

Solution

Transactions	Assets			= Liabilities			+ Capital
	Cash +	Stock+	Furniture	= Creditors	+ B/P	+ Loan	+ Capital
1. Commenced business with cash Rs.20000	20000 +	0+	0 =	0 +	0 +	0 +	20,000
2. Goods purchased on credit Rs. 7,000/-	+	7,000 +	0=	7,000+	0+	0+	0
New Equation	20,000+	7,000+	0=	7,000+	0+	0+	20,000
3. Furniture Purchased	(-) 3,000	0+	3,000=	0+	0+	0+	0
New Equation	17,000+	7,000+	3,000=	7,000+	0+	0+	20,000
4. Paid to creditors	(-) 2,000+	0+	0=	(-) 2000+	0+	0+	0
New Equation	15,000+	7,000	3,000=	5,000+	0+	0+	20,000
5. Amount withdrawn by proprietor	- 4000+	0+	0=	0+	0+	0+	-4000
New Equation	11,000+	7,000	3,000=	5,000+	0+	0+	16,000
6. Creditors accepted a bill	0+	0+	0=	-1500+	1500+	0+	0
New Equation	11000+	7000+	3000=	3500+	1500+	0+	16000
7. Interest on capital	0+	0+	0=	0+	0+	0+	-1000
New Equation	11000+	7000+	3000=	3500+	1500+	0+	16000
8. Transfer from capital to loan	0+	0+	0=	0+	0+	5000+	-5000
New Equation	11000+	7000+	3000=	3500+	1500+	5000+	11000
9. Allotted shares to creditors	0+	0+	0=	-1000+	0+	0+	1000
New Equation	11000+	7000+	3000=	2500+	1500+	5000+	12000

Question for Practice:

Prepare Accounting equation on the basis of following information:

- (1) Sohan started business with cash =80,000
Machinery =10,000
And stock =10,000
- (2) Interest on the above capital was allowed @ 10%
- (3) Money withdrew from the business for his personal use 10,000/-
- (4) Interest on drawings 500/-
- (5) Depreciation charged on machinery 2,000/-

Q. How the assets liabilities and capital will be affected under following cases:

- (1) Purchase of building for cash
- (2) Purchase of furniture on credit
- (3) Receipt of commission
- (4) Payment to creditors.

Generally Students commit these mistakes please avoid :

- Treatment of adjustment in accounting equation
- Dual or triple effect of transaction
- Omission in recording amount
- Interest on capital and drawing
- Debit and credit should be done properly
- Depreciation must be treated properly.

RULES OF DEBIT AND CREDIT

(I) Traditional or English Approach: This approach is based on the main principle of double entry system i.e. every debit has a credit and every credit has a debit. According to this system we should record both the aspects of a transaction whereas one aspect of a transaction will be debited and other aspect of a transaction will be credited.

- (1) Personal Account: Debit the receiver and credit the giver.
- (2) Real Account: Debit what comes in and credit what goes out.
- (3) Nominal Account: Debit all expenses and losses credit all incomes and gains.

(2) Modern or American Approach: This approach is based on the accounting equation or balance sheet. In this approach accounts are debited or credited according to the nature of an account. In a summarised way the five rules of modern approach is as follows:

1. Increase in asset will be debited and decrease will be credited.
2. Increase in the liabilities will be credited and decrease will be debited.
3. Increase in the capital will be credited and decrease will be debited.
4. Increase in the revenue or income will be credited and decrease will be debited.
5. Increase in expenses and losses will be debited and decrease will be credited.

SOURCE DOCUMENTS

Meaning of Source documents:

Business transactions are recorded in the books of accounts on the basis of some written evidence called source document.

Common Source documents are Cash Memo, Invoice or Bill, Receipts, Debit Note, Credit Note, Cheque, Pay in slip

Meaning of Voucher:

Voucher is a source by which we record the transactions.

Meaning of Journal:

Journal is a book of prime entry in which transactions are copied in order of date from a memorandum or waste book.

Illustration:

Journalise the following transactions in the books of Ravi:

1. Bought goods from Sonam Rs. 20,000 less trade discount 20% plus VAT @ 10%.
2. Sold goods costing Rs. 6,000 to Ram for Rs. 8,000 plus VAT @ 10%
3. Sold the balance goods for Rs. 16,000 and charged VAT @ 10% to Mohan against payment by cheque which was banked on the same day.
4. Deposited the VAT into government account by cheque.

Solution:

Date	Particulars	L.F.	Amount (Dr.) Rs.	Amount Cr. Rs.
1	Purchases A/c Dr. VAT Paid A/c Dr. To Sonam (Goods purchased from Sonam)		16,000 1,600	17,600
2	Ram Dr. To Sales A/c To VAT Collected A/c (Goods sold & charged VAT @10%)		8,800	8,000 800
3	Bank A/c Dr. To Sales A/c To VAT Collected A/c (Goods sold to Mohan against cheque & charged VAT @10%)		17,600	16,000 1,600
4	VAT Collected A/c Dr. To VAT paid A/c (Adjustment of VAT paid with VAT collected)		1,600	1,600
5	VAT Collected A/c Dr. To Bank A/c (Balance amount of VAT deposited in Govt.A/c)		800	800

Question for Practice:

Journalise the following transactions:

1. Paid sales tax Rs. 5,000.
2. Sold goods for Rs. 80,000 to Diwan for cash and charged 8% sales tax.
3. Purchased goods from Neelam for Rs. 50,000 plus VAT @ 10%
4. Sold goods to Punam worth Rs. 80,000 plus VAT @ 10%.
5. VAT was deposited into Government Account on its due date.
6. Paid Income Tax Rs. 7,000.

CASH BOOK

Meaning: Cash book is a book in which all the transactions related to cash receipts and cash payments are recorded.

Types of Cash book:

1. Single Column Cash Book
2. Double Column Cash Book
3. Petty Cash Book

1. Single Column Cash Book:

Illustration:

Enter the following transactions in a single column cash book for the month of January 2008 from the following particulars:

January 2008		Rs.
1	Cash in hand	2,000
2	Goods sold	18,000
4	Paid salaries to employees	10,000
6	Payment made to a creditor A by cheque	5,000
8	Cash sales of Rs. 30,000 out of which Rs. 5,000 immediately deposited into bank.	
9	Cash sales of Rs. 28,000 out of which Rs. 10,000 was deposited into bank on 12 th January	
15	Purchased goods from Hari Ram	6,000
18	Paid to transporter	1,000
19	Sold goods to Manik Chand	3,000
28	Paid electricity bill	500
30	Paid to Mr. Sharma Rs.140 and discount received Rs.10	

Solution :

CASH BOOK (SINGLE COLUMN)

Date	Particulars	V. No.	LF	Amount (Rs.)	Date	Particulars	V. No.	LF	Amount (Rs.)
2008 Jan.					2008 Jan.				
1	To Balance b/d			2,000	4	By Salaries			10,000
2	To Sales			18,000	12	By Bank			10,000
8	To Sales			25,000	18	By Transporter			1,000
9	To Sales			28,000	28	By Electricity Bill			500
					30	By Mr. Sharma			140
					31	By Balance c/d			51360
				73,000					73,000
2008 Feb.									
1	To Balance b/d			51,360					

Question for Practice:

Enter the following transactions in the cash book

Oct.2010		Rs.
1	Cash in hand	13,000
3	Goods sold for cash	9,500
5	Bought goods for cash	6,700
8	Paid Salary	3,000

11	Cash deposited into bank	5,500
13	Bought office furniture	4,000
15	Cash sales Rs. 20000 of which Rs. 12000 are banked on Oct.16	
19	Bought goods from Sohan	5,800
21	Withdrew cash from bank for office use	2,500
23	Paid Sohan in full settlement of his account	5,600
25	Paid Amit by cheque	2,000
27	Paid carriage Rs. 500, rent Rs. 800 and life insurance premium Rs. 600.	
31	Paid electricity charges Rs. 1,100 and insurance premium Rs. 800.	

TWO COLUMN CASH BOOK

Illustration:

From the following information prepare a Two column cash book.

2006		
March 1	Cash in hand	5000
March 1	Cash at bank	6000
March 3	Cheque received from Naresh	3000
	Discount allowed	100
March 4	Cheque received from Naresh was deposited into bank	
March 6	Naresh's cheque dishonoured	
March 7	Cheque paid to Ram	4000
	Discount received	200
March 9	Cash withdrawn from bank for office use	2000
March 10	Withdrawn from bank for paying income tax	2500
March 12	Cheque received from Harish and endorsed it to Shivam on 13 th March	4000
March 14	Given a cheque to Amber for cash purchase of furniture for office use	3000
March 16	Cash purchase of Rs. 1,500 less 10% trade discount	
March 18	Cheque received for sales of Rs. 10,000 less 10% trade discount cheque was immediately deposited into bank	
March 25	Paid commission by cheque	2000
March 27	Paid rent	3000
March 28	Received bank interest	1000
March 29	Paid bank charges	500
March 31	Paid into bank the entire balance after retaining Rs. 500 at office.	

Solution

CASH BOOK (TWO COLUMN)

Date	Particulars	V. No.	L.F.	Cash	Bank	Date	Particulars	V. No.	L.F.	Cash	Bank
2006						2006					
March						March					
1	To Balance b/d			5000	6000	4	By Bank		C	3000	
3	To Naresh			3000		6	By Naresh				3000

4	To Cash		C		3000	7	By Ram				4000
9	To Bank		C	2000		9	By Cash		C		2000
12	To Harish			4000		10	By Drawings				2500
18	To Sales				9000	13	By Shivam			4000	
28	To Bank Interest				1000	14	By Furniture				3000
31	To Cash		C		2150	16	By Purchases			1350	
						25	By Commission				2000
						27	By Rent			3000	
						29	By Bank charges				500
						31	By Bank		C	2150	
						31	By Balance c/d			500	4150
				14000	21150					14000	21150
Apr.1	To Balance b/d			500	4150						

Question for Practice:

Enter the following transactions in the cash book with cash and bank column of Rao & Sons.

June 2010	Particulars
1	Started Business with cash Rs. 1,00,000
3	Opened a bank current account with SBI Rs. 60,000
6	Bought goods from Ashok Rs. 15,000
8	Paid Ashok by cheque Rs. 14,700 and received discount Rs. 300
10	Sold goods to Mohan for cash Rs. 10,000 and on credit Rs. 22,000.
12	Received cheque from Mohan 21,400 and allowed discount Rs. 600.
13	Cheque of Mohan deposited into bank
15	Paid electricity charges Rs. 1100 and rent Rs. 2,000.
17	Received a cheque from Total for Rs. 6,800 in full settlement of his account Rs. 7,000
19	Endorsed the cheque of Gopal in favour of our creditor Amar
23	Withdrew cash from bank for office use Rs. 5,000 and for personal use 3,500
25	Bought a machine from Raman. He was paid by cheque 9,000.
26	Paid Carriage of machine Rs. 300 and installation charges Rs. 700
29	Bank allowed interest Rs. 800 and bank charges were Rs. 200.

PETTY CASH BOOK

Meaning

Petty Cash Book is the book which is used for the purpose of recording expenses involving petty amounts.

Recording of Petty Cash

Petty cash given to the Petty Cashier for small payments is recorded on the credit side of the Cash Book as 'By Petty Cash Account' and is posted to the debit side of the Petty Cash Account in the Ledger.

System of Petty Cash

Petty Cash Book may be maintained by ordinary system or by imprest system.

Imprest System

Under this system an estimate is made of amount required for petty expenses for a certain period.

Types of Petty Cash Book

1. Simple Petty Cash Book and
2. Petty Cash Book.

Illustration: From the following information, write up a Simple Petty Cash Book for the first week of April 2012 :

Date	Particulars	Rs.
2012		
April 1	Received Rs. 4,000 from Chief Cashier for Petty Cash	
April 2	Bought Postage stamps	200
April 4	Paid bus fare	120
April 5	Purchased stationery for office use	1000
April 6	Paid for milk and sugar for office tea	600
April 7	Paid to window cleaner	80

Solution:

Amount Received	Cash Book Folio	Date	Particulars	Voucher No.	Amount Paid
4000	-	2012	To Cash A/c		
		April 1	By Postage A/c		200
		April 2	By Travelling Exp. A/c		120
		April 4	By Stationery A/c		1000
		April 5	By Office Expenses A/c		600
		April 6	By Miscellaneous Exp. A/c		80
		April 7	By Balance c/d		2000
4000					4000

Illustration: Prepare an Analytical Petty Cash Book on the Imprest System from the following:

Jan.2012		Rs.
1	Received Rs. 1,000 for Petty Cash	
2	Paid bus fare	5
2	Paid cartage	25
3	Paid for postage and telegrams	50
3	Paid wages for casual labourers	60
4	Paid for stationery	40
4	Paid auto charges	20
5	Paid for repairs to chairs	150
5	Bus fare	10
5	Cartage	40
6	Postage and telegrams	70
6	Conveyance charges	30
6	Cartage	30
6	Stationery	20
6	Refreshment to customers	50

Solution:

In the Books of _____

Receipts	Date	Voucher No.	Particulars	Total Payment	Conveyance	Cartage	Stationery	Postage and Telegrams	Wages	Sundries
1000	Jan 12	1	To Cash A/c							
		2	To Conveyance A/c	5	5					
		2	By Cartage A/c	25		25				
		3	By Postage and Telegrams A/c	50				50		
		4	By Wages A/c	60					60	
		4	By Stationery A/c	40			40			
		6	By Conveyance A/c	20	20					
		5	By Repairs of Furniture A/c	150						150
		8	By Conveyance A/c	10	10					
		9	By Cartage A/c	40		40				
		6	By Postage and Telegrams A/c	70				70		

	6	11	By Conveyance A/c	30	30					
	6	12	By Cartage A/c	30		30				
	6	13	By Stationery A/c	20			20			
	6	14	By General Exp. A/c	50						50
				600	65	95	60	120	60	200
	Jan 6		By Balance c/d	400						
1000				1000						
400	Jan 8		To Balance b/d							
			To Cash A/c							

PETTY CASH BOOK

SPECIAL PURPOSE BOOKS

Purchases Book:

It is a book in which all the credit purchases of goods are recorded.

Illustration:

Enter the following transactions in the Purchases Book of Rozer Electronics Delhi.

2010	Particulars
Jan 3	Bought from Bharat Electric Co. Dwarka Delhi on credit (Invoice No. 1238)) 100 Tube light @ Rs. 40 each 50 Table fans @ Rs. 415 each 30 Electric Iron -Bajaj @ Rs. 200 each Trade Discount 10%
Jan 9	Purchased from Ashoka Traders, Karol Bag, New Delhi on credit (Invoice No. 551) 30 Table fans – Polar @ 600 each 20 Mix grinders – Usha @ Rs.500 each Trade Discount 15%
Jan 16	Bought goods from Royal Electric Co. Kashmiri Gate, Delhi on credit (Invoice No. 252) 20 Duson Bulbs @ Rs.100 per dozen 10 Table fans @ Rs. 500 each Less : Trade Discount 15%
Jan 22	Bought from Prakash Lamps, Delhi for cash (Memo No. 715) 10 Table fans – Orient @ Rs. 600 each
Jan.29	Bought from Laxmi Furniture, Rohtak on credit (Invoice No. 4312) 2 Tables @ 2000 each 10 Chairs @ Rs. 400 each.

Solution :

**In the books of Rozer Electronics, Delhi
Purchases Book or Purchases Journal**

Date	Name of the supplier (a/c to be credited)	Invoice No.	LF	Detail	Amount
2010 Jan 3	Bharat Electric Co: Dwarka, Delhi 100 Tube lights @ Rs. 40 each 50 Table Fans @ Rs. 415 each 30 Electric iron @ Rs. 200 each	1238		Rs. 4,000 20,750 <u>6,000</u> 30,750	
Jan 9	Less : Trade Discount 10% Ashoka Traders, Karol Bag, New Delhi 30 Table fans – Polar @ 600 each 20 Mix grinders – Usha @ Rs.500 each	581		<u>3,075</u> 18,000 <u>10,000</u> 28,000	27.675
Jan 16	Less : Trade Discount 15% Royal Electric Co. K Gate Delhi 20 Dozen Bulbs @ Rs.100 Dozen 10 Table Fans @ Rs. 500 each	252		<u>4,200</u> 2,000 <u>5,000</u> 7,000	23,800
Jan 31	Less: Trade Discount 15%			<u>1,050</u>	5,950
	Purchases A/c				57,425
	Dr				

Question for Practice

From the following information prepare the Purchase Book of Moon Light House Gurgaon. 2007

- April 1 Purchased goods from Rajan Electric Co. Pushp Vihar, Delhi (Invoice No.605)
16 Dozen bulbs @ Rs 90 per bulb
30 Water heaters @ 144 per heater
Less 10% of Trade Discount.
- April 12 Purchased from M/s Sudharshan, Bombay Office Furniture worth Rs. 20,000.
- April 18 Purchased goods from Surya Electric House, Delhi (Invoice No. 2301)
10 Geysers @ Rs. 5,000 each
04 Table fans @ Rs. 1,500 each
40 Electric Iron @ 220 each
Trade Discount 20%.
Sales Tax 8%.
- April 20 Purchased from Aman Lights, Surya Nagar GZB for cash (Invoice No. 640).
30 Dozen bulbs @ Rs. 70 each.
04 Ceiling fans @ 1,200 each.
- April 27 Purchased goods from Radhey Shyam Ltd. Delhi (Invoice No. 720)

30 Heaters @ Rs. 125 each.
 70 Table fans @ Rs. 500 each
 10 Ovens @ Rs. 1,855 each
 Trade discount 15%

Sales Book

Meaning of Sales Book:

Sales Book or Sales Journal is a book in which all the credit sales of goods are recorded. Recording in Sales book is done on the basis of invoice issued to the customers.

Illustration:

Enter the following transactions in the Sales book of M/s Salim & Co. Hyderabad 2012

May 4	Sold to Gupta Bros. New Delhi (Invoice No. 175) 10 dozen Pencils @ Rs. 20 per dozen 14 gross Rubbers Rs. 5 per dozen
May 14	Sold to M/s Fazal Mirza & Co. Mumbai (Invoice No.200) 5 Dozen Gum Bottle @ Rs. 5 per bottle 70 dozens Rulers @ Rs. 15 per dozen Less : 10% Trade Discount
May 17	Sold old Newspapers for Rs. 200 (Invoice No. 215)
May 21	Sold to M/s Rajendra & Co. Ghaziabad (Invoice No. 255) 10 reams of Papers @ Rs. 60 per ream Less : Trade Discount @ 10%
May 25	Sold to M/s Dhyanchand & Co. Delhi for cash (Invoice No. 285) 10 dozen pens @ Rs. 120 per dozen for cash
May 30	Sold to Cheap Stores, New Delhi (Invoice No. 299) 10 dozens Pencils @ Rs. 18 per dozen Less: Trade Discount @ 10%.
May 31	Sold old furniture to M/s Kashyapel Co. on credit for Rs. 1700 (Invoice No.300)

Solution:

Sales Book (Sales Journal)

Date	Invoice No.	Name of the customers (Account to be debited)	LF	Amount	
				Details (Rs.)	Total (Rs.)
2012					
May 4	175	Gupta Bros. New Delhi 10 Dozen Pencils @ Rs. 20 per dozen 14 gross Rubbers @ Rs. 5 per dozen		200 <u>840</u>	1040
May 14	200	Fazal Mirza & Company Mumbai 5 dozen Gum Bottles @ Rs.5 per bottle 70 dozens rulers @ Rs. 15 per dozen		300 <u>1050</u> 1350	
		Less : Trade Discount @ 10%		<u>135</u>	1215
May 21	255	Rajendra & Company, Ghaziabad 10 reams papers @ Rs/ 60 per ream Less : Trade discount @ 10%		600 <u>60</u>	540
May 30	299	Cheap Stores, new Delhi 10 dozens Pencils @ Rs/ 18 per dozen		180	

		Less : Trade Discount @ 10%		<u>18</u>	162
		Sales A/c	Cr.		2,957

Question for Practice :

Record the following transactions in the sales book of Sunny Furniture, Mumbai 2010

April 3	Sold goods to laxmi Furniture , Delhi 4 Sofa Sets @ Rs. 5000 each Less : 15% Trade Discount and VAT charged @ 10%.
April 10	Sold to Star Furniture, Tilak Nagar, Delhi 50 Chairs @ Rs. 200 each 10 Tables @ Rs. 500 each Less : 5% VAT charged @ 10%
April 17	Sold goods to Rajdhani Furniture, Raisena Hills, Gwalior for cash 40 Chairs @ Rs. 175 each, VAT charged @ 10%.
April 25	Sold goods on credit to Vishal Mega Mart, Delhi 10 Almirahs @ Rs. 3,000 each. 2 Sofa Sets @ Rs. 4,500 each 20 Chairs @ Rs. 200 each Less : 15% Trade Discount : VAT charged ! 10% and freight charged Rs. 2,200.

Purchases Return Book

This book is used to record return of goods which has been purchased earlier on credit basis.

Illustration:

Prepare purchase return book from the following transactions:

2011

- March 4 Returned to Roy & Co. Kolkata : (Debit Note No.225)
2 Collapsible Chairs @ Rs. 200 each.
- March 8 Returned to Mohan Furniture Ludhiana (Debit Note No. 245)
4 Chairs @ Rs. 150 each
Less : 10% Trade Discount
- March 15 Returned to Rao Ltd. Mumbai (Debit Note No.315)
1 Steel Almirah of Rs. 4000.

Solution :

Purchases Return Journal (Return Outward Book)

Date	Debit Note No.	Name of the Supplier (Account to be debited)	LF	Amount	
				Detail	Total
2011 Mar.4	225	Roy & co. Kolkata 2 Collapsible Chairs @ Rs. 200			400
Mar.8	245	Mohan Furniture, Ludhiana 4 Chairs @ Rs. 150 Less : Trade Discount 10%		600 60	540

Mar.15	315	Rao Ltd. Mumbai 1 Steel Almirah Purchases Return A/c	Cr.			<u>4000</u> 4940
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Question for Practice:

Enter the following transactions in the Purchase Return Book of Maya Sharma.

2006

April 8 Returned goods to Sudha Ltd for Rs. 15,000 as the goods were not according to specifications. (Debit Note No. 214)

April 15 Allowance claimed from Ravi Taneja, on account of mistake in the invoice Rs. 800 (Debit Note No. 226).

April 26 Returned goods to Ankit and Sons for Rs. 4000. Trade discount 20% (Debit Note No. 252).

Sales Return Book

Meaning: Sales return book is a book in which sales return of goods are recorded.

Illustration:

From the following information prepare Return Inward Book

2004

March 11 M/s Neelkamal & Co. returned 600 units which were sold @ Rs. 150 per unit (Credit Note No. 26)

March 20 M/s Rohan & Co. returned 200 units which were sold @ Rs. 100 per unit (Credit Note No. 152).

Solution :

Return Inward (Sales Return) Book

Date	Particulars (Name of the customer i.e. account to be credited)	Credit Note No.	LF	Amount	
				Detail	Total
2004 March 11	Neelkamal & Co. 600 units @ Rs. 150 per unit	26			90,000
March 20	Rohan & Co. 200 units @ Rs.100 per unit	152			20,000
March 31	Sales Return Account		Dr.		1,10,000

Question for Practice:

Prepare Sales Return Book of Mohan Lal & Sons. Dehradun from the following transactions :
2010

- April 4 Goods returned by Rama & co. (Credit Note No. 121)
10 shirts @ 200 each
Less : Trade Discount 10%
- April 11 Allowance allowed to Goel Agencies on account of mistake in invoice No. 1203 for Rs. 600 (Credit Note No. 122)
- April 18 Rohit & Co. returned goods being defective for Rs. 3,200 (Credit Note No. 123)

Questions for practice:

1. Prepare Accounting equation :
 1. Started business with cash Rs. 3,30,000
 2. Commission received Rs. 22,000
 3. Interest received in advance Rs. 1,100.
 4. Salary paid Rs. 22,000
 5. Prepaid rent Rs. 4,400.
 6. Accrued commission Rs. 3,300
 7. Wages outstanding Rs. 11,000.

Ans. Total after final equation = 3,14,600

$$A = C + L$$

$$3,14,600 = 3,02,500 + 12,100$$

2. Show the effect of the following business transactions on assets, liabilities and capital with the help of accounting equation:

1. Commenced business with cash	31,200
2. Interest on Capital	1,560
3. Machinery Purchased	4,680
4. Cash withdrawn from the business for personal use of proprietor	6,240
5. Goods purchased on credit	3,120
6. Paid to creditors	2,340
7. Creditors accepted a bill for	1,560
8. Allotted shares to creditors	1,560
9. Transfer from capital to loan	7,800

Ans. Total after final equation 32,760

$$A = C + L$$

$$32,760 = 18,720 + 14,040$$

3. Prepare Accounting Equation for the following :

Started Business with	
Cash	3,00,000
Building	90,000
Stock	60,000
Interest on capital	45,000
Depreciation charged on building	9,000
Money withdrawn from business for personal use	45,000
Goods withdrawn for personal use	22,500

Interest on drawings

2,250

Ans. Total after final equation 3,73,500

A	=	C +	L
3,73,500	=	3,73,500 +	0

4. Write Rules of Debit and Credit.
5. What is a Voucher ?
6. Define Journal ?
7. Enter the following transactions in the journal of Mohan:

	Rs.
Jan 1 Started business with cash	80,000
And goods	40,000
Jan.3 Paid into bank for opening a bank current account.	50,000
Jan 6 Bought goods from Ram and paid by cheque	10,000
Jan 9 Sold goods to Amar and received cheque	12,000
Jan 11 Cheque received from Amar deposited in the bank.	
Jan 15 Withdrew cash by cheque for personal use	3,000
Jan 17 Took a bank loan	40,000
Jan 19 Paid Salary Rs. 2,000 rent Rs. 1,000 by cheque	
Jan 21 Interest allowed by bank.	300
Jan.25 Ram who owed us Rs. 1,000 met with an accident and nothing could be recovered.	

8. Pass journal entries in the books of Shyam :

2009	
Dec. 1	Sold goods to Amar of the list price Rs. 50,000 less 15% trade discount.
Dec.5	Amar returned goods of list price Rs. 6,000 being defective.
Dec.8	Amar paid the amount due under a cash discount of 2%.
Dec.12	Sold goods to Karan of list price Rs. 40,000 at 10% trade discount and 2% cash discount. Karan paid cash for only 40% value of goods.

9. Journalise the following transactions:

1	Mr.Ravi Started business with cash	70,000
2	Paid Salary to Hari an employee	7,000
3	Paid rent to Mr. Lokesh Landlord	10,000
4	Paid office expenses	15,000
5	Withdrawn from bank	8,000
6	Withdrawn from bank for office use	6,000
7	Withdrawn from bank for personal use	5,000
8	Paid rent to landlady by cheque	12,000
9	Bank charged for its services	800

10. Enter the following transactions in a One Column Cash Book.

2008		Rs.
Jan.1	Cash-in-hand	20,000
Jan.3	Purchased machinery on credit	15,000
Jan.6	Purchased goods for cash	6,000

Jan.7	Received from Mr.Singh	45,000
Jan 9	Received commission	5,000
Jan 12	Paid to Srijan Rs. 140 in full settlement	200
Jan 13	Goods sold for cash	28,000
Jan 15	Paid brokerage to Charu	3,000
Jan 18	Paid to Kartar	4,000
Jan 20	Received cash from Jaydeep Rs. 520 in full settlement of his account of	550
Jan 30	Interest accrued	8,000
Jan 31	Wages outstanding	3,000
Jan 31	Paid Salaries	2,000
Jan 31	Paid rent	1,500

Ans. 81,880.

11. Enter the following transactions in a One Column cash book.

May 2008		Rs.
1	Cash in hand	15,000
6	Purchased goods for cash	7,000
7	Furniture purchased on credit	10,000
8	Goods sold for cash	20,000
12	Paid to Kamal	5,000
18	Received from Sonu	30,000
20	Paid brokerage	2,000
23	Received commission	4,000
25	Received cash from Jagan Rs. 480 in full settlement of his account of	500
27	Paid to Somesh Rs. 190 in full settlement of the account of Rs.	200
30	Paid Salaries	4,000
31	Outstanding wages	2,000
31	Accrued Interest	6,000

Ans. 51,290.

12. Record the following transactions in a Cash Book with Cash and Bank Columns:

Jan 03		Rs.
1	Cash in hand	3,151.20
	Cash at Bank	91,401.10
2	Discounted a Bill Receivable (B/R) for Rs. 1,000 at 1% through bank	
5	Bought goods for RS. 2,000 and paid by cheque, discount allowed 1%	
15	Paid trade expenses	120.00
16	Paid taxes	400.00
17	Paid insurance charges	100.00
25	Sold goods for Rs. 12,500, received cheque and	

	allowed discount 1%	
27	Cheque received on 25 th deposited into bank	
28	Received cheque from John & Co.	
30	Purchased 100 NSC Plan Certificate for Rs. 100 each @ 95 each and paid for them by cheque	6,000.00

Ans. Cash = 12,995, Bank 700

13. From the following information prepare Two Column Cash Book
July 2007

	Rs.
1 Bank Balance	50,000
1 Cash Balance	20,000
3 Purchased goods by cheque	10,000
6 Goods sold for cash	7,000
9 Machinery purchased by cheque	6,000
12 Cash sales immediately deposited into bank	8,000
14 Purchased goods from Vaidya for cash	5,500
16 Purchased stationery by cheque	5,000
20 Cheque given to Ratnesh	2,000
22 Cash withdrawn from bank	8,000
24 Salary paid by cheque	2,000
26 Cash deposited in bank	96,000
28 Cash withdrawn from bank for personal use	3,000
30 Paid rent	4,000
30 Received a cheque for Commission	5,600

Ans Cash 22,100 Bank 31,000

14. Enter the following transactions in the purchases book.

Mar.2012

1	Purchased from Rajendra Bros. Mahendrgarh (Invoice No. 324) 50 tins Ghee @ Rs. 500 per tin 100 bags sugar @ Rs. 900 per bag Less : 10% trade discount
2	Bought from Bhartat Stores, Madurai (Invoice No. 377) 20 bags Gram @ Rs. 300 per bag 10 bags Sugar @ Rs. 1000 per bag 15 bags wheat @ Rs. 400 per bag Less : 10% Trade Discount
30	Bought from Harish Kumar Chaudhary, Kotihar (Invoice No. 390) 10 bag sugar @ Rs. 1000 per bag 30 tins Ghee @ Rs. 400 per tin

Ans. Total Purchases Book Rs. 1,45,300

15. Enter the following transactions in the Columnar Purchases Book of Sudarshan Chavda :
2011

May 1	Purchased from Suresh Gupta, Jaipur (Invoice No.
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- 2680)
 100 bags wheat @Rs. 400 per bag
 50 bags Gram @ Rs. 450 per bag
 200 bags sugar @ Rs. 900 per bag
- May 5 Bought of Virendra Vig. Delhi (Invoice No.2015)
 100 bags wheat @ Rs. 400 per bag
 100 bags Gram @ Rs. 450 per bag
- May 8 Surendra Gupta, Agra sold to us : (Invoice No. 2950)
 100 bags sugar @ Rs. 900 per bag
- May 9 Rajesh Kumar, Dehradun sold to us (Invoice No. 350)
 200 bags wheat @ Rs. 460 per bag.

Ans. Total of Purchases book Rs. 5,09,500

16. From the following particulars of Baljinder Flour Mills prepare a Sales Book :
 2005

- Mar. 3 Sold to Gupta Brothers
 90 Bags of Sugar @ Rs. 85 per bag
 20 Quintals Rice @ Rs. 300 per quintal
 Less : 10% Trade Discount
- Mar.6 Sold to Jugal Furniture House
 80 Chairs of Rs. 10 each
- Mar.20 Sold to M/s Kunal & Sons for cash
 30 qtl. wheat @ Rs. 250 per qtl.
 40 Tins Oil @ Rs. 150 per tin
- Mar.28 Sold to M/s Chaman and Company
 120 Bags of wheat @ Rs.90 per bag.
 30 Tins oil @ Rs. 200 per tin
 60 Bags of rice @ Rs. 150 per bag
 Less: Trade Discount = 15%.

(Ans.Total of Sales Book = Rs. 21,930)

17. From the following information of M/s Gajadhar and Sons prepare a Sales Book
 2007

- July 3 Sold to Mohan vide invoice No. 325, 40 kg. Assam
 Tea @ 66 per kg less trade discount of 5%. VAT @
 10%. Freight and Packing charges were separately
 charged in the invoice at Rs. 352.
- July 8 Sold to Ramanand vide (Invoice No. 426), 5 chests of
 tea for Rs. 3960 less trade discount @ 10% and VAT
 is charged @ 10%.
- July 20 Sold to Krishna & Sons vide Cash Memo No. 845, 80
 kg butter @ Rs. 200 per kg; less trade discount @ 25%
 and VAT @ 8%.
- July 26 Sold to Shivhare vide invoice No. 189, 30 packets of
 Darjeeling Tea @ Rs. 110 per packet less trade
 discount Rs. 220, charged VAT @ 10%.

Ans. Total of Sales Book Rs. 10,419.

18. Enter the following transactions in the Purchases Return Book of Sh. Mukund.
2007
Jan.20 Returned goods to Arav & Sons for Rs. 410,000
Trade Discount 10% (Debit Note No.369).
Jan.24 Allowance Claimed from Rakesh on account of mistake in the invoice
Rs. 900 (Debut Note No. 2660)
Jan.29 Returned goods to Sweksha Ltd. For Rs. 26,000 as the goods were
defective (Debit Note No.3100).
(Ans.Total of Purchase Return Book = Rs. 35,900)
19. Prepare purchase return book of Madhav Rao Furniture House
2011
Feb.1 Returned to Chanakya Co. (Debit Note No. 123)
5 Chairs @ Rs. 80 per chair
10 stools @ RS. 150 per stool
Feb.10 Returned to Goyanka Furniture Stores (Debit Note No. 178)
5 Elmira @ Rs. 100 per Elmira
8 Tables @ Rs. 70 per table
Feb.28 Returned to Ashok & Co. : (Debit Note No.199)
7 Stools @ Rs. 120 per stool
5 tables @ Rs. 100 per table
(Ans. Total of Purchase Return Book = Rs. 4,300)
20. Enter the following transactions of Tanuj & Co. in the proper books :
2012
July 5 Sold on credit to Sethi & Co. (Invoice No. 515)
10 Electronics Iron @ Rs. 25
5 Electric Stoves @ Rs. 15
July 8 Purchased on credit from Hari & Sons : (Invoice No. 601)
25 Heaters @ Rs. 40
10 Water Heaters @Rs. 20
July 10 Purchased for cash from Mohan and Co.(Invoice No. 625)
10 Electric Kettles @ Rs. 30
July 15 Sold to Gopal Bros. on credit : (Invoice No. 648)
10 Heaters @ Rs. 50
5 Water Heaters @ Rs. 25
July 18 Returned to Hari & Sons : (Debit Note No.650)
5 Heaters, being defective
July 20 Purchased from Kohli & Co. (Invoice No. 712)
10 Toasters @ Rs. 20
10 Water Heaters @ Rs.30
July Gopal Bros. returned one water heater as defective. (Credit Note
No.425)
