



CHAPTER 03

Recording of Transactions-I

Question 1

State the three fundamental steps in the accounting process?

Answer:

The three fundamental steps in the process of accounting are:

- **Collection of data** – The first step requires the collection of the data in the form of collecting data of financial transactions in a particular month in the form of all the vouchers and the bills.
- **Processing of data** – After when the process of identification of the transactions is complete, the process of accounting requires the due recording of these very transactions in the book of accounts. Hence the accountants are expected to journalise these transactions and classify them into the respective ledger accounts and to lastly summarise them through Trial Balance.
- **Reporting** – After when all the accounts are tallied, the trail balance of the financial statements are prepared. Financial statement is the Profit and loss account and Balance sheet. These reports are made available to users. Once the financial statement for a period is reported it is said to be the completion of the cycle. A new accounting cycle begins thereafter. Previous year closing balances becomes the opening balance for the current cycle.

Question 2

Why is the evidence provided by source document important to accounting?

Answer:

The evidence provided by the source document is important because the source document is the initial document which contains of the details of the transactions that have taken place in the business. Thus the source document is important for any organization as:

- It provides confirmation to the transactions that have taken place in the organization.
- It provides a valid evidence of the transaction in the cases when the dispute may likely arise and the matters are taken into courts.
- It contains all the relevant details of the transactions such as date of the transaction, amount involved in the transaction, parties involved in the transaction, particulars of the transaction etc.
- It acts as a check during the process of auditing.

Question 3

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

Answer:

All the transactions should be recorded in the journal first and then in the ledger. Journal entries of all the transactions have to be passed as and when they occur in the chronological order in the course of the business and for the very reason the journal book is also referred to as day book. Journal is also referred to as the book of the original entry as it encompasses of all the details of the transactions such as the date of the transactions, the parties involved, the amount of the transactions which is directly made from the source documents. The postings in the ledger account are made after when the entries are made in the journal book.

Journal is the first book in which the transactions are recorded from the source documents. Journal gives complete details about a transaction.

Question 4

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

Answer:

Accounting follows the double entry system as per which there are two sides namely 'Debit' and 'Credit'. In the journal entries, the column of 'Debit Amount' comes prior to the column of the 'Credit Amount'. Thus the side which is indented and posted later is the credit side.

The format of the journal entry is as follows:

Date	Particulars	Ledger	Debit (Amount)	Credit (Amount)
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		Folio	nt)	
01-04-2018	Purchase A/c Dr To Cash A/c (Being Capital introduced)		100,000	100,000

Question 5

Why some accounting systems are called double accounting systems?

Answer:

The double accounting system refers to the system of accounting in which the transaction is recorded in the two side of the account, namely Debit and Credit. Under the double entry system of accounting, the effect made on the one side of the account is made in simultaneous manner to the other side of the account. This is hence the widely recognized system of accounting which systematically records the transactions and gives the actual financial position of the business. The other method of accounting is the single entry system in which the transactions are recorded in the single side of the account only.

Question 6

Give a specimen of an account.

Answer:

Account							
Dr.				Cr.			
Date	Particulars	J.F.	Amount Rs	Date	Particulars	J.F.	Amount Rs

Question 7

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

Answer:

As per the business entity concept, business is considered to be a legal entity which has its own individual existence which is apart from the existence of the owner. Any business has a number of the sources to fund itself which can be both internal as well as external. The amount invested by the owner of the business is known as capital which is hence regarded to

be the internal source of the business fund. Thus the amount invested by the owner of the business is a liability for the business as it is liable to repay the invested amount back in the case when the business is about to close.

In a similar manner the amount withdrawn by the owner of the business and the net loss incurred by the business is debited from the capital as it reduces the liability of the business. Hence, the treatment given to the creditor of the business is the same treatment given to the owner of the business and hence rules of the debit and credit are same for both liability and capital.

Question 8

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

Answer:

The Journal Folio numbers are used as reference to denote the page numbers of the journal entry book in which the particular transactions are recorded. This hence allows the users to directly take the reference of the transaction in the journal entry book from the ledger account. This hence allows the users to track the information in the corresponding manner and verify the details of the transactions in a corresponding manner from the book of journal entries.

Question 9

What entry (debit or credit) would you make to: (a) increase revenue (b) decrease in expense, (c) record drawings (d) record the fresh capital introduced by the owner.

Answer:

(a) Increase in Revenue:

For this case, Income / Gain should be credited as it increases the revenue of the business making the rise in the amount of the capital.

(b) Decrease in expense:

The expenses are usually debited in the books of account. But in this case the expenses are decreasing implying that reverse treatment should be given and hence the expenses have to be credited.

(c) Record drawings:

Drawings refer to the withdrawal of a certain amount from the amount capital which thereby reduces the amount of the capital. Hence this should be debited in the books of accounts.

(d) Record the fresh capital introduced:

Whenever the fresh capital is reduced in the business it must be credited as it increases the liability of the business by giving the rise of the capital in the business.

Question 10

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

Answer:

The purchase of the asset is recorded as the debit in the books of account and hence the effects which cause the decrease in

the value of the asset it will be credited in the books of account. For example the sale of the asset of the business causes the decrease in the value of the asset and hence such sale will be credited.

The decrease in the liabilities of the business is debited in the books of accounts as the liabilities are recorded in the credit side of the book. For example the drawings made by the owner of the business decrease the liability of the capital invested by the organization and hence such transactions will be shown in the debit side.

Question 11

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

Answer:

Any business goes through large number of voluminous transaction in day to day basis and hence is not possible for anyone to remember the details of the transactions. Thus the accounting system allows the organization to record the transactions and keep a track of them. These transactions are made on the basis of the source documents which are used as support documents to account and record the transactions.

Only the monetary events are recorded in the books of accounts with the help of supporting documents. These transactions include:

- Credit sale recorded using invoice.
- Purchases recorded using bill/invoice.
- Cash Sale recorded using Cash memo.

- Bank deposits made recorded using bank pay-in-slips
- Expenses paid through bank supported by cheques.
- Purchase returns and Sales returns recorded using debit note and credit note respectively.

The importance of the source document in accounting is as follows:

- It confirms the occurrence of the transactions which has taken place.
- It is a valid evidence which can be presented during court proceedings in case of any kind of disputes related to the transaction.
- It contains the necessary details of the transactions such as the parties involved, the amount involved, the date of the transaction, particulars of the transaction etc.
- It acts as a check during the process of auditing.

Question 12

Describe how debits and credits are used to analyse transactions.

Answer:

As per the dual concept of accounting all the recorded transactions in the books of accounts have the two aspects – debit and credit. With the effect on the aspect of the transaction there is a simultaneous and corresponding effect on the other side of the account. The example of such transaction is as follows:

A business sells goods of worth Rs. 500 on the 1st April 2018. Thus the books of account will debit the cash received from such transaction and credit the sales in a simultaneous manner in this transaction. In this example there is sale of the goods that the business deals with cash coming in the business.

There are three kinds of accounts in accountancy which are:

- **Personal account** – These are the accounts which deal with persons. The rule of the personal account is that receiver must be debited and the giver must be credited.
Example: Bank A/c represents bank, an organisation.
Capital account represents proprietor's account
Saradha A/c represents a person's account etc.
- **Real Account** - These are accounts which deal with assets of material nature. The rule for the real account is: Debit what comes in and credit what goes out.
Example: Furniture A/c, Machinery, Goodwill A/c etc.
- **Nominal account** - These are the accounts which deal with all kinds of expenses/ incomes. The rule of accounting for the real account is: Debit are all the expenses/ losses and all income/gains should be credited.
Example: Salary A/c, Telephone charges A/c, Interest earned etc.

Question 13

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

Answer:

The journal entry gives the clear picture of a particular transactions but it is difficult to asses information about any

particular account when there is a chain of transactions related to it. Hence in such a cases the ledger accounts become important as they maintains systematic account in tabular format which helps the user to determine the details of the transaction for the particular account. This can be better understood with an example.

01.01.17- Credit Sale is made to Ram for Rs.10000

05.01.17- Goods worth Rs.2000 is returned from Ram

08.01.17- Cheque received Rs.5000 on account from Ram

10.01.17- Cash received Rs.1000 on account from Ram

Now this is posted in Journal on various dates. A clear picture can be seen only when the entries are posted in ledger account of Ram. The balance amount receivable from Ram is clearly shown in the ledger below.

Dr					Ram Account			Cr	
Date	Particulars	JF	Amount	Amount	Date	Particulars	JF	Amount	Amount
01.01.17	To Sales			10000	05.01.17	By Sales returns			2000
					08.01.17	By Bank A/c			5000
					10.01.17	By cash A/c			1000
					31.01.	By Balan			2000

				1000 0	17	ce c/d			1000 0
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Question 14

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

Answer:

Journal is derived from the French word "Jour", the meaning of which is "daily records". Journal thus records the day to day transactions of the business in the chronological manner and hence is also called as the "Day Book". The format of journal is given below.

Format of the journal is shown below:

Date	Particulars	LF	Debit (Amount)	Credit (Amount)

Date: The date of the transaction in which the transaction has occurred so that journal could be made and maintained in the chronological manner from the source document.

Particulars: The accounts which have to be debited/ credited.

LF: Ledger Folio – It is the reference to Ledger Page for the particular account.

Debit – Amount which has to be debited is recorded here.

Credit – Amount which has to be credited is recorded here.

Example:

Journalise the below mentioned transactions in the books of Geeta:

		Rs.
2017		
Dec. 01	Business started with cash	15,000
Dec. 07	Purchased goods for cash	20,000
Dec. 09	Sold goods to Swati	5,000
Dec. 12	Purchased furniture	3,000
Dec. 18	Cash received from Swati in full settlement	4,000
Dec. 25	Paid rent	1,000
Dec.30	Paid salary	1,500

Journal Entries in the books of Gita:

DATE	PARTICULARS	DEBIT	CREDIT

01.12.2017	Cash A/c	Dr	15000	
	To Capital Account			15000
	(Being Business commenced with cash)			
07.12.2017	Purchases A/c	Dr	20000	
	To Cash Account			20000
	(Being goods purchased for cash)			
09.12.2017	Swati A/c	Dr	5000	
	To Sales A/c			5000
	(Being Sales to Swati)			
12.12.2017	Furniture A/c	Dr	3000	
	To Cash A/c			3000
	(Being Furniture purchased)			
18.12.2017	Cash A/c	Dr	4000	
	Discount allowed A/c	Dr	1000	
	To Swati A/c			5000
	(Being cash received as full settlement)			
25.12.2017	Rent A/c	Dr	1000	

	To Cash A/c (Being Rent paid)		1000
30.12.2017	Salary A/c	Dr	1500
	To Cash A/c (Being Salary Paid)		1500

Question 15

Differentiate between source documents and vouchers.

Answer:

Basis of Difference	Source Documents	Vouchers
Definition	The source document forms the basis of recording any transaction in the books of accounts.	Vouchers are those documents which support an entry in the books of accounts.
Scope	It is used in the initial manner to record the transactions.	It is used as reference for the interpretation of any particular transaction at any time.

Time of Preparation	Source document is prepared once when an event occurs.	Voucher is prepared on occurrence of an event or at a later stage.
Function	The source document forms the basis of the preparation of the vouchers which are used for recording the transactions.	This forms the basis for recording the accounting transactions.
Prepared by	It can be made by anyone who is dealing with that particular transaction.	It is prepared only by the concerned authorised person.
Examples	Invoice, cheques, cash memo etc	Cash vouchers , salary register, Letter of credit, goods inward/outward book etc.

Question 16

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

Answer:

The double entry accounting system states that for every debit there is an equal amount of credit. However there is unlikely to be the equality of the total assets with the total claims of the business and the accounting equation will persist to be $\text{Assets} = \text{Liabilities} + \text{Capital}$. Hence this equation will remain intact under all the circumstances. The examples for the same are as follows:

- a. Mr. A started a business with cash Rs.100000

$\text{Assets} = \text{Liabilities} + \text{Capital}$

Cash increases by 100000

And Capital 100000

$100000 = 0 + 100000$

- b. Purchased goods on credit for Rs.30000

$\text{Assets (Inventory)} = 30000$

Creditors = 30000

$\text{Assets} = \text{Liabilities} + \text{Capital}$

$30000 = 30000 + 0$

Question 17

Explain the double entry mechanism with an illustrative example.

Answer:

As per the double entry system of accounting, every transaction has two aspects debit and credit. Hence the double entry accounting system states that for every debit there is an equal amount of credit. Thus the ledger account always shows the debit on one side and the credit on the other side to abide by the dual aspect concept.

The three golden rules of accounting must be known in passing an entry:

1. Personal Account- Debit the receiver
Credit the giver
2. Real Account - Debit what comes in
Credit what goes out
3. Nominal accounts- Debit the expenses/ losses
Credit the income / gain

Illustrative example:

Mr. Shyam commenced business with Cash Rs. 200000 and building Rs.150000.

Analysis:

In the above transaction in-hand Cash comes in Rs. 200000 and building comes in Rs. 150000. On the other hand liability to be paid to the proprietor i.e. Capital increase is Rs. 350000.

Journal Entry in the books of Shyam

Particulars	Debit	Credit
Cash A/c Dr	200000	
Building A/c Dr	150000	
To Capital A/c (Being business commenced)		350000

Question 18

Prepare accounting equation on the basis of the following:

(a) Harsha started business with cash Rs 2,00,000

(b) Purchased goods from Naman for cash Rs 40,000

(c) Sold goods to Bhanu costing Rs 10,000/- Rs 12,000

(d) Bought furniture on credit Rs 7,000

Answer:

Accounting Equation:

$$\text{Assets} = \text{Capital} + \text{Liabilities}$$

S. No.	Explanation	Assets				Liabilities + Capital	
		Cash	Stock	Debtors	Furniture	Creditors	
(a)	Increase in cash	2,00,000					
	Increase in capital						2,00,000
		2,00,000					2,00,000
(b)	Increase in stock		40,000				
	Decrease in cash	(40,000)					

		1,60,000	+	40,000		=	NIL	+	2,00,000
(c)	Increase in debtors				12,000				
	Decrease in stock			(10,000)					
	Profit								2,00,000
		1,60,000	+	30,000	+	12,000	=	NIL	2,00,000
(d)	Increase in furniture					7,000			
	Increase in creditors						7,000		
		1,60,000	+	30,000	+	12,000	+	7,000	= 2,00,000
		1,60,000	+	30,000	+	12,000	+	7,000	= 2,00,000

Question 19

Prepare accounting equation from the following:

Rs

- (a) Kunal started business with cash 2,50,000
- (b) He purchased furniture for cash 35,000
- (c) He paid commission 2,000
- (d) He purchases goods on credit 40,000
- (e) He sold goods (costing Rs 20,000) for cash 26,000

S. No .	Explanation	Assets			Liabilities + Capital	
		Cash	Furniture	+ Stock	= Creditors	
(a)	Increase in cash	2,50,000				2,50,000
	Increase in capital					2,50,000
		2,50,000			=	2,50,000
(b)	Increase in furniture		35,000		NIL +	35,000
	Decrease in cash	(35,000)				(35,000)
		2,15,000	35,000		=	2,50,000
(c)	Decrease in capital (Expense)				NIL +	(2,000)
	Decrease in cash	(2,000)				(2,000)
		2,13,000	35,000		=	2,48,000
(d)	Increase in stock			40,000		40,000
	Increase in creditors					40,000
		2,13,000	35,000	40,000	=	2,88,000

		2,1 3,00 0 + 000 + 000	35, 000 + 000	40, 000	= 40,0 00 + 0	2,4 8,00 0
(e)	Increase in cash	26, 000				
	Decrease in stock			(20 ,000)		
	Increase in capital (Profit)					6,0 00
		2,3 9,00 0 + 000 + 000	35, 000 + 000	20, 000	= 40,0 00 + 0	2,5 4,00 0

Question 20

Mohit has the following transactions, prepare accounting equation:

	Rs
(a) Business started with cash	1,75,000
(b) Purchased goods from Rohit	50,000
(c) Sales goods on credit to Manish (Costing Rs 17,500)	20,000
(d) Purchased furniture for office use	10,000
(e) Cash paid to Rohit in full settlement	48,500
(f) Cash received from Manish	20,000
(g) Rent paid	1,000
(h) Cash withdrew for personal use	3,000

Answer:

S. No .	Explanation	Assets				Liabil ities + Capital	
		Cash +	Stoc k	Debt + ors	Furni ture	= Credit ors	
(a)	Increase in cash	1,75,000					
	Increase in capital						1,75,000
		1,75,000				= NI L +	1,75,000
(b)	Increase in stock		50,000				
	Increase in creditors (Rohit)					= 50,000 +	1,75,000
		1,75,000	50,000			= 50,000 +	1,75,000
(c)	Increase in debtors (Manish)			20,000			
	Decrease in stock		(17,500)				
	Increase in capital (Profit)						2,500
		1,75,000 +	32,500 +	20,000		= 50,000 +	1,77,500

		0				0
(d)	Increase in furniture			10,000		
		(10,000)				
	Decrease in cash					
		1,65,000	32,000	20,000	10,000 = 50,000	1,77,500
(e)	Decrease in creditors (Rohit)					
		(48,500)				
	Decrease in dash					
	Increase in capital (Discount received)					1,500
		1,16,500	32,000	20,000	10,000 = NI L	1,79,000
(f)	Increase in cash					
		20,000				
	Decrease in debtors (Manish)			(20,000)		
		1,36,500	32,000	NI L	10,000 = NI L	1,79,000
(g)	Decrease in capital (Expense)					(1,000)
	Decrease in cash	1,000				

		1,3				1,7
		5,50	32,	NI	10, =	NI 8,00
		0 +	500 +	L +	000	L + 0
(h)	Decrease in capital (Drawings)					(3,000)
	Decrease in cash	(3,000)				
		1,3				1,7
		2,50	32,	NI	10, =	NI 5,00
		0 +	500 +	L +	000	L + 0

Question21

Rohit has the following transactions:

	Rs
(a) Commenced business with cash	1,50,000
(b) Purchased machinery on credit	40,000
(c) Purchased goods for cash	20,000
(d) Purchased car for personal use	80,000
(e) Paid to creditors in full settlement	38,000
(f) Sold goods for cash costing Rs 5,000	4,500
(g) Paid rent	1,000
(h) Commission received in advance	2,000

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

Answer:

S. N o.	Explanation	Assets					Liabilities + Capital
		Cash	Machinery	+ Stock	= Creditors	+ Unaccrued Income	
(a)	Increase in cash	1,50,000					
	Increase in capital						1,50,000
		1,50,000			= NIL		1,50,000 + 00
	Increase in machinery		40,000				
(b)	Increase in creditors				= 40,000		
		1,50,000	40,000		= 40,000		1,50,000 + 00
(c)	Increase in stock			20,000			
	Decrease in cash	(20,000)					
		1,30,000	40,000	20,000	= 40,000		1,50,000 + 00
(d)	Decrease in cash	(80,000)					

	Decrease in capital (Drawings)	0)		(8 0,00 0)
		2		
		50,000 + 40,000 + 0,00 = 40,000		70,000 +
(e)	Decrease in creditors		(40,000)	
	Decrease in cash	(3 8,00 0)		
	Increase in capital (Discount received)			2,000
		2		
		12,000 + 40,000 + 0,00 = NIL		72,000 +
(f)	Increase in cash	4,500		
	Decrease in stock		(5,000)	
	Decrease in capital (Loss)			(5 00)
		1		
		16,500 + 40,000 + 5,00 = NIL		71,500 +
(g)	Decrease in cash	(1,000)		
	Decrease in			(1,

	capital (Expense)						000)
				1			
		15	40,	5,0	=		70
		,500	+ 000	+ 00	NIL		+ ,500
(h)	Increase in cash	2,					
		000					
	Increase in unaccrued income				=		
						2,000	
				1			
		17	40,	5,0	=		70
		,500	+ 000	+ 00	NIL +	2,000	+ ,500

Question 22

Use accounting equation to show the effect of the following transactions of M/s Royal Traders:

	Rs
(a) Started business with cash	1,20,000
(b) Purchased goods for cash	10,000
(c) Rent received	5,000
(d) Salary outstanding	2,000
(e) Prepaid Insurance	1,000
(f) Received interest	700
(g) Sold goods for cash (costing Rs 5,000)	7,000
(h) Goods destroyed by fire	500

Answer:

S.	Explanation	Assets	= Liabilities +Capi
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No.		Total			
		Cash	Stock + k	Prepaid Expenses	Outstanding Expenses
(a)	Increase in cash	1,20,000			
	Increase in capital				1,20,000
		1,20,000		=	1,20,000 + NIL
(b)	Increase in stock		10,000		
	Increase in cash	(10,000)		=	
		1,10,000 + 5,000	10,000	=	1,20,000 + NIL
(c)	Increase in cash	5,000			
	Increase in capital (Profit)				5,000
		1,15,000 + 5,000	10,000	=	1,25,000 + NIL
(d)	Increase in outstanding expenses				
	Decrease in			=	
					2,000

	capital (Expense)	000)			
		1, 1			1,
		15,0 0,0	=		23,0
		00 + 00		2,000 +	00
	Increase in prepaid expenses				
(e)			1,000		
	Decrease in cash	(1, 000)			
		1, 1			1,
		14,0 0,0	=		23,0
		00 + 00 + 1,000		2,000 +	00
		70			
		0			
(f)	Increase in cash				
	Increase in capital (Profit)				70
					0
		1, 1			1,
		14,7 0,0	=		23,7
		00 + 00 + 1,000		2,000 +	00
		7,			
(g)	Increase in cash	000			
	Decrease in stock	(5 ,00			
		0)			
	Increase in capital (Profit)				2, 000
		1, 1			1,
		21,7 5,	=		25,7
		00 +000 + 1,000		2,000 +	00
	Decrease in stock	(5 00)			
(h)	Decrease in		=		(5

	capital (Loss)	00)			
		1,			1,
		21,7	4,	=	25,2
		00	+500 +	1,000	2,000 + 00

Question 23

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

(a) Udit started business with:	Rs
(i) Cash	5,00,000
(ii) Goods	1,00,000
(b) Purchased building for cash	2,00,000
(c) Purchased goods from Himani	50,000
(d) Sold goods to Ashu (Cost Rs 25,000)	36,000
(e) Paid insurance premium	3,000
(f) Rent outstanding	5,000
(g) Depreciation on building	8,000
(h) Cash withdrawn for personal use	20,000
(i) Rent received in advance	5,000
(j) Cash paid to Himani on account	20,000
(k) Cash received from Ashu	30,000

Answer:

S. No.	Explanation	Assets	=	Liabilities	Capital
					+ 1

		Cash	Stoc	Bui	De	Cre	Outst	Unaccru
		k	ldin	btor	s	dito	andin	ed Inco
		g	g	s	rs	g	g	me
						Expe		
						nses		
(a)	Increase in cash	5,000						
	Increase in stock		1,000					
	Increase in capital							6,000
		5,000	1,000			=		6,000
(b)	Increase in building			2,000		NIL		+000
	Decrease in cash	(2,000)				=		
		3,000	1,000	2,000		=		6,000
		0+	00+	000		NIL		+000
(c)	Increase in stock		50,000					
	Increase in creditors					=50,000		
		3,0+	1,+	2,		=50,0		+ 6,

		0,00	50,0	00,	00	00,
		0	00	000		000
(d)	Increase in debtors			36,000		
	Decrease in stock	(25,000)				
	Increase in capital (Profit)					11,000
(e)	Decrease in cash	3,000	1,25,000	2,00,36,000	=50,000	6,11,000
	Decrease in capital (Expense)	(3,000)				(3,000)
(f)	Decrease in capital (Expense)	2,97,000	1,25,000	2,00,6,000	=50,000	6,08,000
	Increase in liabilities				5,000	(5,000)
		2,97,000	1,25,000	2,00,6,000	=50,000	6,03,000

		0	00	000	00	000
(g)	Decrease in building			(8,000)		(8,000)
	Decrease in capital					(8,000)
(h)	Decrease in cash	2,97,000	1,25,000	1,92,000	36,000 = 50,000 + 5,000	5,95,000
	Decrease in capital					(20,000)
(i)	Increase in cash	2,97,000	1,25,000	1,92,000	36,000 = 50,000 + 5,000	5,75,000
	Increase in liability	5,000				5,000
(j)	Decrease in creditors	2,82,000	1,25,000	1,92,000	36,000 = 50,000 + 5,000 + 5,000	5,75,000
	Decrease in cash	(20,000)			(20,000)	

S. No ·	Explanation	Assets				= Liabi = lities + Capi Creditors + tal	
		Cash +	Stoc k	Invest + ment	Ban + k		
(a)	Increase in cash	1,2 0,00 0					
	Increase in capital						1,2 0,00 0
		1,2 0,00 0 +				=	1,2 0,00 0
		10, 000				NIL +	0
(b)	Increase in cash	1,2 0,00 0 +					
	Increase in capital (Income)					=	10, 000
		1,3 0,00 0				=	1,3 0,00 0
						NIL +	0
(c)	Decrease in investment			50, 000			
	Decrease in cash	(50, 000)				=	
		80, 000 +		50, 000		=	1,3 0,00 0
		5,0 00				NIL +	0
(d)	Increase in cash						
	Increase in capital (Income)						5,0 00
		85, +		50,		= NIL +	1,3

		000	000	5,000
(e)	Increase in stock	35,000		
	Increase in creditor (Ragani)		35,000	
(f)	Decrease in capital			1,300
	Decrease in cash	85,000	35,000 + 50,000 = 35,000	5,000 + 0 = 0
		(7,000)		(7,000)
(g)	Increase in cash	78,000	35,000 + 50,000 = 35,000	1,200 + 8,000 = 0
	Decrease in stock	14,000		
	Increase in capital (Profit)			4,000
(h)	Decrease in creditors (Ragani)			1,300
	Decrease in cash	92,000	25,000 + 50,000 = 35,000	2,000 + 0 = 0
		(35,000)		(35,000)
		57,000	25,000 + 50,000 = NIL	1,300

		000	000	000		2,000
		(20,000)				
(i)	Decrease in cash					
				20,000		
	Increase in bank					
					20,000	
						1,300
		37,000	25,000	50,000	0,000 = NIL	2,000
						0

Question 25

Show the effect of following transaction on the accounting equation:

	Rs
(a) Manoj started business with	
(i) Cash	2,30,000
(ii) Goods	1,00,000
(iii) Building	2,00,000
(b) He purchased goods for cash	50,000
(c) He sold goods(costing Rs 20,000)	35,000
(d) He purchased goods from Rahul	55,000
(e) He sold goods to Varun (Costing Rs 52,000)	60,000
(f) He paid cash to Rahul in full settlement	53,000
(g) Salary paid by him	20,000
(h) Received cash from Varun in full settlement	59,000
(i) Rent outstanding	3,000
(j) Prepaid Insurance	2,000

(k)	Commission received by him	13,000
(l)	Amount withdrawn by him for personal use	20,000
(m)	Depreciation charge on building	10,000
(n)	Fresh capital invested	50,000
(o)	Purchased goods from Rakhi	6,000

Answer:

S. N o.	Explanation	Assets					= Liabilities + Capital	
		Cash	Stock	Building	Debtors	Prepaid Expenses	Creditors	Outstanding Expenses
(a)	Increase in cash, stock and building	2,30,000	1,00,000	2,00,000				
	Increase in capital							5,30,000
		2,30,000	1,00,000	2,00,000				5,30,000
		0 +	0 +	0				+ 0
				5,00,000				
(b)	Increase in stock							
	Decrease in	(

	cash	50,000			
		1,800	1,500	2,000	5,300
		0	0	0	0
		3			
(c)	Increase in cash	5,000			
			(20,000)		
	Decrease in stock				1
					5,000
	increase in capital (Profit)				
		2,150	1,300	2,000	5,450
		0	0	0	0
		5			
(d)	Increase in stock	5,000			
	Increase in creditors			55,000	
		2,150	1,850	2,000	5,450
		0	0	0	0
				55,000	
(e)	Increase in debtors				60,000

[illegible]

								0)
		1,	1,	2,				5,
		42,	33,	00,	60	= NI		35,
		00	00	00	,0	= L		00
		0	+	0	+	0	+	00
		5						
(h)	Increase in	9,0						
)	cash	00						
	Decrease in							
	capital							(
	(Discount							1,0
	allowed)							00)
	Decrease in			60				
	debtors			,0				
				00				
		2,	1,	2,				5,
		01,	33,	00,		= NI		34,
		00	00	00	NI	= L	+	00
		0	+	0	+	0	+	0
	Increase in							
	outstanding							
(i)	Expenses						3,00	
	decrease in						0	
	capital							(
	(Expense)							3,0
								00)
		2,	1,	2,				5,
		01,	33,	00,		= NI	3,00	31,
		00	00	00	NI	= L	+	00
		0	+	0	+	0	+	0
	Decrease in							
	prepaid							
(j)	expenses					2,		
	Decrease in					000		
		(

	building	10,000					
		1,92,000	1,33,000	1,90,000	5,14,000		
	(n Increase in) cash	0,000	0	0	0	NI 2,000	3,000
	Increase in capital						5,000
		2,42,000	1,33,000	1,90,000	5,64,000		
(o Increase in) stock		0	0	0	0	NI 2,000	3,000
	Increase in creditors						10,000
		2,42,000	1,43,000	1,90,000	5,64,000		
		0	0	0	0	NI 2,000	10,000

Question 26

Transactions of M/s. Vipin Traders are given below.

Show the effects on Assets, Liabilities and Capital with the help of accounting Equation.

	Rs
(a) Business started with cash	1,25,000
(b) Purchased goods for cash	50,000
(c) Purchase furniture from R.K. Furniture	10,000
(d) Sold goods to Parul Traders (costing Rs 7,000 vide bill no. 5674)	9,000
(e) Paid cartage	100
(f) Cash Paid to R.K. furniture in full settlement	9,700
(g) Cash sales (costing Rs 10,000)	12,000
(h) Rent received	4,000
(i) Cash withdrew for personal use	3,000

Answer:

S. No.	Explanation	Assets				Liabilities + Capital	
		Cash	+Stock	+Furniture	+Debtors	Creditors	
(a)	Increase in cash	1,25,000					
	Increase in capital						1,25,000
(b)	Increase in		50,000				
				10,000			
(c)	Sold goods to Parul Traders (costing Rs 7,000 vide bill no. 5674)				9,000		
(d)	Paid cartage	100					
	Cash Paid to R.K. furniture in full settlement	9,700					
(e)	Cash sales (costing Rs 10,000)	12,000					
	Rent received	4,000					
	Cash withdrew for personal use	3,000					

	stock	000				
	(50,			=	
	Decrease in	00				
	cash	0)				
		7				1,2
		5,0	50,		=	5,00
		00	+ 000		NIL	+ 0
(c)	Increase in		10,		=	
	furniture		000			
	Increase in				= 10,00	
	creditors				0	
		7				1,2
		5,0	50,	10,	= 10,00	5,00
		00	+ 000	+ 000	0	+ 0
(d)	Increase in			9,		
	debtors			000		
	Decrease in		(7,			
	stock		000)			
	Increase in					2,0
	capital (Profit)					00
		7				1,2
		5,0	43,	10,	9, = 10,00	7,00
		00	+ 000	+ 000	0	+ 0
(e)	Decrease in					
	capital					
	(Cartage					(100
	Expenses))
	(10				
	Decrease in	0)				
	cash					
		7	43,	10,	9, = 10,00	1,2
		4,9	+ 000	+ 000	+ 000	0 + 6,90

		00				0
(f)	Decrease in creditors				= (10,000)	
		(
		9,700				
	Decrease in cash					
)				
	Increase in capital (Discount-received)					300
		6				1,2
		5,200	43,000	10,000	9,000 = NIL	7,200
			+ 000	+ 000	+000	+ 0
		1				
(g)	Increase in cash	2,000				
	Decrease in stock		(10,000)			
	Increase in capital (Profit)					2,000
		7				1,2
		7,200	33,000	10,000	9,000 = NIL	9,200
			+ 000	+ 000	+000	+ 0
		4				
(h)	Increase in cash	,000				
		0				
	Increase in capital (Income)					4,000
		8				1,3
		1,200	33,000	10,000	9,000 = NIL	3,200
			+ 000	+ 000	+000	+ 0

(i)	Decrease in capital	(3,000)				
		(
		3,0				
	Decrease in cash	00)				
		7				1,3
		8,2	33,	10,	9, = NIL	0,20
		00	+ 000	+ 000	+000	+ 0

Answer:

- a. Analysis of Transaction: Cash increases by 400000 and office equipment increases by 150000. The same amount is credited in Capital A/c. Capital account increases by 550000.

Dr	Cash Account	Cr
To Capital A/c	400000	

Dr	Office equipment account	Cr
To Capital A/c	150000	

Dr	Capital Account	Cr
----	-----------------	----

By Cash A/c	400000
By Office equipment A/c	150000

- b. Land, a new asset is bought, hence land increases by 150000. Office building is also purchased, so office building increases by 350000. The payment is made through 200000 cash hence cash decreases by 200000. And for balance a long term note is made. Long term liability increases by 300000.

Dr	Cash Account	Cr
To Capital A/c	400000	By Building A/c
		200000

Dr	Land Account	Cr
To Long term loan A/c	150000	

Dr	Building Account	Cr
To Cash A/c	200000	
To Long term loan A/c	150000	

Dr	Long term Loan Account	Cr
	By Land	150000
	By Building	150000

- c. Purchased office supplies on credit 12000

Analysis: Office supplies increases by 12000 which is an expense and hence debited and Accounts payable increases by 12000.

Dr	Office Supplies Account	Cr
----	-------------------------	----

To Accounts Payable A/c	12000
-------------------------	-------

Dr	Accounts Payable Account	Cr
	By Office Supplies A/c	12000

d. Transferred title of Motor car worth 90,000.

Analysis: Motor car asset increases by 90,000. Meanwhile as it is from Bobbie, his capital increases by 90,000

Dr	Motor Car Account	Cr
	To Capital A/c	90000

Dr	Capital Account	Cr
	By Cash A/c	400000
	By Office equipment A/c	150000
	By Motor Car A/c	90000

e. Additional office equipment purchased on credit.

Analysis: Office equipment increases by 30000 and accounts payable increases by 30000.

Dr	Office equipment account	Cr
	To Capital A/c	150000
	To Accounts payable A/c	30000

Dr	Accounts Payable Account	Cr
	By Office Supplies A/c	12000
	By Office Equipment A/c	30000

f. Rs.7500 paid salary.

Analysis: Cash decreases and Salary expense increases.

Dr	Salary Account	Cr
	To Cash A/c	7500

Dr	Cash Account	Cr
	To Capital A/c 400000	By Building A/c 200000
		By Salary A/c 7500

g. Service provided and amount collected Rs.30000

Analysis: Cash increases by Rs.30000 and income is a credit item which increases by 30000. Income usually belongs to the proprietor and hence profit is added to the capital. So, the capital increases by 30000.

Dr	Cash Account	Cr
	To Capital A/c 400000	By Building A/c 200000
	To Capital A/c 30000	By Salary A/c 7500

Dr	Capital Account	Cr
	By Cash A/c	400000
	By Office equipment A/c	150000
	By Motor Car A/c	90000
	By Cash A/c	30000

h. Paid 4000 for utilities.

Analysis : Utility expense increases by 4000 and cash decreases by 4000.

Dr	Utility Expense Account	Cr
	To Cash A/c	4000

Dr	Cash Account		Cr
To Capital A/c	400000	By Building A/c	200000
To Capital A/c	30000	By Salary A/c	7500
		By Utility expenses	4000

i. Paid supplier 12000.

Analysis: Cash decreases and accounts payable liability also decreases by 12000.

Dr	Accounts Payable Account		Cr
To Cash A/c	12000	By Office Supplies A/c	12000
		By Office Equipment A/c	30000

Dr	Cash Account		Cr
To Capital A/c	400000	By Building A/c	200000
To Capital A/c	30000	By Salary A/c	7500
		By Utility expenses	4000
		By Accounts Payable A/c	12000

- j. Purchase of office equipment for 93000 cash and selling of old equipment for 7000.

Analysis: Office equipment asset increases by 100000. Old machine sold hence the same asset value is credited with 7000. 93000 cash decreases.

Dr	Cash Account		Cr
To Capital A/c	400000	By Building A/c	200000
To Capital A/c	30000	By Salary A/c	7500
		By Utility expenses	4000
		By Accounts Payable A/c	12000
		By Office equipment	93000

Dr	Office equipment account		Cr
To Capital A/c	150000	By Cash A/c	7000
To Accounts payable A/c	30000		
To Cash A/c	100000		

- k. Completed services worth 26000 on credit.

Analysis: Profit i.e. Capital increases by 26000 and debtor asset increases by 26000.

Dr	Debtor Account		Cr
To Capital A/c	26000		

Dr	Capital Account		Cr
----	-----------------	--	----

By Cash A/c	400000
By Office equipment A/c	150000
By Motor Car A/c	90000
By Cash A/c	30000
By Debtor A/c	26000

1. Received Rs.19000 from above debtor.

Analysis: Cash increases by 19000, debtor decreases by 19000.

Dr	Cash Account		Cr
To Capital A/c	400000	By Building A/c	200000
To Capital A/c	30000	By Salary A/c	7500
To Debtor A/c	19000	By Utility expenses	4000
		By Accounts Payable A/c	12000
		By Office equipment	93000
Dr	Debtor Account		Cr
To Capital A/c	26000	By Cash A/c	19000

m. Withdrew 20000 from business.

Analysis: Cash decreases by 20000 and capital decreases by 20000.

Dr	Cash Account		Cr
To Capital A/c	400000	By Building A/c	200000
To Capital A/c	30000	By Salary A/c	7500

To Debtor A/c	19000	By Utility expenses	4000
		By Accounts Payable A/c	12000
		By Office equipment	93000
		By Capital A/c	20000

Dr	Capital Account		Cr
To Cash A/c	20000	By Cash A/c	400000
		By Office equipment A/c	150000
		By Motor Car A/c	90000
		By Cash A/c	30000
		By Debtor A/c	26000

Question 27

**Dec.01 Business started with cash
75,000**

**Dec.07 Purchased goods for cash
10,000**

**Dec.09 Sold goods to Swati
5,000**

**Dec.12 Purchased furniture
3,000**

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

Dec.25 Paid rent 1,000

**Dec.30 Paid salary
1,500**

Answer:

**Books of Himanshu
Journal**

Date	Particulars	L. F.	Debit Amou nt Rs	Credit Amou nt Rs
2017 Dec. 01	Cash A/c To Capital A/c (Started business with cash)	Dr .	75,00 0	75,00 0
Dec. 07	Purchases A/c To Cash A/c (Goods purchased for cash)	Dr .	10,00 0	10,00 0
Dec. 09	Swati To Sales A/c (Goods sold on credit)	Dr .	5,000	5,000
Dec. 12	Furniture A/c To Cash A/c (Furniture purchased for cash)	Dr .	3,000	3,000
Dec. 18	Cash A/c	Dr .	4,000	

		Dr		
	Discount Allowed A/c	.	1,000	
	To Swati			5,000
	(Cash received from Swati and discount allowed)			
Dec.		Dr		
25	Rent A/c	.	1,000	
	To Cash A/c			1,000
	(Rent paid in cash)			
Dec.		Dr		
30	Salaries A/c	.	1,500	
	To Cash A/c			1,500
	(Salary paid in cash)			
			1,00,5	1,00,5
	Total		00	00

Question 28

Enter the following Transactions in the Journal of Mudit :
2017

	Rs
Jan.01 Commenced business with cash	1,75,000
Jan.01 Building	1,00,000
Jan.02 Goods purchased for cash	75,000
Jan.03 Sold goods to Ramesh	30,000
Jan.04 Paid wages	500
Jan.06 Sold goods for cash	10,000
Jan.10 Paid for trade expenses	700
Jan.12 Cash received from Ramesh	29,500

	Discount allowed	500
Jan.14	Goods purchased for Sudhir	27,000
Jan.18	Cartage paid	1,000
Jan.20	Drew cash for personal use	5,000
Jan.22	Goods use for house hold	2,000
Jan.25	Cash paid to Sudhir	26,700
	Discount allowed	300

Answer:

**Books of Mudit
Journal**

Date	Particulars	L.F.	Debit Amount Rs	Credit Amount Rs
2017				
Jan.01	Building A/c Cash A/c To Capital A/c (Commenced business with cash and building)	Dr. Dr.	1,00,000 1,75,000	2,75,000
Jan.02	Purchases A/c To Cash A/c (Goods purchased for cash)	Dr.	75,000	75,000
Jan.03	Ramesh To Sales A/c (Goods sold to Ramesh)	Dr.	30,000	30,000
Jan.04	Wages A/c	Dr.	500	

	To Cash A/c (Wages paid in cash)			500
Jan.06	Cash A/c To Sales A/c (Goods sold for cash)	Dr.	10,000	10,000
Jan.10	Trade Expenses A/c To Cash A/c (Trade expenses paid in cash)	Dr.	700	700
Jan.12	Cash A/c Discount Allowed A/c To Ramesh (Cash received from Ramesh and discount allowed to him)	Dr. Dr.	29,500 500	30,000
Jan.14	Purchases A/c To Sudhir (Goods purchased from Sudhir on credit)	Dr.	27,000	27,000
Jan.18	Cartage A/c To Cash A/c (Cartage paid in cash)	Dr.	1,000	1,000
Jan.20	Drawings A/c To Cash A/c (Cash drawn for personal use)	Dr.	5,000	5,000
Jan.22	Drawings A/c	Dr.	2,000	

	To Purchases A/c (Goods drawn from business for households use)			2,000
Jan.25	Sudhir To Cash A/c To Discount Received A/c (Cash paid to Sudhir and discount received)	Dr.	27,000	26,700 300
	Total		4,83,200	4,83,200

Question 29

Journalise the following transactions:

		Rs
2017		
Dec. 01	Hema started business with cash	1,00,000
Dec. 02	Open a bank account with SBI	30,000
Dec. 04	Purchased goods from Ashu	20,000
Dec.06	Sold goods to Rahul for cash	15,000
Dec.10	Bought goods from Tara for cash	40,000
Dec.13	Sold goods to Suman	20,000
Dec.16	Received cheque from Suman	19,500
	Discount allowed	500
Dec.20	Cheque given to Ashu on account	10,000
Dec.22	Rent paid by cheque	2,000
Dec.23	Deposited into bank	16,000
Dec.25	Machine purchased from Parigya	10,000

Dec.26	Trade expenses	2,000
Dec.28	Cheque issued to Parigya	10,000
Dec.29	Paid telephone expenses by cheque	1,200
Dec.31	Paid salary	4,500

Answer

**Books of Hema
Journal**

Date	Particulars	L.F.	Amount
2017			
Dec.01	Cash A/c To Capital A/c (Started business with cash)	Dr.	1,00,000
Dec.02	Bank A/c To Cash A/c (Bank account opened with SBI)	Dr.	3,00,000
Dec.04	Purchases A/c To Ashu (Goods purchased from Ashu)	Dr.	2,00,000
Dec.06	Cash A/c To Sales A/c (Goods sold for cash)	Dr.	1,00,000
Dec.10	Purchases A/c To Cash A/c (Goods purchased for cash)	Dr.	4,00,000

Dec.13	Suman To Sales A/c (Goods goods to Suman)	Dr.	2
Dec.16	Bank A/c Discount Allowed A/c To Suman (Cheque received from Suman and discount allowed)	Dr. Dr.	1
Dec.20	Ashu To Bank A/c (Cheque forwarded to Ashu)	Dr.	1
Dec.22	Rent A/c To Bank A/c (Rent paid by cheque)	Dr.	
Dec.23	Bank A/c To Cash A/c (Cash deposited into bank)	Dr.	1
Dec.25	Machinery A/c To Parigya (Machinery purchased from Parigya)	Dr.	1
Dec.26	Trade Expenses A/c To Cash A/c (Trade expenses paid)	Dr.	
Dec.28	Parigya To Bank A/c (Cheque issued to Parigya)	Dr.	1

Dec.29	Telephone Expenses A/c To Bank A/c (Telephone expenses paid through cheque)	Dr.	
Dec.30	Salaries A/c To Cash A/c (Salary paid)	Dr.	
	Total		3,0

Question 30

Jouranalise the following transactions in the books of Harpreet Bros.:

- (a) Rs 1,000 due from Rohit are now bad debts.**
- (b) Goods worth Rs 2,000 were used by the proprietor.**
- (c) Charge depreciation @ 10% p.a for two month on machine costing Rs 30,000.**
- (d) Provide interest on capital of Rs 1,50,000 at 6% p.a. for 9 months.**
- (e) Rahul become insolvent, who owed is Rs 2,000 a final dividend of 60 paise in a rupee is received from his estate.**

Answer:

**Books of Harpreet Bros.
Journal**

S. No.	Particulars	L.F.	Debit Amount Rs	Credit Amount Rs
(a)	Bad Debt A/c Dr. To Rohit (Debtors) (Due from Rohit became bad debt)		1,000	1,000
(b)	Drawings A/c Dr. To Purchases A/c (Goods withdrawn by proprietor for personal use)		2,000	2,000
(c)	Depreciation A/c Dr. To Machinery A/c (Depreciation charged on machinery for two months)		500	500
(d)	Interest on Capital A/c Dr. To Capital A/c (Interest on capital at 6% due for 9 months)		6,750	6,750
(e)	Bad Debt A/c Dr. Cash A/c Dr. To Rahul (Debtor) (Received		800 1,200	 2,000

from Rahul 60 paise in a rupee and rest amount considered as bad debt)			
Total		12,250	12,250

Question 29

Prepare Journal from the transactions given below :

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

Answer:

Journal

S. No.	Particulars	L. F.	Debit Amount Rs	Credit Amount Rs
(a)	Machinery A/c Dr. To Cash A/c (Cash paid for installation of machinery)		500	500
(b)	Charity A/c Dr. To Purchases A/c (Goods given as charity)		2,000	2,000
(c)	Interest on Capital A/c Dr. To Capital A/c (Interest on capital charged @ 7% p.a.)		4,900	4,900
(d)	Cash A/c Dr. To Bad Debt Recovered A/c (Cash received on from debtors which was previously written off as bad)		1,200	1,200
(e)	Goods Destroyed by Fire A/c Dr. To Purchases A/c		2,000	2,000

	(Goods destroyed by fire)			
(f)	Rent A/c	Dr.	1,000	
	To Rent Outstanding A/c (Rent due but not paid)			1,000 0
(g)	Drawings A/c	Dr.	900	
	To Interest on Drawings A/c (Interest allowed on drawings)			900
(h)	Cash A/c	Dr.	1,350	
	Bad Debt A/c	Dr.	1,650	
	To Sudhir Kumar (Sudhir Kumar declared insolvent and cash received from him 45 paise in a rupee in full settlement)			3,000 0
(i)	Commission A/c	Dr.	7,000	
	To Commission Received in Advance A/c (Commission received in advance) (Note: If it is assumed, commission in advance already credited as commission)			7,000 0

OR			
Cash A/c	Dr.	7,000	
To Commission Received in Advance			7,000
(Commission received in Advance)			0
(Note: If it is assumed, commission in advance not already credited as commission)			
		22,500	22,500
Total			

Question 30

Journalise the following transactions, post to the ledger:

		Rs
2017		
Nov. 01	Business started with	
	(i) Cash	1,50,000
	(ii) Goods	50,000
Nov. 03	Purchased goods from Harish	30,000
Nov. 05	Sold goods for cash	12,000
Nov. 08	Purchase furniture for cash	5,000
Nov. 10	Cash paid to Harish on account	15,000
Nov. 13	Paid sundry expenses	200

Nov. 15	Cash sales	15,000
Nov. 18	Deposited into bank	5,000
Nov. 20	Drew cash for personal use	1,000
Nov. 22	Cash paid to Harish in full settlement of account	14,700
Nov. 25	Good sold to Nitesh	7,000
Nov. 26	Cartage paid	200
Nov. 27	Rent paid	1,500
Nov. 29	Received cash from Nitesh	6,800
	Discount allowed	200
Nov. 30	Salary paid	3,000

Answer:

Books of M/s. Bhanu Traders
Journal

Date	Particulars	L.F.	Debit Amount Rs	Credit Amount Rs
2017 Dec.01	Cash A/c To Capital A/c (Started business with cash)	Dr.	92,000	92,000

Dec.02	Bank A/c To Cash A/c (Cash deposited into bank)	Dr.	60,000	60,000
Dec.04	Purchases A/c To Himani (Goods purchased from Himani)	Dr.	40,000	40,000
Dec.06	Purchases A/c To Cash A/c (Goods purchased for cash)	Dr.	20,000	20,000
Dec.08	Himani To Purchases Return A/c (Goods returned to Himani)	Dr.	4,000	4,000
Dec.10	Cash A/c To Sales A/c (Goods sold for cash)	Dr.	20,000	20,000
Dec.14	Himani To Bank A/c (Cheque given to Himani)	Dr.	36,000	36,000
Dec.17	M/s. Goyal Traders A/c To Sales A/c (Goods sold to M/s. Goyal Traders)	Dr.	35,000	35,000
Dec.19	Drawings A/c To Bank A/c (Cash withdrawn from bank for	Dr.	2,000	2,000

	personal use)			
Dec.21	Sales Return A/c To M/s. Goyal Traders (Goods returned by Goyal Traders)	Dr.	3,500	3,500
Dec.22	Bank A/c To Cash A/c (Cash deposited into bank)	Dr.	20,000	20,000
Dec.26	Bank A/c To M/s. Goyal Traders (Cheque received from M/s. Goyal Traders)	Dr.	31,500	31,500
Dec.28	Charity A/c To Purchases A/c (Goods given as charity)	Dr.	2,000	2,000
Dec.29	Rent A/c To Bank A/c (Rent paid) see note	Dr.	3,000	3,000
Dec.30	Salaries A/c To Cash A/c (Salaries paid)		7,000	7,000
Dec.31	Office Machine A/c To Cash A/c (Office machinery purchased)		3,000	3,000
	Total		6,94,000	6,94,000

Cash Account

Dr.				Cr.			
Date	Particulars	J.F.	Amount Rs	Date	Particulars	J.F.	Amount Rs
2017 Dec.01	Capital		92,000	2017 Dec.02	Bank		60,000
Dec.10	Sales		20,000	Dec.06	Purchases		20,000
				Dec.22	Bank		20,000
				Dec.30	Salaries		7,000
				Dec.31	Office Machine		3,000
				Dec.31	Balance c/d		2,000
			1,12,000				1,12,000

Capital Account

Dr.				Cr.			
Date	Particulars	J.F.	Amount Rs	Date	Particulars	J.F.	Amount Rs
2017				2017 Dec.01	Cash		92,000

Dec.3 1	Balance c/d		92,000				
			92,000			92,000	

Bank Account

Dr.				Cr.			
Date	Particulars	J.F.	Amount Rs	Date	Particulars	J.F.	Amount Rs
2017 Dec.02	Cash		60,000	2017 Dec.14	Himani		36,000
Dec.22	Cash		20,000	Dec.19	Drawings		2,000
Dec.26	Goyal Traders		31,500	Dec.29	Rent (see note)		3,000
				Dec.31	Balance c/d		70,500
			1,11,500				11,500

Note: For transaction on December 29, 2017, it has been assumed that the rent of Rs 3,000 is paid through cheque. If instead the rent would have been paid in cash, the cash account would have shown a credit (negative) which cannot happen.

Purchases Account

Dr.				Cr.			
Date	Particulars	J.F.	Amount	Date	Particulars	J.F.	Amount

			Rs				Rs
2017 Dec.0 4 Dec.0 6	Himani Cash		40,00 0 20,00 0	2017 Dec.2 8 Dec.3 1	Charity Balance c/d		2,000 58,000
			60,00 0				60,000

Himani's Account

Dr.				Cr.			
Date	Particulars	J.F.	Amount Rs	Date	Particulars	J.F.	Amount Rs
2017 Dec.0 8 Dec.1 4	Purchases Return Bank		4,000 36,00 0	2017 Dec.0 4	Purchases		40,000
			40,00 0				40,000

Sales Account

Dr.				Cr.			
Date	Particulars	J.F.	Amount Rs	Date	Particulars	J.F.	Amount Rs

2017			2017			
			Dec.1			20,00
			0	Cash		0
Dec.3	Balance	55,00	Dec.1	M/s. Goyal Tra	35,00	
1	c/d	0	7	ders	0	
		55,00			55,00	
		0			0	

M/s. Goyal Traders Account

Dr.				Cr.			
Date	Particulars	J.F.	Amount Rs	Date	Particulars	J.F.	Amount Rs
2017				2017			
Dec.1				Dec.2	Sales		
7	Sales		35,000	1	Return		3,500
				Dec.2			
				6	Bank		31,500
			35,00				
			0				35,000

Purchases Return Account

Dr.				Cr.			
Date	Particulars	J.F.	Amount Rs	Date	Particulars	J.F.	Amount Rs
2017				2017			
				Dec.0			
				8	Himani		4,000
Dec.3	Balance		4,000				

1	c/d						
			4,000				4,000

Drawings Account

Dr.

Cr.

Date	Particulars	J.F.	Amount Rs	Date	Particulars	J.F.	Amount Rs
2017 Dec.19	Bank		2,000	2017 Dec.31	Balance c/d		2,000
			2,000				2,000

Sales Return Account

Dr.

Cr.

Date	Particulars	J. F.	Amount Rs	Date	Particulars	J. F.	Amount Rs
2017 Dec.21	M/s. Goyal Traders		3,500	2017 Dec.31	Balance c/d		3,500
			3,500				3,500

Charity Account

Dr.

Cr.

Date	Particulars	J.F.	Amount Rs	Date	Particulars	J.F.	Amount Rs
2017 Dec.28	Purchases		2,000	2017 Aug.31	Balance c/d		2,000
			2,000				2,000

Rent Account

Dr.				Cr.			
Date	Particulars	J.F.	Amount Rs	Date	Particulars	J.F.	Amount Rs
2017 Dec.29	Cash		3,000	2017 Dec.31	Balance c/d		3,000
			3,000				3,000

Salaries Account

Dr.				Cr.			
Date	Particulars	J.F.	Amount Rs	Date	Particulars	J.F.	Amount Rs
2017 Dec.30	Cash		7,000	2017			

				Dec.3 1	Balance c/d		7,000
			7,000				7,000

Office Machine Account

Dr.				Cr.			
Date	Particulars	J.F.	Amount Rs	Date	Particulars	J.F.	Amount Rs
2017 Dec.3 1	Cash		3,000	2017 Dec.3 1	Balance c/d		3,000
			3,000				3,000

Question 31

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

		Rs
2017		
Jan. 01	Started business with cash	1,65,000
Jan. 02	Opened bank account in PNB	80,000
Jan. 04	Goods purchased from Tara	22,000
Jan.05	Goods purchased for cash	30,000
Jan.08	Goods sold to Naman	12,000
Jan.10	Cash paid to Tara	22,000

Jan.15	Cash received from Naman	11,700
	Discount allowed	300
Jan. 16	Paid wages	200
Jan. 18	Furniture purchased for office use	5,000
Jan. 20	Withdrawn from bank for personal use	4,000
Jan. 22	Issued cheque for rent	3,000
Jan. 23	Goods issued for house hold purpose	2,000
Jan. 24	Drawn cash from bank for office use	6,000
Jan. 26	Commission received	1,000
Jan. 27	Bank charges	200
Jan. 28	Cheque given for insurance premium	3,000
Jan. 29	Paid salary	7,000
Jan. 30	Cash sales	10,000

Answer:

**Books of M/s Goel Brothers
Journal**

Date	Particulars	L.F.	Debit Amount Rs	Credit Amount Rs
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2017				
Jan.01	Cash A/c To Capital A/c (Started business with cash)	Dr.	1,65,000	1,65,000
Jan.02	Bank A/c To Cash A/c (Bank account opened with PNB)	Dr.	80,000	80,000
Jan.04	Purchases A/c To Tara (Goods purchased from Tara)	Dr.	22,000	22,000
Jan.05	Purchases A/c To Cash A/c (Goods purchased for cash)	Dr.	30,000	30,000
Jan.08	Naman To Sales A/c (Sale of goods to Naman)	Dr.	12,000	12,000
Jan.10	Tara To Cash A/c (Cash paid to Tara)	Dr.	22,000	22,000
Jan.15	Cash A/c Discount Allowed A/c To Naman (Cash received from Naman and discount allowed)	Dr. Dr.	11,700 300	12,000
Jan.16	Wages A/c	Dr.	200	

	To Cash A/c (Wages paid)			200
Jan.18	Furniture A/c To Cash A/c (Furniture purchased for cash)	Dr.	5,000	5,000
Jan.20	Drawings A/c To Bank A/c (Cash drawn from bank for personal use)	Dr.	4,000	4,000
Jan.22	Rent A/c To Bank A/c (Rent paid through cheque)	Dr.	3,000	3,000
Jan.23	Drawings A/c To Purchases A/c (Goods drawn for household purpose)	Dr.	2,000	2,000
Jan.24	Cash A/c To Bank A/c (Cash drawn from bank)	Dr.	6,000	6,000
Jan.26	Cash A/c To Commission A/c (Commission received)	Dr.	1,000	1,000
Jan.27	Bank Charges A/c To Bank A/c (Bank charged charges)	Dr.	200	200

Jan.28	Insurance A/c To Bank A/c (Insurance paid through cheque)	Dr.	3,000	3,000
Jan.29	Salaries A/c To Cash A/c (Salary paid)	Dr.	7,000	7,000
Jan.30	Cash A/c To Sales A/c (Cash received for sale of goods)	Dr.	10,000	10,000
	Total		3,84,400	3,84,400

Ledger

Cash Account

Dr.

Date	Particulars	J.F.	Amount Rs	Date	Particulars	J.F.	Amount Rs
2017				2017			
Jan.01	Capital		1,65,000	Jan.02	Bank		80,00
Jan.15	Naman		11,700	Jan.05	Purchases		30,00
Jan.24	Bank		6,000	Jan.10	Tara		22,00
Jan.26	Commission		1,000	Jan.16	Wages		20
Jan.30	Sales		10,000	Jan.18	Furniture		5,00
				Jan.29	Salaries		7,00
				Jan.31	Balance c/d		49,50

			1,93,700				1,93,700

Capital Account

Dr.

Date	Particulars	J.F.	Amount Rs	Date	Particulars	J.F.	Amount Rs
2017				2017			
Jan.31	Balance c/d		1,65,000	Jan.01	Cash		1,65,000
			1,65,000				1,65,000

Bank Account

Dr.

Date	Particulars	J.F.	Amount Rs	Date	Particulars	J.F.	Amount Rs
2017				2017			
Jan.02	Cash		80,000	Jan.20	Drawings		4,000
				Jan.22	Rent		3,000
				Jan.24	Cash		6,000
				Jan.27	Bank charges		200
				Jan.28	Insurance		3,000
				Jan.31	Balance c/d		63,800
			80,000				80,000

Tara's Account

Dr.

Date	Particulars	J.F.	Amount Rs	Date	Particulars	J.F.	Amount Rs
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2017 Jan.10	Cash		22,000	2017 Jan.04	Purchases		22,000
			22,000				22,000

Purchases Account

Dr. **Cr.**

Date	Particulars	J.F.	Amount Rs	Date	Particulars	J.F.	Amount Rs
2017 Jan.04	Tara		22,000	2017 Jan.23	Drawings		2,000
Jan.05	Cash		30,000	Jan.31	Balance c/d		50,000
			52,000				52,000

Sales Account

Dr. **Cr.**

Date	Particulars	J.F.	Amount Rs	Date	Particulars	J.F.	Amount Rs
2017 Jan.31	Balanced c/d		22,000	2017 Jan.08	Naman		12,000
			22,000	Jan.30	Cash		10,000
							22,000

Naman's Account

Dr. **Cr.**

Date	Particulars	J.F.	Amount Rs	Date	Particulars	J.F.	Amount Rs
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2017 Jan.08	Sales		12,000	2017 Jan.15	Cash		11,700
				Jan.15	Discount Allowed		300
			12,000				12,000

Discount Allowed Account

Dr.

Date	Particulars	J.F.	Amount Rs	Date	Particulars	J.F.	Amount Rs
2017 Jan.15	Naman		300	2017 Jan.31	Balance c/d		300
			300				300

Wages Account

Dr.

Date	Particulars	J.F.	Amount Rs	Date	Particulars	J.F.	Amount Rs
2017 Jan.16	Cash		200	2017 Jan.31	Balance c/d		200
			200				200

Furniture Account

Dr.

Date	Particulars	J.F.	Amount Rs	Date	Particulars	J.F.	Amount Rs
2017				2017			

Jan.18	Cash		5,000	Jan.31	Balance c/d		5,000
			5,000				5,000

Drawings Account

Dr.

Date	Particulars	J.F.	Amount Rs	Date	Particulars	J.F.	Amount Rs
2017				2017			
Jan.20	Bank		4,000	Jan.31	Balance c/d		6,000
Jan.23	Purchases		2,000				6,000
			6,000				

Rent Account

Dr.

Date	Particulars	J.F.	Amount Rs	Date	Particulars	J.F.	Amount Rs
2017				2017			
Jan.22	Bank		3,000	Jan.31	Balance c/d		3,000
			3,000				3,000

Commission Account

Dr.

Date	Particulars	J.F.	Amount Rs	Date	Particulars	J.F.	Amount Rs
2017				2017			

Cr.

Jan.31	Balance c/d		1,000	Jan.26	Cash		1,000
			1,000				1,000

Bank Charges Account

Dr.				Cr.			
Date	Particulars	J.F.	Amount Rs	Date	Particulars	J.F.	Amount Rs
2017 Jan.27	Bank		200	2017 Jan.31	Balance c/d		200
			200				200

Insurance Account

Dr.				Cr.			
Date	Particulars	J.F.	Amount Rs	Date	Particulars	J.F.	Amount Rs
2017 Jan.28	Bank		3,000	2017 Jan.31	Balance c/d		3,000
			3,000				3,000

Salaries Account

Dr.				Cr.			
Date	Particulars	J.F.	Amount Rs	Date	Particulars	J.F.	Amount Rs
2017 Jan.29	Cash		7,000	2017 Jan.31	Balance c/d		7,000

			7,000			7,000

Question 32

Give journal entries of M/s. Mohit traders; post them to the Ledger from the following transactions:

August, 2017		Rs
1	Commenced business with cash	1,10,000
2	Opened bank account with H.D.F.C.	50,000
3	Purchased furniture	20,000
7	Bought goods for cash from M/s. Rupa Traders	30,000
8	Purchased good from M/s. Hema Traders	42,000
10	Sold goods for cash	30,000
14	Sold goods on credit to M/s. Gupta Traders	12,000
16	Rent paid	4,000
18	Paid trade expenses	1,000
20	Received cash from Gupta Traders	12,000
22	Goods return to Hema Traders	2,000
23	Cash paid to Hema Traders	40,000
25	Bought postage stamps	100
30	Paid salary to Rishabh	4,000

Answer:

**Books of M/s. Bhanu Traders
Journal**

Date	Particulars	L.F.	Debit Amount Rs	Credit Amount Rs
2017 Dec.01	Cash A/c Dr. To Capital A/c (Started business with cash)		92,000	92,000
Dec.02	Bank A/c Dr. To Cash A/c (Cash deposited into bank)		60,000	60,000
Dec.04	Purchases A/c Dr. To Himani (Goods purchased from Himani)		40,000	40,000
Dec.06	Purchases A/c Dr. To Cash A/c (Goods purchased for cash)		20,000	20,000
Dec.08	Himani Dr. To Purchases Return A/c (Goods returned to Himani)		4,000	4,000
Dec.10	Cash A/c Dr. To Sales A/c (Goods sold for cash)		20,000	20,000

Dec.14	Himani To Bank A/c (Cheque given to Himani)	Dr.	36,000	36,000
Dec.17	M/s. Goyal Traders A/c To Sales A/c (Goods sold to M/s. Goyal Traders)	Dr.	35,000	35,000
Dec.19	Drawings A/c To Bank A/c (Cash withdrawn from bank for personal use)	Dr.	2,000	2,000
Dec.21	Sales Return A/c To M/s. Goyal Traders (Goods returned by Goyal Traders)	Dr.	3,500	3,500
Dec.22	Bank A/c To Cash A/c (Cash deposited into bank)	Dr.	20,000	20,000
Dec.26	Bank A/c To M/s. Goyal Traders (Cheque received from M/s. Goyal Traders)	Dr.	31,500	31,500
Dec.28	Charity A/c To Purchases A/c (Goods given as charity)	Dr.	2,000	2,000

Dec.29	Rent A/c To Bank A/c (Rent paid) see note	Dr.	3,000	3,000
Dec.30	Salaries A/c To Cash A/c (Salaries paid)		7,000	7,000
Dec.31	Office Machine A/c To Cash A/c (Office machinery purchased)		3,000	3,000
	Total		6,94,000	6,94,000

Cash Account

Dr.				Cr.			
Date	Particulars	J.F.	Amount Rs	Date	Particulars	J.F.	Amount Rs
2017 Dec.01	Capital		92,000	2017 Dec.02	Bank		60,000
Dec.10	Sales		20,000	Dec.06	Purchases		20,000
				Dec.22	Bank		20,000
				Dec.30	Salaries		7,000
				Dec.31	Office Machine		3,000
				Dec.31	Balance c/d		2,000

			1,12,000				1,12,000

Capital Account

Dr.				Cr.			
Date	Particulars	J.F.	Amount Rs	Date	Particulars	J.F.	Amount Rs
2017				2017			
Dec.31	Balance c/d		92,000	Dec.01	Cash		92,000
			92,000				92,000

Bank Account

Dr.				Cr.			
Date	Particulars	J.F.	Amount Rs	Date	Particulars	J.F.	Amount Rs
2017				2017			
Dec.02	Cash		60,000	Dec.14	Himani		36,000
Dec.22	Cash		20,000	Dec.19	Drawings		2,000
Dec.26	Goyal Traders		31,500	Dec.29	Rent (see note)		3,000
				Dec.31	Balance c/d		70,500

		1,11,500		11,500

Note: For transaction on December 29, 2017, it has been assumed that the rent of Rs 3,000 is paid through cheque. If instead the rent would have been paid in cash, the cash account would have shown a credit (negative) balance which can not happen.

Purchases Account

Dr.				Cr.			
Date	Particulars	J.F.	Amount Rs	Date	Particulars	J.F.	Amount Rs
2017 Dec.04	Himani		40,000	2017 Dec.28	Charity		2,000
2017 Dec.06	Cash		20,000	2017 Dec.31	Balance c/d		58,000
			60,000				60,000

Himani's Account

Dr.				Cr.			
Date	Particulars	J.F.	Amount Rs	Date	Particulars	J.F.	Amount Rs
2017 Dec.0	Purchases		4,000	2017 Dec.0	Purchase		

8 Dec.1 4	Return Bank		36,00 0	4 s		40,000
			40,00 0			40,000

Sales Account

Dr.				Cr.			
Date	Particulars	J. F.	Amount Rs	Date	Particulars	J. F.	Amount Rs
2017				2017			
				Dec.1			20,00 0
Dec.3	Balance		55,00 0	Dec.1	Cash		35,00 0
1	c/d		55,00 0	7	M/s. Goyal Traders		55,00 0

M/s. Goyal Traders Account

Dr.				Cr.			
Date	Particulars	J. F.	Amount Rs	Date	Particulars	J. F.	Amount Rs
2017				2017			
Dec.1				Dec.2	Sales		3,500
7	Sales		35,000	1	Return		
				Dec.2	Bank		31,500
				6			

			35,000				35,000
			0				

Purchases Return Account

Dr.

Cr.

Date	Particulars	J.F.	Amount Rs	Date	Particulars	J.F.	Amount Rs
2017				2017			
Dec.31	Balance c/d		4,000	Dec.08	Himani		4,000
			4,000				4,000

Drawings Account

Dr.

Cr.

Date	Particulars	J.F.	Amount Rs	Date	Particulars	J.F.	Amount Rs
2017				2017			
Dec.19	Bank		2,000	Dec.31	Balance c/d		2,000
			2,000				2,000

Sales Return Account

Dr.

Cr.

Date	Particulars	J. F.	Amount Rs	Date	Particulars	J. F.	Amount Rs
2017 Dec.21	M/s. Goyal Traders		3,500	2017 Dec.31	Balance c/d		3,500
			3,500				3,500

Charity Account

Dr.				Cr.			
Date	Particulars	J.F.	Amount Rs	Date	Particulars	J.F.	Amount Rs
2017 Dec.28	Purchases		2,000	2017 Aug.31	Balance c/d		2,000
			2,000				2,000

Rent Account

Dr.				Cr.			
Date	Particulars	J.F.	Amount Rs	Date	Particulars	J.F.	Amount Rs
2017 Dec.29	Cash		3,000	2017 Dec.31	Balance		3,000

			1	c/d		
			3,000			3,000

Salaries Account

Dr.

Cr.

Date	Particulars	J.F.	Amount Rs	Date	Particulars	J.F.	Amount Rs
2017 Dec.30	Cash		7,000	2017 Dec.31	Balance c/d		7,000
			7,000				7,000

Office Machine Account

Dr.

Cr.

Date	Particulars	J.F.	Amount Rs	Date	Particulars	J.F.	Amount Rs
2017 Dec.31	Cash		3,000	2017 Dec.31	Balance c/d		3,000
			3,000				3,000

Question 19:

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

December, 2017		Rs
1	Started business with cash	92,000
2	Deposited into bank	60,000
4	Bought goods on credit from Himani	40,000
6	Purchased goods from cash	20,000
8	Returned goods to Himani	4,000
10	Sold goods for cash	20,000
14	Cheque given to Himani	36,000
17	Goods sold to M/s. Goyal TradeRs	3,50,000
19	Drew cash from bank for personal use	2,000
21	Goyal traders returned goods	3,500
22	Cash deposited into bank	20,000
26	Cheque received from Goyal Traders	31,500
28	Goods given as charity	2,000
29	Rent paid	3,000
30	Salary paid	7,000
31	Office machine purchased for cash	3,000

Answer:

**Books of M/s Goel Brothers
Journal**

Date	Particulars	L.F.	Debit Amount Rs	Credit Amount Rs
2017				
Jan.01	Cash A/c Dr. To Capital A/c (Started business with cash)		1,65,000	1,65,000
Jan.02	Bank A/c Dr. To Cash A/c (Bank account opened with PNB)		80,000	80,000
Jan.04	Purchases A/c Dr. To Tara (Goods purchased from Tara)		22,000	22,000
Jan.05	Purchases A/c Dr. To Cash A/c (Goods purchased for cash)		30,000	30,000
Jan.08	Naman Dr. To Sales A/c (Sale of goods to Naman)		12,000	12,000
Jan.10	Tara Dr. To Cash A/c (Cash paid to Tara)		22,000	22,000
Jan.15	Cash A/c Dr. Discount Allowed A/c Dr. To Naman (Cash received from Naman and		11,700 300	12,000

	discount allowed)			
Jan.16	Wages A/c To Cash A/c (Wages paid)	Dr.	200	200
Jan.18	Furniture A/c To Cash A/c (Furniture purchased for cash)	Dr.	5,000	5,000
Jan.20	Drawings A/c To Bank A/c (Cash drawn from bank for personal use)	Dr.	4,000	4,000
Jan.22	Rent A/c To Bank A/c (Rent paid through cheque)	Dr.	3,000	3,000
Jan.23	Drawings A/c To Purchases A/c (Goods drawn for household purpose)	Dr.	2,000	2,000
Jan.24	Cash A/c To Bank A/c (Cash drawn from bank)	Dr.	6,000	6,000
Jan.26	Cash A/c To Commission A/c (Commission received)	Dr.	1,000	1,000

Jan.27	Bank Charges A/c To Bank A/c (Bank charged charges)	Dr.	200	200
Jan.28	Insurance A/c To Bank A/c (Insurance paid through cheque)	Dr.	3,000	3,000
Jan.29	Salaries A/c To Cash A/c (Salary paid)	Dr.	7,000	7,000
Jan.30	Cash A/c To Sales A/c (Cash received for sale of goods)	Dr.	10,000	10,000
	Total		3,84,400	3,84,400

Ledger

Cash Account

Dr.

Date	Particulars	J.F.	Amount Rs	Date	Particulars	J.F.	Amount Rs
2017				2017			
Jan.01	Capital		1,65,000	Jan.02	Bank		80,000
Jan.15	Naman		11,700	Jan.05	Purchases		30,000
Jan.24	Bank		6,000	Jan.10	Tara		22,000
Jan.26	Commission		1,000	Jan.16	Wages		20,000

Jan.30	Sales		10,000	Jan.18	Furniture		5,000
				Jan.29	Salaries		7,000
				Jan.31	Balance c/d		49,500
			1,93,700				1,93,700

Capital Account

Dr.

Cr.

Date	Particulars	J.F.	Amount Rs	Date	Particulars	J.F.	Amount Rs
2017				2017			
Jan.31	Balance c/d		1,65,000	Jan.01	Cash		1,65,000
			1,65,000				1,65,000

Bank Account

Dr.

Cr.

Date	Particulars	J.F.	Amount Rs	Date	Particulars	J.F.	Amount Rs
2017				2017			
Jan.02	Cash		80,000	Jan.20	Drawings		4,000
				Jan.22	Rent		3,000
				Jan.24	Cash		6,000
				Jan.2	Bank		200

				7 Jan.2	charges		
				8 Jan.3	Insurance		3,000
				1	Balance c/d		63,800
			80,000				80,000

Tara's Account

Dr.				Cr.			
Date	Particulars	J.F.	Amount Rs	Date	Particulars	J.F.	Amount Rs
2017 Jan.1 0	Cash		22,000	2017 Jan.0 4	Purchases		22,000
			22,000				22,000

Purchases Account

Dr.				Cr.			
Date	Particulars	J.F.	Amount Rs	Date	Particulars	J.F.	Amount Rs
2017 Jan.0 4	Tara		22,000	2017 Jan.2 3	Drawings		2,000
2017 Jan.0 5	Cash		30,000	Jan.3 1	Balance c/d		50,000
			52,000				52,000

Dr. _____ Cr. _____

Naman's Account

Discount Allowed Account

Dr. **Cr.**

Date	Particulars	J.F.	Amount Rs	Date	Particulars	J.F.	Amount Rs
2017 Jan.1 5	Naman		300	2017 Jan.3 1	Balance c/d		300
			300				300

Wages Account

Dr.				Cr.			
Date	Particulars	J.F.	Amount Rs	Date	Particulars	J.F.	Amount Rs
2017 Jan.1 6	Cash		200	2017 Jan.3 1	Balance c/d		200
			200				200

Furniture Account

Dr.				Cr.			
Date	Particulars	J.F.	Amount Rs	Date	Particulars	J.F.	Amount Rs
2017 Jan.1 8	Cash		5,000	2017 Jan.3 1	Balance c/d		5,000
			5,000				5,000

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Drawings Account

Dr.				Cr.			
Date	Particulars	J.F.	Amount Rs	Date	Particulars	J.F.	Amount Rs
2017 Jan.20	Bank		4,000	2017			
Jan.23	Purchases		2,000	Jan.31	Balance c/d		6,000
			6,000				6,000

Rent Account

Dr.				Cr.			
Date	Particulars	J.F.	Amount Rs	Date	Particulars	J.F.	Amount Rs
2017 Jan.22	Bank		3,000	2017			
			3,000	Jan.31	Balance c/d		3,000
							3,000

Commission Account

Dr.				Cr.			
Date	Particulars	J.F.	Amount	Date	Particulars	J.F.	Amount

			Rs				
2017				2017			
Jan.3	Balance			Jan.2	Cash		
1	c/d		1,000	6			1,000
			1,000				1,000

Bank Charges Account

Dr.				Cr.			
Date	Particulars	J.F.	Amount Rs	Date	Particulars	J.F.	Amount Rs
2017				2017			
Jan.2	Bank		200	Jan.3	Balance		
7				1	c/d		200
			200				200

Insurance Account

Dr.				Cr.			
Date	Particulars	J.F.	Amount Rs	Date	Particulars	J.F.	Amount Rs
2017				2017			
Jan.2	Bank		3,000	Jan.3	Balance		
8				1	c/d		3,000

			3,000				3,000

Salaries Account

Dr.

Cr.

Date	Particulars	J.F.	Amount Rs	Date	Particulars	J.F.	Amount Rs
2017 Jan.29	Cash		7,000	2017 Jan.31	Balance c/d		7,000
			7,000				7,000

11:24:88:nq:20

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

Dec. 2017		Rs
1	Started business with cash	2,00,000
2	Bought office furniture	30,000
3	Paid into bank to open an current account	1,00,000
5	Purchased a computer and paid by cheque	2,50,000
6	Bought goods on credit from Ritika	60,000
8	Cash sales	30,000
9	Sold goods to Karishna on credit	25,000
12	Cash paid to Mansi on account	30,000
14	Goods returned to Ritika	2,000
15	Stationery purchased for cash	3,000
16	Paid wages	1,000
18	Goods returned by Karishna	2,000
20	Cheque given to Ritika	28,000
22	Cash received from Karishna on account	15,000
24	Insurance premium paid by cheque	4,000

26	Cheque received from Karishna	8,000
28	Rent paid by cheque	3,000
29	Purchased goods on credit from Meena Traders	20,000
30	Cash sales	14,000

Answer:

**Books of Beauti Traders
Journal**

Date	Particulars	L.F.	Debit Amount Rs	Credit Amount Rs
2017 Dec.01	Cash A/c Dr. To Capital A/c (Started business with cash)		2,00,000	2,00,000
Dec.02	Office Furniture A/c Dr. To Cash A/c (Office furniture purchased)		30,000	30,000
Dec.03	Bank A/c Dr. To Cash A/c (Opened a current account)		1,00,000	1,00,000
Dec.05	Computer A/c Dr. To Bank A/c (Computer purchased and payment made through cheque)		2,50,000	2,50,000

Dec.06	Purchases A/c To Ritika (Goods purchased from Ritika on credit)	Dr.	60,000	60,000
Dec.08	Cash A/c To Sales A/c (Goods sold for cash)	Dr.	30,000	30,000
Dec.09	Krishna To Sales A/c (Goods sold to Krishna)	Dr.	25,000	25,000
Dec.12	Mansi To Cash A/c (Cash paid to Mansi on account)	Dr.	30,000	30,000
Dec.14	Ritika To Purchases Return A/c (Goods returned to Ritika)	Dr.	2,000	2,000
Dec.15	Stationery A/c To Cash A/c (Stationery purchased for cash)	Dr.	3,000	3,000
Dec.16	Wages A/c To Cash A/c (Wages paid)	Dr.	1,000	1,000
Dec.18	Sales Return A/c To Krishna (Goods returned by Krishna)	Dr.	2,000	2,000

Dec.20	Ritika To Bank A/c (Cheque issued to Ritika)	Dr.	28,000	28,000
Dec.22	Cash A/c To Krishna (Cash received from Krishna on account)	Dr.	15,000	15,000
Dec.24	Insurance A/c To Bank A/c (Insurance premium paid through cheque)	Dr.	4,000	4,000
Dec.26	Bank A/c To Krishna (Cheque received from Krishna)	Dr.	8,000	8,000
Dec.28	Rent A/c To Bank A/c (Rent paid through cheque)	Dr.	3,000	3,000
Dec.29	Purchases A/c To Meena Traders (Goods purchased on credit from Meena Traders)	Dr.	20,000	20,000
Dec.30	Cash A/c To Sales A/c (Goods sold for cash)	Dr.	14,000	14,000
Total			8,25,000	8,25,000

Ledger

Cash Account

Dr.

Cr.

Date	Particulars	J.F.	Amount Rs	Date	Particulars	J.F.	Amount Rs
2017 Dec.01	Capital		2,00,000	2017 Dec.02	Office Furniture		30,000
Dec.08	Sales		30,000	Dec.03	Bank		1,00,000
Dec.22	Krishna		15,000	Dec.12	Mansi		30,000
Dec.30	Sales		14,000	Dec.15	Stationery		3,000
				Dec.16	Wages		1,000
				Dec.31	Balance c/d		95,000
			2,59,000				2,59,000

Capital Account

Dr.

Cr.

		J.F	Amount		Particular	J.F	Amount
Date	Particulars	.	Rs	Date	s	.	Rs
2017				2017			
				Dec.	Cash		2,00,00

Dec.3 1	Balance c/d		2,00,00 0	1			0
			2,00,00 0				2,00,00 0

Office Furniture Account

Dr.

Cr.

Date	Particulars	J.F.	Amount Rs	Date	Particulars	J.F.	Amount Rs
2017 Dec. 2	Cash		30,00 0	2017 Dec.3 1	Balance c/d		30,00 0
			30,00 0				30,00 0

Bank Account

Dr.

Cr.

Date	Particulars	J. F.	Amount Rs	Date	Particulars	J. F.	Amount Rs
2017 Dec. 03	Cash		1,00,0 00	2017 Dec. 05	Computer		2,50,0 00
Dec. 26	Krishna		8,000	Dec. 20	Ritika		28,00 0
				Dec.	Insuran		4,000

Dec. 31	Balance c/d (over draft)	1,77,000	24 Dec. 28	ce Rent	3,000
		2,85,000			2,85,000

Computer Account

Dr.				Cr.			
Date	Particulars	J.F.	Amount Rs	Date	Particulars	J.F.	Amount Rs
2017 Dec.05	Bank		2,50,000	2017 Dec.31	Balance c/d		
			2,50,000				2,50,000

Purchases Account

Dr.				Cr.			
Date	Particulars	J.F.	Amount Rs	Date	Particulars	J.F.	Amount Rs
2017 Dec.06	Ritika		60,000	2017			
Dec.2	Meena Trade		20,000				

9	rs		0	Dec.3 1	Balance c/d	80,00 0
			80,00 0			80,00 0

Ritika's Account

Dr.

Cr.

Date	Particulars	J.F.	Amount Rs	Date	Particulars	J.F.	Amount Rs
2017 Dec.1 4	Purchases Return		2,000	2017 Dec.0 6	Purchases		60,00 0
Dec.2 0	Bank		28,00 0				
Dec.3 1	Balance c/d		30,00 0				
			60,00 0				60,00 0

Meena's Account

Dr.

Cr.

Date	Particulars	J.F.	Amount Rs	Date	Particulars	J.F.	Amount Rs
2017 Dec.3	Balance		20,000	2017 Dec.2 9	Purchases		20,000

1	c/d						
			20,000				20,000

Sales Account

Dr.

Cr.

Date	Particulars	J.F.	Amount Rs	Date	Particulars	J.F.	Amount Rs
2017				2017			
				Dec.08	Cash		30,000
				Dec.09	Krishna		25,000
Dec.31	Balance c/d		69,000	Dec.30	Cash		14,000
			69,000				69,000

Krishna's Account

Dr.

Cr.

Date	Particulars	J.F.	Amount Rs	Date	Particulars	J.F.	Amount Rs
2017				2017			
Dec.09	Sales		25,000	Dec.18	Sales Return		2,000
				Dec.22	Cash		15,000
				Dec.26	Bank		8,000
			25,000				25,000

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Mansi's Account

Dr.

Cr.

Date	Particulars	J.F.	Amount Rs	Date	Particulars	J.F.	Amount Rs
2017 Dec.12	Cash		30,000	2017 Dec.31	Balance c/d		30,000
			30,000				30,000

Purchases Return Account

Dr.

Cr.

Date	Particulars	J.F.	Amount Rs	Date	Particulars	J.F.	Amount Rs
2017 Dec.31	Balance c/d		2,000	2017 Dec.14	Ritika		2,000
			2,000				2,000

Stationery Account

Dr.

Cr.

Date	Particulars	J.F.	Amount Rs	Date	Particulars	J.F.	Amount Rs
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			Rs				
2017 Dec.1 5	Cash		3,000	2017 Dec.3 1	Balance c/d		3,000
			3,000				3,000

Wages Account

Dr.

Cr.

Date	Particulars	J.F.	Amount Rs	Date	Particulars	J.F.	Amount Rs
2017 Dec.1 6	Cash		1,000	2017 Dec.3 1	Balance c/d		1,000
			1,000				1,000

Sales Return Account

Dr.

Cr.

Date	Particulars	J.F.	Amount Rs	Date	Particulars	J.F.	Amount Rs
2017 Dec.1 8	Krishna		2,000	2017 Dec.3	Balance		2,000

				1	c/d		
			2,000				2,000

Insurance Account

Dr.

Cr.

Date	Particulars	J.F.	Amount Rs	Date	Particulars	J.F.	Amount Rs
2017 Dec.24	Bank		4,000	2017 Dec.31	Balance c/d		4,000
			4,000				4,000

Rent Account

Dr.

Cr.

Date	Particulars	J.F.	Amount Rs	Date	Particulars	J.F.	Amount Rs
2017 Dec.28	Bank		3,000	2017 Dec.31	Balance c/d		3,000
			3,000				3,000

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

**January,
2017**

		Rs
1	Cash in hand	6,000
	Cash at bank	55,000
	Stock of goods	40,000
	Due to Rohan	6,000
	Due from Tarun	10,000
3	Sold goods to Karuna	15,000
4	Cash sales	10,000
6	Goods sold to Heena	5,000
8	Purchased goods from Rupali	30,000
10	Goods returned from Karuna	2,000
14	Cash received from Karuna	13,000
15	Cheque given to Rohan	6,000
16	Cash received from Heena	3,000
20	Cheque received from Tarun	10,000
22	Cheque received from to Heena	2,000
25	Cash given to Rupali	18,000
26	Paid cartage	1,000
27	Paid salary	8,000
28	Cash sale	7,000
29	Cheque given to Rupali	12,000
30	Sanjana took goods for Personal use	4,000
31	Paid General expense	500

Answer:

**Books of Sanjana
Journal Entries**

S.No.	Particulars	L.F.	Debit Amount Rs	Credit Amount Rs
2017				
Jan.01	Cash A/c Dr. Bank A/c Dr. Stock A/c Dr. Tarun Dr. To Rohan To Capital A/c (Balance brought from the last month)		6,000 55,000 40,000 10,000	6,000 1,05,000
Jan.03	Karuna Dr. To Sales A/c (Goods sold to Karuna)		15,000	15,000
Jan.04	Cash A/c Dr. To Sales A/c (Goods sold for cash)		10,000	10,000
Jan.06	Heena Dr. To Sales A/c (Goods sold to Henna)		5,000	5,000
Jan.08	Purchases A/c Dr. To Rupali (Goods purchased from Rupali)		30,000	30,000

Jan.10	Sales Return A/c To Karuna (Goods returned by Karuna)	Dr.	2,000	2,000
Jan.14	Cash A/c To Karuna (Cash received from Karuna)	Dr.	13,000	13,000
Jan.15	Rohan To Bank A/c (Cheque issued to Rohan)	Dr.	6,000	6,000
Jan.16	Cash A/c To Heena (Cash received from Heena)	Dr.	3,000	3,000
Jan.20	Bank A/c To Tarun (Cheque received from Tarun)	Dr.	10,000	10,000
Jan.22	Bank A/c To Heena (Cheque received from Heena)	Dr.	2,000	2,000
Jan.25	Rupali To Cash A/c (Payment made to Rupali)	Dr.	18,000	18,000
Jan.26	Cartage A/c To Cash A/c (Cartage paid)	Dr.	1,000	1,000

Jan.27	Salaries A/c To Cash A/c (Salaries paid)	Dr.	8,000	8,000
Jan.28	Cash A/c To Sales A/c (Goods sold for cash)	Dr.	7,000	7,000
Jan.29	Rupali To Bank A/c (Cheque issued to Rupali)	Dr.	12,000	12,000
Jan.30	Drawings A/c To Purchases A/c (Goods drawn for personal use)	Dr.	4,000	4,000
Jan.31	General Expenses A/c To Cash A/c	Dr.	500	500
	Total		2,57,500	2,57,500

Ledger

Cash Account

Dr.				Cr.			
Date	Particulars	J.F.	Amount Rs	Date	Particulars	J.F.	Amount Rs
2017 Jan.01	Balance b/d		6,000	2017 Jan.25	Rupali		18,000
Jan.01	Sales		10,00	Jan.25	Cartage		1,000

4 Jan.1		0	6 Jan.2		
4 Jan.1	Karuna	13,000	7 Jan.3	Salaries	8,000
6 Jan.2	Heena	3,000	1 Jan.3	General Expenses	500
8 Jan.2	Sales	7,000	1 Jan.3	Balance c/d	11,500
		39,000			0
		0			39,000
					0

Capital Account

Dr.				Cr.			
Date	Particulars	J.F.	Amount Rs	Date	Particulars	J.F.	Amount Rs
2017				2017			
Jan.3	Balance c/d		1,05,000	Jan.0	Balance b/d		1,05,000
1			1,05,000	1			0

Bank Account

Dr.				Cr.			
Date	Particulars	J.F.	Amount Rs	Date	Particulars	J.F.	Amount Rs
2017				2017			
Jan.0	Balance b/d		55,000	Jan.1			
1				5	Rohan		6,000
Jan.2	Tarun		10,000	Jan.2	Rupali		12,000

0 Jan.2 2	Heena		2,000	9 Jan.3 1	Balance c/d		49,000
			67,000				67,000

Stock Account

Dr.

Cr.

Date	Particulars	J.F .	Amount Rs	Date	Particulars	J.F .	Amount Rs
2017 Jan.0 1	Balance b/d		40,000	2017 Jan.3 1	Balance c/d		40,000
			40,000				40,000

Rohan's Account

Dr.

Cr.

Date	Particulars	J.F .	Amount Rs	Date	Particulars	J.F .	Amount Rs
2017 Jan.1 5	Bank		6,000	2017 Jan.0 1	Balance b/d		6,000
			6,000				6,000

Tarun's Account

Dr.

Cr.

Date	Particulars	J.F .	Amount Rs	Date	Particulars	J.F .	Amount Rs
2017 Jan.01	Balance b/d		10,000	2017 Jan.20	Bank		10,000
			10,000				10,000

Sales Account

Dr.				Cr.			
Date	Particulars	J.F .	Amount Rs	Date	Particulars	J.F .	Amount Rs
2017 Jan.31	Balance c/d		37,000	2017 Jan.03	Karuna		15,000
			37,000	Jan.04	Cash		10,000
				Jan.06	Heena		5,000
				Jan.28	Cash		7,000
							37,000

Karuna's Account

Dr.				Cr.			
Date	Particulars	J.F .	Amount Rs	Date	Particulars	J.F .	Amount Rs
2017 Jan.03	Sales		15,000	2017 Jan.10	Sales Return		2,000

				Jan.1 4	Cash		13,00 0
			15,00 0				15,00 0

Heena's Account

Dr.

Cr.

Date	Particulars	J.F.	Amount Rs	Date	Particulars	J.F.	Amount Rs
2017 Jan.0 6	Sales		5,000	2017 Jan.1 6	Cash		3,000
			5,000	Jan.2 2	Bank		2,000
							5,000

Purchases Account

Dr.

Cr.

Date	Particulars	J.F.	Amount Rs	Date	Particulars	J.F.	Amount Rs
2017 Jan.0 8	Rupali		30,000	2017 Jan.3 0	Drawings		4,000
			30,000	Jan.3 1	Balance c/d		26,000
							30,000

Rupali's Account

Dr.

Cr.

Date	Particulars	J.F.	Amount Rs	Date	Particulars	J.F.	Amount Rs
2017 Jan.25	Cash		18,000	2017 Jan.08	Purchases		30,000
Jan.29	Bank		12,000				
			30,000				30,000

Sales Return Account

Dr.				Cr.			
Date	Particulars	J.F.	Amount Rs	Date	Particulars	J.F.	Amount Rs
2017 Jan.10	Karuna		2,000	2017 Jan.31	Balance c/d		2,000
			2,000				2,000

Cartage Account

Dr.				Cr.			
Date	Particulars	J.F.	Amount Rs	Date	Particulars	J.F.	Amount Rs
2017 Jan.26	Cash		1,000	2017 Jan.31	Balance c/d		1,000
			1,000				1,000

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Salaries Account

Dr.

Cr.

Date	Particulars	J.F.	Amount Rs	Date	Particulars	J.F.	Amount Rs
2017 Jan.27	Cash		8,000	2017 Jan.31	Balance c/d		8,000
			8,000				8,000

Drawings Account

Dr.

Cr.

Date	Particulars	J.F.	Amount Rs	Date	Particulars	J.F.	Amount Rs
2017 Jan.30	Purchases		4,000	2017 Jan.31	Balance c/d		4,000
			4,000				4,000

General Expenses Account

Dr.

Cr.

Date	Particulars	J.F.	Amount Rs	Date	Particulars	J.F.	Amount Rs
2017 Jan.3	Cash		500	2017			

1				Jan.3 1	Balance c/d		500
			500				500

11:24:88:nq:22

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

- (a) Bought goods Rs. 2,00,000 from Kanta of Delhi (CGST @ 9%, SGST @ 9%)**
- (b) Bought goods Rs. 1,00,000 for cash from Rajasthan (IGST @ 12%)**
- (c) Sold goods Rs. 1,50,000 to Sudhir of Punjab (IGST @ 18%)**
- (d) Paid for Railway Transport Rs. 10,000 (CGST @ 5%, SGST @ 5%)**
- (e) Sold goods Rs. 1,20,000 to Sidhu of Delhi (CGST @ 9%, SGST @ 9%)**
- (f) Bought Air-Condition for office use Rs. 60,000 (CGST @ 9%, SGST @ 9%)**
- (g) Sold goods Rs. 1,50,000 for cash to Sunil to Uttar Pradesh (IGST 18%)**
- (h) Bought Motor Cycle for business use Rs. 50,000 (CGST 14%, SGST @ 14%)**
- (i) Paid for Broadband services Rs. 4,000 (CGST @ 9%, SGST @ 0%)**

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

ANSWER

Date	Particulars	L.F.	Dr. Rs.	Cr. Rs.
(a)	Purchases A/c Dr		2,00,000	
	Input CGST A/c Dr		18,000	
	Input SGST A/c		18,000	
	To Kanta (Being goods purchased on credit locally)			2,36,000
(b)	Purchases A/c Dr		1,00,000	
	Input IGST A/c Dr		12,000	
	To Cash A/c (Being goods purchased in cash from Rajasthan)			1,12,000
(c)	Sudhir A/c Dr		1,77,000	
	To Sales A/c			1,50,000
	To Output IGST A/c (Being goods supplied on credit to Punjab)			27,000
(d)	Transport Charges A/c Dr		10,000	

	Input CGST A/c	Dr	500	
	Input SGST A/c		500	
	To Bank A/c			11,000
(e)	Sidhu A/c	Dr	1,41,600	
	To Sales A/c			1,20,000
	To Output CGST A/c			10,800
	To Output SGST A/c (Being goods sold on credit locally)			10,800
(f)	Air Conditioner A/c	Dr	60,000	
	Input CGST A/c	Dr	5,400	
	Input SGST A/c	Dr	5,400	
	To Bank A/c (Being goods purchased locally)			70,800
(g)	Cash A/c	Dr	1,77,000	
	To Sales A/c			1,50,000
	To Output IGST A/c (Being goods supplied on credit to Uttar Pradesh)			27,000
(h)	Motor Cycle A/c	Dr	50,000	
	Input CGST A/c	Dr	7,000	
	Input SGST A/c	Dr	7,000	
	To Bank A/c (Being motorcycle purchased locally for			64,000

	office use)			
(i)	Internet Charges A/c Dr	4,000		
	Input CGST A/c Dr	360		
	Input SGST A/c Dr	360		
	To Bank A/c			4,720
	(Being broadband charges paid)			
(j)	Purchases A/c Dr	50,000		
	Input CGST A/c Dr	4,500		
	Input SGST A/c Dr	4,500		
	To Rajesh			59,000
	(Being goods purchased on credit locally)			
(k)	Purchases A/c Dr	50,000		
	Input CGST A/c Dr	4,500		
	Input SGST A/c Dr	4,500		
	To Rajesh			59,000
	(Being goods purchased on credit locally)			
(h)	Output IGST A/c Dr	54,000		
	Output CGST A/c Dr	12,000		
	Output SGST A/c Dr	12,000		
	To Input IGST A/c			12,000
	To Input CGST A/c			33,000
	To Input SGST A/c			33,000
	(Being GST set off and excess of CGST and			

	SGST to be claimed as a refund)			
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Working Note 1

Particulars	IGST	CGST	SGST
Output	54,000	12,000	12,000
Input	12,000	35,760	35,760
Excess	42,000	-23,760	-23,760
Set off	-42,000	21,000	21,000
Payable	Nil	-2,760(Refund)	-2,760(Refund)