



ACCOUNTS

NCERT - NCERT ACCOUNTS(HINGLISH)

RECORDING OF TRANSACTIONS-I

Illustration 1

1. Form the following transaction made by M/s kuntia Traders, prepare the single column

cashbook.

Date	Details	Amount ₹
2017		
Sept. 01	Cash in hand	40,000
Sept. 02	Deposited in bank	16,000
Sept. 04	Received from Puncet in full settlement of claim of ₹ 12,000.	11,700
Sept. 05	Cash paid to Rukmani in full settlement of claim of ₹7,000	6,850
Sept. 06	Sold goods to Sudhir for cash	14,800
Sept. 06	Paid quarterly insurance premium on policy for proprietor's wife	2,740
Sept. 07	Purchased office furniture	8,000
Sept. 07	Purchased stationery	1,700
Sept. 07	Paid cartage	120
Sept. 10	Paid Kamal, discount allowed by him ₹ 200	6,800
Sept. 11	Received from Gurmeet, discount allowed to him ₹500	14,500
Sept. 12	Amount withdrawn for house hold use	5,000
Sept. 14	Electricity bill paid	1,160
Sept. 17	Goods sold for cash	23,000
Sept. 21	Bought goods from Kamal on cash basis	17,000
Sept. 24	Paid telephone charges	2,300
Sept. 26	Paid postal charges	520
Sept. 28	Paid monthly rent	4,200
Sept. 29	Paid monthly wages and salary	8,250
Sept. 29	Bought goods for cash	11,000
Sept. 30	Sold goods for cash	15,600



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Illustration 2

1. Record the following transactions in double column cash book and balance it.

Date	Details	Amount ₹
2017		
Aug. 01	Cash balance	15,000
	Bank balance	10,000
Aug. 03	Paid insurance premium by cheque	4,200
Aug. 08	Cash sales	22,000
	Cash discount	750
Aug. 09	Payment for cash purchases	21,000
	Cash discount	700
Aug. 09	Cash deposited in bank	15,000
Aug. 10	Telephone bill paid by cheque	2,300
Aug. 14	Withdrawn from bank for personal use	6,000
Aug. 16	Withdrawn from bank office use	14,500
Aug. 20	Received cheque from John in full and final settlement and deposited the same in the bank	10,700
Aug. 23	Received cash from Michael	6,850
	Discount allowed	150
Aug. 24	Stationery purchased for cash	1,800
Aug. 25	Cartage paid in cash	350
Aug. 25	Cheque received from Kumar	4,500
Aug. 28	Cheque received from Kumar deposited in Bank	4,500
Aug. 31	Cheque deposited on Aug. 28 dishonoured and returned by the bank	
Aug. 31	Rent paid by cheque	4,000
Aug. 31	Paid wages to the watchman in cash	3,000
Aug. 31	Paid cash for postage	220



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Illustration 3

1. Prepare bank column cash book from the following transactions of M/s Laser Zone for the month of January 2014 and post them to the related ledger accounts :

Date	Details	Amount ₹
2017		
Jan. 01	Cash in hand	4,000
	Bank overdraft	3,200
Jan. 04	Wage paid	400
Jan. 05	Cash sales	7,000
Jan. 07	Purchased goods by cheque	2,000
Jan. 09	Purchased furniture for cash	2,200
Jan. 11	Cash paid to Rohit	2,000
Jan. 13	Cash sales	4,500
Jan. 14	Deposited into bank	7,000
Jan. 16	Bank charged interest on overdraft	200

Jan. 20	Paid telephone bill by cheque	600
Jan. 25	Sale of goods and received cheque (deposited same day)	3,000
Jan. 27	Paid rent	800
Jan. 29	Drew cash for personal use	500
Jan. 30	Paid salary	1,000
Jan. 31	Interest collected by bank	1,700



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Illustration 4

1. Prepare double column each book of M/s Advance Technology Pvt. Ltd. For the month of December 2014 from the following transactions :

Date	Details	Amount ₹
2017		
Dec. 01	Cash in hand	3,065
	Cash at bank	6,780
Dec. 02	Cash paid to petty cashier	1,000
Dec. 03	Received cheque from Priya	3,000
Dec. 04	Cash sales	2,000
Dec. 05	Deposited into bank	1,200
Dec. 06	Priya's cheque deposited into bank	3,000
Dec. 08	Purchased furniture by cheque	6,500
Dec. 10	Paid trade expenses	400
Dec. 12	Cash sales	9,000

Dec. 13	Bank charges	300
Dec. 15	Dividend collected by bank	1,200
Dec. 16	Paid electric bill by cheque	600
Dec. 17	Cash purchases	2,000
Dec. 19	Paid for advertising	1,000
Dec. 21	Goods sold and received a cheque (deposited same day)	6,000
Dec. 22	Paid legal charges	500
Dec. 23	Drew from bank for personal use	2,000
Dec. 24	Paid establishment expenses	340
Dec. 25	Paid for printing of bill book	850
Dec. 26	Paid insurance premium by cheque	2,150
Dec. 27	Cash sales	7,200
Dec. 28	Paid salary by cheque	4,000
Dec. 29	Rent paid	3,000
Dec. 30	Commission received by cheque (deposited same day)	2,500
Dec. 31	Paid for charity by cheque	800



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Illustration 5

1. Enter the following transactions of M/s Hi-Life Fashions in purchases and purchases return book and post them to the ledger accounts for the month of September 2015:

Date	Details
2017 Sept. 01	Purchase of following goods on credit from M/s Ratna Traders, as per Invoice No.714: 25 Shirts @ ₹300 per shirt 20 Pants @ ₹700 per pant Less 10% trade discount
Sept. 08	Purchase of following goods on credit from M/s Bombay Fashion House, as per Invoice No.327 :

Recording of Transactions - II

Sept. 10	10 Fancy Trousers @ ₹500 per trouser 20 Fancy Hat @ ₹ 100 per hat Less 5% trade discount Goods returned to M/s Ratana Traders, as per debit note No.102 3 shirts @ ₹300 per shirt 1 Pant @ ₹700 per pant Less 10% trade discount
Sept. 15	Purchase of following goods on credit from M/s Zolta Fashion as per Invoice No.6781 : 10 Jackets @ ₹1000 per jacket 5 Plain shirts ₹200 per shirts Less 15% trade discount.
Sept. 20	Purchase of following goods on credit from M/s Bride Palace as per Invoice No.1076 : 10 Fancy Lengha @ ₹2,000 per lengha Less 5% trade discount.
Sept. 24	Goods returned to M/s Bombay Fashion House as per debit note No.101 2 Fancy Trousers @ ₹500 per trouser 4 Fancy Hat @ ₹100 per hat Less 5% trade discount.
Sept. 28	Goods returned to M/s Bride Palace as per debit note No.106 1 Fancy Lengha @ ₹2,000 per lengha Less 5% trade discount.



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Illustration 6

1. Enter the following transactions in the Sales and Sales Return book of M/s Vineet Stores:

Date	Details
2017	
Dec.01.	Sold goods on credit to M/s Rohit Stores as per invoice no.325 30 Kids Books @ ₹ 60 each.
Dec. 05	20 Animal Books @ ₹ 50 each Sold goods on credit to M/s Mera Stores as per invoice no.328 ; 100 Greeting Cards @ ₹12 each. 50 Musical Cards @ ₹ 50 each
Dec. 10	Less 5% trade discount. Sold Goods on credit to M/s Mega Stationers as per invoice no.329 50 Writing Pads @ ₹ 20 each. 50 Colour Books @ ₹ 30 each 20 Ink Pads @ 16 each
Dec. 15	Goods Returned from M/s Rohit Stores as per credit note no.201 2 Kids Books @ ₹ 60 each 1 Animal Book @ ₹ 50 each
Dec. 19	Sold goods on credit to M/s Abha Traders as per invoice no.334 100 Cards Books @ ₹ 10 each. 50 Note Books @ ₹ 35 each Less 5% trade discount.
Dec. 22	Goods returned from M/s Mega Stationers as per credit note no 204 2 Colour Books @ ₹ 30 each
Dec. 26	Sold goods on credit to M/s Bharti Stores as per invoice no.325 ; 100 Greeting Cards @ ₹ 20 each. 100 Fancy Envelopes @ ₹ 5 each
Dec. 30	Goods returned from M/s Abha Traders as per credit note no 207 20 Cards Books @ ₹ 10 each 5 Note Book@ ₹ 35 each Less 5% trade discount



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Illustration 7

1. Prepare Purchases book and purchases Return Book firm the following transactions :

2017		
Aug. 05	Purchased from M/s Ramakant, Delhi (Invoice No. 6780) 20 Television @ ₹15,000 each, 05 DVD Players @ ₹ 10,000 each, trade discount @ 10%.	
Aug. 07	02 Television returned to M/s Ramakant, Delhi (found defective) Debit Note No. 211	
Aug. 20	Bought from M/s Samay Electronics, Haryana (Invoice No. 1011) 10 Washing Machines @ 5,000 each and 5 Television @ 25,000 each trade discount @ 5% Rate of GST applicable on above purchase are: CGST @ 9% SGST @ 9% IGST @ 18%	

Accountancy

Purchases Book (Analytical)									
Date	Invoice	Name of Supplier	L.F.	Detail	Total (₹)	Purchases	CGST	SGST	IGST
2017 Aug. 05	6780	M/s Ramakant, Delhi		20 T.V. @ ₹ 15,000 each	3,00,000				
				05 DVD Players @ 10,000 each	50,000				
					3,50,000				
				Less : Trade Discount @ 10%	35,000				
				Add : CGST @ 9%	3,15,000				
				SGST @ 9%	28,350				
					28,350	3,71,700	3,15,000	28,350	28,350
Aug. 20	1011	M/s Samay Electronics, Haryana		10 Washing Machines @ 5,000 each	50,000				
				5 T.V. @ ₹ 25,000 each	1,25,000				
					1,75,000				
				Less : Trade Discount @ 5%	8,750				
				Add : IGST @ 18%	1,66,250				
					29,925	1,96,175	1,66,250	-	29,925
Aug. 31				Total		5,67,875	4,81,250	28,350	28,350

Purchases Return Book									
Date	Debit Note No	Name of Supplier	L.F.	Detail	Total (₹)	Purchases Return	CGST	SGST	IGST
2017 Aug. 05	311	M/s Ramakant, Delhi		02 T.V. @ ₹ 15,000 each	30,000				
				Less : Trade Discount @ 10%	3,000				
					27,000				
				Add : CGST @ 9%	2,430				
				SGST @ 9%	2,430	31,860	27,000	2,430	2,430
Aug. 31				Total		31,860	27,000	2,430	2,430



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Illustration 8

1. Prepare Sales book and Sales Return Book of M/s Akash of Rajasthan from the following transactions :

2017		
Aug. 07	Sold to M/s Rahul Bros., Delhi (Invoice No. 3620) 25 shirts @ 300 per shirt 20 pants @ ₹ 700 per pant Trade Discount @ 8%	
Aug. 10	Returned 05 Shirts to M/s Rahul Bros., Delhi (Credit Note No. 612)	
Aug. 18	Sold to M/s Kishan Traders, Jaipur (Invoice No.-3621) 10 jackets @ ₹ 900 per 05 plain shirts @ ₹ 400 per shirt Trade Discount @ 8% GST Rates applicable on Readymade Clothes CGST @ 2.5% SGST @ 2.5% IGST @ 5%	

Sales Book (Analytical)									
Date	Invoice	Name of Customer	LF.	Detail	Total (₹)	Sales	CGST	SGST	IGST
2017 Aug. 07	3620	M/s Rahul Bros., Delhi 25 Shirt @ ₹ 300 Per Shirts 20 Pants @ ₹ 700 Per Pant		7,500 14,000 21,500 Less : Trade Discount @ 8% 1,720 19,780					
		Add : IGST @ 5%		989	10,626	10,120	253	253	—
Aug. 18	3621	M/s Kishan Traders, Jaipur 10 Jackets @ ₹ 900 Per 5 Plain Shirt @ ₹ 700 Per Pant		9,000 2,000 11,000 Less : Trade Discount @ 8% 880 10,120					
		Add : CGST @ 2.5% CGST @ 2.5%		253	20,769	19,780	—	—	987
Aug. 31		Total			31,395	29,900	253	253	989

Sales Return Book									
Date	Credit Note No.	Name of Supplier	LF.	Detail	Total (₹)	Sales Return	CGST	SGST	IGST
2017 Aug. 10	612	M/s Rahul Bros., Delhi 05 Shirt @ ₹ 300 each		1,500 Less : Trade Discount @ 8% 120 1,380					
		Add : CGST @ 9%		69	1,449	1,380	—	—	69
Aug. 31		Total			1,449	1,380	—	—	69



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Select The Correct Answer

1. When a firm maintains a cash book, it need not maintain ,

A. Journal Proper

B. Purchases (journal) book

C. Sales (journal) book

D. Bank and cash account in the ledger

Answer:



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2. Record the following transactions in double column cash book and balance it.

Date	Details	Amount ₹
2017		
Aug. 01	Cash balance	15,000
	Bank balance	10,000
Aug. 03	Paid insurance premium by cheque	4,200
Aug. 08	Cash sales	22,000
	Cash discount	750
Aug. 09	Payment for cash purchases	21,000
	Cash discount	700
Aug. 09	Cash deposited in bank	15,000
Aug. 10	Telephone bill paid by cheque	2,300
Aug. 14	Withdrawn from bank for personal use	6,000
Aug. 16	Withdrawn from bank office use	14,500
Aug. 20	Received cheque from John in full and final settlement and deposited the same in the bank	10,700
Aug. 23	Received cash from Michael	6,850
	Discount allowed	150
Aug. 24	Stationery purchased for cash	1,800
Aug. 25	Cartage paid in cash	350
Aug. 25	Cheque received from Kumar	4,500
Aug. 28	Cheque received from Kumar deposited in Bank	4,500
Aug. 31	Cheque deposited on Aug. 28 dishonoured and returned by the bank	
Aug. 31	Rent paid by cheque	4,000
Aug. 31	Paid wages to the watchman in cash	3,000
Aug. 31	Paid cash for postage	220

A. All transactions

B. Cash and bank transactions

C. Only cash transactions

D. Only credit transactions

Answer:



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3. Goods purchased on cash are recorded in the :

A. Purchases (journal) book

B. Sales (journal) book

C. Cash book

D. Purchases return (journal) book

Answer:



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4. Cash book does not record transaction of :

A. Cash nature

B. Credit nature

C. Cash and credit nature

D. None of these

Answer:



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5. Total of these transactions is posted in purchase account :

- A. Purchase of furniture
- B. Cash and credit purchase
- C. Purchases return
- D. Purchase of stationery

Answer:



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6. The periodic total of sales return journal is posted to :

- A. Sales account
- B. Goods account
- C. Purchases return account
- D. Sales return account

Answer:



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7. Credit balance of bank account in cash book shows :

- A. Overdraft
- B. Cash deposited in our bank
- C. Cash withdrawn from bank
- D. None of these

Answer:



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8. The periodic total of purchases return journal is posted to :

- A. Purchase account
- B. Profit and loss account
- C. Purchase returns account
- D. Furniture account

Answer:



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9. Balancing of account means :

- A. Total of debit side
- B. Total of credit side
- C. Difference in total of debit & credit
- D. None of these

Answer:



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Fill In The Correct Words

1. Cash book is a journal.



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2. In Journal proper, only.....discount is recorded.



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3. Return of goods purchased on credit on credit to the suppliers will be entered in Journal.



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4. Assets sold on credit are entered in



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5. Double column cash book records transaction relating toand



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6. Total of the debit side of cash book isthan the credit side.



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7. Cash book does not record thetransactions.



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8. In double column cash book transactions are also recorded.



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9. Credit balance of bank account in cash book shows :



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10. The amount paid to the petty cashier at the beginning of a period is known asamount.



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11. In purchase book goods purchased onare recorded.



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True Or False

1. Journal is a book of secondary entry.



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2. One debit account and more than one credit account in a entry is called compound entry.



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3. Assets sold on credit are entered in sales journal.



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4. Cash and credit purchases are entered in Purchase Journal.



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5. Cash sales are entered in sales journal.



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6. Cash book records transactions relating to receipts and payments.



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7. Ledger is a subsidiary book .



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8. True/False

Petty cash book is a book having record of big payments.



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9. True/False

Cash received is entered on the debit side of cash book.



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10. Transaction recorded both on debit and credit side of cash book is known as contra entry.



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11. Balancing of account means total of debit and credit side.



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12. Credit purchase of machine is entered in purchase journal.



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Short Answers

1. Briefly state how the cash book is both journal and a ledger.



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2. What is the purpose of contra entry ?



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3. What are special purpose books ?



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4. What is petty cash book ? How it is prepared?



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5. Explain the meaning of posting of journal entries?



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6. Define the purpose of maintaining subsidiary journal.



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7. Write the difference between return Inwards and return ouwards.



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8. What do you understand by ledger folio?



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9. What is difference between trade discount and cash discount?



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10. Write the process of preparing ledger from a journal.



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11. What do you understand by Imprest amount in petty cash book?



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Long Answers

1. Explain the need for drawing up the special purpose books.



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2. What is cash book? Explain the types of cash book.



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3. What is contra entry? How can you deal this entry while preparing double column cash book?



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4. What is petty cash book? Write the advantages of petty cash book?



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5. Describe the advantages of sub-dividing the Journal.



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6. What do you understand by balancing of account?



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Simple Cash Book

1. Enter the following transactions in a simple cash book for December 2016:

	<i>Rs</i>
01 Cash in hand	12,000
05 Cash received from Bhanu	4,000
07 Rent Paid	2,000
10 Purchased goods Murari for cash	6,000
15 Sold goods for cash	9,000
18 Purchase stationery	300
22 Cash paid to Rahul on account	2,000
28 Paid salary	1,000
30 Paid rent	500



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2. Record the following transaction in simple cash book for November 2016:

01	Cash in hand	₹	12,500
04	Cash paid to Hari		600
07	Purchased goods		800
12	Cash received from Amit		1,960
16	Sold goods for cash		800
20	Paid to Manish		590
25	Paid cartage		100
31	Paid salary		1,000



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3. Enter the following transaction in Simple cash book for December 2017:

01	Cash in hand	₹	
06	Paid to Sonu		7,750
08	Purchased goods		45
15	Received cash from Parkash		600
20	Cash sales		960
25	Paid to S.Kumar		500
30	Paid rent		1,200
			600



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Bank Column Cash Book

1. Record the following transaction in a bank column cash book for December 2016:

01	Started business with cash	₹
04	Deposited in bank	80,000
		50,000
		Accountancy
10	Received cash from Rahul	
15	Bought goods for cash	1,000
22	Bought goods by cheque	8,000
25	Paid to Shyam by cash	10,000
30	Drew from Bank for office use	20,000
31	Rent paid by cheque	2,000
		1,000



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2. Prepare a double column cash book with the help of following information for December

2016:

01	Started business with cash	₹
03	Cash paid into bank	1,20,000
05	Purchased goods from Sushmita	50,000
08	Sold goods to Dinker and received a cheque	20,000
10	Paid to Sushmita cash	20,000
14	Cheque received on December 06, 2016 deposited into bank	20,000
18	Sold goods to Rani	12,000
20	Cartage paid in cash	500
22	Received cash from Rani	12,000
27	Commission received	5,000
30	Drew cash for personal use	2,000



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3. Enter the following transactions in double column cash book of M/s Ambica Traders for

July 2017:

01	Commenced business with cash	₹
03	Opened bank account with ICICI	50,000
05	Purchased goods for cash	30,000
10	Purchased office machine for cash	10,000
15	Sales goods on credit from Rohan and received cheque	5,000
18	Cash sales	7,000
20	Rohan's cheque deposited into bank	8,000
22	Paid cartage by cheque	500
25	Cash withdrawn for personal use	2,000
30	Paid rent by cheque	1,000

(Ans. Cash in hand ₹ 11,000, Cash at bank ₹ 35,500)



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4. Prepare double column cash book from the following information for July 2017:

01	Cash In hand	₹
	Bank overdraft	7,500
03	Paid wages	3,500
05	Cash sales	200
10	Cash deposited into bank	7,000
15	Goods purchased and paid by cheque	4,000
20	Paid rent	2,000
		500
25	Drew from bank for personal use	400
30	Salary paid	1,000



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5. Enter the following transaction in a double column cash book of M/s.Mohit Traders for

January 2017:

	₹
01 Cash in hand	3,500
Bank overdraft	2,300
03 Goods purchased for cash	1,200
05 Paid wages	200
10 Cash sales	8,000
15 Deposited into bank	6,000
22 Sold goods for cheque which was deposited into bank same day	2,000
25 Paid rent by cheque	1,200
28 Drew from bank for personal use	1,000
31 Bought goods by cheque	1,000



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6. Prepare double column cash book from the following transactions for the year August 2017:

	₹
01 Cash in hand	17,500
Cash at bank	5,000
03 Purchased goods for cash	3,000
05 Received cheque from Jasmeet	10,000
08 Sold goods for cash	7,000
10 Jasmeet's cheque deposited into bank	
12 Purchased goods and paid by cheque	20,000
15 Paid establishment expenses through bank	1,000
18 Cash sales	7,000
20 Deposited into bank	10,000
24 Paid trade expenses	500
27 Received commission by cheque	6,000
29 Paid Rent	2,000
30 Withdrew cash for personal use	1,200
31 Salary paid	6,000



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7. M/s Ruchi trader started their cash book with the following balances on July 2017: cash in hand Rs 1,354 and balance in bank current account Rs 7,560. He had the following transaction in the month of July 2017:

03	Cash sales	₹
05	Purchased goods, paid by cheque	2,300
08	Cash sales	6,000
12	Paid trade expenses	10,000
15	Sales goods, received cheque (deposited same day)	700
18	Purchased motor car paid by cheque	20,000
		15,000

		Accountancy
20	Cheque received from Manisha (deposited same day)	
22	Cash Sales	10,000
25	Manisha's cheque returned dishonoured	7,000
28	Paid Rent	
29	Paid telephone expenses by cheque	2,000
31	Cash withdrawn for personal use	500
	Prepare bank column cash book	2,000



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Petty Cash Book

1. Prepare petty cash book from the following transactions. The imprest amount is Rs2,000.

January		
01	Paid cartage	₹
02	STD charges	
02	Bus fare	
03	Postage	50
04	Refreshment for employees	40
06	Courier charges	20
08	Refreshment of customer	30
10	Cartage	80
15	Taxi fare to manager	30
18	Stationery	50
20	Bus fare	35
22	Fax charges	70
25	Telegrams charges	65
27	Postage stamps	10
29	Repair on furniture	30
30	Laundry expenses	35
31	Miscellaneous expenses	200
		105
		115
		100



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2. Record the following transactions during the week ending Dec.30, 2014 with a weekly imprest Rs 500.

2017		
January		
24	Stationery	₹
25	Bus fare	100
25	Cartage	12
26	Taxi fare	40
27	Wages to casual labour	80
29	Postage	90
		80



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Other Subsidiary Books

1. Enter the following transactions in the Purchase Journal (Book) of M/s Gupta Traders

of July 2017:

- 01 Bought from Rahul Traders as per invoice no.20041
 - 40 Registers @ ₹60 each
 - 80 Gel Pens @ ₹15 each
 - 50 note books @ ₹20 each
- 15 Trade discount 10%.
Bought from Global Stationers as per invoice no.1132
 - 40 Ink Pads @ ₹8 each
 - 50 Files @ ₹10 each
 - 20 Color Books @ ₹ 20 each
- 23 Trade Discount 5%
Purchased from Lamba Furniture as per invoice no. 3201
 - 2 Chairs @ 600 per chair
 - 1 Table @ 1000 per table
- 25 Bought from Mumbai Traders as per invoice no.1111
 - 10 Paper Rim @ ₹100 per rim
 - 400 drawing Sheets @ ₹3 each
 - 20 Packets waters colour @ ₹40 per packet



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2. Enter the following transactions in sales (journal) book of M/s. Bansal electronics:

- 01 Sold to Amit Traders as per bill no.4321
 20 Pocket Radio @ 70 per Radio
 2. T.V. set, B&W.(6") @ 800 Per T.V.
 10. Sold to Arun Electronics as per bill no.4351
 5 T.V. sets (20") B&W @ ₹3,000 per T.V.
 2 T.V. sets (21") Colour @ ₹ 4,800 per T.V.
- 22 Sold to Handa Electronics as per bill no.4.399
 10 Tape recorders @ ₹ 600 each
 5 Walkman @ ₹ 300 each
- 28 Sold to Harish Trader as per bill no.4430
 10 Mixer Juicer Grinder @ ₹ 800 each.



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3. Prepare a purchases return (journal) book from the following transactions for April 2017.

2017		
April		
05	Returned goods to M/s Kartik Traders	1,200
10	Goods returned to Sahil Pvt. Ltd.	2,500
17	Goods returned to M/s Kohinoor Traders. for list price ₹2,000 less 10% trade discount.	
28	Return outwards to M/s Handa Traders	



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4. Prepare Return Inward Journal (Book) from the following transactions of M/s Bansal Electronics for July 2017:

2017		₹
July		
04	M/s Gupta Traders returned the goods	1,500
10	Goods returned from M/s Harish Traders	800
18	M/s Rahul Traders returned the goods not as per specifications	1,200
28	Goods returned from Sushil Traders	1,000



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Recording Posting And Balancing

1. Prepare proper subsidiary books and post them to the ledger from the following

transactions for the month of February 2017:

2017 February		₹
01	Goods sold to Sachin	5,000
04	Purchase from Kushal Traders	2,480
06	Sold goods to Manish Traders	2,100
07	Sachin returned goods	600
08	Returns to Kushal Traders	280
10	Sold to Mukesh	3,300
14	Purchased from Kunal Traders	5,200
15	Furniture purchased from Tarun	3,200
17	Bought of Naresh	4,000
20	Return to Kunal Traders	200
22	Return inwards from Mukesh	250
24	Purchased goods from Kirit & Co. for list price of <i>less</i> 10% trade discount	5,700 600
25	Sold to Shri Chand goods <i>less</i> 5% trade discount	4,000 1,000
26	Sold to Ramesh Brothers	1,000
28	Return outwards to Kirit and Co. <i>less</i> 10% trade discount	
28	Ramesh Brothers returned goods ₹ 500.	

Ans : (Total of sales book ₹20,670, purchases book ₹16,870,
purchases return book ₹1,380, sales return book ₹1,350).



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**2. The following balances of ledger of M/s
Marble Traders on April 01, 2017**

2017

April

Cash in hand	6,000
Cash at bank	12,000
Bills receivable	7,000
Ramesh (Cr.)	3,000

Stock (Goods)	5,400
Bills payable	2,000
Rahul (Dr.)	9,700
Himanshu (Dr.)	10,000

Transactions during the month were:

April

01	Goods sold to Manish	3,000
02	Purchased goods from Ramesh	8,000
03	Received cash from Rahul in full settlement	9,200
05	Cash received from Himanshu on account	4,000
06	paid to Remesh by cheque	6,000
08	Rent paid by cheque	1,200
10	Cash received from manish	3,000
12	Cash sales	6,000
14	Goods returned to Ramesh	1,000
15	Cash paid to Ramesh in full settlement	3,700
	Discount received	300
18	Goods sold to Kushal	10,000
20	Paid trade expenses	200
21	Drew for personal use	1,000
22	Goods return from Kushal	1,200
24	Cash received from Kushal	6,000
26	Paid for stationery	100
27	Postage charges	60
28	Salary Paid	2,500
29	Goods purchased from Sheetal Traders	7,000
30	Sold goods to Kirit	6,000
	Goods purchased from Handa Traders	5,000

Journlise the above transactions and post them to the ledger



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Example

1. Opened a bank account in State Bank of India with an amount of 4,80,000. Analysis of transaction: This transaction increases the cash at bank (assets) and decreases cash (asset) by 4,80,000.



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2. Bought furniture for 60,000 and cheque was issued on the same day. Analysis of transaction: This transaction increases

furniture (assets) and decreases bank (assets)
by 60,000



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3. Bought plant and machinery for the business for 1,25,000 and an advance OF 10,000 in cash is paid to M/s Ramjee Lal.
Analysis of transaction: This transaction increases plant and machinery (assets) by 1,25,000, decreases cash by 10,000 and

increases liabilities (M/s Ramjee Lal as creditor) by 1,15,000.



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4. Goods purchased from M/s Sumit Traders for 55,000. Analysis of transaction: This transaction increases goods (assets) and increases liabilities (M/s Sumit Traders as creditors) by 55,000



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5. Good costing 25,000 sold to Rajani Enterprises for 35000 Analysis of transaction: This transaction decreases stock of goods(assts) by 25000 and increases assets (Rajani enterprises as debtors 35000) and capital (with the profit of 10000)

The final equation as per the above analysis table can be summarised in the form of a balance sheet as under:

Balance Sheet as at.....2017

<i>Liabilities</i>	<i>Amount ₹</i>	<i>Assets</i>	<i>Amount ₹</i>
Outsider's Claims (Creditors)	1,70,000	Cash	10,000
Capital	5,10,000	Bank	4,20,000
		Debtors	35,000
		Stock	30,000
		Furniture	60,000
		Plant & Machinery	1,25,000
	<u>6,80,000</u>		<u>6,80,000</u>





Illustration

1. Analyse the effect of each transaction on assets and liabilities and show that the both sides of Accounting Equation ($A = L + C$) remains equal :
 - i) Introduced 8,00,000 as cash and 50,000 by stock.
 - (2) Purchased plant for 3,00,000 by paying 15,000 in cash and balance at a later date.
 - (iii) Deposited 6,00,000 into the bank.

(iv) Purchased office furniture for 1,00,000 and made payment by cheque.

(v) Purchased goods worth 80,000 for cash and for 35,000 in credit.

(vi) Goods amounting to 45,000 was sold for 60,000 on cash basis.

(vii) Goods costing to 80,000 was sold for 1,25,000 on credit.

(viii) Cheque issued to the supplier of goods worth 35,000.

(ix) Cheque received from customer amounting to 75,000.

(x) Withdrawn by owner for personal use
25,000.



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2. Soraj Mart furnishes the following information : Transactions during the month of April, 2017 are as under :

<i>Date</i>	<i>Details</i>
01.4.2017	Business started with cash ₹ 1,50,000.
01.4.2017	Goods purchased from Manisha ₹ 36,000.
01.4.2017	Stationery purchased for cash ₹ 2,200.
02.4.2017	Open a bank account with SBI for ₹ 35,000.
02.4.2017	Goods sold to Priya for ₹ 16,000.
03.4.2017	Received a cheque of ₹ 16,000 from Priya.
05.4.2017	Sold goods to Nidhi ₹ 14,000.
08.4.2017	Nidhi pays ₹ 14,000 cash.
10.4.2017	Purchased goods for ₹ 20,000 on credit from Ritu.
14.4.2017	Insurance paid by cheque ₹ 6,000.
18.4.2017	Paid rent ₹ 2,000.
20.4.2017	Goods costing ₹ 1,500 given as charity.
24.4.2017	Purchased office furniture for ₹ 11,200.
29.4.2017	Cash withdrawn for household purposes ₹ 5000.
30.4.2017	Interest received cash ₹ 1,200.
30.4.2017	Cash sales ₹ 2,300.
30.4.2017	Commission paid ₹ 3,000 by cheque.
30.4.2017	Telephone bill paid by cheque ₹ 2,000.
30.4.2017	Payment of salaries in cash ₹ 12,000.



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3. Prove that the accounting equation is satisfied in all the following transactions of Sita Ram house by preparing the analysis table.

- (i) Business commenced with a capital of ₹ 6,00,000.
- (ii) ₹ 4,50,000 deposited in a bank account.
- (iii) ₹ 2,30,000 Plant and Machinery Purchased by paying ₹ 30,000 cash immediately.
- (iv) Purchased goods worth ₹ 40,000 for cash and ₹ 45,000 on account.
- (v) Paid a cheque of ₹ 2,00,000 to the supplier for Plant and Machinery.
- (vi) ₹ 70,000 cash sales (of goods costing ₹ 50,000).
- (vii) Withdrawn by the proprietor ₹ 35,000 cash for personal use.
- (viii) Insurance paid by cheque of ₹ 2,500.
- (ix) Salary of ₹ 5,500 outstanding.
- (x) Furniture of ₹ 30,000 purchased in cash.



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4. Record necessary Journal entries assuming CGST @ 5% and SGST @ 5% and all transactions are occurred within Delhi) i. Shobit bought goods 1,00,000 on credit ii. He sold them for 1,35,000 in the same state on credit iii. He paid for Railway transport 8000 iv. He bought computer printer for 10000 v. Paid postal charges



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5. Record necessary Journal entries in the books of Suman of Bihar assuming CGST @ 9% and SGST @ 9% : a. Bought goods 3,50,000 from Jharkhand. b. Sold goods for 2,00,000 Uttar Pradesh. c. Sold goods for 4,00,000 locally. d. Paid Insurance premium 30,000. e. Bought furniture for office 50000



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6. Journalise the following transactions of M/s Mallika Fashion House and post the entries to the Ledger:

<i>Date</i>	<i>Details</i>	<i>Amount</i>
2017		₹
June 05	Business started with cash	2,00,000
June 08	Opened a bank account with Syndicate Bank	80,000
June 12	Goods purchased on credit from M/s Gulmohar Fashion House	30,000
June 12	Purchase office machines, paid by cheque	20,000
June 18	Rent paid by cheque	5,000
June 20	Sale of goods on credit to M/s Mohit Bros	10,000
June 22	Cash sales	15,000
June 25	Cash paid to M/s Gulmohar Fashion House	30,000
June 28	Received a cheque from M/s Mohit Bros	10,000
June 30	Salary paid in cash	6,000



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7. Journalise the following transactions of M/s Time Zone and post them to the ledger

accounts

Date 2017	Details	Amount
Dec. 01	Business started with cash	
Dec. 02	Opened a bank account with ICICI	1,20,000
Dec. 04	Goods purchased for cash	4,00,000
Dec. 10	Paid cartage	12,000
Dec. 12	Goods sold on credit to M/s Lara India	500
Dec. 14	Cash received from M/s Lara India	25,000
Dec. 16	Goods returned from Lara India	10,000
Dec. 18	Paid trade expenses	3,000
Dec. 19	Paid trade expenses	700
Dec. 19	Goods purchased on credit from Taranum	32,000
Dec. 20	Cheque received from M/s Lara India for final settlement and deposited sameday into bank	11,500
Dec. 22	Goods returned to Taranum	1,500
Dec. 24	Paid for stationery	1,200
Dec. 26	Cheque given to Taranum on account	20,000
Dec. 28	Paid rent by cheque	4,000
Dec. 29	Drew cash for personal use	10,000
Dec. 30	Cash sales	12,000
Dec. 31	Goods sold to M/s Rupak Traders	11,000



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Numerical Question

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

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

A. Harsha started business with cash
2,00,000

B. Purchased goods from Naman for cash
40000

C. Sold goods to Bhanu costing

10,000/-12000

D. Bought furniture on credit 7000

Answer:



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2. Prepare accounting equation from the following:

(a) Kunal started business with cash 2,50000

(b) He purchased furniture for cash 35,000

(c) He paid c

(d) He purchases goods on credit 40,000

(e) He sold goods (Costing 20,000) for cash
26,000



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

(a) Business started with cash 1,75,000

(b) Purchased goods from Rohit 50,000

(c) Sales goods on credit to Manish (Costing

17,500 20,000)

(d) Purchased furniture for office use 10,000

(e) Cash paid to Rohit in full settlement 48,500

(f) Cash received from Manish 20,000

(g) Rent paid 1,000

(h) Cash withdrew for personal use 3,000



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4. Rohit has the following transactions :

(a) Commenced business with cash 1,50,000

(b) Purchased machinery on credit 40,000

(c) Purchased goods for cash 20,000

(d) Purchased car for personal use 80,000

(e) Paid to creditors in full settlement 38,000

(f) Sold goods for cash costing 5,000 4,500

(g) Paid rent 1,000

(h) Commission received in advance 2,000

Prepare the Accounting Equation to show the effect of the above transactions on the assets, liabilities and capital.



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5. Use accounting equation to show the effect of the following transactions of

M/s Royal Traders:

(a) Started business with cash 1,20,000

(b) Purchased goods for cash 10,000

(c) Rent receive 5,000

(d) Salary outstanding 2,000

(e) Prepaid Insurance 1,000

(f) Received interest 700 (g) Sold goods for cash (Costing 5,000 7,000

(h) Goods destroyed by fire 500



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

(a) Udit started business with: (i) Cash 5,00,000

(ii) Goods 1,00,000

(b) Purchased building for cash 2, 00,000

(c) Purchased goods from Himani

50,000

(d) Sold goods to Ashu (Cost 25,000) 36, 000

(e) Paid insurance premium 3,000

(f) Rent outstanding 5,000

(g) Depreciation on building 8,000

(h) Cash withdrawn for personal use 20,000

(i) Rent received in advance 5,000

(j) Cash paid to himani on account 20,000

(k) Cash received from Ashu 30,000



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

(a) Started business with cash 1,20,000

(b) Rent received 10,000

(c) Invested in share 50,000

(d) Received dividend 5,000

(e) Purchase goods on credit from Ragani
35,000

(f) Paid cash for house hold Expenses 7,000

(g) Sold goods for cash (costing 10,000) 14,000

(h) Cash paid to Ragani 35,000

(i) Deposited into bank 20,000



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

(a) Manoj started business with (i) Cash 2,30,000

(ii) Goods 1,00,000

(iii) Building 2,00,000

(b) He purchased goods for cash 50,000

(c) He sold goods (costing 20,000) 35,000

(d) He purchased goods from Rahul 55,000 (e)

He sold goods to Varun (Costing 52,000) 60,000

(f) He paid cash to Rahul in full settlement

53,000

(g) Salary paid by him 20,000

(h) Received cash from Varun in full settlement 59,000

(i) Rent outstanding 3,000

(j) Prepaid Insurance 2,000

(k) Commission received by him 13,000

(l) Amount withdrawn by him for personal use 20,000

(m) Depreciation charge on building 10,000

(n) Fresh capital invested 50,000

(o) Purchased goods from Rakhi 10,000



9. Transactions of M/s Vipin Traders are given below. Show the effects on Assets, Liabilities and Capital with the help of accounting Equation.

(a) Business started with cash 1,25,000

(b) Purchased goods for cash 50,000

(c) Purchase furniture from R.K. Furniture
10,000

(d) Sold goods to Parul Traders (Costing 7,000
vide 9,000 bill no. 5674)

(e) Paid cartage 100

(f) Cash Paid to R.K. furniture in full settlement

9,700

(g) Cash sales (costing 10,000) 12,000

(h) Rent received 4,000

(i) Cash withdrew for personal use 3,000



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10. Bobby opened a consulting firm and completed these transactions during November, 2017:

(a) Invested 4,00,000 cash and office

equipment with 1,50,000 in a business called Bobbie Consulting.

(b) Purchased land and a small office building.

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

(c) Purchased office supplies on credit for 12,000.

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

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

(f) Paid 75,00 salary to the office manager.

(g) Provided services to a client and collected
30,000

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

(i) Paid supplier created in transaction c.

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

(k) Completed services of a client for 26,000.

This amount is to be paid within 30 days.

(l) Received 19,000 payment from the client
created in transaction k. k. k. k. k.

(m) Bobby withdrew 20,000 from the business.

Analyse the above stated transactions and open the following T-accounts: Cash, client, office supplies, motor car, building, land, long term payables, capital, withdrawals, salary, expense and utilities expense.



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Jourlising

1. Journalise the following transactions in the books of Himanshu:

Dec.01 Business started with cash 75,000

Dec.07 Purchased goods for cash 10,000

Dec.09 Sold goods to Swati 5,000

Dec.12 Purchased furniture 3,000

Dec.18 Cash received from Swati In full
settlement 4,000

Dec.25 Paid rent 1,000

Dec.30 Paid salary 1,500



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2. Enter the following Transactions in the Journal of Mudit : 2017

Jan.01 Commenced business with cash 1,75,000

Jan.01 Building 1,00,000

Jan.02 Goods purchased for cash 75,000

Jan.03 Sold goods to Ramesh 30,000

Jan.04 Paid wages 500

Jan.06 Sold goods for cash 10,000

Jan.10 Paid for trade expenses 700

Jan.12 Cash received from Ramesh 29,500

Discount allowed 500

Jan.14 Goods purchased for Sudhir 27,000

Jan.18 Cartage paid 1,000

Jan.20 Drew cash for personal use 5,000

Jan.22 Goods use for house hold 2,000

Jan.25 Cash paid to Sudhir 26,700 Discount
allowed 300



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3. Journalise the following transactions:

Dec. 01 Hema started business with cash
1,00,000

Dec. 02 Open a bank account with SBI 30,000

Dec. 04 Purchased goods from Ashu 20,000

Dec.06 Sold goods to Rahul for cash 15,000

Dec.10 Bought goods from Tara for cash
40,000

Dec.13 Sold goods to Suman 20,000

Dec.16 Received cheque from Suman 19,500

Discount allowed 500

Dec.20 Cheque given to Ashu on account
10,000

Dec.22 Rent paid by cheque 2,000

Dec.23 Deposited into bank 16,000

Dec.25 Machine purchased from Parigya 10,000

Dec.26 Trade expenses 2,000

Dec.28 Cheque issued to Parigya 10,000

Dec.29 Paid telephone expenses by cheque
1,200

Dec.31 Paid salary 4,500



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4. Journalise the following transactions in the books of Harpreet Bros

(a) 1,000 due from Rohit are now bad debts.

(b) Goods worth 2,000 were used by the proprietor.

(c) Charge depreciation @ 10% p.a for two month on machine costing 30,000.

(d) Provide interest on capital of 1,50,000 at 6% p.a. for 9 months.

(e) Rahul become insolvent, who owed is 2,000 a final dividend of 60 paise in a rupee is received from his estate.



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5. Prepare Journal from the transactions given below :

- (a) Cash paid for installation of machine 500
- (b) Goods given as charity 2,000
- (c) Interest charge on capital @7% p.a. when total 70,000 capital were
- (d) Received 1,200 of a bad debts written-off last year.
- (e) Goods destroyed by fire 2,000
- (f) Rent outstanding 1,000
- (g) Interest on drawings 900
- (h) Sudhir Kumar who owed me 3,000 has failed to pay the amount. He pays me a compensation of 45 paise in a rupee.
- (i) Commission received in advance 7,000



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

Nov. 01 Business started with

(i) Cash 1,50,000

(ii) Goods 50,000

Nov. 03 Purchased goods from Harish 30,000

Nov. 05 Sold goods for cash 12,000

Nov. 08 Purchase furniture for cash 5,000

Nov. 10 Cash paid to Harish on account 15,000

Nov. 13 Paid sundry expenses 200

Nov. 15 Cash sales 15,000

Nov. 18 Deposited into bank 5,000

Nov. 20 Drew cash for personal use 1,000

Nov. 22 Cash paid to Harish in full settlement
of account 14,700

Nov. 25 Good sold to Nitesh 7,000

Nov. 26 Cartage paid 200

Nov. 27 Rent paid 1,500

Nov. 29 Received cash from Nitesh 6,800

Discount allowed 200

Nov. 30 Salary paid 3,000



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

Jan. 01 Started business with cash 1,65,000

Jan. 02 Opened bank account in PNB 80,000

Jan. 04 Goods purchased from Tara 22,000

Jan. 05 Goods purchased for cash 30,000

Jan. 08 Goods sold to Naman 12,000

Jan. 10 Cash paid to Tara 22,000

Jan.15 Cash received from Naman 11700

Discount allowed 300

Jan. 16 Paid wages 200

Jan. 18 Furniture purchased for office use 5,000

Jan. 20 withdrawn from bank for personal use
4,000

Jan. 22 Issued cheque for rent 3,000

Jan. 23 goods issued for house hold purpose
2,000

Jan. 24 drawn cash from bank for office use
6,000

Jan. 26 Commission received 1,000

Jan. 27 Bank charges 200

Jan. 28 Cheque given for insurance premium
3,000

Jan. 29 Paid salary 7,000

Jan. 30 Cash sales 10,000



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8. Give journal entries of M/s Mohit traders, Post them to the Ledger from the following transactions

1. Commenced business with cash 1,10,000
2. Opened bank account with H.D.F.C. 50,000
3. Purchased furniture 20,000
7. Bought goods for cash from M/s Rupa

Traders 30,000

8. Purchased good from M/s Hema Traders

42,000

10. Sold goods for cash 30,000

14. Sold goods on credit to M/s. Gupta Traders

12,000

16. Rent paid 4,000 18. Paid trade expenses

1,000

20. Received cash from Gupta Traders 12,000

22. Goods return to Hema Traders 2,000

23. Cash paid to Hema Traders 40,000

25. Bought postage stamps 100

30. Paid salary to Rishabh 4,000



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9. Journalise the following transaction in the Books of the M/s Bhanu Traders and Post them into the Ledger.

1. Started business with cash 92,000
2. Deposited into bank 60,000
4. Bought goods on credit from Himani 40,000
6. Purchased goods from cash 20,000
8. Returned goods to Himani 4,000
10. Sold goods for cash 20,000
14. Cheque given to Himani 36,000

17. Goods sold to M/s Goyal Traders. 3,50,000
19. Drew cash from bank for personal use
2,000
21. Goyal traders returned goods 3,500
22. Cash deposited into bank 20,000
26. Cheque received from Goyal Traders 31,500
28. Goods given as charity 2,000
29. Rent paid 3,000
30. Salary paid 7,000
31. Office machine purchased for cash 3,000



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10. Journalise the following transaction in the Book of M/s Beauti traders. Also post them in the ledger. Dec. 2017

1. Started business with cash 2,00,000

2. Bought office furniture 30,000

3. Paid into bank to open an current account
1,00,000

5. Purchased a computer and paid by cheque
2,50,000

6. Bought goods on credit from Ritika 60,000

8. Cash sales 30,000

9. Sold goods to Karishna on credit 25,000

12. Cash paid to Mansi on account 30,000

14. Goods returned to Ritika 2,000
15. Stationery purchased for cash 3,000
16. Paid wages 1,000
18. Goods returned by Karishna 2,000
20. Cheque given to Ritika 28,000
22. Cash received from Karishna on account
15,000
24. Insurance premium paid by cheque 4,000
26. Cheque received from Karishna 8,000
28. Rent paid by cheque 3,000
29. Purchased goods on credit from Meena
Traders 20,000
30. Cash sales 14,000



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11. Journalise the following transaction in the books of Sanjana and post them into the ledger :

. Cash in hand 6,000 Cash at bank 55,000 Stock of goods 40,000 Due to Rohan 6,000 Due from Tarun 10,000

3. Sold goods to Karuna 15,000

4. Cash sales 10,000

6. Goods sold to Heena 5,000

8. Purchased goods from Rupali 30,000

10. Goods returned from Karuna 2,000

14. Cash received from Karuna 13,000
15. Cheque given to Rohan 6,000
16. Cash received from Heena 3,000
20. Cheque received from Tarun 10,000
22. Cheque received from to Heena 2,000
25. Cash given to Rupali 18,000
26. Paid cartage 1,000
27. Paid salary 8,000
28. Cash sale 7,000
29. Cheque given to Rupali 12,000



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

(a) Bought goods 2,00,000 from Kanta of Delhi
(CGST @ 9%, SGST @ 9%)

(b) Bought goods 1,00,000 for cash from Rajasthan (IGST @ 12%)

(c) Sold goods 1,50,000 to Sudhir of Punjab
(GST @ 18%)

(d) Paid for Railway Transport 10,000 (CGST @ 5%, SGST @ 5%)

(e) Sold goods 1,20,000 to Sidhu of Delhi (CGST @ 9%, SGST @ 9%)

(f) Bought Air-Condition for office use 60,000

(CGST @ 9%, SGST @ 9%)

(g) Sold goods 1,50,000 for cash to Sunil to Uttar Pradesh (IGST 18%)

(h) Bought Motor Cycle for business use 50,000 (CGST 14%, SGST @ 14%)

(i) Paid for Broadband services 4,000 (CGST @ 9%, SGST @ 0%)

(j) Bought goods 50,000 from Rajesh, Delhi (CGST @ 9%, SGST @ 9%)



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1. Double entry accounting requires that :

(i) All transactions that create debits to asset accounts must create credits to liability or capital accounts,

(ii) A transaction that requires a debit to a liability account require a credit to an asset account,

(iii) Every transaction must be recorded with equal debits equal total credits.



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2. State different kinds of transactions that increase and decrease capital.



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3. Does debit always mean increase and credit always mean decrease?



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4. Which of the following answers properly classifies these commonly used accounts: (1) Building (2) Wages (3) Credit sales (4) Credit purchases (5) Electricity charges due but not yet paid (outstanding electricity bills) (6) Godown rent paid in advance (prepaid godown rent) (7) Sales (8) Fresh capital introduced (9) Drawings (10) Discount paid

	Assets	Liabilities	Capital	Revenue	Expense
(i)	5,4	3	9,6	2,10	8,7
(ii)	1,6	4,5	8	7,3	2,9,10
(iii)	2,10,4	4,6	8	7,5	1,3,9



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Test Your Understanding Ii

1. State the title of the accounts affected, type of account and the account to be debited and account to be credited :

1. Bhanu commenced business with cash 1,00,000
2. Purchased goods on credit from Ramesh 40,000
3. Sold goods for cash 30,000
4. Paid salaries 3,000
5. Furniture purchased for cash 10,000

6. Borrowed from bank 50,000

7. Sold goods to Sarita 10,000

8. Cash paid to Ramesh on account 20,000

9. Rent paid 1,500

Transaction No.	Name of Accounts Affected		Type of Accounts (Assets, Liabilities Capital, Revenues and Expenses)		Affected Accounts Increase/Decrease	
	1	2	1	2	1	2
1.						
2.						
3.						
4.						
5.						
6.						
7.						
8.						
9.						



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Test You Understanding ii

1. The ledger folio column of journal is used to:

A. Record the date on which amount posted to a ledger account.

B. Record the number of ledger account to which information is posted.

C. Record the number of amounts posted to the ledger account.

D. Record the page number of the ledger account.

Answer:



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2. The journal entry to record the sale of services on credit should include:

A. Debit to debtors and credit to capital

B. Debit to cash and Credit to debtors

C. Debit to fees income and Credit to debtors.

D. Debit to debtors and Credit to fees
income.

Answer:



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3. The journal entry to record purchase of equipment for 2,00,000 cash and a balance of 8,00,000 due in 30 days include:

A. Debit equipment for 2,00,000 and Credit cash 2,00,000.

B. Debit equipment for 10,00,000 and Credit cash 2,00,000 and creditors 8,00,000.

C. Debit equipment 2,00,000 and Credit debtors 8,00,000

D. Debit equipment 10,00,000 and Credit cash 10,00,000.

Answer:



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4. When an entry is made in journal:

1) Assets are listed first

2) Accounts to be debited listed first.

3) Accounts to be credited listed first.

4) Accounts may be listed in any order.

A. Assets are listed first

B. Accounts to be debited listed first.

C. Accounts to be credited listed first.

D. Accounts may be listed in any order.

Answer:



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5. If a transaction is properly analysed and recorded:

1) Only two accounts will be used to record the transaction.

2) One account will be used to record transaction

3) One account balance will increase and another will decrease

4) Total amount debited will equals total amount credited.

A. Only two accounts will be used to record the transaction.

B. One account will be used to record transaction.

C. One account balance will increase and another will decrease.

D. Total amount debited will equals total amount credited.

Answer:



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6. The journal entry to record payment of monthly bill will include:

1) Debit monthly bill and Credit capital.

2) Debit capital and Credit cash.

3) Debit monthly bill and Credit cash.

4) Debit monthly bill and Credit creditors.

A. Debit monthly bill and Credit capital.

B. Debit capital and Credit cash.

C. Debit monthly bill and Credit cash.

D. Debit monthly bill and Credit creditors.

Answer:



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7. Journal entry to record salaries will include:

1) Debit salaries Credit cash.

2) Debit capital Credit cash.

3) Debit cash Credit salary.

4) Debit salary Credit creditors

A. Debit salaries Credit cash.

B. Debit capital Credit cash.

C. Debit cash Credit salary.

D. Debit salary Credit creditors

Answer:



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Fill In The Blanks Iv

1. Issued a cheque for 8,000 to pay rent. The account to be debited is



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2. Collected from debtors 35,000. The account to be credited is



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3. Purchased office stationary for 18,000. The account to be credited is



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4. Purchased new machine for 1,70,000 and issued cheque for the same. The account to be debited is



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5. Issued cheque for 70,000 to pay off one of the creditors. The account to be debited is

.....



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6. Returned damaged office stationary and received 50,000. The account to be credited is

.....



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7. Provided services for 65,000 on credit. The account to be debited is



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Test Your Understanding V

1. Voucher is prepared for:

1) Cash received and paid

2) Cash/Credit sales

3)Cash/Credit purchase

4)All of the above

A. Cash received and paid

B. Cash/Credit sales

C. Cash/Credit purchase

D. All of the above

Answer:



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2. Voucher is prepared from:

- 1) Documentary evidence
- 2) Journal entry
- 3) Ledger account
- 4) All of the above

A. Documentary evidence

B. Journal entry

C. Ledger account

D. All of the above

Answer:



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3. How many sides does an account have?

1) Two

2) Three

3) One

4) None of These

A. Two

B. Three

C. one

D. None of These

Answer:



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4. A purchase of machine for cash should be debited to:

- 1)Cash account
- 2)Machine account
- 3)Purchase account
- 4)None of these

- A. Cash account
- B. Machine account
- C. Purchase account
- D. None of these

Answer:



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5. Which of the following is correct?



6. Cash withdrawn by the Proprietor should be credited to:

- 1) Drawings account
- 2) Capital account
- 3) Profit and loss account
- 4) Cash account

A. Drawings account

B. Capital account

C. Profit and loss account

D. Cash account

Answer:



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7. Find the correct statement

- 1) Credit a decrease in assets
- 2) Credit the increase in expenses
- 3) Debit the increase in revenue
- 4) Credit the increase in capital

A. Credit a decrease in assets

B. Credit the increase in expenses

C. Debit the increase in revenue

D. Credit the increase in capital

Answer:



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8. The book in which all accounts are maintained is known as:

1) Cash Book

2) Journal

3) Purchase Book

4) Ledger

A. Cash Book

B. Journal

C. Purchases Book

D. Ledger

Answer:



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9. Recording of transaction in the Journal is called:

1) Casting

2) Posting

3) Journalising

4) Recording

A. Casting

B. Posting

C. Journalising

D. Recording

Answer:



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Question For Practise

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



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



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



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



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



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6. Give a specimen of an account.



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



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



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9. What entry (debit or credit) would you make to:

(a) increase revenue

(b) decrease in expense

(c) record drawings

(d) record the fresh capital introduced by the owner.



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10. If a transaction has the effect of decreasing an asset, is the decrease recorded as a debit or as a credit? If the transaction has the effect of decreasing a liability, is the decrease recorded as a debit or as a credit?



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Long

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



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



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

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

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5. Differentiate between source documents and vouchers.



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



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



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