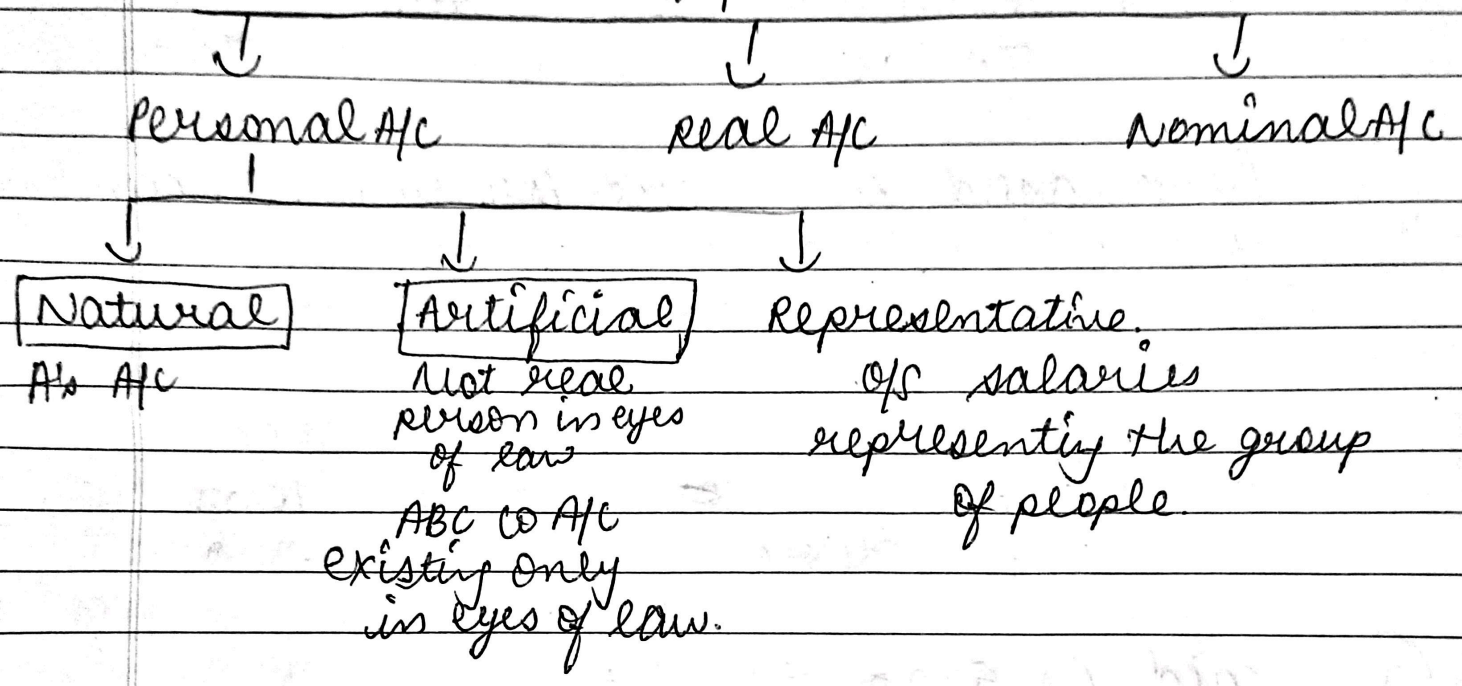


- Transaction
- Date
- Proof/Evidence
- Receipt

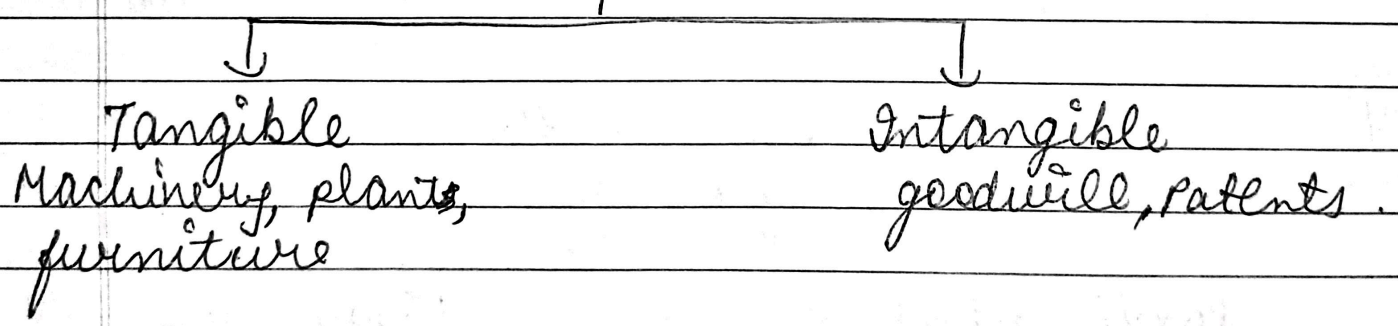
3 types transactions are recorded
 1) Related to persons
 2) Related to properties
 3) Related to incomes & expenses

Journal

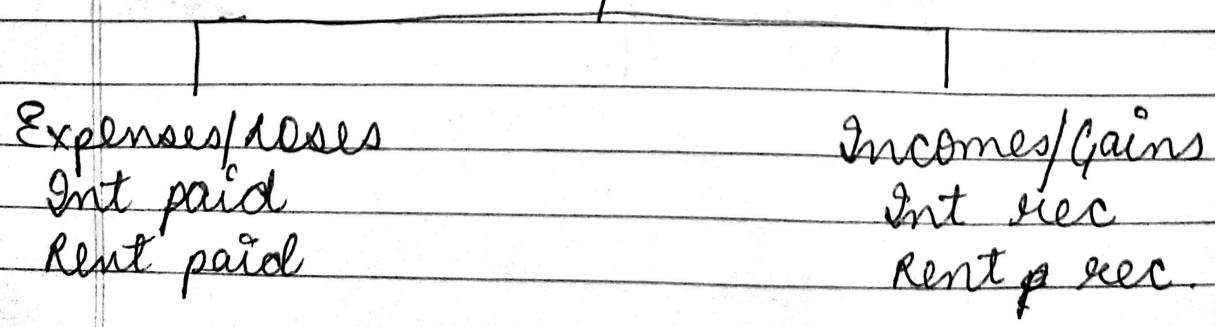
Types of Account



Real A/c



Nominal



① Purchased furniture for cash Rs 7000

Furniture A/c	Dr	7000	
To Cash			7000

② Purchased furniture for cash Rs 2000 + credit Rs 1000 from Mr K

Furniture A/c	Dr	3000	
To Cash			2000
To Mr K A/c	Dr	1000	1000
To Furniture			1000

③ Paid Rs 500 to Mr A.

Mr A's A/c	Dr	500	
To Cash			500

④ Started a business with capital of Rs 15000 + land of Rs 10000

Cash/Capital A/c	Dr	15000	
Land A/c	Dr	10000	
To Cash A/c			25000
Owner A/c			

If rec inv
if not written
exp.

Page: _____
Date: / /

Type of Account	Debit	Credit
Asset A/c	Increase	Decrease
Liability A/c	Decrease	Increase
Capital A/c	Decrease	Increase
Imp/Revenue A/c	Decrease	Increase
Expense A/c	Increase	Decrease

Type of Account	Debit	Credit
Land A/c	↑	↓
Furniture A/c	↑	↓
Debtors	↑	↓
Dividend Rec	↓	↑
Interest paid	↑	↓
Salaries	↓	↑
Loan A/c	↓	↑
Commission Paid	↑	↓
Op Rent	↑	↓
Inventory/stock	↑	↓

Trade dis never shown separately
 Cash dis is shown separately on the side

①. ~~Cash~~ Goods purchased for cash Rs 15000

Purchases/Goods A/c	Dr	15000	
TO Cash			15000

②. Goods purchased from Arun Rs 15000

~~Arjun~~

Purchases A/c	Dr	15000	
TO Arun A/c			15000

③. Goods purchased from Arun for cash Rs 15000

Purchases A/c	Dr	15000	
TO Cash			15000

④. Amount deposited in bank Rs 5000

Bank A/c	Dr	5000	
TO Cash			5000

⑤. Goods purchased for cheque of Rs 5000

Purchases A/c	Dr	5000	
TO Bank			5000

⑥ Amount paid to Arvind Rs 3960 in full settlement

Arvind's A/c	Dr	4000	
TO Cash A/c			3960
TO Dis A/c			40

⑦ Amount withdrawn by the owner for personal use Rs 2000.

Drawings A/c	Dr	2000	
TO Cash			2000

⑧ Goods withdrawn by the owner for personal use.

Drawings A/c	Dr	-	
TO Purchases			-

⑨ Telephone expenses paid Rs 1000

Telephone Expenses A/c	Dr	1000	
TO Cash			1000

⑩ Goods distributed by way of free sample worth Rs 1000

Adv Expenses A/c	Dr	1000	
TO Purchases			1000

* Trade discount → It is a discount received on purchase of bulk/ large quantity. It is not shown separately but only the net amount is put in the journal entry.

* Cash discount → It is a discount allowed to buyer to encourage the early payment. Discount allowed to debtors is an expense and need to be debited. Discount received from creditors is an income and need to be credited.

* Free samples → If the goods are distributed as free samples they will be considered as advertisement expense. And we will credit the purchases A/c

Journal Entries

①. Arun commenced business with a cash ₹ 10000

Cash A/c	Dr	10000	
	TO Arun's A/c		10000

②. Bought Machinery ₹ 2000

Machinery A/c	Dr	2000	
	TO Cash		2000

③ Bought goods for cash from Rahim ₹ 3500

Purchases A/c	Dr	3500	
TO Cash			3500

④ Cash sales to Harish ₹ 5500

Cash A/c	Dr	5500	
TO sales			5500

⑤ Bought goods on credit from Jain ₹ 2600

Purchases A/c	Dr	2600	
TO Jain's A/c			2600

⑥ Paid Rent ₹ 600

Rent Expense A/c	Dr	600	
TO Cash			600

⑦ Rent received from Anil ₹ 1000

Cash	Dr	1000	
TO Rent			1000

⑧ Furniture purchased from Murali ₹ 3200

Furniture A/c	Dr	3200	
TO Murali's A/c			3200

⑨ Deposited cash with Bank ₹ 1500

Bank A/c	Dr	1500	
TO Cash			1500

⑩ Paid adv exp to Anil ₹ 2800

Anil's A/c	Dr	2800	
TO Adv exp			2800

* Ledger → It is a set of accounts
→ Separate A/c are prepared to post the debit and credit items

* Difference b/w Journal & Ledger

Journal	Ledger
① Book of original entry	① Book of second entry
② Journalising	② Posting
③ Chronological order	③ Nature of account

* Rules regarding posting

- ① Separate accounts are prepared
- ② Use of 'To' and 'By'
- ③ Amount to be debited/credited
- ④ Balancing the A/c by writing Bal c/d where there is short amount
- ⑤ Bal b/d of the same amount on the opposite side.

①

Journal Entries

① Ram started business with a capital of ₹ 10000

Cash A/c	Dr	10000	
To Capital A/c			10000

② Purchased goods from Mohan on credit
₹ 2000

Purchases A/c	Dr	2000	
	TO Cash Mohan		2000

③ He paid cash to Mohan ₹ 1000

Mohan's A/c	Dr	1000	
	TO Cash		1000

④ He sold goods to Suresh ₹ 2000

Suresh's A/c	Dr	2000	
	TO Cash Sales		2000

⑤ He received cash from Suresh ₹ 3000

Cash A/c	Dr	3000	
	TO Suresh's A/c		3000

⑥ He further purchased goods from Mohan

Purchase A/c	Dr	2000	
	TO Mohan's A/c		2000

⑦ He paid cash to Mohan ₹ 1000

Mohan's A/c	Dr	1000	
	TO Cash		1000

⑧ He further sold good to Suresh

Suresh's A/c	Dr	2000	
	TO Cash Sales		2000

⑨ He rec cash from Suresh.

Cash A/c	Dr	1000	
	TO Suresh		1000

Cash A/c

Particulars	Debit (₹)	Particulars	Cr (₹)
TO Capital A/c	10000	By Mohan's A/c	1000
TO Suresh A/c	3000	By Mohan's A/c	1000
TO Suresh A/c	1000	By Bal c/d	12000
	<u>14000</u>		<u>14000</u>
TO Bal b/d	12000		

Suresh A/c

TO Sales	2000	By Cash	3000
TO Sales	2000	By Sales	2000
		By Cash	1000
	<u>4000</u>		<u>4000</u>

Sales A/c

TO Suresh A/c	2000	By Suresh's A/c	2000
TO Bal c/d	4000	By Suresh	2000
	<u>4000</u>		<u>4000</u>
		By Bal b/d	4000

Capital A/c

TO Bal c/d	10000	By Cash	10000
	<u>10000</u>		<u>10000</u>
		By Bal b/d	10000

Purchases A/c

Particulars	Dr (₹)	Particulars	Cr (₹)
TO Mohan's A/c	2000	By Bal c/d	4000
TO Mohan's A/c	2000		
	4000		4000
TO Bal b/d	4000		

Mohan's A/c

TO Cash A/c	1000	By Purchases	2000
TO Cash A/c	1000	By Purchases	2000
TO Bal c/d	2000		
	4000		4000
		By Bal b/d	2000

Trial Balance

Particulars	Debit	Credit
Cash A/c	12000	
Purchase A/c	4000	
Suresh A/c	-	-
Mohan A/c		2000
Sales A/c		4000
Cash A/c		10000
	16000	16000

II

Journal entries

① Business started with capital ₹7200
 Cash Capital A/c Dr | 7200 |
 TO Capital TO Cash | | 7200

② Cash Purchases ₹6000
 Purchases A/c Dr | 6000 |
 TO Cash | | 6000

③ Cash sales ₹5568
 Cash A/c Dr | 5568 |
 TO Sales | | 5568

④ Purchased from M ₹12000
 Purchases A/c Dr | 12000 |
 TO M's A/c | | 12000

⑤ Paid to Dinesh ₹852
 Dinesh A/c Dr | 852 |
 TO Cash | | 852

⑥ Commission Rec ₹700
 Cash Commission A/c Dr | 700 |
 TO Cash Commi | | 700

⑦ Salaries paid ₹800
 Salary A/c Dr | 800 |
 TO Cash | | 800

⑧ sold goods to Mohan ₹1200

Mohan's A/c Dr	1200	
To sales		1200

⑨ Misc exp ₹700

Misc exp Dr	700	
To Cash		700

⑩ Paid cash to Ram ₹1400

Ram's A/c Dr	1400	
To Cash		1400

Cash A/c

Particulars	₹	Particulars	₹
TO Capital	7200	By Capitalizer	7200 ⁶⁰⁰
TO Sales	5568	By Dinesh	852
TO Commission	700	By salary	800
		By Misc exp.	700
		By Ram's A/c.	1400
		By Bal c/d	3716
	13468		13468
TO Bal b/d	3716		

Purchase A/c

Particulars	₹	Particulars	₹
TO Cash	6000	By Bal c/d	18000
TO M.	12000		
	18000		18000
TO Bal b/d	18000		

Sales A/c

Particulars	₹	Particulars	₹
TO Bal c/d	6768	By Cash	5568
		By Mohan	1200
	<u>6768</u>		<u>6768</u>
		By Bal b/d	6768

Dinesh's A/c

TO Cash A/c	852	By Bal c/d	852
	<u>852</u>		<u>852</u>
TO Bal b/d	852		

M/s A/c

TO Bal c/d	12000	By Purchases	12000
	<u>12000</u>		<u>12000</u>
		By Bal b/d	12000

Ram's A/c

TO Cash.	1400	By Bal c/d	1400
	<u>1400</u>		<u>1400</u>
TO Bal b/d	1400		

Commission A/c

TO Bal c/d	700	By Cash	700
	<u>700</u>		<u>700</u>
		By Bal b/d	700

Salary A/c

	₹		₹
to Cash	800	By Bal c/d	800
	<u>8000</u>		<u>800</u>
TO Bal b/d	800		

Capital A/c

	₹		₹
TO Cash Bal c/d	7200 7200	TO Cash	7200
	<u>7200</u>		<u>7200</u>
		TO Bal b/d	7200

Mohan's A/c

	₹		₹
TO sales.	1200	By Bal c/d	1200
	<u>1200</u>		<u>1200</u>
TO Bal b/d	1200		

Misc exp

	₹		₹
TO Cash	700	TO By Bal c/d	700
	<u>700</u>		<u>700</u>
TO Bal b/d	700		

Trial Balance

Particulars	Dr (₹)	Cr (₹)
Cash A/c	3716	
Purchase A/c	18000	
Sales A/c		6768
Dinesh A/c	852	
M's A/c		12000
Ram's A/c	1400	
Commission A/c		700

55500
24500

Salary A/c	800	
Capital A/c		7200
Mohan's A/c	1200	
Misc A/c	700	
	26668	26668

Good

Note → when the cheque^s received and not deposited on the same day it will be shown in the cash column.

Discount allowed/given Exp (Dr)
Discount Rec Inc (Cr).

Dr		Cash Book		Cr
Particulars	Amount	Particulars	Amount	
TO Bal b/d	8400	By Wages	500	
TO Ram's A/c	1200	By Purchases	800	
TO Sales	1300	By Mr R's A/c	590	
		By Furniture	400	
		By Bal c/d	3610	
	5900		5900	

~~24445~~
149

Cash - 17400 Dr
905 Cr 16495 Bal c/d

Bank - 21000 Dr
8205 Cr 12295 Bal c/d

Cash Book with dis column

Dr				Cr			
Particulars	dis	Cash	Bank	Particulars	dis	Cash	Bank
TO Bal b/d		40000	20000	By Bank A/c		10000	
TO Cash A/c			10000	By Cash A/c			5000
TO Bank A/c		5000		By M's A/c	300	24700	
TO Suresh A/c	200	16800		By Purchases		20000	
TO Sales A/c			30000				

Cash Book

Dr				Cr			
Particulars	dis	Cash	Bank	Particulars	dis	Cash	Bank
TO Bal b/d		18000	27500	By Furniture			8700
TO Sales		10000		By Sonu			13500
TO Ashima			13000	By Bank		8000	
TO Sales		7000		By drawings			7000
TO Cash			8000	By Rent		5000	
TO Naveen		7000	7000	By Bank		7000	
TO Cash			7000	By off exp			5000
				By salary		3000	
				By elect Bill		500	
				By Telephone Bill		1000	
				By Bal c/d		17500	21300
		42000	55500			42000	55500

27, 20, 12 Ask

Dr

Cash Book

Page: / /
Date: / /

Dr				Cr			
Particulars	Dis	Cash	Bank	Particulars	Dis	Cash	Bank
TO Bal b/d		6000		By Hart's	10	190.	
TO Mohan		250		By Typewriter		200	
TO Shyam	25	725		By Repairs		50	
TO Hari		25		By Rajin			

Dr

Cash Book

Dr				Cr			
Particulars	Dis	Cash	Bank	Particulars	Dis	Cash	Bank
TO Bal b/d		1800	11000	By Purchases			7000
TO B/E	470	7380		By Purchases		7500	
TO Acceptance			5000	By Trade exp		105	
TO Ramesh		50		By Bank		1000	1000
TO Manohar	10	390		By Drawings			400
TO Hari Ram			2000	By Ghanshyam		300	
TO Sales		200		By Dis	10.		
TO Sales		9000		By exp			300
TO @ loan		2000	3000	By Charges			5.