

Chapter 9 Books of Original Entry – Journal

Very Short Questions

Question 1

What is a journal?

Answer: A journal is a book of original entry in which transactions are recorded in the order in which they occur i.e. in chronology order.

Question 2

Why is the journal called a book of original entry?

Answer: A journal is known as a book of original entry because all the transactions are first entered in this book.

Question 3

What is journalizing?

Answer: Journalising is a method of registering the transaction in the journal.

Question 4

Give one advantage of journal.

Answer: The one advantage of the journal is that all the transactions are registered as and when they take place. Therefore, the chances of omitting any transaction in the books of account are minimized.

Question 5

Give one limitation of a journal.

Answer: The one limitation of a journal is whenever there is a huge transaction, it is impossible to record all the transactions as it becomes bulky and voluminous.

Question 6

What is a narrative?

Answer: A brief description of all the required details after each entry is known as a narrative.

Question 7

What is ledger folio or L.F?

Answer: Ledger folio or L.F is the ledger account page number where posting is made from the journal. The page number is recorded in the journal.

Question 8

What is compound journal entry?

Answer: When two or more transactions related to one particular account take place on the same date. In this situation, instead of recording separate entries only one entry is passed. This type of journal entry is known as compound journal entry.

Question 9

What is opening entry?

Answer: Opening entry are those entries which carry forward all the assets and liabilities balances of the previous year to the current year.

Question 10

What entry is passed for withdrawing of goods by the proprietor for personal use?

Answer: Drawings A/c Dr.

To Purchase A/c

Question 11

Which account should be debited, if wages are paid for the installation of a machine?

Answer: Machine account.

Practical Question

Question 1

Prepare a journal of Manohar Lal & sons from the following transactions

2018		₹
March 1	Manohar Lal & Sons started a business with cash	60,000
2	Purchased furniture for cash	10,000
4	Purchased goods for cash	25,000
5	Bought goods from Kamlesh	15,000
10	Paid cash to Kamlesh	15,000
16	Purchased goods from Sohan	6,000
18	Purchased goods from Sohan for cash	8,000
20	Paid rent for the office	1,000

Answer:

Journal for Manohar Lal & sons					
Date	Particular		L.F	Amount Dr.	Amount Cr.
March 1	Cash A/c	Dr.		60,000	
	To Capital A/c				60,000
	(Begin company with cash)				
March 2	Furniture A/c	Dr.		10,000	
	To Cash A/c				10,000
	(Furniture bought for cash)				

March 4	Purchases A/c	Dr.	25,000	
	To Cash A/c			25,000
	(Goods bought for cash)			
March 5	Purchases A/c	Dr.	15,000	15,000
	To Kamlesh's A/c			
	(Goods bought from Kamlesh)			
March 10	Kamlesh's A/c	Dr.	15,000	
	To Cash A/c			15,000
	(Paid cash to Kamlesh)			
March 16	Purchases A/c	Dr.	6,000	
	To Sohan's A/c			6,000
	(Goods bought from Sohan)			
March 18	Purchases A/c	Dr.	8,000	
	To Cash A/c			8,000
	(Goods bought in cash from Sohan)			
March 20	Rent A/c	Dr.	1,000	
	To Cash A/c			1,000
	(Office rent paid)			
	Total		1,40,000	1,40,000

Question 2

Prepare Journal of M/s Tripathi Bros from the following transactions

2018		₹
Jan. 6	Sold goods for cash	36,000
8	Sold goods to Hari	30,000
14	Received cash from Hari	18,000
26	Received Commission	750

27	Paid Salary to Gopal	1,200
28	Received cash from Hari	12,000
29	Withdrew cash from office for personal use	4,000
30	Wages paid	7,200
30	Bought Machinery for Cash	8,000

Solution:

Journal of M/s Tripathi Bros.					
Date	Particular		L.F	Amount Dr.	Amount Cr.
Jan 6	Cash A/c	Dr.		36,000	
	To Sales A/c				36,000
	(Sold products for cash)				
Jan 8	Hari A/c	Dr.		30,000	
	To Sales A/c				30,000
	(Sold products to Hari)				
Jan 14	Cash A/c	Dr.		18,000	
	To Hari A/c				18,000
	(Cash received from Hari)				
Jan 26	Cash A/c	Dr.		750	750
	To Commission A/c				
	(Received commission)				
Jan 27	Salary A/c	Dr.		1,200	
	To Cash A/c				1,200
	(Salary paid to Gopal)				
Jan 28	Cash A/c	Dr.		12,000	
	To Hari A/c				12,000
	(Cash received from Hari)				

Jan 29	Drawings A/c	Dr.		4,000	
	To Cash A/c				4,000
	(Cash drew for personal use)				
Jan 30	Wages A/c	Dr.		7,200	
	To Cash A/c				7,200
	(Paid wages)				
Jan 30	Machinery A/c			8,000	
	To Cash A/c				8,000
	(Purchased machinery)				
	Total			1,17,150	1,17,150

Question 3

Prepare Journal of Sahil Bros. from the following transactions

2016		₹
Oct 1	Purchased goods from Anil for Cash	40,000
3	Purchased goods from Atul	75,000
6	Returned goods to Atul	3,000
8	Paid cash to Atul	50,000
10	Sold goods to Charu	1,00,000
12	Charu returned 20% of goods	
15	Paid rent	2,000
20	Sahil withdrew for personal use	10,000

Solution:

Journal of Sahil Bros					
Date	Particular		L.F	Amount Dr.	Amount Cr.
Oct 1	Purchases A/c	Dr.		40,000	
	To Cash A/c				40,000
	(Goods bought in cash from Anil)				
Oct 3	Purchases A/c	Dr.		75,000	
	To Atul's A/c				75,000

	(Goods bought from Atul)				
Oct 6	Atul's A/c	Dr.	3,000		
	To Purchases Return A/c				3,000
	(Returned goods to Atul)				
Oct 8	Atul's A/c	Dr.	50,000		
	To Cash A/c				50,000
	(Paid cash to Atul)				
Oct 10	Charu's A/c	Dr.	1,00,000		
	To Sales A/c				1,00,000
	(Sold goods to Charu)				
Oct 12	Sales Return A/c	Dr.	20,000		
	To Charu's A/c				20,000
	(Returned goods to Charu)				
Oct 15	Rent A/c	Dr.	2,000		
	To Cash A/c				2,000
	(Paid rent)				
Oct 20	Drawings A/c	Dr.	10,000		
	To Cash A/c				10,000
	(Withdrawn cash for personal use)				7,200
	Total		3,00,000		3,00,000

Question 4

Enter the following transactions in the Journal of Ganesh Bros.

2017		₹
March 3	Sold goods to Dev	1,00,000

5	Received from Dev in full settlement of his account	98,000
6	Sold goods to Manmohan	80,000
8	Manmohan returned goods	1,000
15	Received from Manmohan in full settlement of his account	78,200
16	Received cash from Ram and discount allowed	19,500 500
20	Paid cash to Pawan and discount received from him	4,700
25	Sold goods to Varun of the list price of ₹ 25,000 at 20% trade discount	300

Solution:

Journal of Sahil Bros					
Date	Particular		L.F	Amount Dr.	Amount Cr.
March 3	Dev's A/c	Dr.		1,00,000	
	To Sales A/c (Sold goods to Dev)				1,00,000
March 5	Cash A/c	Dr.		75,000	
	Discount Allowed A/c	Dr.		2,000	
	To Dev's A/c (Received full settlement cash from Dev)				1,00,000
March 6	Manmohan's A/c	Dr.		80,000	
	To Sales A/c (Sold good to Manmohan)				80,000
March 8	Sales Return A/c				
	To Manmohan's A/c (Returned goods to Manmohan)	Dr.		1,000	1,000

March 15	Cash A/c	Dr.	78,200	
	Discount Allowed A/c	Dr.	800	
	To Manmohan's A/c			79,000
	(Received full settlement cash from Manmohan)			
March 16	Cash A/c	Dr.	19,500	
	Discount Allowed A/c	Dr.	500	
	To Ram's A/c			20,000
	(Received cash from Ram and allowed discount)			
March 20	Pawan's A/c	Dr.	5,000	
	To Cash A/c			4,700
	To Discount Received A/c			300
	(Paid cash to Pawan and received discount)			
March 25	Varun's A/c	Dr.	20,000	
	To Sales A/c			20,000
	(Sold goods @ trade discount 20%)			
	Total		4,05,000	4,05,000

Question 5

Pass Journal entries in the books of Hari Shankar & Co. from the following

2017		₹
April 1	Commenced business with cash	50,000
2	Purchased goods from Subhash	20,000
4	Sold goods to Ramnath	15,000
6	Ramnath returned defective goods	1,000

10	Received cash from Ramnath and Discount allowed	13,800 200
12	Gopal sold goods to us	10,000
14	Paid to Gopal in full settlement of his account after 5% discount.	
15	Paid Rent	10,000
16	Paid Rent of Hari Shankar's residence	5,000
18	Purchased goods <i>for cash</i> from Govind for ₹ 6,000 at 20% trade discount.	
20	Purchased goods from Govind for ₹ 10,000 at 20% trade discount.	
24	Paid to Govind ₹ 7,850 in full settlement of his account.	
25	Paid to Subhash ₹ 4,750; discount received ₹ 250.	
30	Paid Wages ₹ 400; Salaries ₹ 4,000; Advertisement expenses ₹ 800 and Trade expenses ₹ 1,000.	

Solution:

Journal of Hari Shankar & Co.					
Date	Particular		L.F	Amount Dr.	Amount Cr.
2017					
April 1	Cash A/c	Dr.		50,000	
	To Capital A/c (Begin business with cash)				50,000
April 2	Purchases A/c	Dr.		20,000	
	To Subhash's A/c (Goods bought from Subhash)				20,000
April 4	Ramnath's A/c	Dr.		15,000	
	To Sales A/c (Sold goods to Ramnath)				15,000
April 6	Sales Return A/c	Dr.		1,000	
	To Sales Return A/c				1,000

	(Returned goods to Manmohan)			
April 10	Cash A/c	Dr.	13,800	
	Discount Allowed A/c	Dr.	200	
	To Ramnath's A/c			14,000
	(Received cash from Ramnath and discount was allowed)			
April 12	Purchases A/c	Dr.	10,000	
	To Cash A/c			10,000
	(Goods bought from Gopal)			
April 14	Gopal's A/c	Dr.	10,000	
	To Cash A/c			9,500
	To Discount Received A/c			500
	(Paid cash to Pawan and received discount)			
April 15	Rent A/c	Dr.	10,000	
	To Cash A/c			10,000
	(Sold goods @ 20% trade discount)			
April 16	Drawings A/c	Dr.	5,000	
	To Cash A/c			5,000
	(Paid rent for Hari Shankar's residence)			
April 18	Purchases A/c	Dr.	4,800	
	To Cash A/c			4,800

	(Purchased goods for cash at trade discount of 20%)				
April 20	Purchases A/c	Dr.	8,000		
	To Govind's A/c (GPurchased goods from Govind at trade discount of 20%)				8,000
April 24	Govind's A/c	Dr.	8,000		
	To Cash A/c To Discount Received A/c (Paid full settlement cash to Govind)				7,850 150
April 25	Subhash's A/c	Dr.	5,000		
	To Cash A/c To Discount Received A/c (Paid full settlement cash to Subhash)				4,750 250
April 30	Wages A/c Salaries A/c Advertisement Expenses A/c Trade Expenses A/c	Dr. Dr. Dr. Dr.	400 4000 800 1,000		
	To Cash A/c (Expenses paid)				6,200
	Total			1,67,000	1,67,000

Question 6

Prepare a journal of Marutinandan stores

2017	
Oct 1	Purchased goods from Ghanshyam of the list price of ₹ 50,000 at 15% trade discount.

3	Returned goods to Ghanshyam of the list price of ₹ 2,000
6	Paid cash to Ghanshyam ₹ 40,000 in full settlement of his account
8	Purchased goods from Raghu of the list price of ₹ 60,000 at 10% trade discount.v
10	Returned goods to Raghu of the list price of ₹ 5,000.
12	Paid cash to Raghu ₹ 49,000 in full settlement of his account.

Solution:

Journal of Marutinandan stores					
Date	Particular		L.F	Amount Dr.	Amount Cr.
2017					
Jan 10	Purchases A/c	Dr.		42,500	
	To Ghanshyam's A/c (Purchased goods at trade discount of 15%)				42,500
Jan 13	Ghanshyam's A/c	Dr.		1,700	
	To Purchases Return A/c (Returned goods to Ghanshyam at 15% trade discount)				1,700
Jan 15	Ghanshyam's A/c	Dr.		40,800	
	To Cash A/c To Discount Received A/c (Paid full settlement cash to Ghanshyam)				40,000 800
Jan 20	Purchases A/c	Dr.		54,000	
	To Raghu's A/c (Purchased goods from Raghu at 10% trade discount)				54,000
Jan 22	Raghu's A/c	Dr.		4,500	

	To Purchases Return A/c (Returned goods to Raghu after 10% trade discount)				4,500
Jan 25	Raghu's A/c	Dr.		49,500	
	To Cash A/c To Discount Received A/c (Paid full settlement cash to Raghu)				49,000 500
	Total			1,93,000	1,93,000

Question 7

Prepare a journal of the following transaction

2017	
Jan 6	Sold goods to Muskan of the list price of ₹ 2,00,000 at trade discount of 20%
8	Muskan returned goods of the list price of ₹ 5,000
15	Received from Muskan the full payment under a cash discount of 4%

Solution:

Journal account					
Date	Particular		L.F	Amount Dr.	Amount Cr.
2017					
Jan 6	Muskan's A/c	Dr.		1,60,000	
	To Sales A/c (Sold goods to Muskan at 20% trade discount)				1,60,000
Jan 8	Sales Return A/c	Dr.		4,000	
	To Muskan's A/c (Returned goods by Muskan after 20% mtrade discount)				4,000
Jan	Cash A/c	Dr.		1,49,760	

15	Discount Allowed A/c	Dr.	6,240	
	To Muskan's A/c (Received full settlement cash from Muskan)			1,56,000
	Total		3,20,000	3,20,000

Question 8

Prepare a journal of the following transaction of Raja Ram

2017	
March 3	Bought goods for cash of the list price of ₹ 80,000 at 10% trade discount and 2% cash discount.
5	Sold goods for cash of the list price of ₹ 1,00,000 at 15% trade discount and 3% cash discount.
6	Sold goods to Nagpal of the list price of ₹ 50,000 at 20% trade discount.
8	Nagpal returned one-fourth of the above goods
10	Nagpal settled the account by paying cash under a discount of 5%

Solution:

Journal account of Raja Ram					
Date	Particular		L.F	Amount Dr.	Amount Cr.
2017					
March 3	Purchases A/c	Dr.		72,000	
	To Cash A/c				70,200
	To Discount Received A/c (Goods bought for cash and got cash discount)				1,800
March 5	Cash A/c	Dr.		82,450	
	Discount Allowed A/c	Dr.		2,550	
	To Sales A/c				85,000

	(Sold goods for cash and allowed cash discount)				
March 6	Nagpal's A/c	Dr.	40,000		
	To Sales A/c				40,000
	(Sold goods to Nagpal)				
March 8	Sales Return A/c	Dr.	10,000		
	To Nagpal's A/c				10,000
	(Goods returned goods by Nagpal)				
March 10	Cash A/c	Dr.	28,500		
	Discount Allowed A/c	Dr.	1,500		
	To Sales A/c				30,000
	(Received full settlement cash)				
	Total		2,37,000	2,37,000	

Question 9

Prepare a journal entry

2016	
Mar 5	Sold goods to Shruti for ₹ 80,000 at 15% trade discount and 4% cash discount. Received 75% amount immediately through a cheque
10	Purchased goods from Richa for ₹ 60,000 at 10% trade discount and 5% cash discount. 60% amount paid by cheque immediately

Solution:

Journal entry					
Date	Particular		L.F	Amount Dr.	Amount Cr.
2016					
March 5	Shruti A/c	Dr.		68,000	
	To Sales A/c				68,000

	(Sold goods to Shruti at trade discount 15%)				
March 5	Bank A/c	Dr.		48,960	
	Discount Allowed A/c	Dr.		2,040	
	To Shruti A/c				51,000
	(Received payment and allowed cash discount)				
March 10	Purchases A/c	Dr.		54,000	
	To Richa				54,000
	(Purchased discount from Richa at trade discount 10%)				
March 10	Richa A/c	Dr.		32,400	
	To Bank A/c				30,780
	To Discount Received A/c				1,620
	(Made payment and received cash discount)				

Working Notes

1. Goods sold will be ₹68,000 (80,000 – 15% of 80,000) and discount allowed in cash will be ₹2,040. Therefore, it would be evaluated on received amount ₹51,000 which would be 75% of Rs 68,000.

2. Goods bought amount will be ₹54,000 (60,000 – 10% of 60,000) and cash discount will be ₹1,620. Hence, it the calculation will be on amount paid ₹32,400 that is 60% of ₹54,000

Question 10

Prepare a journal entry

2017	
Jan 6	Purchased goods from Henry for ₹ 50,000 on 10% trade discount and 4% cash discount and paid 60% amount by cheque
15	Bought goods from Amit for ₹ 2,00,000 at terms 5% cash discount and 20% trade discount. Paid 3/4th of the amount in cash at the time of purchase
18	Sold goods to Sherpa at the list price of ₹ 50,000 less 20% trade discount and 4% cash discount if the payment is made within 7 days. 75% payment is received by cheque on Jan. 23rd
25	Sold goods to Garima for ₹ 1,00,000, allowed her 20% trade discount and 5% cash

discount if the payment is made within 15 days. She paid 1/4th of the amount by cheque on Feb. 5th and 60% of the remainder on Feb.15th in cash

Solution:

Journal entry					
Date	Particular		L.F	Amount Dr.	Amount Cr.
2016					
Jan 6	Purchases A/c	Dr.		45,000	
	To Bank A/c (WN1)				25,920
	To Discount Received A/c				1,080
	To Henry's A/c				18,000
	(Purchased goods and received a discount on cash payment)				
Jan 15	Purchases A/c	Dr.		1,60,000	
	To Bank A/c				1,14,000
	To Discount Received A/c				6,000
	To Amit's A/c				40,000
	(Purchased goods and received a discount on cash payment)				
Jan 18	Sherpa's A/c	Dr.		40,000	
	To Sales A/c				40,000
	(Sold goods on credit to Sherpa)				
Jan 23	Bank A/c	Dr.		28,800	
	Discount Allowed A/c	Dr.		1,200	
	To Sherpa's A/c				30,000

	(Sherpa received 75% payment and cash discount was allowed)				
Jan 25	Garima's A/c	Dr.	80,000		
	To Sales A/c				80,000
	(Sold goods on credit to Garima)				
Feb 5	Bank A/c	Dr.	19,000		
	Discount Allowed A/c	Dr.	1,000		
	To Garima's A/c				20,000
	(Received cheque from Garima and cash discount was allowed)				
Feb 15	Cash A/c*		60,000		
	To Garima's A/c				60,000
	Total		4,35,000	4,35,000	

Working Notes 1: Evaluating payment made to Henry

Cost price of goods	= 50,000
Less: Trade discount 10%	= 5,000
Purchased cost	= ₹45,000
Cash payment = 45,000 x 60%	= 27,000
Less: Cash discount = 27,000 x 4%	= 1,080
Paid cash	= ₹25,920

Working Notes 2: Evaluating payment made to Amit

Cost price of goods	= 2,00,000
Less: Trade discount 20%	= 40,000
Purchased cost	= ₹1,60,000
Cash payment = 1,60,000 x 3/4	= ₹ 1,20,000
Less: Cash discount = 1,20,000 x 4%	= 6,000
Paid cash	= ₹ 1,14,000

In this scenario, the cash discount is available only if the amount is paid in 15 days. Because the payment is made on 15th February, she will be allowed no refund.

Question 11

2017	Particulars
March	
2	Sold goods to Dilip of the list price of ₹ 62,000 for ₹ 60,000.
5	Sold goods to Amrit Lal of the list price of ₹ 2,50,000 at 20% trade discount and 10% cash discount. Amrit Lal paid ₹ 1,20,000 immediately through a banker's cheque.
10	Paid cheque of ₹ 30,000 to Chaturvedi and availed discount 2%.
16	Purchased goods costing ₹ 2,00,000 from Hari & Co. Paid 75% immediately by cheque to avail 4% discount.
20	Sold goods to Vhsal Traders costing ₹ 40,000 at 25% profit, allowing 10% trade discount and 10% cash discount. Received 80% payment immediately by cheque.
26	Sold goods to Brij & Co. costing ₹ 50,000 at 40% profit, allowing 10% trade discount and 5% cash discount. Brij & Co. paid the full amount by cheque and availed cash discount.

Solution:

Journal entry					
Date	Particular		L.F	Amount Dr.	Amount Cr.
2016					
March 2	Dixit A/c	Dr.		60,000	
	To Sales A/c				60,000
	(Sold goods to Dixit)				
5	Bank A/c	Dr.		1,20,000	
	Amrit Lal A/c	Dr.		68,000	
	Discount Allowed A/c	Dr.		12,000	
	To Sales A/c				2,00,000
	(Sold to Amrit Lal, partly received through cheque and partly credit)				
10	Chaturvedi A/c	Dr.		30,600	

	To Bank A/c			30,000
	To Discount Received A/c (Paid to Chaturvedi)			600
16	Purchase A/c	Dr.	2,00,000	
	To Harry & Co. A/c			50,000
	To Bank A/c			1,44,000
	To Discount Received A/c (Purchased from Hari & Co., 75% paid through cheque and partly credit)			6,000
20	Bank A/c	Dr.	9,000	
	Vishal Traders A/c	Dr.	32,400	
	Discount Allowed A/c	Dr.	3,600	
	To Sales A/c (Sold to Vishal Traders, partly received through cheque and partly credit)			45,000
26	Bank A/c	Dr.	59,850	
	Discount Allowed A/c	Dr.	3,150	
	To Sales A/c (Sold to Brij & Co., received fully through cheque)			63,000
			5,98,600	5,98,600

Question 12

Enter the Shyam Sunder & Sons transactions in their Journal.

2017	
April	Particulars

1	Shyam Sunder & Sons started a business with Cash ₹75,000; Goods ₹30,000 and Furniture ₹5,000.
2	Sold goods to Bhushan of the list price of ₹10,000 at a trade discount of 10%.
5	Paid cheque of ₹ 30,000 to Chaturvedi and availed discount 2%.
10	Received from Bhushan ₹8,000 in full settlement of his account.
12	Purchased Furniture for ₹6,000. Purchased goods from Navin for ₹25,000 less trade discount 12%
15	Returned goods to Navin goods of the list price of ₹2,000.
16	Cleared the account of Navin by applying cash, under a discount of 5%.
17	Sold goods to Ajay ₹10,000 and Vijay ₹16,000.
20	Received cash from Ajay ₹9,800 in full settlement of his account. Paid insurance premium ₹750.
22	Paid for Shyam Sunder's Life Insurance Premium ₹1,200.
24	Purchased goods for ₹8,000 for cash at a trade discount of 10% and a cash discount of 2%.
25	Received cash from Vijay at a cash discount of 5% in full settlement of his account.
30	Paid Rent ₹800; Advertisement ₹1,000; and Salaries ₹4,000.
30	Received Commission ₹500.

Solution:

Date	Particular	L.F	Amount Dr.	Amount Cr.
2016				
April 1	Cash A/c	Dr.	75,000	
	Stock A/c	Dr.	30,000	
	Furniture A/c	Dr.	5,000	
	To Sales A/c			1,10,000
	(Business started with cash, goods and furniture)			
2	Bhushan's A/c	Dr.	9,000	
	To Sales A/c			9,000
	(Goods sold to Bhushan deducting trade discount)			
5	Sales Return A/c	Dr.	900	
	To Bhushan's A/c			900

	(Goods returned by Bhushan deducting trade discount)				
10	Cash A/c	Dr.	8,000		
	Discount Allowed A/c		100		
	To Bhushan's A/c				8,100
	(Cash received from Bhushan in full settlement)				
12	Furniture A/c	Dr.	6,000		
	To Cash A/c				6,000
	(Furniture purchased for cash)				
12	Purchases A/c	Dr.	22,000		
	To Navin's A/c				22,000
	Goods purchased from Navin on credit)				
15	Navin's A/c	Dr.	1,760		
	To Purchases Return A/c				1,760
	(Goods returned to Navin)				
16	Navin's A/c	Dr.	20,240		
	To Cash A/c				20,240
	To Discount Received A/c				
	(Cash paid to Navin in full settlement)				
17	Ajay's A/c	Dr.	10,000		
	Vijay's A/c	Dr.	16,000		
	To Sales A/c				26,000

	(Goods sold to Ajay and Vijay)			
20	Cash A/c	Dr.	9,800	
	Discount Allowed A/c	Dr.	200	
	To Ajay's A/c			10,000
	(Cash received from Ajay in full settlement)			
20	Insurance A/c	Dr.	750	
	To Cash A/c			750
	(Paid insurance premium)			
22	Drawings A/c	Dr.	1,200	
	To Cash A/c			1,200
	(Paid for proprietor's life insurance premium)			
24	Purchases A/c	Dr.	7,200	
	To Cash A/c			7,056
	To Discount Received A/c			144
	(Goods purchased for cash at a discount of 2%)			
25	Cash A/c	Dr.	15,200	
	Discount Allowed A/c	Dr.	800	
	To Vijay's A/c			16,000
	(Cash received in full settlement)			
30	Rent A/c		800	
	Advertisement A/c	Dr.	1000	
	Salaries A/c		4,000	
	To Cash A/c			5,800

	(Expenses paid)				
30	Cash A/c	Dr.	500		
	To Commission A/c				500
	(Commission received)				
			2,45,450	2,45,450	

Question 13

Prepare a journal entry

2017		₹
Jan 1	Paid into the bank to open a Current Account	10,000
3	Goods sold for ₹ 50,000 and the amount was deposited into the bank	
7	The amount is withdrawn from a bank	20,000
10	Goods sold for Cash	15,000
12	The amount deposited into bank	12,000
14	Goods purchased and payment made by cheque	25,000

Solution:

Journal entry				
Date	Particular	L.F	Amount Dr.	Amount Cr.
2016				
Jan 1	Bank A/c	Dr.	10,000	
	To Cash A/c			10,000
	(Payment made to open a current account)			
Jan 3	Bank A/c	Dr.	50,000	
	To Sales A/c			50,000
	(Goods sold and amount deposited into a bank)			
Jan 7	Cash A/c	Dr.	20,000	
	To Bank A/c			20,000

	(Cash withdrawn from Bank)			
Jan 10	Cash A/c	Dr.	15,000	
	To Sales A/c (Goods sold for cash)			15,000
Jan 12	Bank A/c	Dr.	12,000	
	To Cash A/c (Cash deposited into bank)			12,000
Jan 14	Purchases A/c	Dr.	25,000	
	To Bank A/c (Goods purchased and payment made by cheque)			25,000
	Total		1,32,000	1,32,000

Question 14 (A)

Following balances appeared in the books of Radhika Traders as on 1st April, 2017:–

Assets: Cash ₹ 8,000; Cash at Bank ₹ 7,000; Stock ₹ 30,000; Debtors : ₹ 36,000 (Mohan ₹ 10,000; Sohan ₹ 12,000; Dinesh ₹ 14,000); Furniture ₹ 5,000; Building ₹ 25,000.

Liabilities: Creditors– X ₹ 5,000; Y ₹ 6,000.

In April, 2017, the following transaction took place:

2017		₹
April 2	Bought goods of the list price of ₹ 6,000 from Khanna Brothers less 15% trade discount and 2% cash discount and paid 40% price at the same time.	
3	Received a draft from Mohan in full settlement and deposited it into Bank	9,750
5	Purchased goods from Suresh of the list price of ₹ 8,000 at 20% trade discount and paid him by cheque.	
8	Sold goods and received a cheque	25,000
10	Deposited the above cheque into Bank	
12	Sohan deposited in our Bank A/c	4,000
16	Paid Income Tax by Cheque	5,600
20	Received a cheque from Sohan and sent to Bank	7,800

	Discount allowed	200
21	Withdrew from Bank—for office for private use	2,000 4,000
23	Sent a cheque to X in full settlement of his A/c	4,900
27	Cheque of Sohan returned by the bank as dishonoured.	
28	Dinesh was declared insolvent and a payment of 60 paise in a ₹ received from his estate by a Cheque	
30	Bank allowed Interest Paid for Rent by cheque Paid for travelling expenses by cheque	350 1,500 500

Solution:

Journal entry					
Date	Particular		L.F	Amount Dr.	Amount Cr.
2016					
April 1	Cash in Hand A/c	Dr.		8,000	
	Cash at Bank A/c	Dr.		7,000	
	Stock A/c	Dr.		30,000	
	Mohan's A/c	Dr.		10,000	
	Sohan's A/c	Dr.		12,000	
	Dinesh's A/c	Dr.		14,000	
	Furniture A/c	Dr.		5,000	
	Building A/c	Dr.Dr.		25,000	
	To X's A/c				5,000
	To Y's A/c				6,000
	To Capital A/c				1,00,000
	(Balances of previous year brought forward)				

2	Purchases A/c	Dr.	5,100	
	To Khanna Brothers			3,060
	To Cash A/c			1,999
	To Discount Received A/c			41
	(Purchased goods in cash and received a discount)			
3	Bank A/c	Dr.	9,750	
	Discount Allowed A/c	Dr.	250	
	To Mohan A/c			10,000
	(Received draft from Mohan deposited into bank)			
5	Purchases A/c		6,400	
	To Bank A/c			6,400
	(Purchased goods and payment was done by cheque)			
8	Cheques-in-Hand A/c	Dr.	25,000	
	To Sales A/c			25,000
	(GSold goods and received a cheque)			
10	Bank A/c	Dr.	25,000	
	To Cheques-in-Hand A/c			25,000
	(Deposited cheque into bank)			
12	Bank A/c	Dr.	4,000	
	To Sohan's A/c			4,000
	(Deposited amount by Sohan)			
16	Drawings A/c	Dr.	5,600	
	To Cash A/c			5,600

	(Paid Income tax)				
20	Bank A/c	Dr.	7,800		
	Discount Allowed A/c	Dr.	200		
	To Sohan's A/c				8,000
21	Drawings A/c	Dr.	4,000		
	Cash A/c	Dr.	2,000		
	To Bank A/c				6,000
	(Withdrawn amount for personal and office use)				
23	X's A/c	Dr.	5,000		
	To Bank A/c				4,900
	To Discount Received A/c				100
	(Full settlement cheque issued to X)				
27	Sohan's A/c	Dr.	8,000		
	To Bank A/c				7,800
	To Discount Allowed A/c				200
	(Received cheque from Sohan gets dishonoured)				
28	Cash A/c	Dr.	8,400		
	Bad Debts A/c	Dr.	5,600		
	To Dinesh's A/c				14,000
	(Received cash and bad-debts written off)				
30	Bank A/c	Dr.	350		
	To Interest A/c				350

	(Allowed interest by bank)				
30	Rent A/c	Dr.		1,500	
	Travelling Expenses A/c	Dr.		500	
	To Bank A/c				2,000
	(Paid expenses by cheque)				
				2,35,450	2,35,450

Question 14 (B)

Following was the position of Harish & Co. as on 1st April, 2017 :-

Cash in Hand ₹ 10,000; Cash at Bank ₹ 16,800; Furniture ₹ 8,000; Stock ₹ 50,000; Debtors- Ram ₹ 8,000; Shyam ₹ 12,000; Creditors- Anil ₹ 4,000; Sunil ₹ 5,000.

Following transactions took place during April, 2017 :-

2017	
April 2	Received a cheque from Ram in full settlement of his account after deducting 5% cash discount.
4	Deposited the above cheque into Bank.
5	Goods purchased for ₹ 20,000 at 10% trade discount and 5% cash discount. Payment made by cheque.
6	Received a cheque from Shyam for ₹ 3,860 and discount allowed to him ₹ 140. Cheque deposited into the bank on the same day.
10	Cash paid to Anil after deducting 2% cash discount.
15	Old furniture sold for ₹ 800.
16	Sold goods to Shiv Parshad of the list price of ₹ 10,000 at a trade discount of 15%.
18	Shiv Parshad returned goods of the list price of ₹ 1,000.
20	Paid for furniture repairs to Bahadur Singh ₹ 100.
25	Received a cheque from Shiv Parshad after deducting 4% cash discount. Cheque was deposited into bank.
28	Bank charged ₹ 50 for 'Bank Charges'.
30	Received Commission ₹ 200.

Solution:

<i>Journal Books of Harish & Co.</i>				
Date	Particulars	L.F.	Debit ₹	Credit ₹

2017				
April 1	Cash in Hand A/c	Dr.	10,000	
	Cash at Bank A/c	Dr.	16,800	
	Furniture A/c	Dr.	8,000	
	Stock A/c	Dr.	50,000	
	Ram's A/c	Dr.	8,000	
	Shyam's A/c	Dr.	12,000	
	To Anil's A/c			4,000
	To Sunil's A/c			5,000
	To Capital A/c			95,800
	(Previous year's balances brought forward)			
2	Cheques-in-Hand A/c	Dr.	7,600	
	Discount Allowed A/c	Dr.	400	
	To Ram's A/c			8,000
	(Cheque received from Ram in full settlement)			
4	Bank A/c	Dr.	7,600	
	To Cheques-in-Hand A/c			7,600
	(Cheques-in-hand sent to bank)			
5	Purchases A/c	Dr.	18,000	
	To Bank A/c			17,100
	To Discount Received A/c			900
	(Purchased goods for cash and received discount)			
6	Bank A/c	Dr.	3,860	
	Discount Allowed A/c	Dr.	140	
	To Shyam's A/c			4,000
	(REceived cheque from Shyam)			
10	Anil's A/c	Dr.	4,000	
	To Cash A/c			3,920
	To Discount Received A/c			80
	(Paid full settlement cash to Anil)			

15	Cash A/c	Dr.	800	
	To Furniture A/c			800
	(Sold furniture for cash)			
16	Shiv Parshad's A/c	Dr.	8,500	
	To Sales A/c			8,500
	(Sold goods to Shiv Parshad on credit)			
18	Sales Return A/c	Dr.	850	
	To Shiv Parshad's A/c			850
	(Returned goods by Shiv Parshad)			
20	Repairs A/c	Dr.	100	
	To Cash A/c			100
	(Paid cash for furniture repair)			
25	Bank A/c	Dr.	7,344	
	Discount Allowed A/c	Dr.	306	
	To Shiv Parshad's A/c			7,650
	(Full settlement cheque received)			
28	Bank Charges A/c	Dr.	50	
	To Bank A/c			50
	(Bank charged some charges)			
30	Cash A/c	Dr.	200	
	To Commission A/c			200
	(Received commission)			
	TOTAL		1,64,550	1,64,550

Question 15

Pass Journal Entries

1. Provide depreciation on Furniture ₹ 500 and on Machinery ₹ 2,000.

2. Received cash ₹ 1,000 for bad-debts written off last year.
3. Ajay Singh was declared bankrupt. He owed ₹ 2,500 to us. Nothing could be recovered from his estate.
4. ₹ 20,000 for wages and ₹ 4,000 for salaries are outstanding.
5. Purchased furniture for ₹ 6,000 for the proprietor and paid the amount by cheque.
6. Provide 9% interest on capital amounting to ₹ 2,00,000.
7. Charge interest on drawings ₹ 1,000.

Solution:

Journal Book					
Sl no.	Particulars		L.F.	Debit ₹	Credit ₹
1.	Depreciation A/c	Dr.		2,500	
	To Furniture A/c				500
	To Machinery A/c				2000
	(Depreciation imposed on furniture and machinery)				
2.	Cash A/c	Dr.		1,000	
	To Bad Debts Recovered A/c				1,000
	(Recovered Bad debts)				
3.	Bad Debts	Dr.		2,500	
	To Ajay Singh's A/c				2,500
	(Bad debts written-off)				
4.	Wages A/c	Dr.		20,000	
	Salaries A/c	Dr.		4,000	
	To Outstanding Wages A/c				20,000
	To Outstanding Salaries A/c				4,000
	(Outstanding salaries and wages)				
5.	Drawings A/c	Dr.		6,000	
	To Bank A/c				6,000
	(Purchased furniture for personal use)				

6.	Interest on Capital A/c	Dr.	18,000	
	To Capital A/c			18,000
	(Interest on capital)			
7.	Drawings A/c	Dr.	1,000	
	To Interest on Drawings A/c			1,000
	(Interest on drawings)			
	TOTAL		55,000	55,000

Question 16

Pass Journal Entries

2017	
Jan 5	Purchased goods for Cash ₹ 10,000 and spent ₹ 200 for their carriage
10	Purchased machinery for Cash ₹ 50,000 and spent ₹ 500 for its carriage.
15	Paid ₹ 20,000 for cement, ₹ 10,000 for timber and ₹ 5,000 as wages for the construction of building.
17	Purchased an old machinery for ₹ 20,000 and spent ₹ 2,500 on its immediate repair.
20	Paid ₹ 500 to repairing some other machinery.

Solution:

Journal Book				
Date	Particulars	L.F.	Debit ₹	Credit ₹
Jan. 5	Purchases A/c	Dr.	10,000	
	Carriage A/c	Dr.	200	
	To Cash A/c			10,200
	(Purchased goods for cash and paid carriage)			
10	Machinery A/c	Dr.	50,500	
	To Cash A/c			50,500
	(Purchased machine for cash and carriage paid)			
15	Building A/c	Dr.	35,000	

	To Cash A/c (Made payment for construction of building)				35,000
17	Machinery A/c	Dr.		22,500	
	To Cash A/c (Purchased machine and expenses paid)				22,500
20	Repairs A/c	Dr.		500	
	To Cash A/c (Made payment for repairs)				500
	TOTAL			1,18,700	1,18,700

Question 17

Pass Journal Entries

2016	
June 1	Arun Govil & Co. paid into bank as capital ₹ 6,00,000
3	Purchased goods from Mukesh of the list price of ₹ 2,00,000 at 10% trade discount
4	One-fourth of the above goods returned to Mukesh for not being upto specifications
6	Issued a cheque to Mukesh for the amount due to him after deducting 2% as cash discount
7	Withdrew from bank ₹ 2,50,000 for office use and ₹ 10,000 for personal use
10	Purchased a machinery for ₹ 1,00,000 and spent ₹ 5,000 on its installation. Payment for machinery was made by cheque and installation expenses were paid in cash
12	Sold goods for ₹ 1,00,000 to Amar
13	Amar clears his account by giving a cheque of ₹ 98,500. Cheque is immediately sent to bank
15	Purchased stationery for personal use ₹ 3,000 and for office use ₹ 5,000
20	Purchased land for ₹ 2,00,000 and paid 1% as brokerage and ₹ 15,000 as registration charges on it. Entire payment is made by Cheque
30	Wages due to labourers ₹ 20,000 and salary due to the clerk ₹ 30,000

Solution:

Journal Books of Sh. Arun Govil & Co.				
Date	Particulars	L.F.	Debit (₹)	Credit (₹)
2016				

June 1	Bank A/c	Dr.	6,00,000	
	To Capital A/c (Started business with cash)			6,00,000
3	Purchases A/c	Dr.	1,80,000	
	To Mukesh's A/c (Purchased goods @ 10% trade discount from Mukesh)			1,80,000
4	Mukesh's A/c	Dr.	45,000	
	To Purchases Return A/c (1/4th of goods returned to Mukesh)			45,000
6	Mukesh	Dr.	1,35,000	
	To Bank A/c To Discount Received A/c (Issued full settlement cheque to Mukesh)			1,32,300 2,700
7	Drawings A/c	Dr.	10,000	
	Cash A/c	Dr.	2,50,000	
	To Bank A/c (Withdrawn cash for personal and office use)			2,60,000
10	Machinery A/c	Dr.	1,05,000	
	To Bank A/c To Cash A/c (Purchased machinery and installation charges paid)			1,00,000 5,000
12	Amar's A/c	Dr.	1,00,000	
	To Sales A/c			1,00,000

	(Sold goods on credit to Amar)				
13	Bank A/c	Dr.	98,500		
	Discount Allowed A/c	Dr.	1,500		
	To Amar's A/c				1,00,000
	(Received full settlement from Amar)				
15	Drawings A/c	Dr.	3,000		
	Stationery A/c	Dr.	5,000		
	To Cash A/c				8,000
	(Purchased stationery for personal and office use)				
20	Land A/c	Dr.	2,17,000		
	To Bank A/c				2,17,000
	(Purchased land and paid brokerage)				
30	Salaries A/c	Dr.	30,000		
	Wages A/c	Dr.	20,000		
	To Outstanding Wages A/c				20,000
	To Outstanding Salaries A/c				30,000
	(Provided outstanding expenses)				
	TOTAL			18,00,000	18,00,000

Question 18

Pass Journal Entries

1. Purchased timber from Kuldeep Kumar, for cash ₹ 2,000 and credit ₹ 10,000.

2. Paid to Kuldeep Kumar in full settlement of his account ₹ 9,950.
3. Paid rent in advance ₹ 10,000.
4. Purchased machinery for ₹ 1,00,000 by cheque and carriage ₹ 2,000 and installation charges ₹ 1,000 paid in Cash.
5. Purchased goods for ₹ 50,000 from Govind and sold it to Manohar for ₹ 65,000.

Solution:

Journal Books of Raj Kumar				
Sl no.	Particulars	L.F.	Debit (₹)	Credit (₹)
1)	Purchases A/c	Dr.	12,000	
	To Cash A/c			2,000
	To Kuldeep Kumar's A/c (Goods purchased for cash and credit)			10,000
2)	Kuldeep Kumar's A/c	Dr.	10,000	
	To Cash A/c			9,950
	To Discount Received A/c (Cash paid to Kuldeep Kumar in full settlement)			50
3)	Prepaid Rent A/c	Dr.	10,000	
	To Cash A/c			10,000
	(Rent paid in advance)			
4)	Machinery A/c	Dr.	1,03,000	
	To Bank A/c			1,00,000
	To Cash A/c (Machinery purchased and expenses paid)			3,000
5)	Purchases A/c	Dr.	50,000	
	To Govind's A/c			50,000
	(Goods purchased from Govind)			

	Manohar Lal's A/c	Dr.	65,000	
	To Sales A/c			65,000
	(Goods sold to Manohar Lal)			
	TOTAL		2,50,000	2,50,000

Question 19

Pass Journal Entries

- Purchased Machinery for ₹ 20,000 and paid ₹ 200 for its carriage.
- Received a cheque for ₹ 4,850 from X in full settlement of his account of ₹ 5,000. Cheque was immediately deposited into bank.
- Received by cheque a first and final payment of 60 paise in a ₹ from Y who owed us ₹ 10,000.
- Sold goods to Z for ₹ 10,000 at a trade discount of 20%. Next day a cheque was received from him after deducting 5% cash discount. Cheque was immediately deposited into Bank.
- Goods costing ₹ 20,000 sold to Manoj at a profit of 20% on cost less 10% trade discount.

Solution:

Journal Books					
Sl no.	Particulars		L.F.	Debit ₹	Credit ₹
1)	Machinery A/c	Dr.		20,200	
	To Cash A/c				20,200
	(Purchased machinery and paid carriage charge)				
2)	Bank A/c	Dr.		4,850	
	Discount Allowed A/c	Dr.		150	
	To X's A/c				5,000
	(Received full settlement cheques from X)				
3)	Cash A/c	Dr.		6,000	
	Bad Debts A/c	Dr.		4,000	

	To Y's A/c (Received cash and written-off bad debts)				10,000
4)	Z's A/c	Dr.		8,000	
	To Sales A/c (Sold goods on credit to Z)				8,000
	Bank A/c	Dr.		7,600	
	Discount Allowed A/c	Dr.		400	
	To Z's A/c (Received full settlement Cheque)				8,000
5)	Manoj's A/c (WN)	Dr.		21,600	
	To Sales A/c (Sold goods to Manoj)				21,600
	TOTAL			72,800	72,800

Working Notes: Evaluation of goods sold to Manoj

Cost Price	=	20,000
Add: Profit	=	4,000
Invoice Price	=	24,000
Less: Trade Discount	=	2,400
Rs	=	21,600

Question 20

Pass Journal Entries

1. Goods for ₹ 50,000 were destroyed by fire.
2. Goods worth ₹ 18,000 were distributed as free samples and ₹ 20,000 were given away as charity in cash.
3. Goods worth ₹ 25,000 and cash ₹ 40,000 were taken away by the proprietor for his personal use.
4. Goods worth ₹ 20,000 and cash ₹ 5,000 were given away as charity.

5. Cash ₹ 1,00,000 were stolen from the Iron Safe of the trader.

Solution:

Journal Books				
Sl no.	Particulars	L.F.	Debit ₹	Credit ₹
1)	Loss by Fire A/c	Dr.	50,000	
	To Purchases A/c (Destroyed goods by fire)			50,000
2)	Advertisement Expenses A/c	Dr.	18,000	
	To Purchases A/c (Distributed goods as free samples)			18,000
	Charity A/c	Dr.	20,000	20,000
	To Cash A/c (Cash given for charity)			
3)	Drawings A/c	Dr.	65,000	
	To Cash A/c			40,000
	To Purchases A/c (Cash and goods withdrawn for personal use)			25,000
4)	Charity A/c	Dr.	25,000	
	To Cash A/c			5,000
	To Purchases A/c (Cash and goods given for charity)			20,000
5)	Loss by Theft A/c	Dr.	1,00,000	
	To Cash A/c (Cash stolen)			1,00,000
	TOTAL		2,78,000	2,78,000

Solution 21

Pass Journal Entries

1. Sold goods to Brijesh of the list price of ₹ 10,000 at trade discount of 5%. Received full payment in cash.
2. Goods given away as charity ₹ 1,000.
3. Charge interest on capital of ₹ 5,00,000 @ 7% p.a.
4. Outstanding wages ₹ 3,000.
5. ₹ 5,000 due from Sunny are now bad debts.
6. ₹50,000 cash sales (of goods costing ₹ 40,000).

Solution:

Journal Books					
Sl no.	Particulars		L.F.	Debit ₹	Credit ₹
1)	Cash A/c	Dr.		9,500	
	To Sales A/c				9,500
	(Sold goods for cash to Brijesh)				
2)	Charity A/c	Dr.		1,000	
	To Purchases A/c				1,000
	(Given goods for charity)				
3)	Interest on Capital A/c	Dr.		35,000	
	To Capital A/c				35,000
	(Interest on capital provided)				
4)	Wages A/c	Dr.		3,000	
	To Outstanding Wages A/c				3,000
	(Wages outstanding provided)				
5)	Bad Debts A/c	Dr.		5,000	
	To Sunny's A/c				5,000
	(Bad debts written-off)				

6)	Cash A/c	Dr.	50,000	
	To Sales A/c			50,000
	(Sold goods for cash)			
	TOTAL		1,03,500	1,03,500

Solution 22

Pass Journal Entries

- (a) Proprietor withdrew for private use ₹ 10,000 from bank.
- (b) Goods costing ₹ 50,000 were burnt by fire.
- (c) Purchased machinery for cash ₹ 1,50,000 and paid ₹ 2,000 on its installation.
- (d) Charge 5% depreciation on building costing ₹ 2,00,000 and 8% depreciation on furniture costing ₹ 5,000.
- (e) Prepaid salary ₹ 2,000.
- (f) Kapil who owed us ₹ 20,000 becomes insolvent and nothing is received from his estate.

Solution:

Journal Books				
Sl no.	Particulars	L.F.	Debit ₹	Credit ₹
a)	Drawings A/c	Dr.	10,000	
	To Bank A/c			10,000
	(Withdrew cash for personal use from bank)			
b)	Loss by Fire A/c	Dr.	50,000	
	To Purchases A/c			50,000
	(Destroyed goods by fire)			
c)	Machinery A/c	Dr.	1,52,000	
	To Cash A/c			1,52,000
	(Machinery purchased for cash and paid installation charges)			

d)	Depreciation A/c	Dr.	10,400	
	To Building A/c			10,000
	To Furniture A/c (Charged depreciation on furniture and building)			400
e)	Prepaid Salary A/c	Dr.	2,000	
	To Salary A/c (Salary paid)			2,000
f)	Bad Debts A/c	Dr.	20,000	
	To Kapil's A/c (Written-off Bad debts)			20,000
	TOTAL		2,44,400	2,44,400

Solution 23

Record Navin Gupta & Sons Journal Entries

1. Out of Insurance premium paid this year, ₹ 15,000 is related to next year.
2. Credit purchases from Ram & Co. for ₹ 50,000. Cash discount will be received at 5% on payment of bill within 10 days.
3. Cash paid to Ram & Co. and discount availed of.
4. Paid Income Tax ₹ 20,000 by cheque.
5. Goods costing ₹ 2,00,000 sold for cash at a profit of 10%.
6. Purchased iron safe for ₹ 2,00,000 filing cabinet for ₹ 50,000 and Computer for ₹ 1,00,000.

Solution:

Journal Books of Navin Gupta				
Sl no.	Particulars	L.F.	Debit ₹	Credit ₹
1	Prepaid Insurance A/c	Dr.	15,000	
	To Insurance A/c (Insurance paid)			15,000
2	Purchases A/c	Dr.	50,000	

	To Ram & Co. (Purchased goods from Ram & Co. on credit)			50,000
3	Ram & Co.	Dr.	50,000	
	To Cash A/c To Discount Received A/c (Paid full settlement in cash to Ram & Co. in)			47,500 2,500
4	Drawings A/c	Dr.	20,000	
	To Cash A/c (income tax paid)			20,000
5	Cash A/c	Dr.	2,20,000	
	To Sales A/c (Sold goods for cash with 10% profit)			2,20,000
6	Office Equipment A/c	Dr.	3,50,000	
	To Cash A/c (Purchased office equipment)			3,50,000
	TOTAL		7,05,000	7,05,000

Solution 24

Record journal book of Kanishk Traders

1. Sold goods costing ₹ 1,20,000 to Charu at a profit of 33 1/2% on cost less 15% Trade Discount.
2. Sold goods costing ₹ 80,000 to Arun against cheque at a profit of 25% on cost less 15% Trade Discount.
3. Paid by cheque ₹ 8,400 as insurance premium for a period of 12 months starting 1st August 2016. Financial year closes on 31st March every year.

Solution:

Journal**In the Books of Kanishk**

Sl no.	Particulars	L.F.	Debit ₹	Credit ₹
1	Charu's A/c (WN1)	Dr.	1,36,000	
	To Sales A/c			1,36,000
	(Sold goods to Charu)			
2	Bank A/c (WN2)	Dr.	85,000	
	To Sales A/c			85,000
	(Sold goods to Arun)			
3	Insurance A/c	Dr.	8,400	
	To Bank A/c			8,400
	(Paid insurance premium through cheque)			
	Prepaid Insurance A/c	Dr.	2,800	
	To Insurance A/c			2,800
	(Paid four months advanced insurance premium)			
	TOTAL		2,32,200	2,32,200

Working notes 1: Evaluation of amount of goods sold to Charu

Cost = 1,20,000

Add: Profit @ 33 ⅓ % on 1,20,000 = 40,000
1,60,000

Less: Trade Discount @ 15% on 1,60,000 = 24,000
1,36,000

Working notes 2: Evaluation of amount of goods sold to Arun

Cost = 80,000

Add: Profit @ 25% on 80,000 = 20,000
1,00,000

Less: Trade Discount @ 15% = 15,000
85,000

Solution 25

Record journal book

2017	Particulars
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March	
4	Purchased building for ₹ 1,50,000 and incurred expenses of ₹ 10,000 on its purchase
10	Satish who owed us ₹ 20,000 is declared insolvent and 60 paise per ₹ is received from his estate
15	Paid ₹ 500 for repairing the office furniture
18	Proprietor withdrew for his personal use cash ₹ 5,000 and goods worth ₹ 2,000
20	Purchased the following items for business. Iron Safe ₹ 15,000; Filing Cabinet ₹ 5,000; Computer ₹ 12,000; Postage ₹ 200 and Stationery ₹ 150
28	Paid electricity charges ₹ 1,600
31	Charge depreciation on Machinery @ 10% for one year (Machinery ₹ 75,000)
31	Outstanding wages at the end of the year ₹ 6,000

Solution:

Journal Book Entry				
Date	Particulars	L.F.	Debit ₹	Credit ₹
2017				
March 4	Building A/c	Dr.	1,60,000	
	To Bank A/c			1,60,000
	(Purchased building and paid expenses)			
10	Cash A/c	Dr.	12,000	
	Bad Debts A/c	Dr.	8,000	
	To Satish's A/c			20,000
	(Received cash from Satish and written-off bad debts)			
15	Repairs A/c	Dr.	500	
	To Cash A/c			500
	(Made payment to repair office furniture)			

18	Drawings A/c	Dr.	7,000	
	To Cash A/c			5,000
	To Purchases A/c (Goods and Cash withdrawn for personal use)			2,000
20	Office Equipment A/c	Dr.	32,000	
	To Cash A/c (Bought cabinet, typewriter, and iron safe)			32,000
20	Postage & Stationery A/c	Dr.	350	
	To Cash A/c (Paid expenses for stationery and postage)			350
28	Electricity Charges A/c	Dr.	1,600	
	To Cash A/c (Electricity charges aid)			1,600
31	Depreciation A/c	Dr.	7,500	
	To Machinery A/c (Paid depreciation on machinery)			7,500
31	Wages A/c	Dr.	6,000	
	To Outstanding Wages A/c (Recorded outstanding wages)			6,000
	TOTAL		2,34,950	2,34,950

Solution 26

Record journal book

1. Purchased goods for ₹ 25,000 for Cash and paid ₹ 200 for carriage on these goods.
2. Purchased goods for ₹ 40,000 on Credit from Sudhir and paid ₹ 500 for carriage on these goods.

3. Purchased machinery for ₹ 20,000 and spent ₹ 500 on its carriage and ₹ 300 on its installation.
4. Purchased goods from Anil for ₹ 15,000.
5. Sold 13 rd of the above goods at a profit of 20% on cost.
6. Goods costing ₹ 12,000 sold to Mr. X, issued invoice at 25% above cost less 10% trade discount.
7. Provide 20% depreciation on furniture costing ₹ 10,000.
8. Gave as charity – Cash ₹ 500 and Goods ₹ 2,000.

Solution:

Journal Books Entry					
Sl no.	Particulars		L.F.	Debit ₹	Credit ₹
1	Purchases A/c	Dr.		25,000	
	Carriage A/c	Dr.		200	
	To Cash A/c				25,200
	(Purchased goods for cash and carriage paid)				
2	Purchases A/c	Dr.		40,000	
	To Sudhir's A/c				40,000
	(Goods purchased on credit from Sudhir)				
	Carriage A/c	Dr.		500	
	To Cash A/c				500
	(Carriage paid on goods purchased from Sudhir)				
3	Machinery A/c	Dr.		20,800	
	To Bank A/c				20,800
	(Machinery purchased and expenses paid)				
4	Purchases A/c	Dr.		15,000	
	To Anil's A/c				15,000

	(Purchased goods on credit from Anil)				
5	Cash A/c	Dr.	6,000		
	To Sales A/c				6,000
	(Goods purchased from Anil sold for cash at a profit of 20% on cost)				
6	X's A/c (WN)	Dr.	13,500		
	To Sales A/c				13,500
	(Goods sold to X)				
7	Depreciation A/c	Dr.	2,000		
	To Furniture A/c				2,000
	(Depreciation charged on furniture)				
8	Charity A/c	Dr.	2,500		
	To Cash A/c				500
	To Purchases A/c				2,000
	(Cash and goods given in charity)				
	TOTAL		1,25,500	1,25,500	

Working Notes: Evaluation of goods sold to X

Cost = 12,000
Add: Profit @ 25 % on 12,000 = 3,000
= 15,000
Less: Trade Discount @ 10% on 15,000 = 1,500
Sale Price = 13,500

Solution 27

Record journal book

1. Received a V.P.P. from Mohan Lal for ₹ 25,000. Sent a peon to collect it who paid ₹ 200 as cartage
2. Received ₹ 1,000 from sales of old newspapers and ₹ 5,000 from sales of old chairs

3. Goods given away as charity goods costing ₹ 7,000
4. Received Cash from a debtor written off as bad-debt last year ₹ 20,000
5. Sold goods costing ₹ 50,000 to Ashok on credit at a profit of 20% on cost
6. Sold goods costing ₹ 1,00,000 for ₹ 1,40,000
7. Provide ₹ 50,000 as interest on Capital
8. Paid rent of building ₹ 60,000 by cheque. Half the building is used by the proprietor for residential purpose
9. Outstanding salary at the end of the year ₹ 30,000

Solution:

Journal Books					
Sl no.	Particulars		L.F.	Debit ₹	Credit ₹
1	Purchases A/c	Dr.		25,000	
	Cartage A/c	Dr.		200	
	To Cash A/c				25,200
	(Received VPP and paid cartage)				
2	Cash A/c	Dr.		1,000	
	To Sundry Income A/c				1,000
	(Received income from old newspaper sale)				
	Cash A/c	Dr.		5,000	
	To Furniture A/c				5,000
	(Received cash from old chairs sale)				
3	Charity A/c	Dr.		7,000	
	To Purchases A/c				7,000
	(Given goods to charity)				
4	Cash A/c	Dr.		20,000	
	To Bad Debts Recovered A/c				20,000

	(Recovered bad debts)				
5	Ashok's A/c	Dr.	60,000		
	To Sales A/c				60,000
	(Sold goods to Ashok at 20% profit on credit)				
6	Cash A/c	Dr.	1,40,000		
	To Sales A/c				1,40,000
	(Sold goods for cash)				
7	Interest on Capital A/c	Dr.	50,000		
	To Capital A/c				50,000
	(Interest provided on capital)				
8	Rent A/c	Dr.	30,000		
	Drawings A/c	Dr.	30,000		
	To Bank A/c				60,000
	(Paid building rent)				
9	Salary A/c	Dr.	30,000		
	To Outstanding Salary A/c				30,000
	(Provided outstanding salary)				
	TOTAL		3,98,200	3,98,200	

Solution 28

Record journal book

2018 April	Particulars
1	Purchased goods for ₹ 1,00,000 from Manoj and availed discount of ₹ 10,000
2	Paid amount due to Manoj by cheque and availed discount of ₹ 4,500
5	Cash ₹ 5,000 paid to Desai and discount allowed by him ₹ 200
10	Cash ₹ 10,000 received from Govardhan and allowed him discount ₹ 500

12	Sold personal Car of the proprietor for ₹ 80,00 against cheque, which was deposited into the firm's bank account
16	Sold personal Car of the proprietor for ₹ 1,50,000 against cheque, which was deposited into the proprietor's personal bank account
20	Sold goods to Gaurav costing ₹ 1,00,000 at a profit of 40% and allowed him 10% trade discount and paid for cartage ₹ 3,000 not to be charged from him
24	Placed an order with Rudra & Co. for supply of goods of ₹ 80,000 and a cheque for 40% amount is sent to them as an advance

Solution:

Journal				
Date	Particulars	L.F	Debit	Credit
April				
1	Purchases A/c	Dr.	90,000	
	To Manoj			90,000
	(Bought goods from Manoj)			
2	Manoj A/c	Dr.	90,000	
	To Bank A/c			85,500
	To Discount Received A/c			4,500
	(Paid due to Manoj and availed discount)			
5	Desai A/c	Dr.	5,200	
	To Cash A/c			5,000
	To Discount Received A/c			200
	(Paid cash to Desai and allowed discount)			
10	Cash A/c	Dr.	10,000	
	Discount Allowed A/c	Dr.	500	
	To Govardhan A/c			10,500
	(Received cash from Govardhan)			

12	Bank A/c	Dr.	80,000	
	To Capital A/c			80,000
	(Personal car sold and invested in business)			
Apr 16	<i>Entry Non</i>			
Apr 20	Gaurav A/c	Dr.	1,26,000	
	To Sales A/c			1,26,000
	(Goods sold to Gaurav)			
	CarriageOutwards A/c	Dr.	3,000	
	To Cash A/c			3,000
	(Paid cartage on sales)			
Apr 24	Advance for Purchases A/c	Dr.	32,000	
	To Bank A/c			32,000
	(Against purchase order an advance cheque sent to Rudra and Co.)			
			4,36,700	4,36,700

Question 29

Give the journal entries corresponding to the narration given below:-

S. No.	Particulars	L.F.	Amount	
			Dr. (₹)	Cr. (₹)
(i)		Dr.		
		Dr.		
	To			
	(Goods of the list price of ₹ 5,000 sold at 10% trade discount and 2% cash discount)			

(ii)				
	(The purchase of Motor Car for ₹ 80,000 and the payment of ₹ 5,000 as repairs charges on it. Entire payment is made by cheque)			
(iii)	Chaturvedi's	Dr.	5,000	
	To Cash A/c			
	To			
	(Chaturvedi's account settled, cash discount three percent)			
(iv)	Bank A/c	Dr.		
		Dr.		
	To			8,400
	(70 paise per rupee received from the estate of Ashok on his insolvency)			
(v)		Dr.	3,000	
	To			3,000
	(For goods used by the proprietor for personal use)			
(vi)		Dr.	2,000	
	To			2,000
	(For Rent due to landlord)			

Solution:

Journal Books				
Date	Particulars	L.F.	Debit ₹	Credit ₹
i)	Cash A/c	Dr.	4,410	
	Discount Allowed A/c	Dr.	90	
	To Sales A/c			4,500
	(Goods of the list price of ₹ 5,000 sold at 10% trade discount and 2% cash discount)			
ii)	Motor Car A/c	Dr.	85,000	
	To Cash A/c			85,000

	(The purchase of Motor Car for ₹ 80,000 and the payment of ₹ 5,000 as repairs charges on it. Entire payment is made by cheque)				
iii)	Chaturvedi's A/c	Dr.		5,000	
	To Cash A/c				4,850
	To Discount Received A/c (Chaturvedi's account settled, cash discount three per cent)				150
iv)	Cash A/c	Dr.		5,880	
	Bad Debts A/c	Dr.		2,520	
	To Ashok's A/c (70 paise per rupee received from the estate of Ashok on his insolvency)				8,400
v)	Drawings A/c	Dr.		3,000	
	To Purchases A/c (For goods used by the proprietor for personal use)				3,000
vi)	Rent A/c	Dr.		2,000	
	To Outstanding Rent A/c (For Rent due to landlord)				2,000
	TOTAL			1,07,900	1,07,900

Question 30

Rectify the following entries assuming that the narration in each case is correct

				Amount	Amount
2017	Particulars	L.F.	Dr.	Cr.	
May			₹	₹	
4	Building A/c	Dr.	5,00,000		

	Brokerage A/c	Dr.	10,000	
	To Bank A/c (Purchase of building and payment of brokerage on its purchase)			5,10,000
10	Drawings A/c	Dr.	12,000	
	To Sales A/c (Goods taken away by the proprietor for personal use)			12,000
16	Filing Cabinet A/c	Dr.	4,000	
	Electric Fan A/c	Dr.	2,500	
	To Cash A/c (Purchase of filing cabinet and an electric fan)			6,500
18	Cash A/c	Dr.	8,730	
	To Sales A/c (Goods worth ₹ 10,000 sold at 10% trade discount and 3% cash discount)			8,730
20	Bank A/c	Dr.	10,000	
	To Naresh (Receipt of 25 paise per rupee from the estate of Naresh who is declared insolvent)			10,000
31	Bank Charges A/c	Dr.	150	
	To Cash A/c (Charges made by bank for its services)			150

Solution:

Journal Books

Date	Particulars	L.F.	Debit ₹	Credit ₹
2017				
May 4	Building A/c*	Dr.	5,10,000	
	To Cash A/c (Purchase of building and payment of brokerage on its purchase)			5,10,000
10	Drawings A/c	Dr.	12,000	
	To Purchases A/c (Goods taken away by the proprietor for personal use)			12,000
16	Office Equipment A/c	Dr.	6,500	
	To Cash A/c (Purchase of filing cabinet and an electric fan)			6,500
18	Cash A/c (WN1)	Dr.	8,730	
	Discount Allowed A/c	Dr.	270	
	To Sales A/c (Goods worth ₹ 10,000 sold at 10% trade discount and 3% cash discount)			9,000
20	Cash A/c (WN2)	Dr.	10,000	
	Bad Debts A/c	Dr.	30,000	
	To Naresh (25 paise per rupee receipt of from the estate of Naresh who is declared insolvent)			40,000
31	Bank Charges A/c	Dr.	150	
	To Bank A/c			150

	(Charges made by bank for its services)			
	TOTAL		5,77,650	5,77,650

Working notes 1: Evaluation of goods sold

Cost	= 10,000
Less: Trade discount (10% on 10,000)	= 1,000
	= 9,000
Less: Cash discount 3% on 9,000	= 270
Sale price	= 8730

Working notes 2: Evaluation of bad debt

25 paise per rupee from Naresh = 10,000

So, 75 paise per rupee not received from Naresh = $10,000 \times 75\% = 7,500$

Total amount due from Naresh = Rs 40,000 (10,000 + 30,000)

Solution 31

Record journal book

Sl no.	Particulars
1	Goods destroyed by Fire for ₹ 5,000
2	Paid by cheque ₹ 25,000 as wages on installation of a Machinery
3	Issued a cheque in favour of M/s Parmatma Saran & Sons on account of purchase of goods ₹ 75,000
4	Goods sold costing ₹ 60,000 to M/s Kalu Sons at an invoice price 10% above cost less 5% Trade discount

Solution:

Journal Books				
Date	Particulars	L.F.	Debit ₹	Credit ₹
1	Loss by Fire A/c	Dr.	5,000	
	To Purchases A/c			5,000
	(Destroyed goods by fire)			
2	Machinery A/c	Dr.	25,000	
	To Cash A/c			25,000
	(Paid wages for machine installation)			

3	Purchases A/c	Dr.	75,000	
	To Bank A/c (Issued cheque for goods purchasing)			75,000
4	M/s Kalu & Sons (WN)	Dr.	62,700	
	To Sales A/c (Sold goods on credit to M/s Kalu & Sons)			62,700
	TOTAL		1,67,700	1,67,700

Working Notes: Evaluating sold goods to M/s Kalu & Sons

Cost = 60,000

Add: Profit (10% on 60,000) = 6,000

= 66,000

Less: Trade discount (5% on 66,000) = 3,300

Sale price = 62,700

Question 32

Record journal book

Journalise the following transactions: –

Sl no.	Particulars	(₹)
1.	Charge depreciation on Machinery	20,000
2.	Salary due to Office Clerks	1,00,000
3.	Received cash for Bad-Debts written off last year	5,000
4.	Purchased goods from Ashok & Co. for ₹ 50,000 at 20% Trade Discount. Half the payment was made in cash.	
5.	Issued cheque to Ashok & Co. in full settlement	19,500
6.	Paid Life Insurance Premium by cheque	6,000
7.	Proprietor used goods for household purposes	20,000
8.	Goods given free to a hospital out of business	10,000

Solution:

Journal Books				
Sl no.	Particulars	L.F.	Debit ₹	Credit ₹
1	Depreciation A/c	Dr.	20,000	
	To Machinery A/c			20,000

	(Depreciation on machinery charged)				
2	Salary A/c	Dr.	1,00,000		
	To Outstanding Salary A/c (Office clerk salary due)				1,00,000
3	Cash A/c	Dr.	5,000		
	To Bad Debts Recovered A/c (Recovered Bad debts)				5,000
4	Purchases A/c	Dr.	40,000		
	To Ashok & Co. To Cash A/c (Bought goods)				20,000 20,000
5	Ashok & Co.	Dr.	20,000		
	To Bank A/c To Discount Received A/c (Made full settlement payment to Ashok & Co.)				19,500 500
6	Drawings A/c	Dr.	6,000		
	To Cash A/c (Paid premium for life insurance)				6,000
7	Drawings A/c	Dr.	20,000		
	To Purchases A/c (Utilized goods for household purposes)				20,000
8	Charity A/c	Dr.	10,000		
	To Purchases A/c (Give goods for charity)				10,000

	TOTAL		2,21,000	2,21,000
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Question 33

Record journal book

2017	Particular	₹
March		
1	Started business with cash	50,000
2	Purchased Machinery for cash	20,000
	Paid installation charges on machinery	2,000
5	Purchased goods from X of the list price of ₹ 25,000, Trade Discount 20% and cash discount 5%. Payment was made in cash immediately.	
10	Sold goods to Y costing ₹ 10,000 at 30% profit on cost less 10% trade discount.	
15	Paid Rent	1,000
20	Goods stolen from business	2,000
22	Gave as charity : Cash	100
	Goods	200
31	Purchased Post Cards and Envelopes	50
31	Purchased a Computer for business	25,000

Solution:

Journal Books				
Date	Particulars	L.F.	Debit ₹	Credit ₹
2017				
March 1	Cash A/c	Dr.	50,000	
	To Capital A/c			50,000
	(Business started with cash)			
2	Machinery A/c	Dr.	22,000	
	To Cash A/c			22,000
	(Purchased machinery in cash and paid installation charges)			

5	Purchases A/c	Dr.	20,000	
	To Cash A/c			19,000
	To Discount Received A/c (Purchased goods for cash and discount received)			1,000
10	Y's A/c	Dr.	11,700	
	To Sales A/c (Sold goods on credit at 30% profit to Y)			11,700
15	Rent A/c	Dr.	1,000	
	To Cash A/c (Paid rent)			1,000
20	Loss by Theft A/c	Dr.	2,000	
	To Purchases A/c (Stolen goods from business)			2,000
22	Charity A/c	Dr.	300	
	To Cash A/c			100
	To Purchases A/c (Give goods and cash for charity)			200
31	Postage A/c	Dr.	50	
	To Cash A/c (Postage paid)			50
31	Computer A/c	Dr.	25,000	
	To Cash A/c (Purchased computer)			25,000
	TOTAL		1,32,050	1,32,050

Question 34

Record journal book

1. Purchased a Motor Car for ₹ 3,00,000 and paid ₹ 25,000 for its repair and renewal. Entire payment is made by cheque.
2. Received Rent ₹ 5,000.
3. Goods worth ₹ 20,000 were distributed as free samples.
4. Charge depreciation on Motor Car ₹ 32,500.
5. Rent due to Landlord ₹ 10,000 and Salary due to Clerks ₹ 80,000.
6. Charge interest on Capital ₹ 20,000.
7. ₹ 5,000 due from Sanjay Gupta are bad-debts.
8. Goods worth ₹ 50,000 were destroyed by fire.
9. Cash ₹ 5,000 and goods worth ₹ 20,000 were stolen by an employee.

Solution:

Journal Books					
Date	Particulars		L.F.	Debit ₹	Credit ₹
1	Motor Car A/c	Dr.		3,25,000	
	To Bank A/c				3,25,000
	(Bought motorcar and made payment for renewal and repair)				
2	Cash A/c	Dr.		5,000	
	To Rent A/c				5,000
	(Received rent)				
3	Advertisement Expenses A/c	Dr.		20,000	
	To Purchases A/c				20,000
	(Distributed goods free samples)				
4	Depreciation A/c	Dr.		32,500	
	To Motor Car A/c				32,500
	(Charged depreciation on motor car)				
5	Rent A/c	Dr.		10,000	

	Salaries A/c	Dr.			
	To Outstanding Expenses A/c (Provide outstanding expenses)				90,000
6	Interest on Capital A/c	Dr.		20,000	
	To Capital A/c (Capital interest provided)				20,000
7	Bad Debts A/c	Dr.		5,000	
	To Sanjay Gupta's A/c (Written-off bad debts)				5,000
8	Loss by Fire A/c	Dr.		50,000	
	To Purchases A/c (Destroyed goods by fire)				50,000
9)	Loss by Theft A/c	Dr.		25,000	
	To Cash A/c				5,000
	To Purchases A/c (Employee stole goods and cash)				20,000
	TOTAL			5,72,500	5,72,500

Question 35

Journalise the following transactions:

- (i) Bought goods from Arun for ₹ 2,00,000 at a trade discount of 15% and cash discount of 2%. Paid 80% amount immediately.
- (ii) Purchased foods for ₹ 20,000 from X and supplied it to Y for ₹ 26,000.
- (iii) Cash withdrawn from bank ₹ 5,000 for personal use and ₹ 25,000 for office use.
- (iv) Goods destroyed by fire : Cost Price ₹ 40,000.
- (v) Provide 20% depreciation on machinery costing ₹ 50,000.

- (vi) Out of insurance paid this year, ₹ 3,000 is related to next year.
- (vii) Allow ₹ 5,000 as interest on capital and charge ₹ 1,000 as interest on drawings.
- (viii) Sohan who owed us ₹ 25,000 was declared insolvent and a cheque of 40 paise in a ₹ is received from him in full settlement.
- (ix) Paid Income Tax ₹ 10,000 by cheque.
- (x) Salary paid ₹ 80,000 and Salary Outstanding ₹ 20,000.

Solution:

Journal Books				
Date	Particulars	L.F.	Debit ₹	Credit ₹
(i)	Purchases A/c (WN)	Dr.	1,70,000	
	To Arun's A/c			34,000
	To Cash A/c			1,33,280
	To Discount Received A/c			2,720
	(Purchased goods and paid 80% in cash)			
(ii)	Purchases A/c	Dr.	20,000	
	To X's A/c			20,000
	(Purchased goods on credit from X)			
	Y's A/c	Dr.	26,000	
	To Sales A/c			26,000
	(Sold goods to Y on credit)			
(iii)	Cash A/c	Dr.	25,000	
	Drawings A/c	Dr.	5,000	
	To Bank A/c			30,000
	(Withdraw cash from bank for office and personal use)			
(iv)	Loss by Fire A/c	Dr.	40,000	
	To Purchases A/c			40,000

	(Destroyed goods by fire)				
(v)	Depreciation A/c	Dr.		10,000	
	To Machinery A/c				10,000
	(Charged depreciation on machinery)				
(vi)	Prepaid Insurance A/c	Dr.		3,000	
	To Insurance A/c				3,000
	(Paid insurance in advance)				
(vii)	Interest on Capital A/c	Dr.		5,000	
	To Capital A/c				5,000
	(Interest allowed on capital)				
	Drawings A/c	Dr.		1,000	
	To Interest on Drawings A/c				1,000
	(Interest charged on drawings)				
(viii)	Cash A/c	Dr.		10,000	
	Bad Debts A/c	Dr.		15,000	
	To Sohan's A/c				25,000
	(Received cash from Sohan and written-off bad debts)				
(ix)	Drawings A/c	Dr.		10,000	
	To Bank A/c				10,000
	(Paid Income tax)				
(x)	Salaries A/c	Dr.		1,00,000	
	To Cash A/c				80,000
	To Outstanding Salaries A/c				20,000

	(Paid salary and outstanding salary)			
	TOTAL		4,40,000	4,40,000

Working Notes: Evaluating outstanding amount and payment made to Arun

Cost = 2,00,000

Less: Trade discount(15% on 2,00,000) = 30,000

= 1,70,000

Payment made in cash (80% Of 1,70,000) =1,36,000

Less: Cash discount (2% on 1,36,000) = 2,720

Net Amount = 1,33,280

Outstanding amount to Arun (20% of 1,70,000) = Rs, 34,000

Question 36

Journalise the following transactions:

2018	
May	
1	Purchased a Machinery for ₹ 1,00,000 and the payment was made by issuing a cheque from Proprietor's saving bank account.
4	Received an order from Chakravarti for goods of ₹ 4,00,000 along with a cheque of 10% of the order as advance.
8	Paid cash ₹ 8,000 to Dushyant and discount allowed by him ₹ 800.
10	Goods were stolen by an employee (Sale Price ₹ 20,000; Cost ₹ 15,000).
15	Purchased stationery worth ₹ 8,000 for office use and ₹ 2,000 for personal use.
20	Manoj pays us ₹ 5,400 after deducting 10% for prompt payment.
28	Sold goods to Kuber costing ₹ 2,00,000 at 25% above cost less trade discount of 10% and cash discount of 5%. Kuber did not avail the cash discount.

Solution:

Journal				
Date	Particulars	L.F.	Debit	Credit
2018			₹	₹
May 1	Machinery A/c	Dr.	1,00,000	
	To Capital A/c			1,00,000

	(Bought Machine and paid through personal bank account)				
4	Bank A/c	Dr.	40,000		
	To Advance against Sales A/c				40,000
	(Received advance a sales order cheque from Chakravarti)				
8	Dushyant A/c	Dr.	8,800		
	To Cash A/c				8,000
	To Discount Received A/c				800
	(Paid cash to Dushyant)				
10	Loss by Theft A/c	Dr.	15,000		
	To Purchases A/c				15,000
	(Goods stolen by employee)				
15	Stationery A/c	Dr.	8,000		
	Drawings A/c	Dr.	2,000		
	To Cash A/c				10,000
	(Bought stationery for personal and office use)				
20	Cash A/c	Dr.	5,400		
	Discount Allowed A/c	Dr.	600		
	To Manoj A/c				6,000
	(Received payment from Manoj after giving 10% discount)				
28	Kuber A/c	Dr.	2,25,000		
	To Sales A/c				2,25,000

	(Goods sold to Kuber)				
				4,04,800	4,04,800

Question 37

Prepare journal

(a) Goods worth ₹ 2,000 destroyed by fire.
(b) Received ₹ 5,000 from Suresh which were written off as bad debts.
(c) Sold goods to Mohan of the list price of ₹ 5,000 subject to 10% trade discount and 5% cash discount. Mohan availed cash discount.
(d) Received ₹ 9,900 from Hari in full settlement of his account ₹ 10,000.

Solution:

Journal				
Sl no.	Particulars	L.F.	Debit	Credit
			₹	₹
(a)	Loss by Fire A/c	Dr.	2,000	
	To Purchases A/c			2,000
	(Lost goods by fire)			
(b)	Cash A/c	Dr.	5,000	
	To Bad Debts Recovered A/c			5,000
	(Received cash from Suresh, and written off bad debt)			
(c)	Cash A/c	Dr.	4,275	
	Discount Allowed A/c	Dr.	225	
	To Sales A/c			4,500
	(SGoods sold for cash to Mohan)			
(d)	Cash A/c	Dr.	9,900	

	Discount Allowed A/c	Dr.	100	
	To Hari A/c			10,000
	(Full settlement of account received)			
			4,04,800	4,04,800

Question 38

Prepare a journal for the following transaction of Vibha and Co.

2018		₹
April 7	Sold goods for cash	13,000
9	Sold goods to Mani on credit	15,000
12	Received cash from Mani	10,000
18	Sold goods to Suri for cash	12,600
19	Sold goods to Suri on credit	7,000
24	Withdrew cash from office for personal use	2,500
29	Paid wages	450
30	Paid salary to Gopi	1,200
30	Received Commission	200

Solution

Journal for Vibha and Co.				
Date	Particular	L.F	Amount Dr.	Amount Cr.
April 7	Cash A/c Dr. To Sales A/c (Goods sold for cash)		13,000	13,000
April 9	Mani Dr. To Sales A/c (Goods sold to Mani on credit)		15,000	15,000

April 12	Cash A/c Dr. To Mani (Goods received from Mani)		10,000	10,000
April 18	Cash A/c Dr. To Sales A/c (Goods sold for cash)		12,600	12,600
April 19	Suri Dr. To Sales A/c (Goods sold to Suri on credit)		7,000	7,000
April 24	Drawings A/c Dr. To Sales A/c (Withdrew amount for personal use)		2,500	2,500
April 29	Wages A/c Dr. To Cash A/c (Wages paid)		450	450
April 30	Salary A/c Dr. To Cash A/c (Salary paid)		1,200	1,200
April 30	Cash A/c Dr. To Commission Received A/c (Commission received)		200	200

Question 39

Record the following transactions in the journal of Vimal Bros.

2018		
May 1	Commenced business with cash	5,00,000
2	Goods purchased from Mohan for cash	50,000
3	Goods purchased from Ajay	1,20,000
4	Goods returned to Ajay	5,000
8	Goods sold to Rajiv	40,000
12	Rajiv returned 10% of goods	

Solution

Journal of Vimal Bros.				
Date	Particular	L.F	Amount Dr. ₹	Amount Cr. ₹
2018	Cash A/c	Dr.	5,00,000	
	To Capital A/c			5,00,000
May 1	(Amount brought in by Vimal Bros. as capital)			
	Purchase A/c	Dr.	50,000	
	To Cash A/c			50,000
May 2	(Goods purchased from Mohan by cash)			
	Purchase A/c	Dr.	1,20,000	
	To Ajay A/c			1,20,000
May 3	(Goods purchased from Ajay)			
	Ajay	Dr.	5,000	
	To Purchase Return A/c			5,000
May 4	(Goods return from Ajay)			
	Rajiv	Dr.	40,000	
	To Sale A/c			40,000
May 8	(Goods sold to Rajiv)			

May 12	Sales Return A/c	Dr.	4,000	
	To Rajiv			4,000
	(10% of goods sold to Rajiv returned by him: 10% of 40,000 = ₹4,000)			
	Total ₹		7,19,000	7,19,000