dr.	Cr.
1 April	Bank A/c	Dr.	30000 — A↑	
	To Cash A/c			30000 — A↓
3 April	Cash A/c	Dr.	10,000	
	To Bank A/c			10,000
7 April	Wages A/c	Dr.	7000	
	To Bank A/c			7000
10 April	Bank A/c	Dr.	8500 → आमद	
	Discount allowed A/c	Dr.	500	
	To Deewan			9,000
12 April	Telephone bill A/c	Dr.	1,000	
	To Bank A/c			1,000
14 April	Deewan	Dr.	9000	
	Cancel → To Discount allowed A/c			500
	To Bank A/c			8,500
16 April	Bank charges A/c	Dr.	400	
	To Bank A/c			400
17 April	Bank A/c	Dr.	8000	
	To Sales A/c			8000
19 April	Insurance Premium	Dr.	1800	
	To Bank A/c			1800
25 April	Bank A/c	Dr.	2500	
	To dividend A/c			2500

Reverse

x ——— x ——— x ——— x ——— x

12 Expenses related to Asset

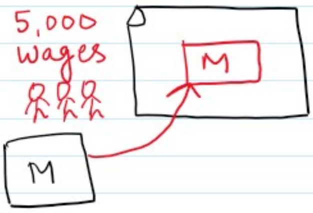
(12) Expenses related to Asset

(a) Wages paid ₹ 5,000 on installation of Machine

Sol:-

Machine A/c Dr. 5000

To CASH A/C 5000



(b) Installation expenses ₹ 2000 paid after purchase of furniture

Sol:-

Furniture A/c Dr. 2000

To Cash A/C 2000

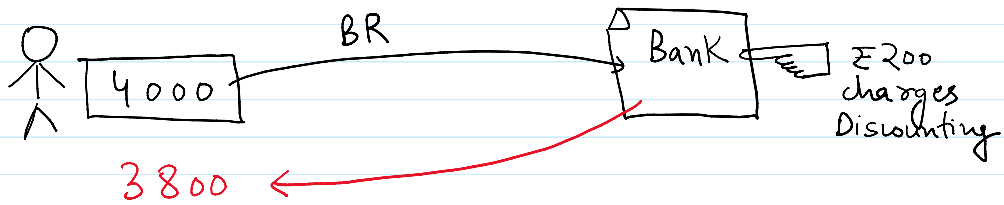
Imp.

7. Pass the necessary Journal entries for the following transactions:

2021		₹
April 1	Deposited in bank for opening a Current Account	10,000
April 2	Withdrawn from bank	5,000
April 5	Received a cheque from Ramesh to whom goods were sold for ₹ 12,000 last year. Allowed him 1% discount on payment $12000 \times \frac{1}{100} = 120$	cheque = 11,880
April 7	Ramesh's cheque deposited in bank " काट "	
April 9	Ramesh's cheque dishonoured (bank charges ₹ 20)	
April 20	Ramesh settled his account by issuing cheque including ₹ 60 for interest (12020 + 60)	12,080
April 21	Cash directly deposited by Raja (Customer) in bank account	8,000
April 23	Bank draft got issued in favour of M/s Lal & Sons ₹ 5,000. Bank charges ₹ 700	
April 28	A bill of exchange of ₹ 4,000 (due after one month) discounted from bank for ₹ 3,800 (R) आगे आएगा	
April 30	Received a cheque [redacted] from Shyam after banking hours	2,500
April 30	Goods sold for cash ₹ 7,000 and half of the sale proceeds deposited in bank 3500	

Date	Particulars	Dr.	Cr.
1 April	Bank A/c Dr.	10000	
	To Cash A/c		10,000
2 April	Cash A/c Dr.	5000	
	To Bank A/c		5,000
5 April	Cheque in hand A/c Dr.	11880	
	Discount allowed A/c Dr.	120	
	To Ramesh		12,000
7 April	Bank A/c Dr.	11,880	
	To cheque in hand A/c		11,880
9 April **	Ramesh A/c Dr.	12,020	
	To Discount allowed A/c		120

9 April (**)	Kamesh A/c	Dr. 12,020	
	To Discount allowed A/c		120
	To Bank A/c { 11,880 + 20 }		11,900
20 April (*)	Bank A/c	Dr. 12,080	
	To Ramesh		12,020
	To Interest Received A/c (R↑)		60
21 April	Bank A/c	Dr. 8000	
	To Raja		8000
23 April	Lal + Sons	Dr. 5000	
	Bank charges A/c	Dr. 700	
	To Bank A/c		5,700
28 April (R)	Bank A/c	Dr. 3800	
	Discounting charges A/c	Dr. 200	
	To Bills Receivable A/c		4000
	(Being bill discounted)		



30 April	Cheque in hand A/c	Dr. 2500	
	To Shyam		2500
30 April	Cash A/c	Dr. 3500	
	Bank A/c	Dr. 3500	
	To Sales A/c		7000

8. Pass necessary Journal entries for the following transactions:

2021			₹
April	1	Goods withdrawn by owner of ₹ 1,000 for personal use.	
April	2	Goods distributed as sample	500
April	3	Goods Given as Charity	300
April	4	Timber (goods) used for making office furniture ₹ 5,000 (Assume that the firm is a timber (wood) merchant)	
April	5	Goods destroyed by fire	3,500
April	6	Goods lost in transit .... LOSS in transit	2,000

1 April	Drawings A/c Dr. To Purchase A/c	1000	1,000
2 April	Free Sample A/c Dr. To Purchase A/c	500	500
3 April	Charity A/c Dr. To Purchase A/c	300	300
4 April	Furniture A/c Dr. To Purchase A/c	5000	5,000
5 April	Loss by fire A/c or P&L A/c Dr. To Purchase A/c	3500	3,500
6 April	Loss in transit A/c Dr. To Purchase A/c	2000	2000

100% V. Imp. * ADJUSTMENT ENTRIES * CA, CS, Prof. CH-20

(ON 31st MARCH)

1 Closing Stock — unsold (बचा हुआ)

Closing stock A/c Dr. (A↑)
To TRADING A/c — (R↑)

(R)

2. Outstanding expense

Expense A/c Dr. (E↑)
To Outstanding expense A/c — (L↑)

3. Prepaid expense

Prepaid expense A/c Dr. (A↑)
To expense A/c —— (E↓)

4. Accrued Income / Outstanding Income

Accrued Income A/c Dr. (A↑)
To Income A/c —— (R↑)

5. Unearned Income i.e Income received in advance

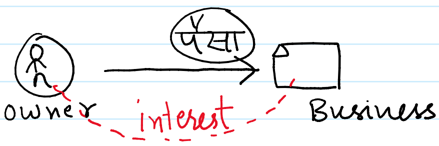
Income A/c Dr. (R↓)
To Income received in advance A/c - (L↑)

6. Depreciation

Depreciation A/c Dr. (E↑)
To Asset A/c —— (↓A)

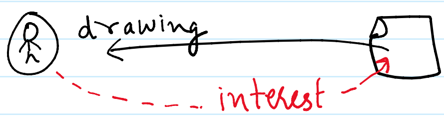
class 12

7. Interest on Capital



Interest on Capital A/c Dr. (E↑)
To Capital A/c —— (C↑)

8. Interest on drawings



Capital A/c Dr. (C↓)
To Interest on drawing A/c — (↑R)

* OPENING ENTRY *

* OPENING ENTRY *

(on 1st April)

Balance Sheet

Liabilities	₹	Assets	₹
Creditor Capital BP		Bldg Cash Stock Furniture	

class 12

Assets (individually) Dr.
GOODWILL A/c Dr. xxx
To Liabilities A/c (individually)
To CAPITAL A/c ------- xxxx

x ——— x ——— x ——— x ——— x ——— x

9. Pass necessary Journal entries for the following transactions:

2021	M M M पहले से	₹
April 1	Paid repairing charges on existing machineries	1,000
April 2	Purchased a new machinery	42,500
April 3	Paid freight and carriage on machinery	2,500
April 4	Paid installation charges on machinery	5,000
April 5	Purchased a second-hand machinery	18,000
April 6	Paid repairing charges on above machinery (existing)	2,500

1 April	Repair A/c To Cash A/c	Dr. 1000	1,000
2 April	Machinery A/c To Cash A/c	Dr. 42,500	42,500

3 April	Machinery A/c	Dr. 2,500	
	To Cash A/c		2,500
4 April	Machinery A/c	Dr. 5,000	
	To Cash A/c		5,000
5 April	Machinery A/c	Dr. 18000	
	To Cash A/c		18 000
6 April	Repair A/c	Dr. 2500	
	To Cash A/c		2500

M — purchase आज
installation exp
Wages pay, freight

M — पहले से
Repair = expense

* Cheque received *

① Deposited in Bank on same day

Bank A/c Dr. (Bank में पैसे आ गए)
To 👤 (Sonu/ Monu etc)

If Q is Silent then SAME DAY

② Deposited in Bank Later

$\boxed{\text{cheque in Hand A/c}}$ Dr.
To 👤 (Sonu/ Monu etc)
(being cheque received)

Bank A/c Dr.
To cheque in hand A/c
(being cheque deposited)

10. Pass Journal entries for the following adjustment on 31st March, 2021: IMP. *

(i) Interest due but not received ₹ 10,000. — Accrued Income
(ii) Salaries due to staff ₹ 50,000. — outstanding expense
(iii) Out of the rent paid this year, ₹ 5,000 is for the next year. Prepaid exp
(iv) Provide 10% depreciation on Furniture costing ₹ 1,00,000. गिरावट 10000 लागत
(v) Goods used in making Furniture (~~[illegible]~~ Cost ₹ 4,000)

~~(iv)~~ Provide 10% depreciation on Furniture costing ₹ 1,00,000. गिरावट 10000

(*) ~~(v)~~ Goods used in making Furniture (~~Sales Price ₹ 5,000~~; लागत Cost ₹ 4,000).

(*) (*) ~~(vi)~~ Received commission of ₹ 20,000 by cheque, half of which is in advance. → 10,000

(R) ~~(vii)~~ Allow interest on capital ₹ 8,000.

(R) ~~(viii)~~ Charge interest on drawings ₹ 1,500.

(i)	Accrued Interest A/c	Dr. 10000	
	To Interest A/c		10,000
	(being Accrued Interest recorded)		
(ii)	Salaries A/c	Dr. 50000	
	To Outstanding Salaries A/c		50000
	(being outstanding salaries recorded)		
(iii)	Prepaid Rent A/c	Dr. 5,000	
	To Rent A/c		5,000
	(being --- ---)		
(iv)	Depreciation A/c	Dr. 10,000	
	To Furniture A/c		10,000
	(being depreciation recorded)		
(v)	Furniture A/c	Dr. 4000 लागत	
	To Purchase A/c ------- COST		4000
(vi) (R)	Bank A/c	Dr. 20,000 (A↑)	
	To Commission A/c		10,000 (R↑)
	To Commission Received in advance A/c		10,000 (L↑)
(vii)	Interest on Capital A/c	Dr. 8000	
	To Capital A/c		8000
	(being Interest on Capital allowed)		
(viii)	Capital A/c	Dr. 1500	
	To Interest on Drawing A/c		1500
	(being Interest on Drawings charged)		

OPENING ENTRY

16. Following balances existed in the books of M/s. Anand Stores as on 1st April 2021:

Assets : Cash ₹ 60,000; Bank ₹ 40,000; Stock ₹ 1,50,000; Furniture ₹ 43,000; Debtors ₹ 1,45,000 (*X* ₹ 35,000; *Y* ₹ 50,000; *Z* ₹ 60,000).

Liabilities : Loan from Vikas ₹ 60,000; Creditors ₹ 52,500 (*A* ₹ 22,500; *B* ₹ 30,000).

Pass necessary Journal entry to record the above balances. [*Capital—₹ 3,25,500.*]

Sol:-

Cash A/c	Dr.	60000	
Bank A/c	Dr.	40000	
Stock A/c	Dr.	150000	
Furniture A/c	Dr.	43000	
Debtors A/c	Dr.	145,000	
To Loan from Vikas			60000
To Creditors			52,500
To CAPITAL A/c			325,500

(being assets & liabilities brought forward)

Dr. = 438,000
Cr. = (112,500)
3,25,500

17. Journalise the following transactions in the books of M/s. R.K. & Co.:

~~(i)~~ Purchased goods of list price of ₹ 20,000 from Vishal at 20% trade discount against cheque payment. ₹4000

~~(ii)~~ Purchased goods of list price of ₹ 20,000 from Naman at 15% trade discount against cash. ₹3000

~~(iii)~~ Purchased goods of list price of ₹ 30,000 from Amrit at 20% trade discount. ₹6000

~~(iv)~~ Purchased goods from Hari & Co. of list price ₹ 40,000 for ₹ 35,000 against cash. Trade discount

~~(v)~~ Goods purchased from Amrit of list price ₹ 10,000 returned. 20% Trade discount

~~(vi)~~ Sold goods to Parul of list price of ₹ 40,000 at 10% trade discount against cheque payment. ₹4000

₹3000

(v) Goods purchased from Amrit of list price ₹ 10,000 returned. 20% Trade discount

(vi) Sold goods to Parul of list price of ₹ 40,000 at 10% trade discount against cheque payment. ₹4000

(vii) Sold goods to Aman of list price of ₹ 30,000 at 10% trade discount against cash. ₹3000

(viii) Sold goods to Pawan of list price of ₹ 20,000 at 10% trade discount. ₹2000

(ix) Sold goods to Yamini of list price of ₹ 25,000 for ₹ 23,000. Trade discount ₹2000

(x) Sold goods costing ₹ 10,000 at cost *plus* 20% *less* 10% trade discount to Bhupesh.

(xi) Sold goods purchased at list price of ₹ 50,000 sold at a profit of 25% *less* 10% trade discount against cheque.

(xii) Aman returned goods of list price of ₹ 10,000 sold to him at 10% trade discount. ₹1000

Sol:

(i)	Purchase A/c	Dr.	16,000	
	To Bank A/c			16,000
(ii)	Purchase A/c	Dr.	17000	
	To Cash A/c			17000
(iii)	Purchase A/c	Dr.	24000	
	To Amrit			24000
(iv)	Purchase A/c	Dr.	35000	
	To Cash A/c			35000
(v)	Amrit	Dr.	8000	
	To Purchase Return A/c			8000
(vi)	Bank A/c	Dr.	36,000	
	To Sales A/c			36,000
(vii)	Cash A/c	Dr.	27,000	
	To Sales A/c			27,000
(viii)	Pawan	Dr.	18,000	
	To Sales A/c			18,000
(ix)	Yamini	Dr.	23000	
	To Sales A/c			23000

(x)

Goods	10,000
(+) 20%	2,000
	12,000
(−) T. D @ 10%	(1,200)
	10,800

Bhupesh	Dr.	10,800	
To Sales A/c			10,800

(xi)

	50000
(+) 25%	12,500
	62500
(-) 10%	(6250)
	56,250

Bank A/c Dr.	56,250	
To Sales A/c		56250

(xii)	Sales Return A/c Dr.	9000	
	To Aman		9000

हम कौन है ??

18. Journalise the following transactions in the books of Bhushan Agencies:

IMP

~~(i)~~ Received cash from Bharat ₹ 20,000, allowed him discount of ₹ 500.

~~(ii)~~ Received from Vikas ₹ 35,000 by cheque, allowed him discount of ₹ 750.

~~(iii)~~ Received cash from Akhil ₹ 38,000 in settlement of his dues of ₹ 40,000.

~~(iv)~~ Received from Amrit ₹ 50,000 by cheque on account against dues of ₹ 60,000.

~~(v)~~ Paid cash ₹ 39,200 to Suresh in settlement of his dues, (total ??) availed discount of 2%.

~~(vi)~~ Paid by cheque ₹ 25,000 to Mehar in settlement of her dues of ₹ 26,000.

~~(vii)~~ Paid ₹ 25,000 to Yogesh by cheque on account.

~~(viii)~~ Purchased goods costing ₹ 1,00,000 against cheque and availed discount of 3%. Trade

~~(ix)~~ Purchased goods costing ₹ 60,000 from Akash & Co., paid 50% immediately availing 3% discount. CASH

Trade

~~(x)~~ Sold goods of ₹ 30,000 against cheque allowing 2% discount. = 600

CASH

600

~~(x)~~ Sold goods of ₹ 30,000 against cheque allowing 2% discount. = 600

CASH 600

~~(xi)~~ Sold goods of ₹ 60,000 to Vimal received $\boxed{50\%}$ of due amount allowing 2% discount.

(xii) Mittal Bros. purchased 100 shawls @ ₹ 3,000 per shawl. Allowed 10% Trade Discount and 3% Cash Discount if payment is made within 14 days. (Mittal Bros. received 10 shawls of poor quality, which it returned) Mittal Bros. settled the payment in 10 days.

(–) ₹50 = ₹150

~~(xiii)~~ Sold to Gupta Shawls, 100 shawls @ $\boxed{₹ 200}$ per shawl on 4th January, 2020. Trade Discount 25% and (Cash Discount 5% $\boxed{\text{if full payment}}$ ~~is made within 14 days. Gupta Shawls sent 50% of the payment on 14th January, 2020 and balance payment on 10th February, 2020.~~ OMG!! 10 days.

Sol (i) Cash A/c Dr. 20000
Discount allowed A/c Dr 500
To Bharat 20,500

(ii) Bank A/c Dr. 35000
Discount allowed Dr. 750
To Vikas 35,750

(iii) Cash A/c Dr 38000
Discount allowed A/c Dr 2000
To Akhil 40,000

सही (iv) Bank A/c Dr 50000
To Amrit 50,000

(v) Suresh Dr. 40,000
To discount received A/c —— $\boxed{800}$
To Cash A/c —— 39,200

$$x \; (-) \; \frac{2}{100}x = 39,200$$
$$\frac{100x - 2x}{100} = 39,200$$
$$\frac{98x}{100} = 39,200 \Rightarrow x = \frac{39200 \times 100}{98}$$
$$= 40,000$$

(vi) Meher Dr. 26000
To discount received A/c 1,000
To Bank A/c 25,000

(vii) Yogesh Dr. 25000
To Bank A/c 25,000

(viii) Purchase A/c Dr. 97000
To Bank A/c 97,000

(viii) Purchase A/c Dr. 97000
To Bank A/c 97,000

(ix) Purchase A/c Dr. 60000
To Cash A/c —— 29100
To discount received A/c — 900
To Akash —— 30000

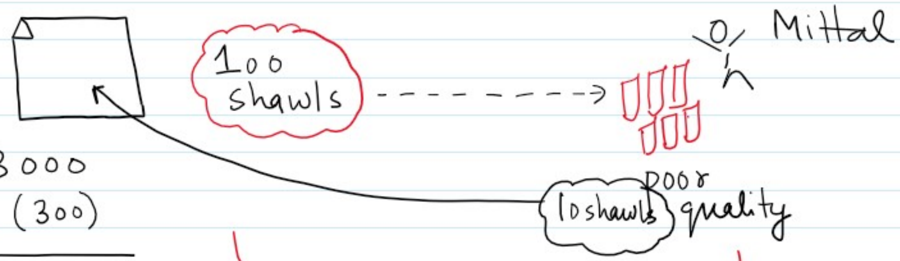
60,000
50% immediately 30,000
बाद मे 30,000

Discount 3% (900)
29,100 cash paid

(x) Bank A/c Dr. 29400
To Sales A/c —— 29400

(xi) Cash A/c Dr. 29,400
Discount allowed A/c Dr. 600
Vimal Dr. 30,000
To Sales A/c 60,000

(xii)



COST : 3000
(–) T.D @ 10% (300)
2,700

90 shawls Sold (✓)

Cash A/c Dr. 235,710
Discount allowed A/c Dr. 7290 ← 3%
To Sales A/c {90 x 2700} —— 243,000

(xiii) 4 Jan Gupta Dr. 15000
To Sales 15000
{ 100 × 150 }

14 Jan Cash A/c Dr. 7,500
To Gupta 7,500

10 Feb Cash A/c Dr. 7500
To Gupta 7500

Q. 7, 12, 13, 14

Q. 7, 12, 13, 14
15, 16

H W

19. ~~Journalise~~ the following transactions: ₹

(i) Shyam became insolvent. Compensation of 75 paise in a 75%

rupee was received from his Official Receiver. He owed us — 10,000

(ii) Received cash from Ramesh whose account was written off last year as bad debt — 5,000

(iii) Rent due to landlord o/s — 8,000

(iv) Salaries due to staff o/s — 10,000

(v) Placed an order with Rakesh for supply of goods of the list price of ₹ 1,00,000. In this connection, Raman paid 10% of the list price as an advance by cheque. 10,000

(vi) Supplied goods costing ₹ 3,600 to Sanjay. Issued invoice at 20% above Cost *less* 10% Trade Discount.

Sol

(i)	Cash A/c	Dr.	7500	
	Bad debt A/c	Dr.	2500	
	To Shyam			10,000
(ii)	Cash A/c	Dr.	5,000	
	To Bad debt recovered A/c			5,000
(iii)	Rent A/c	Dr.	8000	
	To Outstanding Rent A/c			8,000
(iv)	Salaries A/c	Dr.	10,000	
	To Outstanding Salaries A/c			10,000
(v)	A↑ Advance to Rakesh A/c	Dr.	10,000	
	To Bank A/c ↓A			10,000
(vi)	Sanjay	Dr.	3,888	

(vi) Sanjay Dr. 3,888
To Sales A/c 3,888

GOODS (List price / COST) = 3600
(+) $\frac{20}{100} \times 3600$ = 720
4320
(-) Trade discount $\left\{\frac{10}{100} \times 4320\right\}$ (432)
Not recorded in Books.
3,888

(vii) Outstanding Bill A/c Dr. 1000 ↓L
To Cash A/c 1,000 ↓A

20. Journalise the following entries:

(i) Goods costing ₹ 500 given as charity.

(ii) Sold goods to Mayank of ₹ 1,00,000, payable 25% by cheque at the time of sale and balance after 30 days of sale. 75,000 — 25,000

(iii) Received ₹ 975 from Harikrishna in settlement of his account of ₹ 1,000.

(iv) Received dividend of 60 paise in a rupee from the Official Receiver of Rajan, who owed us ₹ 1,000. 60%

(v) Charge interest on Drawings ₹ 1,500.

(vi) Sold goods to Anil costing ₹ 40,000 for cash at a profit of 25% on cost *less* 20% trade discount.

(vii) Paid cartage of ₹ 100 for delivery of goods.

(viii) Paid income tax ₹ 15,000.

Sol:- (i) Charity A/c Dr. 500
To Purchase A/c 500

(ii) cheque ← Bank A/c Dr. 25,000
credit sale ← Mayank Dr. 75,000
To Sales A/c 1,00,000

credit sale ← Mayank Dr. 15,000
To Sales A/c 1,00,000

(iii) Cash A/c Dr. 975
Discount allowed A/c Dr. 25
To Hari Krishna 1,000

(iv) Cash A/c Dr. 600
Bad debt A/c Dr. 400
To Rajan 1,000

(v) Capital A/c Dr. 1500
To Interest on drawing 1500

(vi) Cash A/c Dr. 40,000
To Sales A/c 40,000

	Goods	40 000
(+) profit	$\left[\frac{25}{100} \times 40000\right]$	10,000
		50,000
(−) T.D	$\left[\frac{20}{100} \times 50000\right]$	(10,000)
		40,000

(vii) Cartage A/c Dr. 100
To Cash A/c 100

(viii) Drawings A/c Dr. 15000
To Cash A/c 15,000

14 Journalise the following transactions of Singh Enterprises, Delhi:

2019 HW		₹
June 1	Started business with cash	50,000
June 2	Deposited cheque from Savings Account in firm's account	2,00,000
June 3	Received cheque from Ram as loan	50,000
June 4	Purchased goods for cash	15,000
June 11	Sold goods to M/s Hari Sales, Delhi	12,000
June 13	Paid to Ramavtar by cheque advance for Machine	40,000
June 17	Received from M/s Hari Sales, Delhi CASH	10,000
June 20	Bought furniture from S.R. Furnishers against cheque payment	22,400
June 27	Paid rent by cheque	28,000
June 27	Sold the personal Car and invested the amount in business	80,000
June 27	Goods costing ₹ 2,000 were destroyed by fire. These goods were not insured	
June ~~30~~	Paid life insurance premium for employees	5,000
June ~~30~~	Paid salary	20,000

घर ----> Business (Bank)

2 June	Bank A/c Dr.	200000	
	To CAPITAL A/c		200000
3 June	Bank A/c Dr.	50000	
	To R's LOAN A/c		50000
13 June	Advance A/c Dr. (A↑)	40000	
	To Bank A/c		40000
27 June	Cash A/c Dr.	80000	
	To Capital A/c		80000
27 June	Loss by fire A/c Dr	2000	
	To Purchase A/c		2000
30 June	Insurance A/c Dr.	5000	
	To Cash A/c		5000

illustrations
All Remaining
H W