Chapter 11

CH : Special Purpose Book - II

(V.V.V.V. Easy)

(OTHER BOOKS)

4 Marks

BOOKS

- CASH/BANK → Cash Book → (✓)
- credit → Purchase Book ①
- credit → Sales Book ②
- credit → Purchase Return Book {Return Outward Book} ③
- credit → Sales Return Book {Return Inward Book} ④
- Journal Proper ⑤

① **Purchase Book** - It record goods purchased on credit ✓

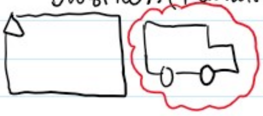
② **Sales Book** - It record goods sold on credit ✓

③ **Purchase Return Book** - It record goods returned after credit purchase. ✓

④ **Sales Return Book** - It record goods returned after credit sale ✓

⑤ **JOURNAL PROPER** - All the transactions which are not recorded in any other book is recorded in Journal proper.

Business (Maruti)



goods ✓

Business (DLF)

Bldg goods (✓)

*3. From the following transactions of Kamal, prepare Purchases Book and post in Ledger:

2021 April 1	Purchased from Videocon India Ltd., Kolkata: 30 Colour T.Vs @ ₹ 15,000 each, *less* Trade Discount @ 10%, *plus* Freight charges ₹ 2,000.

2021 April	1	Purchased from Videocon India Ltd., Kolkata: 30 Colour T.Vs @ ₹ 15,000 each, less Trade Discount @ 10%, plus Freight charges ₹ 2,000.
April	15	Purchased from Sony India Ltd., Guwahati: 10 colour T.Vs @ ₹ 20,000 each less Trade Discount @ 10%.
April	20	Purchased from Music India Ltd., Delhi: 10 music systems @ ₹ 10,000 each less Trade Discount @ 15%.
April	30	Purchased from Videocon India Ltd., Kolkata: 5 washing machines @ ₹ 15,000 each less Trade Discount @ 20%, Freight charges ₹ 1,000.

[Total of Purchases Book—₹ 7,33,000; Purchases A/c (Dr.)—₹ 7,30,000; Freight Inwards A/c (Dr.)—₹ 3,000; Videocon India Ltd., Kolkata (Cr.)—₹ 4,68,000; Sony India Ltd., Guwahati (Cr.)—₹ 1,80,000; Music India Ltd., Delhi (Cr.)—₹ 85,000.]

Sol:-

In the books of Kamal

Purchase Book

Date	Particulars	L/F	Details	COST	Freight charges	TOTAL
1 April	Videocon India Ltd; Kolkata 30 color TV @ 15000 each Less:- Trade discount 10% Add:- Freight charges		4,50,000 (45,000) 405,000 2,000 407,000	405,000	2,000	4,07,000
15 April	Sony India Ltd 10 color TV @ 20000 each Less:- Trade discount 10%		2,00,000 (20,000) 180,000	180,000	0	1,80,000
20 April	Music India Ltd 10 Music system @ 10000 Less:- Trade discount 15%		1,00,000 (15,000) 85,000	85,000	0	85,000
30 April	Videocon India Ltd 5 washing Mach @ 15000 Less:- Trade discount 20% Add:- Freight charges		75,000 (15,000) 60,000 1,000 61000	60,000	1,000	61,000
				7,30,000	3,000	7,33,000

Journal entry :-

Purchase A/c (COST) Dr. 730,000
Freight charges A/c Dr. 3,000
To Videocon India Ltd ——— 468,000
To Sony India Ltd 180,000

To Videocon India Ltd ———— 468,000
To Sony India Ltd ———— 180,000
To Music India Ltd ———— 85,000

Dr Videocon India Ltd Cr.

				By Purchase A/c By Freight A/c	465000 3,000

Dr Sony India Ltd Cr

				By Purchase A/c	180000

Dr Music India Ltd Cr

				By Purchase A/c	85,000

Dr Purchase A/c Cr

	To SUNDRIES	730,000			

Dr Freight A/c Cr

	To SUNDRIES	3,000			

Sales Book

4. Prepare Sales Book from the following transactions of Mohan Traders dealing in furniture. Open the Ledger Accounts also:

2021	
April 1	Sold to M/s. Gupta Furniture House, Delhi: 100 Chairs @ ₹ 1,500 per chair 40 Tables @ ₹ 2,000 per table *Less:* Trade Discount @ 5%
April 10	Sold to M/s Ajit Singh & Sons, Kolkata: 150 Desks @ ₹ 1,000 per desk 160 Chairs @ ₹ 1,500 per chair *Less:* Trade Discount @ 5%
April 15	Sold to M/s. Ideal Furniture House, Darjeeling: 10 Sofa sets @ ₹ 75,000 each 5 Almirahs @ ₹ 3,000 each 25 Round Tables @ ₹ 4,000 each *Less:* Trade Discount @ 10%

~~exp~~

~~exp~~

~~exp~~

	25 Round Tables @ ₹ 4,000 each
	Less: Trade Discount @ 10%

[*Total of Sales Book—₹ 13,67,500; Sales A/c (Cr.)—₹ 13,67,500; M/s. Gupta Furniture House, Delhi (Dr.)—₹ 2,18,500; M/s. Ajit Singh & Sons, Kolkata (Dr.)—₹ 3,70,500; M/s. Ideal Furniture House, Darjeeling (Dr.)—₹ 7,78,500.*]

Sol:-

In the books of Mohan Traders

Sales Book

Date	Particulars	LF	Details	Sale Value
1 April	GUPTA			
	100 chairs @ ₹ 1500 each		150,000	
	40 tables @ ₹ 2000 each		80,000	
			230,000	
	Less :- T.D @ 5%		(11,500)	
			218,500	218,500
10 April	Ajit			
	150 desks @ ₹ 1000 each		1,50,000	
	160 chairs @ ₹ 1500 each		2,40,000	
			390,000	
	Less :- T.D @ 5%		(19500)	
			370,500	3,70,500
15 April	Ideal Furnitures			
	10 Sofa @ 75000 each		750,000	
	5 Almirah @ 3000 each		15,000	
	25 R. table @ 4000 each		1,00,000	
			865,000	
	Less :- T.D @ 10%		(86,500)	
			7,78,500	7,78,500
				13,67,500

Journal entry :- Gupta Dr. 218,500
Ajit Dr. 370,500
Ideal Dr. 778,500
To Sales A/c —— 13,67,500

Dr	Gupta				Cr
	To Sales A/c	218500			

	To Sales A/c	218500				

Ajit

	To Sales A/c	370500				

Ideal

	To Sales A/c	778500				

Sales A/c

					By Sundries	1367500

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12. Prepare **Returns Inward** and **Returns Outward Books** of Manoj, Mumbai from the following transactions and post them in **Ledger Accounts:**

2021	
March 1	Mathur Bros., New Delhi, returned: — Sales Return 5 pairs of Shoes for being defective @ ₹ 2,000 per pair *Less:* Trade Discount 10%
March 5	Returned to Kanpur Leather Private Ltd., Kanpur: → Purchase Return 100 pairs of Chappals being not up to the approved sample. They were purchased @ ₹ 300 per pair *Less:* Trade Discount 15%
March 12	Baluja Shoes Co., Mumbai, returned — Sales Return 12 pairs of ladies chappals sold to them @ ₹ 4,000 per pair *Less:* Trade Discount 10%
March 20	Returned to Bata Shoes Pvt. Ltd., Mumbai: — Purchase Return 100 pairs B.S.C Canvas Shoes @ ₹ 500 per pair *Less:* Trade Discount 15%

[*Total of Returns Outward Book—₹ 68,000; Returns Outward A/c (Cr.)—₹ 68,000; Kanpur Leather Private Ltd., Kanpur (Dr.)—₹ 25,500; Bata Shoes Pvt. Ltd., Mumbai—₹ 42,500. Total of Returns Inward Book—₹ 52,200; Returns Inward A/c (Dr.)—₹ 52,200; Mathur Bros., New Delhi (Cr.)—₹ 9,000; Baluja Shoes Co., Mumbai (Cr.)—₹ 43,200.*]

Sol:-

In the books of Manoj

Purchase Return Book

Purchase Return Book

Date	Particulars	Debit Note No.	LF	Details	Amount
5 March	Kanpur Leather Pvt Ltd				
	100 pairs of chappals @ 300 per pair			30,000	
	Less :- Trade discount 15%			(4,500)	
				25,500	25,500
20 March	Bata Shoes Pvt Ltd, Mumbai				
	100 pairs of shoes @ 500 per pair			50,000	
	Less :- Trade discount 15%			(7,500)	
				42,500	42,500
	Purchase Return A/c Cr				68,000

Journal

Kanpur Leather Pvt Ltd	Dr.	25500	
Bata Shoes Pvt Ltd	Dr.	42500	
To Purchase Return A/c			68,000

Dr **Kanpur Leather Pvt Ltd** Cr

5 March	To Purchase Return A/c	25,500			

Dr **Bata Shoes Pvt Ltd** Cr

20 March	To Purchase Return A/c	42,500			

Dr **Purchase Return A/c** Cr

			31 March	By Sundries	68000

Sales Return Book

Date	Particulars	Credit Note	LF	Details	Amount

Date	Particulars	Credit Note No.	LF	Details	Amount
1 March	Mathur Bros, New Delhi				
	5 pair of shoes @ 2000 per pair			10,000	
	Less :- Trade discount 10%			(1,000)	
				9,000	9,000
12 March	Baluja Shoes Co, Mumbai				
	12 pairs of chappal @ ₹ 4000 per pair			48,000	
	Less :- Trade discount 10%			(4,800)	
				43,200	43,200
	Sales Return A/c Dr.				52,200

Journal -

Sales Return A/c Dr. 52,200
To Mathur Bros ———— 9000
To Baluja Shoes Co. ———— 43200

Dr Mathur Bros Cr

			1 March	By Sales Return A/c	9000

Dr Baluja Shoes Cr

			12 March	By Sales Return A/c	43,200

Dr Sales Return A/c Cr

31 March	To Sundries	52,200			

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* JOURNAL PROPER *

→ In this book, all those transactions are recorded which are not recorded in any other book.

→ In this book, all those transactions are recorded which are not recorded in any other book.

→ Usually the following types of entries are recorded in Journal proper :-

(a) Opening Entry (✓)
(b) Closing Entries (Details in Final Accounts chapter)
(c) Rectification Entries (✓)
(d) Transfer Entries (✓)
(e) Adjustment Entries (✓)
(f) Miscellaneous Entries (✓)

→ CLOSING ENTRIES
(passed on 31 March)

(a) For recording Opening stock, purchases, Sales Return, Direct expenses → Wages, Carriage inwards.

Trading A/c Dr.
To Opening stock A/c
To Purchase A/c
To Sales Return A/c
To Direct expenses A/c
(being items transferred to trading A/c)

(b) For recording closing stock, Sales, Purchase Return

Closing stock A/c Dr.
Sales A/c Dr.
Purchase Return A/c Dr.
To Trading A/c
(being - - - - - -)

(c) For recording Gross profit or Gross loss

Gross profit (b > a)	Gross Loss (a > b)
Trading A/c Dr. To P&L A/c (being Gross profit transferred)	P&L A/c Dr. To Trading A/c (being Gross loss transferred)

(d) For all the Indirect expenses → Salary, Carriage outward, Rent etc

P&L A/c Dr.
To Indirect expenses A/c
(being expenses transferred)

(being expenses transferred)

(e) For all the incomes → Discount (Cr), Commission (Cr) etc

Incomes A/c Dr.
To P&L A/c
(being incomes transferred)

(f) P&L A/c Dr.
To Capital A/c
(being Net profit transferred)

Capital A/c Dr.
To P&L A/c
(being net loss transferred)

13 (*Closing Entries*). Give the necessary entries in the Journal Proper of Ram on 31st March, 2021 to close his books:
Freehold Premises ₹ 30,000; Plant and Machinery ₹ 20,000; Sundry Debtors ₹ 25,000; Purchases ₹ 37,500; Sales ₹ 95,000; Discount (Dr.) ₹ 150; Discount (Cr.) ₹ 175; Sundry Creditors ₹ 12,500; Carriage Inwards ₹ 375; Carriage Outwards ₹ 600; Furniture and Fixtures ₹ 2,500; Wages ₹ 5,000; Bad Debts ₹ 750; Salaries ₹ 3,600; Commission (Cr.) ₹ 2,125; Capital Account 59700 [redacted]; Bills Payable ₹ 7,500; Bills Receivable ₹ 9,000; Trade Expenses ₹ 2,550; Opening Stock ₹ 22,075; Closing Stock ₹ 10,000; Ram's Loan Account ₹ 20,000; Cash in Hand ₹ 75; Cash at Bank ₹ 3,125.

Sol:-

(i) Trading A/c Dr. 64950
To Opening stock A/c —— 22075
To Purchase A/c —— 37500
To Wages A/c —— 5000
To Carriage Inward A/c —— 375

(ii) Sales A/c Dr. 95000
Closing stock A/c Dr. 10000
To Trading A/c —— 1,05,000

(iii) Trading A/c Dr. 40,050
To P&L A/c —— 40,050

(iv) P&L A/c Dr. 7650
To Discount (Dr) A/c —— 150
To Carriage outwards A/c —— 600
To Bad debts A/c —— 750
To Salaries A/c —— 3600
To Trade expense A/c —— 2550

(v) Discount (Cr) A/c Dr. 175
Commission (Cr) A/c Dr 2125
To P&L A/c —— 2300

P&L A/c Dr. 7650	P&L A/c Cr. 42350

7650	42350

** Cr > Dr = Net profit
Dr > Cr = Net loss

(vi) P&L A/c Dr. 34,700
To Capital A/c 34,700
(being Net profit transferred)
Capital बढ़ गई

(vii)	Freehold premises A/c	Dr. 30000	
	Plant + Machine A/c	Dr 20000	
	Debtors	Dr 25000	
	Furniture + furniture A/c	Dr. 2500	
31 March	Closing stock A/c	Dr. 10000	
	Bills Receivable A/c	Dr. 9000	
	Cash in hand A/c	Dr. 75	
	Cash at Bank A/c	Dr. 3125	
	To Creditors		12500
	To Bills Payable		7500
	To Ram's Loan A/c		20000
	To Capital A/c		59700

opening stock नही लिखना (1 April)

14 (*Transfer Entries*). Give the Journal entries for the following:
(i) Gross Profit of ₹ 32,000 from Trading Account to Profit and Loss Account.
(ii) Net Profit of ₹ 14,500 to Capital Account of Sri Sankar Saha.
(iii) Sri Sankar Saha draws ₹ 10,000 from his Capital Account.
(iv) Purchases Return of ₹ 7,000.
(v) Sales Return of ₹ 6,000.

Sol:-
(i) Trading A/c Dr. 32000
To P&L A/c 32000

(ii) P&L A/c Dr. 14500
To Capital A/c 14500

(iii) Drawings A/c Dr. 10000
To Cash A/c 10000

(iv) Purchase Return A/c Dr. 7000
To Trading A/c — 7000

(v) Trading A/c Dr. 6000
To Sales Return A/c — 6000

Narration (✓)

15. (*Adjustment Entries*). From the following information available on 31st March, 2021, pass the necessary Adjustment Entries in the Journal for the year ending on that date:

~~(i)~~ Interest accrued ₹ 2,500.
~~(ii)~~ Wages for March, 2021 outstanding ₹ 10,000.
~~(iii)~~ Insurance prepaid ₹ 1,500.
~~(iv)~~ Commission due to manager 6% on net profit after charging such commission. The profit before charging such commission was ₹ 1,06,000.
~~(v)~~ Interest due on loan but not paid. Loan of ₹ 1,50,000 was taken at 9% p.a. 9 months before end of the year.

(R)

(i) Accrued Interest A/c Dr. 2500
To Interest A/c — 2500

(ii) Wages A/c Dr. 10000
To Outstanding Wages A/c — 10000

(iii) Prepaid Insurance A/c Dr 1500
To Insurance A/c — 1500

(iv) Commission A/c Dr 6000
To Outstanding Commission A/c — 6000

$$\left\{ \frac{\text{Rate}}{100 + \text{Rate}} \times \text{Net profit before charging Commission} \right\}$$

$$= \frac{6}{100+6} \times 106{,}000$$

$$= \frac{6}{100+6} \times 106{,}000$$

$$= \frac{6}{\cancel{106}} \times \cancel{106}^{1},000 \Rightarrow \boxed{6000}$$

(v) Interest A/c Dr. 10,125
To Outstanding Interest A/c —— 10,125

$$\left\{ 150{,}000 \times \frac{9}{100} \times \frac{9}{12} \right\}$$

*

Subsidiary Book	Journal Proper
1. It records transactions of similar nature	1. It does not record similar nature transactions
2. It is in the form of statement	2. It is in the form of JOURNAL
3. Each transaction is not recorded in ledger	3. Each transaction is recorded in Ledger
4. It is also Known as SPECIAL JOURNAL	4. It is also Known as GENERAL JOURNAL
"अनोखे"	"आम"

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